Consolidated

financial statements

ANNUAL REPORT 2011

Haulotte GROUP

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros

	Note	31/12/2010	31/12/2009
Goodwill	8	20,439	19,239
Intangible assets	9	5,281	5,906
Property, plant and equipment	10	102,842	96,134
Financial assets	11	1,203	1,203
Deferred tax assets	27	4,281	3,956
Trade receivables from financing activities exceeding one year	13	20,835	38,399
Other non current assets*	14	26,078	13,911
NON CURRENT ASSETS (A)		**180,959**	**178,748**
Inventory	12	129,225	207,034
Trade receivables	13	68,227	66,682
Trade receivables from financing activities due in less than one year	13	7,750	15,128
Other assets	14	15,344	9,563
Cash and cash equivalents	17	34,446	65,845
Financial derivative instruments	18	1,941	3,368
CURRENT ASSETS (B)		**256,933**	**367,620**
DISCONTINUED OPERATIONS (C)		**-**	**-**
TOTAL ASSETS (A+B+C)		**437,892**	**546,368**

* The income tax carry-back receivable owned by the parent company Haulotte Group SA was reclassified under non-current assets at 31 December 2010, and to improve readability the same reclassification was done for comparative figures at 31 December 2009 – refer to Note 14.

Notes 1 to 47 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> CONSOLIDATED BALANCE SHEET - LIABILITIES

In thousands of euros

	Note	31/12/2010	31/12/2009
Share capital	19	4,058	4,055
Share premiums	19	92,043	91,953
Consolidated reserves and income		89,550	129,034
SHAREHOLDERS'EQUITY BEFORE MINORITY INTERESTS (A)		**185,650**	**225,042**
Minority interests (B)		75	290
TOTAL EQUITY		**185,725**	**225,332**
Long-term borrowings	21	130,411	26,626
Deferred tax liabilities	27	5,223	3,459
Provisions	23	1,994	1,851
NON-CURRENT LIABILITIES (C)		**137,628**	**31,936**
Trade payables	25	26,016	24,262
Other payables	26	20,659	12,707
Current borrowings	21	52,523	240,610
Provisions	23	10,541	5,391
Financial derivative instruments	18	4,800	6,130
CURRENT LIABILITIES (D)		**114,539**	**289,100**
DISCONTINUED OPERATIONS (E)		**-**	**-**
LIABILITIES AND SHAREHOLDERS'EQUITY (A+B+C+D+E)		**437,892**	**546,368**

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CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> CONSOLIDATED INCOME STATEMENT

In thousands of euros

	Note	31/12/2010		31/12/2009	
Sales and revenue	28	250,030	100%	202,028	100%
Cost of sales	29	(221,120)	-88.4%	(185,362)	-91.8%
Selling expenses		(21,945)	-8.8%	(24,335)	-12.0%
General and administrative expenses	30	(52,726)	-21.1%	(53,356)	-26.4%
Research and development expenditures	31	(5,350)	-2.1%	(5,274)	-2.6%
Exchange gains and losses	32	7,249	2.9%	4,390	2.2%
CURRENT OPERATING INCOME		**(43,862)**	**-17.5%**	**(61,909)**	**30.64%**
Other operating income and expenses	35	(2,769)	-1.1%	(1,451)	-0.72%
OPERATING INCOME		**(46,631)**	**-18.7%**	**(63,359)**	**-31.36%**
Cost of net financial debt	36	(6,146)	-2.5%	(5,376)	-2.7%
Other financial income and expenses		135	0.0%	(70)	0.0%
INCOME BEFORE TAXES		**(52,642)**	**-21.1%**	**(68,797)**	**-34.1%**
Income tax	37	10,417	4.2%	13,110	6.4 %
NET INCOME		**(42,225)**	**-16.8%**	**(55,687)**	**-27.5 %**
attributable to equity holders of the parent		(41,928)	-16.7%	(55,326)	-27.4 %
attributable to minority interests		(297)	-0.1%	(361)	-0.1 %
NET EARNINGS PER SHARE	39	**(1.43)**		**(1.89)**	
NET DILUTED EARNINGS PER SHARE	39	**(1.43)**		**(1.88)**	

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CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

In thousands of euros

	31/12/2010	31/12/2009
Profit / (loss) for the year	(42,225)	(55,687)
Currency translation differences for cash items relating to net investments in foreign operations	2,281	4,327
Currency translation differences from financial statements of subsidiaries	(549)	(3,825)
Net income recognised directly in equity	**1,732**	**502**
Total recognised expense for the year	**(40,493)**	**(55,185)**
attributable to equity holders of the parent	(40,210)	(54,843)
attributable to minority interest	(283)	(342)

Notes 1 to 47 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	Note	31/12/2010	31/12/2009
Net income		**(42,225)**	**(55,687)**
Depreciation and amortisation		18,944	17,416
Change in provisions (except for current assets)		5,421	(962)
Change in financial derivative instruments fair value		97	(822)
Unrealised foreign exchange gains and losses*		(5,916)	(11,748)
Change in deferred taxes		630	866
Gains and losses from disposals of fixed assets		(864)	24
GROSS CASH FLOWS FROM CONSOLIDATED OPERATIONS		**(23,913)**	**(50,913)**
Change in operating working capital	41	74,373	71,512
Change in receivables from financing activities	42	6,776	11,476
CASH FLOWS FROM OPERATING ACTIVITIES		**57,236**	**32,075**
Purchases of fixed assets		(14,977)	(29,186)
Proceeds from the sale of fixed assets, net of tax		2,640	2,062
Impact of change in consolidation scope		(251)	-
Change in payables on fixed assets		(661)	(138)
CASH FLOWS FROM INVESTING ACTIVITES		**(13,249)**	**(27,262)**
Dividends paid to parent company's shareholders		-	(6,458)
Cash capital increases		92	0
Loan issues		21,757	60,983
Repayment of borrowings		(92,834)	(13,263)
Purchase / sale of treasury shares		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(70,985)**	**41,262**
NET CHANGE IN CASH AND CASH EQUIVALENT		**(26,998)**	**46,075**
Opening cash and cash equivalents	43	47,620	1,260
Effect of exchange rate changes		664	285
Other changes**		9,503	-
Closing cash and cash equivalents	43	30,789	47,620
NET CHANGE IN CASH AND CASH EQUIVALENT		**(26,998)**	**46,075**

* In order to facilitate the readability of the cash flow statement, the impact of unrealized exchange gains and losses in the income statement were disclosed separately.

** The "other changes" caption includes the reclassification of Group revolving credit lines as a consequence of renegotiations with banks – refer to notes 4d) and 21

Notes 1 to 47 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Capital	Share premiums	Consolidated reserves	Profit for the period	Treasury shares	Translation differences	Group share	Minority Interests	Total
Balance at 1 January 2009	**4,237**	**91,945**	**237,567**	**31,963**	**(60,112)**	**(19,267)**	**286,332**	**634**	**286,966**
Cancellation of treasury shares	(182)		(4,275)		4,457		-	-	-
Appropriation of 2008 net income			31,963	(31,963)			-	-	-
Dividends paid by the parent company			(6,457)				(6,457)	-	(6,457)
Profit for the period				(55,326)			(55,326)	(361)	(55,687)
Net income / (expense) recognised directly in equity						483	483	19	502
Total recognised income and expense				(55,326)		483	(54,843)	(342)	(55,185)
Other changes		8					8	-	8
Balance at 31 December 2009	**4,055**	**91,953**	**258,798**	**(55,326)**	**(55,655)**	**(18,784)**	**225,042**	**290**	**225,332**
Change in capital of the parent company	3	89					92	-	92
Appropriation of 2009 net income			(55,326)	55,326			-	-	-
Dividends paid by the parent company							-	-	-
Profit for the period				(41,928)			(41,928)	(297)	(42,225)
Net income / (expense) recognised directly in equity						1,718	1,718	14	1,732
Total recognised income and expense				(41,928)		1,718	(40,210)	(283)	(40,493)
Other changes			726				726	68	794
Balance at 31 December 2010	**4,058**	**92,042**	**204,195**	**(41,928)**	**(55,655)**	**(17,066)**	**185,650**	**75**	**185,725**

Notes 1 to 47 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

> NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 1 - GENERAL INFORMATION

Haulotte Group S.A. manufactures and distributes through its subsidiaries (forming the "Group") people and material lifting equipment.

Haulotte Group also operates in the rental market for this equipment.

Haulotte Group S.A. is a société anonyme (a French limited liability company) incorporated in Saint-Etienne (France) with its registered office in L'Horme. The company is listed on Euronext Paris – Eurolist Compartment B (Mid Caps).

The annual consolidated financial statements for the period ended 31 December 2010 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on 9 March 2011. Figures are expressed as thousands of euros.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to prepare the consolidated financial statements are described below. Except where specifically stated otherwise, these policies are consistently applied to all financial periods presented herein.

2.1 Statements of compliance

As a publicly traded company listed in the European Union and in accordance with EC regulation 1606/2002 of 19 July 2002, the Group's consolidated financial statements for fiscal year ended 31 December 2010 have been prepared according to IFRS (International Financial Reporting Standards) as adopted by the European Union on 31 December 2010.

These standards can be consulted at the website of the European commission (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm). They include standards approved by the International Accounting Standards Board (IASB), i.e. IFRS, International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements have been prepared according to the historical cost convention, with the exception of certain items, notably assets and liabilities measured at fair value.

Amendments and interpretations published taking effect in 2010

The Group has applied the following standards that are mandatory for periods beginning on or after 1 January 2010, with no impact on the Group's financial statements :

- IAS 27 (revised) – Consolidated and separate financial statements
- IFRS 3 (revised) – Business combinations
- Amendment to IAS 39 – Financial instruments : Recognition and Measurement – Amendment : eligible hedged items

The Group is not affected by the other standards adopted by the European Union which are mandatory for periods beginning on or after 1 January 2010.

New texts that have not been early-adopted

Standards, amendments and interpretations relevant to the Haulotte Group that can be early adopted on 1 January 2010 are :

- IAS 24 (revised) – Related party disclosures.

The other standards, amendments and interpretations that can be early adopted on 1 January 2010 are not relevant to the Group.

New tax regulations applicable in France starting on 1 January 2010

The 2010 French Finance Act eliminated the assessment on French tax entities of the local business tax (taxe professionnelle) starting in 2010. This tax was replaced by the «Territorial Economic Contribution Tax» (Contribution Economique Territoriale or CET) that includes two new levies based on:

- company real estate ("Cotisation Foncière des Entreprises" or CFE) calculated on the rental value applicable under the current local business tax,
- added value of the company ("Cotisation sur la Valeur Ajoutée des Entreprises" or CVAE) determined on the basis of the added value as per statutory accounts..

Haulotte Group recognised the local business tax under operating expenses and considers at this stage that the new tax regulation represents primarily a modification in the method for calculating local French tax without constituting a material change in nature. In consequence, these two new tax contributions will be recorded under operating expenses without resulting in any change in relation to the 2009 treatment for the local business tax.

2.2 Critical accounting estimate and judgments

2.2.1 Critical accounting estimates and assumptions

In preparing financial statements, the Group will resort to estimates and assumptions about future events. Such estimates are based on past experience and other factors considered reasonable in view of current circumstances. Actual results may differ from these estimates.

The main sources of uncertainty concerning key assumptions and assessments are :

- estimated impairment of goodwill (cf. note 3.1),
- the assessment of counterparty risk on trade receivables: the measurement of the recoverable value of trade receivables (cf. note 3.6.1) is based on the Group's ability to repossess equipment in the event of customer default and the ability to sell equipment at a determined value. This resale value is estimated on the basis of second-hand equipment sales by the Group over several years. The coherence of these amounts with the second-hand equipment quoted values is also verified. Today, there is no information that would warrant calling into question the recoverable value used by the Group, and notably listed values for second-hand equipment quoted.

- net realisable value of inventory (cf. note 3.5): the net realisable value of work in progress and finished goods at 31 December 2010 determined on the basis of actual recorded transactions depending on each equipment's production year, remains significantly higher than the cost price,
- the assessment of the preferential nature of guarantees for residual amounts: the accounting treatment associated with transactions accompanied by such guarantees (cf. note 3.6.2) is based on the assumption that has been almost systematically verified to date of the attractiveness of the option to repurchase equipment offered to customers when compared to the current sales prices in the second-hand equipment market. If this assumption ceases to be confirmed, the accounting treatment of such future transactions should be adapted in consequence.

The net realisable value of inventory as well as the resale value for the Group for equipment repossessed pursuant to a customer default has been determined by taking into account the amount of time required to draw down existing inventory.

Use of estimates and assumptions also had an impact on the following items :

- amortisation and depreciation periods for fixed assets (cf. note 3.3),
- the valuation of provisions, notably for manufacturer warranties (cf. note 3.11) and for pension liabilities (cf. note 3.10),
- the valuation of share-based payment plans (cf. note 3.9),
- the recognition of deferred tax assets (cf. note 3.13).

The financial statements reflect the best estimates according to information available at time of finalising production of accounts.

2.2.2 Evaluation of risks and significant uncertainties having a potential material impact on Haulotte Group

The economic environment for 2010 remained difficult. In a market that is far from break-even point, annual sales grew in all geographic areas between 2009 and 2010, particularly in Asia Pacific and in Latin America. The end of the year confirms the trend since the spring of 2010 with a steady increase in commercial activity.

The strong sales in the second half of 2010 have significantly reduced finished goods inventories. The significant increase in the backlog at the end of January reflects a more sustainable level of commercial activity in the recent months, and the renewed dynamism of certain markets should enable the Haulotte Group to continue its growth into 2011, at a similar pace to that achieved in 2010. The main stakes for 2011 will be to come back to operating break-even, and to restore the margins level.

At 31 December 2010, the Group had drawn down €152.7 million of its syndicated credit line and the amount available for further drawings is €36.5 million (refer to detail in note 21) . At year-end, the Group had a cash balance of €34.4 million. After a breach of debt covenants in the second half of 2009, Haulotte Group reached an agreement with its banking partners in January 2010, materialized by the signing of an amendment to the syndicated loan agreement in June 2010. This amendment sets new conditions applicable to the loan agreement until its maturity in July 2013. The amounts to be repaid in 2011 and 2012 total €45.2 million each, leaving the Group with sufficient liquidity.

2.3 Consolidation

Subsidiaries over which Haulotte Group S.A. directly or indirectly exercises exclusive control are fully consolidated. They are deconsolidated from the date that control ceases.

The list of subsidiaries included in the consolidation scope is shown in note 6.

2.4 Intercompany balances and transactions

All intercompany balances and transactions between fully consolidated companies are eliminated.

2.5 Foreign currency translation of foreign subsidiaries financial statement

The consolidated financial statements are presented in euro (€), which is the parent company's, Haulotte Group S.A., functional and the Group's presentation currency.

Financial statements of foreign subsidiaries are measured using the local currency, their functional currency.

The results and financial position of foreign entities that have a functional currency different from the presentation currency (euro) are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of balance sheet;
- Income statement items are translated at the average exchange rate for the period (average for 12 monthly rates) except if exchange rates experience significant fluctuations. In the latter case, applying an average exchange rate for a period would not be appropriate.

Exchange differences resulting from the translation of the subsidiaries' financial statements are recognised as a separate component of equity and broken down between the parent company share and minority interests.

In the case of the disposal of an entity, translation differences that were recognised under components of comprehensive income items are reclassified from equity to income of the period (as a reclassification adjustment) when a gain or loss resulting from the disposal is recognised.

Goodwill is accounted for in the currency of the subsidiary concerned. It must consequently be stated in the functional currency of the subsidiary and translated at year-end.

2.6 Translation of transactions in foreign currency

Foreign currency transactions are translated by the subsidiary into its functional currency using the exchange rates prevailing at the date of the transaction. At year-end, monetary items of the balance sheet denominated in foreign currencies are translated at closing exchange rates.

Gains and losses on translation are recorded directly in the income statement under operating income as "exchange gains and losses" except net foreign investments as defined under IAS 21 for which exchange differences are recognised as other comprehensive income items.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

2.7 Business combinations

Business combinations are recorded on the basis of the purchase method of accounting:

- The cost of an acquisition is measured as the fair value at the date of exchange of assets given, liabilities incurred or assumed, plus any costs directly attributable to the combination.
- Identifiable assets acquired, liabilities, and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the Group's share in the fair value of the acquired identifiable net assets exceeds the cost of acquisition, that difference is recognised directly in the income statement (see note 3.1).

2.8 Segment reporting

The Group has determined that the primary operating decision-making body of the entity is the Executive Committee. The Committee reviews internal reporting of the Group, evaluating its performance and making decisions for the allocation of resources. The operating segments have been adopted by management on the basis of this reporting.

The Executive Committee analyses activity both according to geographic markets and the Group's businesses. These businesses are :

- the manufacture and sale of lifting equipment,
- the rental of lifting equipment,
- services (spare parts, repairs and financing).

In addition, these activities overall are subject to analysis according to geographic region (Europe, North America, Latin America, Asia Pacific).

Internal reporting used by the Executive Committee is based on a presentation of the accounts according to IFRS principles, and includes all Group activities.

The main indicators for performance reviewed by the Executive Committee are revenue, operating income and depreciation expenses. In addition, the Executive Committee monitors the main balance sheet captions: property, plant and equipment, trade receivables, receivables from financing activities, inventories, trade payables, borrowings.

Items relating to net financial income or expense and in general non-operating items, as well as items relating specifically to consolidation (tax...) are tracked on a global basis without applying a breakdown by activity or geographic sector. As such they are not included in this segment information.

The Group has not identified any customer accounting for more than 10% of revenue.

NOTE 3 - PRINCIPLES AND METHODS FOR THE VALUATION OF KEY BALANCE SHEET AGGREGATES

3.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition.

Goodwill on acquisition of subsidiary is included in intangible assets

Negative Goodwill (or badwill) is recognised immediately under operating income during the year of acquisition and no later than 12 months after the acquisition, after the correct identification and valuation of acquired assets and liabilities has been verified.

Goodwill is not depreciated but is instead subject to impairment testing whenever there exists an indicator of impairment and at least once a year. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of CGU that may benefit from business combinations.

The Group has defined three CGUs:

- The North America CGU including the subsidiaries Haulotte US and BilJax,
- Group rental company subsidiaries each representing an independent CGU,
- Manufacturing and distribution subsidiaries of the Group included within a single CGU.

An impairment loss is recognised when the carrying value is higher than the recoverable value, defined as the higher of value in use and fair value. Value in use is determined in reference to five-year business plans for which future flows are extrapolated and discounted to present value.

Goodwill impairment charges are irreversible.

Income and expense arising respectively from the recognition of negative goodwill (badwill) and the impairment of positive goodwill are recognised under the "other operating income and expenses".

3.2 Intangible assets

a) Development expenditures

Research expenditure is expensed as incurred. Development expenditure in connection with projects (for the design of new products or improvement of existing products) is recognised as intangible asset when the following criteria are met:

- the technical feasibility of completing the project,
- the intention of management to complete the project,
- the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits for the group,
- the availability of adequate technical, financial and other resources to complete the project,
- the ability to measure reliably the costs.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Other development expenditure that do not meet these criteria is expensed in the period incurred. Development expenditure previously expensed is not recorded as an asset in subsequent periods.

Development expenditure is amortised from the date the asset is commissioned using the straight-line method over the estimated useful life of 2 to 5 years.

In compliance with IAS 36, development expenditure recognised under assets not yet fully amortised is tested for impairment annually or as soon as any impairment indicator is identified (when the inflow of economic benefits is less than initially anticipated). The carrying value of capitalised development expenditure is compared with expected cash flows projected over 2 to 5 years to determine the impairment loss to be recorded.

b) Other intangible assets

Other intangible assets (software, patents, etc.) are recognised at purchase cost excluding incidental expenses and financial charges

Software is amortised using a straight-line method over 3 to 7 years.

3.3 Property, plant and equipment

Property, plant and equipment is recognised on the balance sheet at purchase cost (less discounts and all costs necessary to bring the asset to working condition for its intended use) or production cost. Finance costs are not included in the cost of fixed assets.

The basis for depreciation of fixed assets is their gross value (cost less residual value). Depreciation starts from the date the asset is ready to be commissioned. Depreciation is recorded over the useful life that reflects the consumption of future economic benefits associated with the asset that will flow to the Group.

When the asset's carrying value is greater than the estimated recoverable amount, an impairment is recorded for the difference.

Component parts are recognised as separate assets and subject to different depreciation rates if the related assets have different useful lives. The renewal or replacement costs of components are recognised as distinct assets and the replaced asset is written off.

In compliance with IAS 17, assets held under finance leases are capitalised at the lower of fair value or the present value of the minimum lease payments. These assets are depreciated on the basis of the same periods as those indicated below. If lease agreements transfer substantially all the risks and rewards of ownership to Haulotte, they correspond to the main indicators used under IAS 17 (existence of a purchase option, lease period coherent with the useful life of the asset, present value of minimum lease payments close to the fair value of the lease on the date of the lease agreement).

Payments for finance leases are broken down between financial expense and the amortisation of the debt in order to obtain the application of a constant periodic rate of interest on the remaining balance of the liabilities for each period. Interest expense is recognised directly in the income statement.

Contracts corresponding to operating leases are not restated

Land is not depreciated. Other depreciation on assets is calculated using the straight-line method over their estimated useful lives as follows :

	Depreciation period
Plant buildings :	
Main component	30 to 40 years
Other components	10 to 30 years
Buildings fixtures and improvements:	
Main component	10 to 40 years
Other components	5 to 20 years
Plant equipment	
Other installations and equipment	3 to 20 years
Transportation equipment	5 years
Computer and office equipment	3 to 10 years
Office furniture	3 to 10 years

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance-sheet date.

Gains and losses arising from the disposal of fixed assets are recognised under other operating income and expenses.

3.4 Financial assets

Financial assets are classified into four categories according to their nature and the intended investment period:

- Held-to- maturity investments
- Financial assets measured at fair value through profit and loss
- Available-for-sale financial assets
- Loans and receivables (excluding trade receivables).

The Group primarily holds financial assets belonging to the fourth category of "loans and receivables". They are recognised at the fair value of the price paid less transaction costs at initial recognition and subsequently at amortised cost at each balance sheet date. All impairment losses on these assets are immediately recognised in the income statement.

Information on derivatives used by the Group is provided in a separate note (note 4).

3.5 Inventories and work in progress

Inventories are stated at the lower of cost or net realisable value :

- Materials and supplies cost is determined using the average cost method based on the weighted average cost per unit,
- The cost of finished goods and work in progress includes direct production costs and factory overhead (based on normal operating capacity);

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

- Traded goods inventories are recorded at purchase price (spare parts) or at their trade-in value (second-hand machines)
- The net realisable value is the estimated selling price in the ordinary course of business less applicable expenses to sell or recondition the goods.

Impairment is recognised when the net realisable value is less than the carrying value of inventories defined above.

3.6 Trade receivables

There are four categories of trade receivables :

- Receivables resulting from transactions with customers obtaining financing directly (3.6.1) with no guarantee given by the Group to the financial institution providing the financing;
- Receivables resulting from transactions for which Haulotte Group grants guarantees to the financial institution providing financing to the customer (3.6.2)
- Receivables resulting from finance leases with financing provided by Haulotte Group (3.6. 3);
- Receivables resulting from back-to-back arrangements (3.6.4).

The accounting treatment for each transaction category is described below.

3.6.1 Sales without Group financing or guarantees

These receivables are recognised at fair value of the compensation received or to be received. They are subsequently recognised at amortised cost according to the effective interest rate method, less provisions for impairment.

When there exists serious and objective evidence of collection risks, a provision for impairment loss is recorded. The provision represents the difference between the asset's carrying amount and the estimated resale value of the equipment representing the receivable on the date the risk of non-collection is determined. This policy is based on the following factors:

- assets representing receivables may be repossessed by Haulotte Group in the event of customer default, when provided for by contractual terms and conditions,
- a precise knowledge of the equipment's market value.

These market values are estimated on the basis of second-hand equipment sales realised by the Group over several years and corroborated by listed values for second-hand equipment.

3.6.2 Sales including guarantees granted by the Group

In line with industry practice, Haulotte Group grants guarantees to financial institutions offering financing to Group customers. Under such arrangements, Haulotte Group sells equipment to the financial institution that in turn contracts with the end user customer through one of two options:

- the credit sale of the equipment, or
- the conclusion of a finance lease.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Haulotte Group may grant several types of guarantees depending on the framework of agreements concluded with financial institutions and the level of risk assigned to the customer by this institution. Those guarantees are:

Guarantee in the form of a commitment to continue lease payments: Haulotte Group guarantees the financial institution payment if the debtor defaults and pays said institution in the event of default, the entire outstanding capital balance owed by the defaulting client. Haulotte Group has a right to repossess the equipment in exchange for its substitution in the place of the defaulting customer.

Guarantee in the form of a contribution to a risk pool in this case, a portion of the amount of the sale to the financial institution is contributed to a guarantee fund that will cover potential risk of future customer default. The pool's maximum amount is fixed but makes it possible in the event of default of a customer qualifying for the pool to ensure the financial institution recovers the total amount of its debt.

Guarantee in the form of a contribution to a risk pool covering a fixed amount per receivable: as in the previous case, the pool's maximum amount is fixed but recourse by the financial institution is defined receivable by receivable. The financial institution confirms at each closing date the amount of its recourse receivable by receivable;

Guarantee in the form of commitments to repurchase the equipment: equipment's residual value is determined on the date the contract is concluded between the financial institution and the end-customer. At the end of the lease agreement, Haulotte Group undertakes to repurchase the equipment at this predetermined amount.

The accounting treatment of the first three types of guarantees associated with the different lease agreements concluded between the financial institution and the end-user customer are determined based on the analysis of the substance of the transaction as follows:

- as a loan granted to the end customer by Haulotte Group, the contract being transferred to the financial institution in order for the sale to be financed (case of a credit sale);
- as a finance lease between Haulotte Group and the end-customer, the contract being transferred to the financial institution in order for the sale to be financed (case of a finance lease).

The analysis of the guarantees granted by Haulotte Group within the above agreements in accordance with the provisions of IAS 39 indicates that most of the risks and rewards associated with the receivable assigned to financial institutions (notably credit risk and deferred due dates) have not been transferred in the case of guarantees in the form of a commitment to continue the lease payments or in the form of a contribution to a risk pool.

Accordingly, for such contracts, the following accounting treatment is applied: recognition of a receivable (under "receivables from financing activities" in the balance sheet) and a financial liability (under "payables from financing activities") for an amount equal to the outstanding capital balance payable by the end customer to the financial institution. These receivables and payables are discharged as the customer makes the lease payments to the financial institution.

However, in the case of a guarantee with a contribution to a risk pool covering a fixed amount per receivable, the amount recognised under receivables and payables is capped to the financial institution amount of recourse vis-à-vis Haulotte Group and not expanded to the full amount of the "assigned" receivable.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Haulotte Group measures at the date of the balance sheet the risk of the guarantees granted being activated by reviewing payment default reported by financial institutions. In this case a provision for impairment loss is recorded, determined as described in note 3.6.1.

Concerning the fourth type of guarantee, commitments to repurchase equipment, an analysis of the equipment repurchase price granted demonstrates that most of the risks and rewards have been transferred. Indeed, the end customer exercises in virtually all cases the option granted by Haulotte Group to repurchase the equipment for the amount of the residual value at the end of its lease agreement with the financial institution. Haulotte Group's commitments contracted are recorded as off-balance sheet commitments for the amount of the residual value.

3.6.3 Financial leases

Haulotte Group concludes credit sales or leasing contracts directly with its customers with no intermediary financial institutions. When analysed according to provisions of IAS 17, these agreements are classified as finance leases, as a significant portion of the risks and rewards of ownership are transferred to the lessees.

The accounting treatment for these agreements is as follows:

- equipment sales are recognised under "sales and revenue" in the income statement on the date the parties sign the lease agreement,
- a trade receivable (under "receivables from financing activities" in the balance sheet) is recognised vis-à-vis the end customer broken down between current assets for the portion of lease payments due within one year and non-current assets for the balance,
- for the following periods, payment received from the customer as per the lease agreement or the credit sale is allocated between financial income and repayment of the receivable and finance charge.

3.6.4 Back-to-back lease arrangements

In the past, a significant volume of Haulotte Group sales originated from back-to-back lease arrangements.

These arrangements involve selling equipment to a financial institution accompanied by a leaseback agreement to be subleased to the end user. Based on an analysis of these transactions' substance both upstream and downstream, they have been classified as finance leases.

Haulotte Group has not had recourse to these type of contracts for three years and the amounts mentioned under financing activities (note 13) reflect past transactions that have not yet been settled.

In the fiscal years ended 31 December 2005 and 2006, payables in connection with back-to-back lease arrangements were subject to global refinancing and lease receivables and payables were no longer strictly matched. Payables to the finance lease company were replaced by loans obtained by the Group for financing and the repayment of this loan has replaced the lease instalments made to the financial institution.

3.7 Cash and cash equivalents

"Cash and cash equivalents" includes cash at hand and other short-term investments. The latter consists primarily of money market funds and term deposits.

Cash equivalents consist of short-term high liquidity investments that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Accrued interest has been calculated for term deposits for the period between the subscription and closing date.

3.8 Treasury shares

Shares of Haulotte Group S.A. acquired in connection with the Group share buyback programs (liquidity contract allocated to ensure an orderly market in the company's shares and buyback program) are recorded as a deduction from consolidated shareholders' equity at acquisition cost. No gain or loss is recognised in the income statement from purchases, sales or impairment of treasury shares.

3.9 Stock option plans

The Group has implemented an equity-settled share-based payment compensation plan.

Stock options are granted to company employees. These options are measured on the grant date using the Black and Scholes option pricing model. The main assumptions of this method are presented in note 20.

The fair value of options is recognised in the income statement under staff costs on a straight-line basis between the grant date and the vesting date with a reverse entry recorded in equity.

In compliance with the standard's transition provisions, the accounting treatment concerns only plans granted after 7 November 2002 for which rights were not vested on 1 January 2005.

At year-end, there is no more plan going on within the Group.

3.10 Employees benefits

The Group records provisions for employee benefits and other post-employment obligations as well as long service awards. The Haulotte Group has only defined benefit plans. The corresponding obligation is measured using the projected unit credit method with end-of-career wages. The calculation of this obligation takes into account the provisions of the laws and collective bargaining agreements and actuarial assumptions concerning notably staff turnover, mortality tables, salary increases and inflation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the income statement in the period incurred.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

3.11 Provisions

In general a provision is recorded when:

- the Group has a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and,
- the obligation has been reliably estimated.

Warranty provision

The Group grants clients a manufacturer's warranty. The estimated cost of warranties on products already sold is covered by a provision statistically calculated on the basis of historical data. The warranty period is usually one to two years. When necessary, a provision is recognised on a case-by-case basis to cover specific warranty risks identified.

Litigations

Other provisions are also recorded in accordance with the above principles to cover risks related to litigations, site closures (when applicable) or any other event meeting the definition of a liability. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation.

All material lawsuits involving the company were reviewed at year-end, and based on the advice of legal counsel, the appropriate provisions were recorded, when necessary, to cover the estimated risks.

3.12 Borrowings

Borrowings are initially recognised at fair value of the amount received less transaction costs. Borrowings are subsequently stated at amortised cost calculated according to the effective interest rate method.

3.13 Deferred taxes

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as well as on tax losses carried forward. They are calculated using the liability method, for each of the Group's entity, using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets from temporary differences or tax loss carryforwards are recognised only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset if the entities of the same tax group are entitled to do so under enforceable provisions.

NOTE 4 - MANAGEMENT OF FINANCIAL RISK

a) Foreign exchange risk

A significant portion of Haulotte Group sales are in currencies other than the euro including notably the US dollar and British pound sterling. Because sales of Group subsidiaries are primarily in their functional currency, transactions do not generate foreign exchange risks at their level.

The primary source of foreign exchange risks for the Haulotte Group consequently results from intercompany invoicing flows when Group companies purchase products or services in a currency different from their functional currency (exports of manufacturing subsidiaries located in the euro area and exporting in the local currency of a sale subsidiary).

Such exposures are managed by Haulotte Group SA. For the main currencies, foreign exchange trading positions in the balance sheet are partially hedged using basic financial instruments (forward exchange sales and purchases against the euro).

b) Interest rate risk

The Group favours floating-rate debt which provides it greater flexibility. To hedge against interest rate risks, the Group seeks to take advantage of market opportunities according to interest rate trends. There is no recourse to systematic interest rate hedging.

To cover market risks (interest rate and foreign exchange exposures), Haulotte Group has recourse to financial instrument derivatives. These derivatives are designed to cover the fair value of assets or liabilities (fair value hedges) or future cash flows (cash flow hedges). However, because financial instruments held by Haulotte Group do not fully comply with the criteria for hedge accounting, changes in fair value are recorded in income statement.

In compliance with the provisions of IAS 32 and 39, derivatives are recorded at fair value. The fair value of assets and liabilities traded on an active market is determined on the basis of the market price at the balance-sheet date.

c) Credit risk

Credit risk results primarily from exposure to customer credit and notably outstanding trade receivables and transactions.

To limit this risk, the Group has implemented rating procedures (internal or independent) to evaluate credit risk for new and existing customers on the basis of their financial situation, payment history and any other relevant information.

Credit risk is also limited by Haulotte Group's ability in the event of default by one of its customers to repossess the equipment representing the receivable. The provisions for impairment loss on trade receivables are determined based on this principle (cf note 3.6).

d) Liquidity risk

Haulotte Group cash management is centralised. The corporate team manages current and forecasted financing needs for the parent company and subsidiaries.

All cash surpluses are invested by the parent company at market conditions in money market funds and term deposits without risk to the capital.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Renegotiation of the syndicated credit loan conditions:

Haulotte Group SA signed during the first half of 2010 an amendment to its Syndicated Loan agreement setting new conditions applicable to these credit lines until the maturity of the syndicated loan in July 2013.

This amendment defines in particular new terms and conditions for interest payments to the lenders, it provides for the transformation of a €50 million tranche initially allocated to financing of capital expenditures into revolving credit lines, the total amount of the loan remaining unchanged at €251 million. The amendment also defines a new repayment schedule (for more details please refer to Note 21).

As a consequence, and in accordance with the new conditions of the syndicated loan, drawings on the tranche D allocated to financing of working capital requirements that were previously disclosed together with bank overdrafts (€17,500 thousand at 31 December 2009), have been reclassified between short-term and long-term bank borrowings according to their due dates (at 31 December 2010, the whole amount of €38,500 thousand drawn on this credit line is due at more than one year).

This amendment also provides for a grace period suspending the testing of financial ratios provided for in the initial loan agreement until the end of 2011, with the implementation of annual liquidity ratio tests.

Following the breach of debt ratios at the end of December 2009, repayment of the loan was rendered enforceable by the banking syndicate. For this reason, the full amount of the debt was then reclassified under current borrowing. At 31 December 2010, the signing of the amendment to the loan contract allowed the disclosing of debt both under short-term and long-term borrowings in compliance with the new due dates provided for in this amendment.

NOTE 5 - PRINCIPLES AND METHODS OF MEASUREMENT FOR THE INCOME STATEMENT

5.1 Revenue recognition

« Sales and Revenue » includes the goods and services sales comprising notably

- sales self-financed by the customer,
- sales funded through back-to-back arrangements and the corresponding financial income (cf note 3.6),
- sales including financial guarantees given by Haulotte Group S.A. to allow the customer to obtain financing (cf. note 3.6),
- sales within remarketing agreements with financial institution after they had taken back equipment from defaulting clients,
- equipment rental,
- provision of services.

Revenue from the sale of goods is recognised net of value-added tax on the date the risks and rewards of ownership are transferred to the buyer which generally corresponds to the date of shipment of the products to the customer after obtaining adequate assurance that the contractual payment will be made.

Financial income in connection with back-to-back leases or finance leases is recognised on the basis of the effective interest rate.

Revenue from services is recognised during the period in which the services are rendered.

5.2 Cost of sales

The cost of sales includes direct production costs, factory overhead, changes in inventory, provisions for inventory losses, warranty costs, fair value adjustments of currency hedges and interest expense paid in connection with back-to-back arrangements.

5.3 Selling expenses

This item includes notably costs related to sales and commercial activity.

5.4 General and administrative expenses

This item includes indirect leasing costs, administrative and management expenses, and changes in the provision for impairment losses on trade receivables.

5.5 Research and development expenditures

Research expenditures are expensed in the period they are incurred.

Development expenditures are expensed in the period except when they meet the criteria defined under IAS 38 (cf. 3.2.1) for recognition as intangible assets. This concerns expenditures incurred in connection with development projects for new categories of machines or components considered technically viable with a probability of generating future economic benefits.

5.6 Other operating income and expenses

This heading includes:

- gains or losses from disposals (excluding those by rental companies treated as sales of second-hand equipment and recognised consequently under revenue),
- amortisation of capitalised development expenditures,
- incomes or expenses related to litigations of an unusual, abnormal or infrequent nature,
- impairment losses on goodwill.

5.7 Operating income

Operating income covers all income and expenses directly relating to Group activities, whether representing recurring items of the normal operating cycle or events or decisions of an occasional or unusual nature

5.8 Cost of net financial debt

Cost of net financial debt includes total finance costs consisting primarily of interest expense (according to the effective interest rate) as well as the fair value adjustments of interest rate hedges.

5.9 Other financial income and expenses

This item includes income from cash and cash equivalents (interest income, gains and losses from the disposal of short-term securities, etc.).

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

5.10 Earnings per share

Earnings per share presented at the bottom of the income statement is determined by dividing the net income of Haulotte Group S.A. for the period by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Diluted earnings per share are calculated on the basis of the average number of shares outstanding during the year adjusted for the dilutive effects of equity instruments issued by the company such as stock options.

NOTE 6 - SCOPE OF CONSOLIDATION

Companies consolidated at 31 December 2010 are :

ENTITY	SIREN	COUNTRY	% INTEREST	CONSOLIDATION METHOD
Haulotte Group S.A.	332 822 485	France	Parent	
ABM Industries S.A.S.	414 429 647	France	100%	Full consolidation
Haulotte France Sarl	344 498 274	France	99,99%	Full consolidation
Haulotte Services France	491 014 163	France	99,99%	Full consolidation
TELESCOPELLE S.A.S	413 096 728	France	100%	Full consolidation
Access Rentals (UK) Ltd.		UK	100%	Full consolidation
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd.		China	100%	Full consolidation
Haulotte Argentina S.A.		Argentina	95%	Full consolidation
Haulotte Arges S.R.L.		Romania	100%	Full consolidation
Haulotte Australia Pty. Ltd.		Australia	100%	Full consolidation
Haulotte Cantabria S.L.		Spain	100%	Full consolidation
Haulotte Do Brazil LTDA		Brazil	99,98%	Full consolidation
Haulotte Hubarbeitsbühnen GmbH		Germany	100%	Full consolidation
Haulotte Iberica S.L.		Spain	98,71%	Full consolidation
Haulotte Italia S.R.L.		Italia	99%	Full consolidation
Haulotte Mexico SA de CV		Mexico	95%	Full consolidation
Haulotte Services SA de CV		Mexico	95%	Full consolidation
Haulotte Middle East FZE		Dubaï	100%	Full consolidation
Haulotte Netherlands B.V.		Netherlands	100%	Full consolidation
Haulotte Polska SP Z.O.O.		Polska	100%	Full consolidation
Haulotte Portugal, plataformas de elevaçao, Unipessoal, LDA		Portugal	98,71%	Full consolidation
Haulotte Scandinavia AB		Sweden	100%	Full consolidation

Haulotte Singapore Ltd.	Singapore	100%	Full consolidation
Haulotte Trading (Shanghai) co. Ltd.	China	100%	Full consolidation
Haulotte UK Limited	UK	100%	Full consolidation
Haulotte U.S., INC.	U.S.A.	100%	Full consolidation
Haulotte Vostok	Russia	100%	Full consolidation
Horizon High Reach Limited	Argentina	100%	Full consolidation
Levanor Maquinaria de Elevacion S.A.	Spain	91%	Full consolidation
Mundilevaçao, Aluger e Transporte de Plataformas LDA	Portugal	81.90%	Full consolidation
NO.VE. S.R.L.	Italia	100%	Full consolidation
N.D.U Maquinaria y Plataformas Elevadoras, S.L.	Spain	98,71%	Full consolidation
UK Platforms Ltd.	UK	100%	Full consolidation
Bil Jax, Inc.	U.S.A.	100%	Full consolidation
Equipro, Inc.	U.S.A.	100%	Full consolidation
Bil Jax Service, Inc.	U.S.A.	100%	Full consolidation
Construction and Scaffold Supply, Inc.	U.S.A.	100%	Full consolidation
Bil Jax Planking Systems, Inc.	U.S.A.	100%	Full consolidation
Scaffold Design and Erection, Inc.	U.S.A.	100%	Full consolidation
CSI Contruction Supply International, Inc.	U.S.A.	100%	Full consolidation
USA ONE, Inc.	U.S.A.	100%	Full consolidation

The closing date for financial statements of consolidated companies for each period presented is 31 December.

NOTE 7 - CHANGES IN THE CONSOLIDATION SCOPE

Our subsidiary Haulotte Iberica, on 14 June 2010, acquired all shares of a rental company, N.D.U., one of our clients on the Spanish market that was in liquidation.

This company was fully consolidated for the first time at 31 December 2010.

After acquired assets and liabilities had been identified, and the acquisition price allocated accordingly, a goodwill amounting to €772 thousand was recorded. This goodwill is fully impaired at year-end.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 8 - GOODWILL

At 31 December 2010

	Gross value	Impairment	Net value
UK Platforms	12,158	(12,158)	-
ABM	1,294	(1,294)	-
Haulotte France	54	(54)	-
Nove	2,580	-	2,580
Horizon	2,943	-	2,943
BilJax	14,916	-	14,916
N.D.U.	772	(772)	-
Total	**34,717**	**(14,278)**	**20,439**

At 31 December 2009

	Gross value	Impairment	Net value
UK Platforms	12,158	(12,158)	-
ABM	1,294	(1,294)	-
Haulotte France	54	(54)	-
Nove	2,580	-	2,580
Horizon	2,825	-	2,825
BilJax	13,834	-	13,834
Total	**32,745**	**(13,506)**	**19,239**

The change presented in goodwill between the two periods (or €1,200 thousand) reflects the currency effect on goodwill for Horizon and BilJax. In addition, the change relating to the acquisition of the company N.D.U. was recorded for €772 thousand and fully impaired in the period (refer to note 7).

• ***« North America » CGU***

The last impairment test for the «North America» region considered as a cash generating unit (CGU) was performed on 30 June 2010. Because economic conditions have not improved since that date, a new impairment test was performed on 31 December 2010 on the CGU that includes the US entities of the Group

The recoverable value of the « North America » CGU was based on calculations of value in use. These calculations were carried out using forecast future cash flows based on the one-year budgets approved by management.

The main assumptions used to perform this impairment test were as follows:

- significant growth in market share in the sector of the sale of aerial work platforms in the "North American" market, on a 4 year horizon;
- the launch of production of new aerial work platform models in the BilJax plant with production costs optimised in US dollars;
- synergies and resulting gains between Haulotte US and BilJax;
- the impairment test included cash flow projections over four years, an assumption of long-term growth of 1.5% and a discount rate (WACC) of 9.5%,

On the basis of these assumptions, management considers that the value in use of the "North America" CGU exceeds the carrying value. Sensitivity analysis carried out indicates that no impairment charge would be recorded in the following scenarios:

- a decrease in forecasted sales of 13%,
- a 4 point change in the discount rate.

• ***« Rental companies » CGU***

For the entity Nove, an impairment test was performed based on projected cash flows for 4 years, assumption of long-term growth of 1.5% and a discount rate of 8.2%.

For the entity UK Platforms, a test was realized to compare the net book value of rental equipment as per Group books with their market value.

On the basis of those tests, no impairment was recorded for these CGUs in the consolidated financial statements for the period ended 31 December 2010.

The CGUs constituted by other rental subsidiaries were not tested for impairment as no tangible triggering event were identified during the period.

NOTE 9 - INTANGIBLE ASSETS

	31/12 2009	Acquisition of subsidiary	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12 2010
Development expenditure	9,930	-	344	-	-	-	10,274
Concessions, patents, licenses	6,927	28	263	(734)	363	3	6,850
Other intangibles and in progress	378	-	60	(1)	(341)	(10)	86
Gross value	**17,235**	**28**	**667**	**(735)**	**22**	**(7)**	**17,210**
Depreciation / impairment of development expenditure	7,622	-	495	-	-	-	8,117
Depreciation of concessions, patents, licenses	3,674	9	769	(693)	-	-	3,759
Depreciation of other intangibles and in progress	34	-	4	-	17	(2)	53
Accumulated depreciation and impairment	**11,328**	**9**	**1,268**	**(693)**	**17**	**(2)**	**11,929**
Net value	**5,906**	**19**	**(601)**	**(42)**	**5**	**(5)**	**5,281**

The €734 thousand decrease in « Concessions, patents, licenses » concerns primarily disposals of software that were fully depreciated and not used by the Group anymore.

The depreciation of development expenditure of €495 thousand is included under the line item « Research and development expenditure » of the income statement.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	31/12 2009	Acquisition of subsidiary	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12 2010
Land	6,171	-	-	(2)	24	48	6,242
Buildings	41,539	-	183	(584)	55	596	41,789
Plant machinery	31,844	57	677	(212)	418	392	33,176
Equipment for rental	73,980	296	11,717	(5,510)	12,303	1,539	94,323
Other PPE	10,420	66	743	(526)	(146)	413	10,962
Fixed assets in progress	197	-	959	-	(349)	(4)	805
Gross value	**164,151**	**419**	**14,279**	**(6,834)**	**12,305**	**2,987**	**187,297**
Depreciation/impairment of buildings	12,229	-	1,783	(555)	-	266	13,722
Depreciation/ impairment of plant machinery	16,750	5	2,896	669	159	375	20,851
Depreciation/impairment of equipment for rental	32,676	11	10,610	(3,936)	2,578	535	42,474
Depreciation/impairment of other PPE	6,362	16	1,961	(542)	(628)	248	7,408
Accumulated depreciation and impairment	**68,017**	**32**	**17,251**	**(4,364)**	**2,109**	**1,424**	**84,455**
Net value	**96,134**	**387**	**(2,972)**	**(2,470)**	**10,196**	**1,563**	**102,842**

(*) : Amounts indicated under « Reclassifications and other changes » include the reclassification from « Inventory » into « Property, plant and equipment» of machines rented to certain clients for a period over one year for €3,802 thousand, and the reclassification into « Property, plant and equipment» of machines delivered to N.D.U. for €6,406 thousand after this client was acquired (refer to note 7) – the revenue relating to this sale had not been recognized and machines maintained in the Group's inventories because of the client's credit risk.

The €11,717 thousand increase in «Equipment for rental» relates primarily to the purchase of aerial work platforms by rental companies, and notably €6,937 thousand for UK Platforms, 2,613 K€ for Horizon and €1,506 thousand for Nove.

Allowances for depreciation of rental equipment are recognised under the cost of sales in the income statement. Allowances for buildings, plant equipment and other PPE are recognised under the cost of sales and/or selling and administrative expenses.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 11 - FINANCIAL ASSETS

Financial assets include loans, deposits and guarantees to non-Group entities. Their changes over the period is as follows :

	31/12 2009	Acquisition of subsidiary	Increase	Decrease	Reclassifications	Translation adjustment	31/12 2010
Financial assets	1,203	41	32	(271)	152	46	1,203

NOTE 12 - INVENTORY

At 31 December 2010	Gross value	Provision	Net value
Raw materials	17,344	(2,301)	15,043
Work in progress	7,423	(121)	7,302
Semi finished and finished goods	101,779	(13,242)	88,537
Trade goods	25,516	(7,173)	18,343
Total	**152,062**	**(22,837)**	**129,225**

At 31 December 2009	Gross value	Provision	Net value
Raw materials	17,069	(936)	16,133
Work in progress	10,377	-	10,377
Semi finished and finished goods	175,099	(17,119)	157,980
Trade goods	30,226	(7,680)	22,546
Total	**232,770**	**(25,736)**	**207,034**

At 31 December 2010 and in comparative information at 31 December 2009, standard new equipment have been reclassified from work in progress into finished goods (those machines were included under work in progress for €52.9 million). This represents equipment that has not yet been subject to the final phase of finishing and customisation.

The impact of idle capacity has not been included in the inventory valuation. The decrease of inventory of €(80,708) thousand on 31 December 2010 versus a decrease of €(14,013) thousand at 31 December 2009 is recognised under the cost of sales in the income statement.

Provisions for inventory impairment losses break down as follows :

	31/12/2009	Increase	Decrease	Translation adjustment	31/12/2010
Provision for inventory impairment losses	25,736	7,629	(9,629)	(899)	22,837

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 13 - TRADE RECEIVABLES

At 31 December 2010	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	20,835		20,835
including finance lease receivables	*13,456*		*13,456*
including guarantees given	*7,379*		*7,379*
Sub-total	**20,835**		**20,835**
Current assets			
Trade receivables	94,411	(26,184)	68,227
Receivables from financing activities less than one year	12,941	(5,190)	7,751
including finance lease receivables	*6,012*	*(2,333)*	*3,679*
including guarantees given	*6,929*	*(2,857)*	*4,072*
Sub-total	**107,352**	**(31,374)**	**75,978**
Total	**128,187**	**(31,374)**	**96,813**

At 31 December 2009	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	38,399		38,399
including finance lease receivables	*24,577*		*24,577*
including guarantees given	*13,823*		*13,823*
Sub-total	**38,399**		**38,399**
Current assets			
Trade receivables	90,736	(24,054)	66,682
Receivables from financing activities less than one year	17,383	(2,255)	15,128
including finance lease receivables	*8,221*	*(2,255)*	*5,966*
including guarantees given	*9,162*		*9,162*
Sub-total	**108,119**	**(26,310)**	**81,810**
Total	**146,519**	**(26,310)**	**120,209**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

The fair value of "Trade receivables" recorded under current assets equals the carrying value given their short maturity (less than one year).

In accordance with IAS 17, fair value of receivables from back-to-back equipment leases and finance leases represents the lower of the fair value of the item at the inception (cash sales price net of rebates) or the discounted value of lease payments at the lease's implicit interest rate.

As described in note 3.6, the fair value of receivables guarantees granted by Haulotte Group to the lending institution of the customer, represents:

- either the amount of capital remaining due by the customer of Haulotte Group to the financial institution
- or the maximum amount of the risk incurred by Haulotte Group

The corresponding receivables and payables are discharged as customers make lease payments to the financial institution.

Provisions for trade receivables break down as follows:

	31/12/2009	Acquisition of subsidiary	Increase	Decrease	Translation adjustment	31/12/2010
Provisions for trade receivables	26,310	315	6,088	(1,894)	555	31,374

The trade receivables net amount split as follows by maturity date:

	Total	Not due	Due		
			less than 60 days	60 - 120 days	more than 120 days
Net trade receivables 2010	96,813	84,690	3,987	2,440	5,696
Net trade receivables 2009	120,209	108,439	3,792	5,087	2,891

Trade receivables that are due are analysed notably on the basis of the customer rating established by the Group (cf. note 4.c). Considering this rating and the resulting risk assessment, the Group determines the necessity of recording a provision. When applicable, provisions are recorded for the difference between the carrying value of the receivable and the estimated resale value of the equipment determined in reference to historical sales' prices.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 14 - OTHER ASSETS

	31/12/2010	31/12/2009
Other current assets	11,988	7,338
Advances and instalments paid on orders	1,373	998
Prepaid expenses	1,983	1,228
Total other current assets	**15,344**	**9,563**
Other non-current assets	26,078	13,911
Total other assets	**41,422**	**23,474**

« Other current assets » mainly includes VAT receivables.
« Other non-current assets » correspond to income tax carry-back receivables owned by Haulotte Group SA for 2009 €(13,911) thousand and 2010 €(12,167) thousand. At 31 December 2009, this debt was classified under "Other current assets".

NOTE 15 - RECEIVABLES BY MATURITY

At 31 December 2010	Total	less than 1 year	1 to 5 years
Trade receivables*	68,227	68,227	0
Trade receivables from financing activities	28,586	7,751	20,835
Other assets	41,422	15,344	26,078
Total	**138,235***	**91,322**	**46,913**

*Including receivables overdue for €12,123 thousand (cf. note 13)

At 31 December 2009	Total	less than 1 year	1 to 5 years
Trade receivables*	66,682	66,682	0
Trade receivables from financing activities	53,527	15,128	38,399
Other assets	23,474	23,474	0
Total	**143,683***	**105,284**	**38,399**

*Including receivables overdue for €11,770 thousand (cf. note 13)

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 16 - FOREIGN EXCHANGE RISK MANAGEMENT

The following table presents the foreign currency exposures of trade receivables and payables:

At 31/12/2010	EUR	AUD	GBP	SEK	USD	Others	TOTAL
Trade receivables	85,258	7,290	7,617	949	22,143	4,930	**128,187**
Trade payables	(21,475)	(221)	(812)	(95)	(2,725)	(688)	**(26,016)**
Net amount	63,783	7,069	6,805	854	19,418	4,242	**102,171**

At 31/12/2009	EUR	AUD	GBP	SEK	USD	Others	TOTAL
Trade receivables	96,733	9,175	11,143	384	25,619	3,464	**146,518**
Trade payables	(18,740)	(13)	(1,975)	(15)	(2,717)	(800)	**(24,261)**
Net amount	77,993	9,162	9,167	368	22,902	2,664	**122,257**

A 10% increase in the value of the euro against the pound sterling would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of €619 thousand.

A 10% increase in the value of the euro against the US dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of €1,765 thousand.

NOTE 17 - CASH AND CASH EQUIVALENTS

	31/12/2010	31/12/2009
Cash at bank and in hand	34,436	45,835
Money market funds	10	20,010
Total	**34,446**	**65,845**

NOTE 18 - DERIVATIVE INSTRUMENTS

Positive fair value of derivative instruments:

	31/12/2010	31/12/2009
USD forward sales	1,941	3,368
Total	**1,941**	**3,368**

Negative fair value of derivative instruments:

	31/12/2010	31/12/2009
Interest rates swap	(4,800)	(6,130)
Total	**(4,800)**	**(6,130)**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 19 - SHARE CAPITAL AND PREMIUMS

	31/12/2010	31/12/2009
Number of shares	31,214,129	31,191,669
Nominal value in euros	0.13	0.13
Share capital in euros	**4,057,837**	**4,054,917**
Share premiums in euros	**92,044,503**	**91,953,315**

The change in share capital is due to the creation of 22,460 actions after stock options were exercised, resulting in an equity increase of 94,108 euros of which 91,188 euros as share premiums.

Treasury shares are as follows:

	31/12/2010	31/12/2009
Number of treasury shares	1, 837,823	1,837,823
Treasury shares as a percentage of capital	5.89%	5.89%
*Net book value of treasury shares in K€**	*19,826*	*11,831*
*Market value of treasury shares in K€***	*21,300*	*11,597*

* based on December average quoted value
** based on quoted value of the last business day of the year

Summary of changes in treasury shares for years 2009 and 2010:

TYPE		2010	2009
Liquidity agreement	Number of shares purchased	-	-
	Purchase price of shares	-	-
	Average price per share	-	-
	Number of shares sold	-	-
	Initial value of shares sold	-	-
	Selling price of shares sold	-	-
	Selling price of shares sold	-	-
	Selling price of shares sold	-	-
	Number of shares owned at 31 December	139,418	139,418
	Initial value of shares owned at 31 December	1,506,773	1,506,773
Buyback authorisation	Number of shares purchased	-	-
	Purchase price of shares	-	-
	Average price per share	-	-
	Number of shares sold	-	-
	Number of shares cancelled	-	1,401,595
	Number of shares owned at 31 December	1,698,405	1,698,405
	Initial value of shares owned at 31 December	13,183,551	13,183,551
Global	Total number of shares owned at 31 December	1,837,823	1,837,823
	Total initial value of shares owned at 31 December	14,690,324	14,690,324
	Closing quoted value of shares at 31 December	11.59	6.31

NOTE 20 - EMPLOYEES STOCK OPTION PLANS

	PLAN N° 3
Board of Directors' meeting date	8 July 2003
Number of options granted on inception	159,200
Number of shares available for subscription at 31 December 2010	-
Commencement of the options exercise period	8 July 2007 (excluding authorised exceptions)
Expiry date	8 July 2010
Subscription or purchase price	4.19 Euros
Number of shares subscribed at 31 December 2010	107,260

On 8 July 2010, the last stock option plans ended.

Only plans granted after 7 November 2002 for which rights have not been vested on 1 January 2005 are restated in compliance with IFRS 2. Only the plan of 8 July 2003 was concerned by this requirement.

In compliance with IFRS 2, Haulotte Group recognised the fair value of employee services rendered in exchange for the grant of stock options as an expense offset by an increase in equity over the vesting period.

The fair value of stock options granted under this plan is measured on the basis of the Black and Scholes model.

The key assumptions of this model are as follows:

- Share price on grant date: €4.19
- Exercise price: €4.19
- Volatility: 71%
- Dividend yield: 1.67%
- Option life: 7 years
- Risk-free annual interest rate: 3.50%.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 21 - BORROWINGS

		31/12/2010	31/12/2009
Non-current borrowings			
Bank borrowings > 1 year		129,794	26,200
of which syndicated loan		*112,790*	-
of which guarantees given		*7,379*	*13,823*
of which BilJax's credit line		*3,167*	*3,073*
of which other borrowings		*6,458*	*9,304*
Other loans and borrowings		617	426
	Sub-total	**130,411**	**26,626**
Current borrowings			
Bank borrowings < 1 year		48,708	222,277
of which syndicated loan		*39,241*	*203,213*
of which guarantees given		*6,929*	*9,162*
of which BilJax's credit line		*111*	-
of which other borrowings		*2,427*	*9,902*
Other loans and borrowings		158	108
Bank overdrafts		3,657	18,225
	Sub-total	**52,523**	**240,610**
Total borrowings		**182,934**	**267,236**

In 2005 Haulotte Group secured a 7-year syndicated loan of €330,000 thousand. The loan was contracted at a variable rate of interest indexed on the 3 months Euribor. Subsequent amendments changed in 2006, then 2009 and finally June 2010 – following the breach of debt ratios during the year 2009 – the total amount and division of this credit in different tranches.

A swap agreement has been implemented to cover the risks of interest rate fluctuations (note 18).

The following information relating to the syndicated loan detail :

- the amount of each tranche by nature as per the agreement amended in June 2010 with bank partners (a)
- the balance due by the Company at 31 December 2010 after drawings on the different credit lines (b)
- the balance available on each tranche for further drawing (c)

		Total loan (a)	(b)	(c)
Tranche A	Refinancing of existing debt	70,000	34,995	
Tranche B	Financing of capital expenditures (1)	70,000	56,000	
Tranche C	Financing of acquisitions	31,000	23,250	
Tranche D	Financing of working capital requirements (2) (3)	80,000	38,500	36,500
	Total	**251,000**	**152,745**	**36,500**

(1) credit line decreased of €50,000 thousand as per June 2010 amendment
(2) credit line increased of €50,000 thousand as per June 2010 amendment
(3) maximum credit line reduced from €80,000 thousand to €75,000 thousand in July 2010, to €69,000 thousand in July 2011 and to €63,000 thousand in July 2012

As stated in the credit contractual repayment schedule, €39,247 thousand were repaid during the year.

As indicated in the note 4.d), and in accordance with new terms and conditions of the syndicated loan, drawings on the tranche D that were previously disclosed together with bank overdrafts (€17,500 thousand at 31 December 2009), have been reclassified between short-term and long-term bank borrowings according to their due dates (at 31 December 2010, the whole amount of €38,500 thousand drawn on this credit line is due at more than one year).

The subsidiary BilJax also renegociated its credit line during the year. The main change is the reclassification as a current borrowing, together with bank overdrafts, of the revolving line previously disclosed under bank borrowings (USD10,610 thousand that is €7,365 thousand at 31 December 2009 and USD4,350 thousand that is €3,256 thousand at 31 December 2010).

Those two reclassifications have an impact on the change in cash and cash equivalents as disclosed in the consolidated cash flows statement, and are presented for €9.5 million under a specific line "Other Changes", including €17.50 million for Haulotte Group S.A. syndicated loan and €(7.9) million for the BilJax credit line.

In exchange for the syndicated loan, the following commitments were granted to the banking syndicate :

- pledge of Haulotte Group S.A. goodwill
- pledge of Haulotte UK shares
- pledge of Equipro Inc. shares

Group debt is denominated in the following currencies (excluding guarantees given) :

Translated value in thousands of euros	31/12/2010	31/12/2009
Euros	157,249	226,116
GBP	4,460	6,064
USD	6,776	11,270
Others	139	799
Total	**168,624**	**244,250**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 22 - MANAGEMENT OF INTEREST-RATE RISKS

Borrowings, excluding guarantees given, break down as follows :

	31/12/2010	31/12/2009
Fixed rate borrowings	13,316	13,036
Variable rate borrowings	155,308	231,214
Total	**168,624**	**244,250**

A 1% rate increase would result in a maximum additional interest expense, excluding hedges, of some €1,553 thousand.

NOTE 23 - PROVISIONS

	31/12/2009	Allowances	Decrease	Reclassi-fications	Translation adjustment	31/12/2010
Provisions for product warranty	2,715	3,558	(2,079)		63	4,257
Provisions for litigations	2,676	3,626	(375)	223	123	6,273
Short-term portion of provision for pensions	-			11		11
Current provisions	**5,391**	**7,184**	**(2,454)**	**234**	**186**	**10,541**
Long-term portion of provision for pensions	1,851	436	(82)	(234)	23	1,994
Non-current provisions	**1,851**	**436**	**(82)**	**(234)**	**23**	**1,994**
Total provisions	**7,242**	**7,620**	**(2,536)**	**-**	**209**	**12,535**

The increase in the provision for product warranty is due to the increase of warranty periods granted to clients of the Group generally observed.

The other allowances recorded in the year are notably relating to the recognition of tax and commercial risks.

Contingent liability

In the first-half of 2008, a supplier filed a claim against Haulotte Group for €7 million for wrongful breach of its contract for the supply of raw materials. During the oral argument that took place in December 2010, the supplier dropped his claims down to €3.7 million. No provision has been recognised in the financial statements as the company considers this claim without legal and economic merit and was furthermore not substantiated by the supplier.

Provisions for pensions

Refer to note 24

NOTE 24 - PENSION AND RELATED BENEFITS

a) Assumptions

The only post-employment benefits granted to Group employees are pension indemnities and long-service awards.

Retirement commitments are estimated according to the projected unit credit method using end-of-career wages according to the procedures described in paragraph 3.10, on the basis of the following assumptions :

- a staff turnover rate based on available Group historical data ;
- a salary increase rate based on the expected length of service, career development, the terms of collective bargaining agreements and the rate of long-term inflation representing a total rate of 2%;
- a 5% discount rate;
- a retirement age for employees born before 1 January 1950 of 62 for managers, 60 for clerical staff ;
- a retirement age for employees, born after 1 January 1950 of 65 for managers, 63 for clerical staff.

Concerning end-of-career severance benefits, the assumption retained is that of voluntary retirement that takes into account social security contributions (45 %). This method of calculation complies with the French Pension Reform Act of 21 August 2003 (Loi Fillon), amended by the law n°2010-1330 dated 9 November 2010 as published in the "Journal Officiel" dated 10 November 2010.

b) Change in obligations over the period

Present value of the obligation at the opening (1 January 2010)	**1,851**
Cost of services rendered during the period	436
Interest credited in the period	81
Benefits paid in the period	(85)
Actuarial gains and losses	(78)
Translation adjustment	23
Others	(223)
Present value of the obligation at closing (31 December 2010)	**2,005**

The Group does not have hedge assets and actuarial gains and losses are recorded in the income statement.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 25 - PAYABLES BY MATURITY

For more details on the classification of the different credit lines at 31 December 2009 and 31 December 2010 please refer to Note 21.

31/12/2010	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	178,502	48,708	129,794	
Including leases obligations and other guarantees	*14,308*	*6,929*	*7,379*	
Other loans and borrowings	4,432	3,815	617	
Accounts payable	26,016	26,016		
Other payables	20,659	20,659		
Total	**229,609**	**99,198**	**130,411**	**-**

31/12/2009	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	248,477	222,277	26,200	
Including leases obligations and other guarantees	*22,985*	*9,162*	*13,823*	
Other loans and borrowings	18,759	18,333	426	
Accounts payable	24 ,262	24,262		
Other payables	12,707	12,707		
Total	**304,206**	**277,580**	**26,626**	**-**

NOTE 26 - OTHER PAYABLES

	31/12/2010	31/12/2009
Down payments received	1,749	1,725
Payables to fixed asset suppliers	238	896
Tax and employee-related liabilities	9,980	1,622
Prepaid income	613	1,147
Others	8,079	7,317
Total	**20,659**	**12,707**

NOTE 27 - DEFERRED TAXES

Deferred tax assets are offset by deferred tax liabilities generated in the same tax jurisdiction. Deferred taxes are recoverable within one year except those calculated on the fair value of rental equipment, provisions for pensions, translation adjustment on net investments in foreign operations, the development expenditures and depreciation period differences.

Deferred tax assets resulting from temporary differences or tax losses carried forward are recognised only to the extent that is really probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxes break down as follows:

	31/12/2010	31/12/2009
Deferred taxes from adjustments of the fair value of rental equipment	(1,032)	(1,041)
Deferred taxes from adjustments on finance leases and back-to-back leases	(338)	(222)
Deferred taxes from provisions for pensions	362	204
Deferred taxes from adjustments of internal margins on inventories and fixed assets	3,149	4,470
Deferred taxes from non-deductible provisions	2,310	1,901
Deferred taxes from differences in depreciation periods and R&D costs	(2,899)	(2,399)
Deferred taxes from cash items part of net investment in foreign operations	(3,740)	(3,344)
Deferred taxes from tax losses	-	-
Deferred taxes from other consolidation adjustments	1,024	384
Deferred taxes from other temporary differences	222	544
Total	**(942)**	**497**

The change in net deferred tax breaks down as follows:

	31/12/2010	31/12/2009
Opening net balance	**497**	**203**
Income / (loss) from deferred taxes	(629)	(866)
Deferred taxes from changes in consolidation scope	(344)	-
Deferred taxes recognised directly in equity	(395)	1,108
Translation adjustment	(71)	52
Other changes	-	-
Closing net balance	**(942)**	**497**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 28 - SALES AND REVENUE

Note 40 on segment reporting provides with details on sales and revenue.

NOTE 29 - COST OF SALES

	31/12/2010	31/12/2009
Production cost of sales	(219,860)	(165,397)
Change in inventory provisions	2,000	(15,204)
Warranty costs	(3,145)	(4,669)
Interest paid on back-to-back lease arrangements	(115)	(92)
Total	**(221,120)**	**(185,362)**

NOTE 30 - GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2010	31/12/2009
Administrative expenses	(28,496)	(26,947)
Change in bad debt provisions	(12,815)	(14,505)
Management expenses	(8,653)	(8,509)
Others	(2,772)	(3,395)
Total	**(52,736)**	**(53,356)**

NOTE 31 - RESEARCH AND DEVELOPMENT EXPENDITURES

	31/12/2010	31/12/2009
Development expenditure recognised as intangible assets	344	1,111
Amortisation of development expenditure	(495)	(538)
Research tax credit	188	332
Development expenditure	(5,387)	(6,179)
Total	**(5,350)**	**(5,274)**

NOTE 32 - EXCHANGE GAINS AND LOSSES

	31/12/2010	31/12/2009
Currency losses	12,390	(16,715)
Currency gains	(5,141)	21,105
Total	**7,249**	**4,390**

Realised and unrealised gains and losses from commercial transactions in foreign currencies presented above are recognised under the operating margin.

NOTE 33 - EXPENSES BY NATURE TO CURRENT OPERATING INCOME

	31/12/2010	31/12/2009
Purchases of raw materials and other consumables and changes in finished products inventory	(152,037)	(99,927)
External charges	(56,166)	(58,669)
Taxes and related items	(3,785)	(3,468)
Staff costs	(59,694)	(60,208)
Net depreciation, impairment and provisions	(22,263)	(42,023)
Currency gains and losses	7,249	4,390
Other operating expense	(7,198)	(4,032)
Total	**(293,894)**	**(263,937)**

NOTE 34 - STAFF COSTS

	31/12/2010	31/12/2009
Salaries and wages	(45,252)	(46,033)
Social security and related expenses	(14,083)	(14,164)
Employee profit-sharing	(7)	(6)
Pensions costs	(351)	(5)
Total	**(59,694)**	**(60,208)**

Staff costs are allocated to the appropriate captions of the income statement by function.

NOTE 35 - OTHER OPERATING INCOME AND EXPENSES

	31/12/2010	31/12/2009
Gains or losses on fixed assets disposals	(187)	(171)
Net change in provisions	(1,698)	(88)
Net expenses on litigations	(160)	(340)
Costs of guarantees paid after clients' defaults	(206)	(173)
Impairment of NDU goodwill	(772)	-
Others	254	(679)
Total	**(2,769)**	**(1,451)**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 36 - COST OF NET FINANCIAL DEBT

	31/12/2010	31/12/2009
Interest expenses and fees on loans and bank overdrafts	(7,266)	(5,939)
Interests on leasing contracts	(455)	(244)
Net of interests on arrears on receivables and payables	20	440
Change in the fair value of financial derivative instruments	1,425	415
Others	130	(48)
Total	**(6,146)**	**(5,376)**

NOTE 37 - CORPORATE INCOME TAX

	31/12/2010	31/12/2009
Current tax	11,036	13,976
Deferred tax	(619)	(866)
Total	**10,417**	**13,110**

Haulotte Group SA elected to carry back its tax losses and therefore recorded a €12,167 thousand income tax receivable at 31 December 2010 (a receivable amounting to €13,911 thousand was recorded at 31 December 2009).

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2010, Haulotte France S.A.R.L, Haulotte Services, ABM Industries S.A.S. and Telescopelle S.A.S.

Haulotte UK Ltd is the head of a UK tax consolidation that included on 31 December 2010, UK Platforms Ltd and Access Rentals (UK) Ltd.

Haulotte US Inc is the head of a US tax consolidation that included on 31 December 2010, BilJax and its subsidiaries.

Under these tax sharing agreements, the income tax of entities are incurred by subsidiaries as if they were not included in a tax group.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 38 - EFFECTIVE INCOME TAX RECONCILIATION

The difference between the effective tax rate of 19.79 % (19.06 % in December 2009) and the standard rate applicable in France of 34.43 % breaks down as follows:

	31/12/2010		31/12/2009	
Consolidated income before tax	(52,642)		(68,797)	
Tax (Income)/ Expense calculated at the tax rate applicable to the parent company's profit	**(18,125)**	**34.43%**	**(23,687)**	**34.43%**
Effect of differential in tax rates	2,401		2,129	
Effect of permanently non-deductible expenses or non-taxable income	5,756		(616)	
Effect of long-term capital gains not subject to the full tax rate	-		-	
Effect of use of loss carry forwards previously not recognised	(210)		-	
Effect of tax recognised directly in equity	395		(1,108)	
Effect of tax assets not recognised	(1,044)		(3,164)	
Effect of the elimination of internal transactions on equity investments	(8,973)		12,089	
Effect of loss carry forwards not recognised	9,313		15,148	
Effect of tax consolidation and income tax credits	(126)		(14,199)	
Effect of the reversal of unused deferred tax assets	-		-	
Tax relating to previous years	(66)		-	
Others	262		298	
Effective tax (Income)/ Expense	**(10,417)**	**19.79%**	**(13,110)**	**19.06 %**

NOTE 39 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit or loss of the Group for the period by the weighted average number of shares outstanding during the period, excluding treasury shares acquired.

Diluted earnings per share are calculated by adjusting the weighted number of shares outstanding in order to take into account all shares issued on conversion of potentially dilutive securities, and notably stock options. A calculation is made to determine the number of shares acquired at fair value (the annual average for traded shares) according to the monetary value of rights attached to outstanding stock options. The resulting number of shares is then compared with the number of shares that would have been issued if the options had been exercised.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

	31/12/2010	31/12/2009
Net income for the Group in thousands of euros	**(42,096)**	**(55,326)**
Total number of shares	31,214,129	31,191,669
Number of treasury shares	1,837,823	1,837,823
Number of shares used for the earnings per share calculation	*29,376,306*	*29,353,846*
Adjustment for stock options plans	-	5,959
Number of shares used for the diluted earnings per share calculation	**29,376,306**	**29,359,805**
Earnings per share attributable to shareholders		
- basic	**(1.433)**	**(1.885)**
- diluted	**(1.433)**	**(1.884)**

NOTE 40 - SEGMENT REPORTING

Sales breakdown

Sales by business segment	31/12/2010	%	31/12/2009	%
Sales of handling and lifting equipment	186,339	75	139,412	69
Rental of handling and lifting equipment	37,187	15	31,880	16
Services (1)	26,503	10	30,736	15
Consolidated sales	**250,030**	**100**	**202,028**	**100**

(1) notably spare parts, repairs and financing

Sales by geographic segment	31/12/2010	%	31/12/2009	%
Europe	172,981	69	139,899	69
North America	39,275	16	33,835	17
Latin America	14,136	6	11,491	6
Asia Pacific	23,638	9	16,803	8
Consolidated sales	**250,030**	**100**	**202,028**	**100**

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Main indicators by business segment

The column « Others » includes items not allocated to the Group's three business segments as well as inter-segment items.

31/12/2010	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Segment's revenue	*199,454*	*37,687*	*27,811*	-	*264,952*
Inter-segment revenue	*13,115*	*500*	*1,308*	-	*14,922*
Revenue from external customers	186,339	37,187	26,503	-	250,030
Operating income	(39,647)	(505)	4,243	(10,724)	(46,633)
Assets					
Fixed assets	57,403	57,879	4,304	10,179	129,765
including goodwill	*14,916*	*5,523*	-	-	*20,439*
including intangible assets	*2,128*	-	*105*	*3,048*	*5,281*
including tangible assets	*41,988*	*50,728*	*4,199*	*5,928*	*102,842*
including financial assets	-	-	-	*1,203*	*1,203*
Trade receivables from financing activities			28,585		28,585
Including receivables from financing activities at more than one year			*20,835*		*20,835*
Including receivables from financing activities due within one year			*7,750*		*7,750*
Inventory	121,181	2,217	5,828	-	129,225
Trade receivables	35,609	17,578	25,797	(10,757)	68,227
Liabilities					
Trade payables	16,937	2,300	2,477	4,301	26,016
Bank borrowings	-	-	14,308	164,194	178,502
Other information					
Depreciation and impairment charge in the period	5,352	10,870	226	2,495	18,944
Non-financial capital expenditures	1,886	12,180	178	702	14,946

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

31/12/2009	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Segment's revenue	*145,545*	*32,182*	*31,548*	-	*209,276*
Inter-segment revenue	*6,133*	*302*	*812*	-	*7,247*
Revenue from external customers	139,412	31,880	30,736	-	202,028
Operating income	(56,729)	(1,692)	5,054	(9,991)	(63,359)
Assets					
Fixed assets	57,154	49,302	4,487	11,539	122,482
including goodwill	*13,834*	*5,405*	-	-	*19,239*
including intangible assets	*2,257*	*8*	-	*3,641*	*5,906*
including tangible assets	*41,063*	*43,889*	*4,487*	*6,696*	*96,134*
including financial assets	-	-	-	*1,203*	*1,203*
Trade receivables from financing activities	-	-	53,567	(39)	53,527
Including receivables from financing activities at more than one year	-	-	*38,399*	-	*38,399*
Including receivables from financing activities due within one year	-	-	*15,167*	*(39)*	*15,128*
Inventory	199,869	636	6,529	-	207,034
Trade receivables	47,398	15,290	6,819	(2,825)	66,682
Liabilities					
Trade payables	16,385	6,415	505	955	24,261
Bank borrowings	-	-	23,023	225,454	248,478
Other information					
Depreciation and impairment charge in the period	5,065	10,406	462	1,772	17,705
Non-financial capital expenditures	6,005	18,238	146	4,361	28,751

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Main indicators by geographic segment

The column « Others » includes items not allocated to the Group's four geographic segments as well as inter-segment items.

31/12/2010	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*197,515*	*41,412*	*14,143*	*24,397*	-	*277,466*
Inter-segment revenue	*24,534*	*2,137*	*6*	*759*	-	*27,436*
Revenue from external customers	172,981	39,275	14,136	23,638	-	250,030
Operating income	(42,094)	(2,859)	142	(2,523)	701	(46,633)
Assets						
Fixed assets	197,044	22,776	7,550	765	(98,370)	129,765
including goodwill	*2,580*	*14,915*	*2,944*	-	-	*20,439*
including intangible assets	*5,268*	-	*12*	*2*	-	*5,282*
including tangible assets	*94,100*	*7,818*	*4,583*	*716*	*(4,376)*	*102,841*
including financial assets	*95,096*	*43*	*11*	*47*	*(93,994)*	*1,203*
Trade receivables from financing activities	12,665	3,070	-	2,899	9,951	28,585
Including receivables from financing activities at more than one year	*8,654*	*2,704*	-	*2,098*	*7,379*	*20,835*
Including receivables from financing activities due within one year	*4,010*	*367*	-	*801*	*2,572*	*7,750*
Inventory	96,354	19,506	5,257	14,196	(6,088)	129,225
Trade receivables	68,180	5,272	5,421	7,679	(18,325)	68,227
Liabilities						
Trade payables	39,370	2,353	200	1,898	(17,805)	26,016
Bank borrowings	160,786	3,338	28	43	14,308	178,502
Other information						
Depreciation and impairment charge in the period	18,067	1,037	722	170	(1,052)	18,944
Non-financial capital expenditures	12,158	742	2,754	317	(1,025)	14,946

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

31 December 2009	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*157,092*	*35,582*	*11,529*	*17,251*	-	*221,455*
Inter-segment revenue	*17,193*	*1,747*	*38*	*448*	-	*19,427*
Revenue from external customers	139,899	33,835	11,491	16,803	-	202,028
Operating income	(40,691)	(12,559)	2,416	(3,165)	(9,361)	(63,359)
Assets						
Fixed assets	197,724	21,482	5,523	628	(102,875)	122,482
including goodwill	*2,580*	*13,834*	*2,825*	-	-	*19,239*
including intangible assets	*5,890*	-	*15*	*1*	-	*5,906*
including tangible assets	*90,089*	*7,594*	*2,681*	*520*	*(4,750)*	*96,134*
including financial assets	*99,166*	*54*	*2*	*106*	*(98,125)*	*1,203*
Trade receivables from financing activities	43,190	3,929	-	6,408	-	53,527
Including receivables from financing activities at more than one year	*31,143*	*2,564*	-	*4,693*	-	*38,399*
Including receivables from financing activities due within one year	*12,048*	*1,365*	-	*1,716*	-	*15,128*
Inventory	172,059	26,415	7,392	11,984	(10,816)	207,034
Trade receivables	56,470	6,647	6,845	5,783	(9,063)	66,682
Liabilities						
Trade payables	22,453	2,745	1,872	6,255	(9,063)	24,261
Bank borrowings	234,879	11,820	701	1,077	-	248,478
Other information						
Depreciation and impairment charge in the period	17,022	1,011	737	129	(1,193)	17,705
Non-financial capital expenditures	27,110	476	904	260	-	28,751

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

Notes 41 to 43 provide information concerning the cash flow statement.

NOTE 41 - ANALYSIS OF CHANGE IN WORKING CAPITAL

	31/12/2010	31/12/2009
Change in inventory	73,482	17,396
Change in provision for inventory	97	15,232
Change in trade receivables	13,014	70,420
Change in provision for trade receivables	(548)	8,038
Charge in trade payables	1,328	(40,585)
Change in other assets and liabilities	(13,000)	1,011
Total	**74,373**	**71,512**

NOTE 42 - ANALYSIS OF CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES

	31/12/2010	31/12/2009
Change in gross value	1,989	9,249
Change in provisions	4,787	2,227
Change in receivables from financing activities	**6,776**	**11,476**

Revenue from financing activities includes back-to-back arrangements, direct financing leases, lease payment obligations and risk pool commitments.

Transactions involving risk pool commitments and lease payment obligations by Haulotte Group SA represent transactions for which receivables and payables are fully offset. In consequence, they do not generate cash flow. The receivables and payables (for the same amount) are discharged as customers make lease payments to their financial institution. In consequence, these transactions are eliminated in the cash flow statement because they have no impact on net cash.

Changes in back-to-back lease arrangements and finance leases are presented as a cash component of the above business. In contrast, changes in the corresponding payable (fully matched by the receivable or resulting from a comprehensive financing arrangement after the back-to-back lease agreements were repurchased through a syndicated loan) are presented under cash flows from financing activities.

In 2010, Haulotte Group recorded new lease finance agreements for €5,912 thousand through its subsidiaries in Singapore, U.S.A., UK and Italy.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 43 - CASH COMPONENTS

	31/12/2010	31/12/2009
Cash on hand and deposit accounts	34,436	45,835
Money market funds and negotiable instruments	10	20,010
Cash and cash equivalent – balance sheet	**34,446**	**65,845**
Bank overdrafts	(3,657)	(18,225)
Cash and cash equivalent – cash flow statement	**30,789**	**47,620**

The financial instruments' fair value is not a cash component. Therefore, it was excluded from the cash and cash equivalent amount at 31 December 2009 and 31 December 2010 in the detail above and in the consolidated cash flow statement.

The decrease in bank overdrafts relates to reclassification of the Group's revolving credit lines as detailed in notes 4d) and 21.

NOTE 44 - INFORMATION ON RELATED PARTIES

Related parties transactions

- Solem S.A.S. is the majority shareholder of Haulotte Group S.A., with 55.93% of the share capital at 31 December 2010. Solem paid to Haulotte Group S.A. income of €30 thousand in 2010 and €30 thousand in 2009, and invoiced charges of €542 thousand in 2010 and €932 thousand in 2009.
- SCI Lancelot that shares managers with Haulotte Group S.A. does not invoice the Group anymore for rental charges and incidental expenses for the use of the premises of Epinay which represented an expense of €474 thousand in 2009.

Fees allocated to directors and officers

Amounts allocated to Board members paid by the Group totalled €589 thousand for 2010 and €696 thousand for 2009.

This amount originates from funds invoiced by Solem S.A.S for the services rendered on behalf of the Group by two executives. It includes expenses incurred by those executives on behalf of the Group.

In compliance with the agreement to provide general administrative and commercial assistance signed by Solem S.A.S. the cost of the services is subject to a 10% mark-up.

No loans or advances have been granted to directors and officers. There are no other pension obligations or related commitments in favour of current or former executives.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 45 - OFF BALANCE-SHEET COMMITMENTS

	31/12/2010	31/12/2009
Repurchase commitments*	9,363	11,215
Portion of balance sheet debt secured by collateral**	152,031	221,633
Commitments given under repayment clauses	965	1,020

(*) : Repurchase commitments cover guarantees for the residual values granted by the Group in connection with customer financing agreements

(**) : Pledging of Haulotte Group S.A. goodwill, Haulotte UK and Equipro Inc. shares.

The breakdown of Group off-balance sheet commitments by maturity is as follows:

31/12/2010	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	9,363	3,820	5,539	4
Portion of balance sheet debt secured by collateral	152,031	39,241	112,790	-

31/12/2009	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	11,215	1,593	9,622	-
Portion of balance sheet debt secured by collateral	221,633	221,633	-	-

NOTE 46 - OFF BALANCE SHEET COMMITMENTS IN CONNECTION WITH ENTITLEMENTS TO INDIVIDUAL TRAINING BENEFITS (DIF)

	31/12/2010	31/12/2009
DIF (expressed in hours)	50,299	45,845

NOTE 47 - AVERAGE NUMBER OF EMPLOYEES

	2010	2009
Average headcount for the year	1,503	1,613

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Haulotte Group SA
L'Horme

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2010, on:
- the audit of the accompanying consolidated financial statements of Haulotte Group SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in Note 2.2.2 and 21 to the consolidated financial statements which state that, subsequent to the Company's failure to comply with financial ratios in the second half of 2009, negotiations with banks led to the signing of an amendment to the syndicated loan agreement in June 2010. This amendment sets out the new terms and conditions applicable to the loan until its maturity date in July 2013.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

II. JUSTIFICATION OF OUR ASSESSMENTS

Accounting estimates used for the preparation of the consolidated financial statements for the year ended 31 December 2010 were made in an economic context of continuing difficulty in assessing the economic outlook as described in Note 2.2.2. Against this backdrop and in accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

Note 2.2.1 to the consolidated financial statements refers to the critical accounting estimates and judgments made by management. Our work consisted in examining the data and the assumptions upon which these estimates and judgments were made, comparing the accounting estimates for previous periods with actual figures, reviewing management approval procedures for these estimates and verifying that the assumptions and options selected by the Group are adequately disclosed in the notes to consolidated financial statements.

In addition, at the end of each reporting period, the Company systematically tests for impairment of goodwill in accordance with the methods described in Notes 3.1 and 8. We examined the methods of implementing these impairment tests as well as the cash flow forecasts and the assumptions used and we verified that Notes 3.1 and 8 provide appropriate disclosure.

Accounting policies

Note 3.6 relating to trade receivables describes the accounting methods applied to the sales transactions for which Haulotte Group provides a guarantee to banks in order to ease access to financing for its customers. Our work consisted in verifying that the information disclosed in Note 3.6 is appropriate and that the accounting treatment described is correctly applied. We examined the procedures implemented by Haulotte Group to identify the relevant contractual commitments, obtained confirmation from financial institutions and obtained assurance, on a test basis, of the correct accounting treatment of these transactions.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified in the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon and Paris, 15 April 2011
The Statutory Auditors

PricewaterhouseCoopers Audit	Hoche Audit
Elisabeth L'hermite	Dominique Jutier