CONSOLIDATED FINANCIAL STATEMENTS 2011

Haulotte GROUP

More than lifting

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011

> CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros

	Note	31/12/2011	31/12/2010
Goodwill	8	20 770	20 439
Intangible assets	9	6 605	5 281
Property, plant and equipment	10	95 134	102 842
Financial assets	11	966	1 203
Deferred tax assets	26	14 839	4 281
Trade receivables from financing activities exceeding one year	13	15 987	20 835
Other non current assets	14	26 059	26 078
NON CURRENT ASSETS (A)		**180 360**	**180 959**
Inventory	12	132 757	129 225
Trade receivables	13	82 191	68 227
Trade receivables from financing activities due in less than one year	13	6 957	7 750
Autres actifs courants	14	20 507	15 344
Cash and cash equivalents	17	16 387	34 446
Financial derivative instruments	18	1 268	1 941
CURRENT ASSETS (B)		**260 067**	**256 933**
DISCONTINUED OPERATIONS (C)		**-**	**-**
TOTAL ASSETS (A+B+C)		**440 427**	**437 892**

Notes 1 to 46 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011

> CONSOLIDATED BALANCE SHEET - LIABILITIES

In thousands of euros

	Note	31/12/2011	31/12/2010
Share capital	19	4 058	4 058
Share premiums	19	92 043	92 043
Consolidated reserves and income		84 805	89 550
SHAREHOLDERS'EQUITY BEFORE MINORITY INTERESTS (A)		**180 906**	**185 650**
Minority interests (B)		(183)	75
TOTAL EQUITY		**180 723**	**185 725**
Long-term borrowings	20	10 144	130 411
Deferred tax liabilities	26	9 837	5 223
Provisions	22	2 150	1 994
NON-CURRENT LIABILITIES (C)		**22 131**	**137 628**
Trade payables	24	53 108	26 016
Other current liabilities	25	22 790	20 659
Current borrowings	20	148 252	52 523
Provisions	22	10 429	10 541
Financial derivative instruments	18	2 994	4 800
CURRENT LIABILITIES (D)		**237 573**	**114 539**
DISCONTINUED OPERATIONS (E)		**-**	**-**
LIABILITIES AND SHAREHOLDERS'EQUITY (A+B+C+D+E)		**440 427**	**437 892**

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CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

> CONSOLIDATED INCOME STATEMENT

In thousands of euros

	Note	31/12/2011		31/12/2010	
Sales and revenue	27	306 922	100%	250 030	100%
Cost of sales	28	(236 979)	-77.2%	(221 120)	-88.4%
Selling expenses		(24 109)	-7.9%	(21 945)	-8.8%
General and administrative expenses	29	(48 742)	-15.9%	(52 726)	-21.1%
Research and development expenditures	30	(4 092)	-1.3%	(5 350)	-2.1%
Exchange gains and losses	31	219	0.1%	7 249	2.9%
CURRENT OPERATING INCOME		**(6 781)**	**-2.2%**	**(43 862)**	**-17.5%**
Other operating income and expenses	34	2 184	0.7%	(2 769)	-1.1%
OPERATING INCOME		**(4 597)**	**-1.5%**	**(46 631)**	**-18.7%**
Cost of net financial debt	35	(5 947)	-1.9%	(6 146)	-2.5%
Other financial income and expenses		8	0.0%	135	0.0%
INCOME BEFORE TAXES		**(10 536)**	**-3.4%**	**(52 642)**	**-21.1%**
Income tax	36	1 555	0.5%	10 417	4.2%
NET INCOME		**(8 981)**	**-2.9%**	**(42 225)**	**-16.8%**
attributable to equity holders of the parent		(8 725)	-2.8%	(41 928)	-16.7%
attributable to minority interests		(256)	-0.1%	(297)	-0.1%
NET EARNINGS PER SHARE	38	**(0,30)**		**(1.43)**	
NET DILUTED EARNINGS PER SHARE	38	**(0,30)**		**(1.43)**	

Notes 1 to 46 constitute an integral part of these consolidated financial statements

> CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

In thousands of euros

	Note	31/12/2011	31/12/2010
Profit / (loss) for the year		(8 981)	(42 225)
Currency translation differences for cash items relating to net investments in foreign operations		3 919	2 676
Currency translation differences from financial statements of subsidiaries		3 255	(549)
Income tax	26	(2 390)	(395)
Net income recognised directly in equity		**4 784**	**1 732**
Total recognised expense for the year		**(4 197)**	**(40 493)**
attributable to equity holders of the parent		(3 938)	(40 210)
attributable to minority interest		(259)	(283)

Notes 1 to 46 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

> CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	**Note**	**31/12/2011**	**31/12/2010**
Net income		**(8 981)**	**(42 225)**
Depreciation and amortisation		18 442	18 944
Change in provisions (except for current assets)		1 495	5 421
Change in financial derivative instruments fair value		(1 126)	97
Unrealised foreign exchange gains and losses		1 315	(5 916)
Change in deferred taxes		(3 555)	630
Gains and losses from disposals of fixed assets		(897)	(864)
GROSS CASH FLOWS FROM CONSOLIDATED OPERATIONS		**6 693**	**(23 913)**
Change in operating working capital	40	8 755	74 373
Change in receivables from financing activities	41	1 141	6 776
CASH FLOWS FROM OPERATING ACTIVITIES		**16 589**	**57 236**
Purchases of fixed assets		(14 756)	(14 977)
Proceeds from the sale of fixed assets, net of tax		2 819	2 640
Impact of change in consolidation scope		-	(251)
Change in payables on fixed assets		(254)	(661)
CASH FLOWS FROM INVESTING ACTIVITES		**(12 191)**	**(13 249)**
Dividends paid to parent company's shareholders		-	-
Cash capital increases		-	92
Loan issues		18 311	21 757
Repayment of borrowings		(42 521)	(92 834)
Purchase / sale of treasury shares		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(24 210)**	**(70 985)**
NET CHANGE IN CASH AND CASH EQUIVALENT		**(19 812)**	**(26 998)**
Opening cash and cash equivalents	42	30 789	47 620
Effect of exchange rate changes		90	664
Other changes			9 503
Closing cash and cash equivalents	42	11 067	30 789
NET CHANGE IN CASH AND CASH EQUIVALENT		**(19 812)**	**(26 998)**

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CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

> 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 2010	**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**
Change in capital of the parent company									
Appropriation of 2010 net income			(41 928)	41 928					
Dividends paid by the parent company									
Profit for the period				*(8 725)*			*(8 725)*	*(256)*	*(8 981)*
Net income / (expense) recognised directly in equity						*4 787*	*4 787*	*(3)*	*4 784*
Total recognised income and expense				(8 725)		4 787	(3 938)	(259)	(4 197)
Other changes			(806)				(806)	1	(805)
Balance at 31 December 2011	**4 058**	**92 042**	**161 465**	**(8 725)**	**(55 655)**	**(12 279)**	**180 906**	**(183)**	**180 723**

Notes 1 to 46 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

> NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

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 2011 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on 7 March 2012. 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 2011.

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 2011

The Group has applied the following standards that are mandatory for periods beginning on or after 1 January 2011, with no impact on the Group's financial statements :

- AS 1 – Présentation des états financiers –: Presentation of items of Other Comprehensive Income
- IAS 24 Revised – Related parties
- 2010 annual improvements to IFRSs

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 2011.

New texts that have not been early-adopted

The Group did not early adopt any of the new standards adopted by the European Union at closing date which are mandatory for periods beginning after 1 January 2011.

The following standard, adopted by the European Union, will be applicable for the Group from 1 January 2012 :

- IFRS 7 – amendements

New texts not yet adopted for use in the European Union

The potential impact of the main standards and interpretations published by IASB and IFRIC that had not yet been adopted for use in the European Union at the balance sheet date is currently being assessed. The main new standards that may have an impact on the Group's consolidated financial statements are the amendment to IAS 19 and IFRS 9.

There are currently no plans to early adopt these standards.

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. However, a deterioration in the future of market or second-hand quoted values may result in the recognition of additional impairment loss for trade receivables,
- 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 3.10) and for pension liabilities (cf. note 3.9),
- the recognition of deferred tax assets (cf. note 3.12).

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

2011 mainly showed the increase of sales in all geographical areas.

However, the level of sales remains impacted by credit restrictions on the financial markets. The current financial crisis had an impact all along the year 2011 and will again play a role on 2012 sales level. Haulotte Group will ensure, for its strategic clients, a partial internal financing of sales, maintaining in the same time a reasonable credit risk level.

The level of margin remains impacted by low volumes and pressure on prices, notably with European key accounts.

The EURO / US Dollars exchange rate remains a handicap compared with our Americans competitors and reduces our margins in the Asian, North and South American zones.

Aged inventory were almost completely sold during the year 2011 and the production levels increased in all plats. All exceptional measures taken by the Group during the years 2009-2010 are now ended : partial unemployement, freeze of wages.

Despite European key players waiting since summer 2011 to place major orders, the need for fleet renewal in Europe and the positive sign of emerging markets, support the business outlook for 2012 and allow Haulotte Group to forecast double digit growth in 2012.

At 31 December 2011, the Group had drawn down €134.5 million of its syndicated credit line and the amount available for further drawings amounts to €9.4 million. At year-end, the Group had a cash balance of €16.4 million. Given a potential breach of debt covenants at 31 December 2011, Haulotte Group reached an agreement with its banking partners to extend the holiday period of certain covenants until June 30, 2012.

Discussions are underway with Haulottes's banking partners to renegociate the deadlines and conditions of the syndicated loan with final maturity scheduled in July 2013. (please also refer to note 4.c)

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.

2.7 Business combinations

Business combinations occuring after 1 January 2010 are accounted for using the acquisition method, in accordance with IFRS 3 (Revised) – Business Combinations :

- The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (Revised). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognised in the acquirees's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred.
- 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).
- For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account tha acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.
- In the case of a bargain purchase, the resulting gain is recognised as non-recurring income, if the amount is material.
- Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss.
- In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognised as non-recurring income or expense.

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.

Other development expenditures that do not meet these criteria are 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	5 to 20 years
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.

In view of their short term maturity, the fair value of those assets is equivalent to their carrying amount. When certain assets have a due date of more than one year, those financial assets are maintained in the balance sheet at initial cost, representing their acquisition cost when no active market exists.

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);
- 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.

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

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 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.

3.10 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.

3.11 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.

3.12 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 those contracts is determined based on valuation models given by the banks with which the instruments were traded, and can be considered as level 2 valuations as defined in IFRS 7 (level 2 : quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data).

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.

Renegotiation of the syndicated credit loan conditions:

The amendment to the Syndicated Loan Agreement signed by the Company in June 2010 acted a grace period suspending the testing of financial ratios provided for in the initial loan agreement until 31 December 2011. This period is therefore now ended.

Following the breach of debt ratios at the end of December 2011, repayment of the loan was rendered enforceable by the banking syndicate. For this reason, the full amount of the debt was reclassified under current borrowings.

Haulotte Group already reached an agreement with the bank syndicate to extend the testing of financial ratios grace period until 30 June 2012. Discussions are underway with the banking partners to renegociate deadlines and conditions of syndicated loan with final schedule in July 2013

These negotiations, initiated in the first quarter of 2012, allow to consider with serenity the coming reimbursement schedule for the year and to have sufficient cash flow to ensure continuity of operations over the next twelve months. (refer also to Note 2.2.2 and Note 20).

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 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.).

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 2011 are :

ENTITY	COUNTRY	INTEREST %	CONSOLIDATION METHOD
Haulotte Group S.A.	France	Parent	
Haulotte France Sarl	France	99,99%	Full consolidation
Haulotte Services France	France	99,99%	Full consolidation
TELESCOPELLE S.A.S	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 ABM Industries merged during the year with its parent company Haulotte France Sarl.

NOTE 8 - GOODWILL

At 31 December 2011

	Gross value	Impairment	Net value
UK Platforms	12 158	(12 158)	-
Haulotte France	54	(54)	-
Nove	2 580	-	2 580
Horizon	2 787	-	2 787
BilJax	15 403	-	15 403
N.D.U.	772	(772)	-
Total	**33 754**	**(12 984)**	**20 770**

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**

The change presented in goodwill between the two periods (or €963 thousand) reflects the currency effect on goodwill for Horizon and BilJax and the merge of the entity ABM into its parent company Haulotte France.

• ***« North America » CGU***

The last impairment test for the «North America» region considered as a cash generating unit (CGU) was performed on 30 June 2011. Because economic conditions have not improved since that date, a new impairment test was performed on 31 December 2011 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 5 years 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 have been carried out on the assumptions considered as key by management:

- sales forecast : a decrease of 7% in the sales forecast used in the discounted cash flow calculations would make the value in use of the CGU equivalent to its carrying value
- discount rate : an increase of 2 points of the discount rate would lead to equivalence between the value in use of the CGU and its carrying value.

• ***« 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%.

On the basis of this test, no impairment was recorded for this CGU in the consolidated financial statements for the period ended 31 December 2011.

Sensitivity analysis have been carried out on the assumptions considered as key by management:

- sales forecast : a decrease of 6% in the sales forecast used in the discounted cash flow calculations would make the value in use of the CGU equivalent to its carrying value
- discount rate : an increase of 1 point of the discount rate would lead to equivalence between the value in use of the CGU and its carrying value.

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 this test, no impairment was recorded for this CGU in the consolidated financial statements for the period ended 31 December 2011.

Sensibility analysis carried out shows that no impairment charge would be recorded with a decrease in average market values estimated of up to 34 %.

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

	31/12/2010	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2011
Development expenditure	10 274	1 763	(1 327)	-	-	10 710
Concessions, patents, licenses	6 850	618	-	60	(2)	7 526
Other intangibles and in progress	86	322	-	(60)	(1)	347
Gross value	**17 210**	**2 703**	**(1 327)**	**-**	**(3)**	**18 583**
Depreciation / impairment of development expenditure	8 117	473	(1 327)	-	-	7 263
Depreciation of concessions, patents, licenses	3 759	896	-	-	-	4 655
Depreciation of other intangibles and in progress	53	9	-	-	(2)	60
Accumulated depreciation and impairment	**11 929**	**1 378**	**(1 327)**	**-**	**(2)**	**11 978**
Net value	**5 281**	**1 325**	**-**	**-**	**(1)**	**6 605**

The decrease in the line "Development expenditure" of €1,327 thousand corresponds to disposal of project fully amortized that are not used anymore by the Group.

The depreciation of development expenditure of €472 thousand is included under the line item « Research and development expenditure » of the income statement.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	31/12/2010	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2011
Land	6 242	-	-	(22)	10	6 230
Buildings	41 789	448	(935)	321	148	41 771
Plant machinery	33 176	670	(1 318)	223	13	32 764
Equipment for rental	94 323	9 153	(14 580)	268	1 271	90 435
Other PPE	10 962	1 115	(605)	649	139	12 260
Fixed assets in progress	805	649	-	(920)	14	548
Gross value	**187 297**	**12 035**	**(17 438)**	**519**	**1 595**	**184 008**
Depreciation/impairment of buildings	13 722	1 645	(930)	-	162	14 599
Depreciation/impairment of plant machinery	20 851	2 654	(1 144)	(24)	59	22 396
Depreciation/impairment of equipment for rental	42 474	11 343	(11 532)	(18)	643	42 910
Depreciation/impairment of other PPE	7 408	1 422	(527)	561	105	8 969
Accumulated depreciation and impairment	**84 455**	**17 064**	**(14 133)**	**519**	**969**	**88 874**
Net value	**102 842**	**(5 029)**	**(3 305)**	**-**	**626**	**95 134**

(*) : Amounts indicated under « Reclassifications and other changes » mainly concerns the transfer of "Fixed assets in progress" into the other Assets captions, as well as reclassifications between the different captions after the review of the balance sheet of certain subsidiaries.

The €9,153 thousand increase in «Equipment for rental» relates primarily to the purchase of aerial work platforms by rental companies, and notably €4,984 thousand for UK Platforms and €3,280 thousand for Horizon.

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.

NOTE 11 - FINANCIAL ASSETS

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

	31/12/2010	Increase	Decrease	Reclassifications	Translation adjustment	31/12/2011
Financial assets	1 203	25	(309)	51	(4)	966

As described in the note 3.4, the carrying value of those assets is representative of their value in view of their short term maturity.

NOTE 12 - INVENTORY

At 31 December 2011	Gross value	Dépréciation	Provision
Raw materials	31 439	(1 600)	29 839
Work in progress	10 546	(23)	10 523
Semi finished and finished goods	85 882	(6 717)	79 165
Trade goods	17 551	(4 321)	13 230
Total	**145 418**	**(12 661)**	**132 757**

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**

The impact of idle capacity has not been included in the inventory valuation.

The decrease of inventory of €(6,644) thousand on 31 December 2011 versus a decrease of €(80,708) thousand at 31 December 2010 is recognised under the cost of sales in the income statement.

Provisions for inventory impairment losses break down as follows:

	31/12/2010	Increase	Decrease	Translation adjustment	31/12/2011
Provision for inventory impairment losses	22 837	2 661	(12 798)	(39)	12 661

NOTE 13 - TRADE RECEIVABLES

At 31 December 2011	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	15 987		15 987
including finance lease receivables	*10 659*		*10 659*
including guarantees given	*5 328*		*5 328*
Sub-total	**15 987**		**15 987**
Current assets			
Trade receivables	108 704	(26 513)	82 191
Receivables from financing activities less than one year	9 359	(2 402)	6 957
including finance lease receivables	*4 056*	*(350)*	*3 706*
including guarantees given	*5 303*	*(2 052)*	*3 251*
Sous-total	**118 063**	**(28 915)**	**89 148**
Total	**134 050**	**(28 915)**	**105 135**

At 31 December 2010	Gross value	Provision	Net value
Actifs Non Courants			
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**
Actifs Courants			
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**

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:

	31/12/2010	Increase	Decrease	Translation adjustment	31/12/2011
Provisions for trade receivables	31 374	8 492	(11 048)	97	28 915

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 2011	105 135	92 167	5 865	3 143	3 960
Net trade receivables 2010	96 813	84 690	3 987	2 440	5 696

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.

NOTE 14 - OTHER ASSETS

	31/12/2011	31/12/2010
Other current assets	17 155	11 988
Advances and instalments paid on orders	1 155	1 373
Prepaid expenses	2 417	1 983
Depreciation of other current assets	(220)	-
Total other current assets	**20 507**	**15 344**
Other non-current assets	26 059	26 078
Total other assets	**46 566**	**41 422**

« 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 (€12,147 thousand).

NOTE 15 - RECEIVABLES BY MATURITY

At 31 December 2011	Total	less than 1 year	1 to 5 years
Trade receivables*	82 191	82 191	0
Trade receivables from financing activities	22 944	6 957	15 987
Other assets	46 566	20 507	26 059
Total	**151 701***	**109 655**	**42 046**

*Including receivables overdue for €12,968 thousand (cf. note 13)

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)

NOTE 16 - FOREIGN EXCHANGE RISK MANAGEMENT

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

At 31/12/2011	EUR	AUD	GBP	USD	Autres	TOTAL
Trade receivables	84 523	7 391	11 736	21 700	8 700	**134 050**
Trade payables	(44 614)	(601)	(1 803)	(4 149)	(1 941)	**(53 108)**
Net amount	39 909	6 790	9 933	17 551	6 759	**80 942**

At 31/12/2010	EUR	AUD	GBP	USD	Autres	TOTAL
Trade receivables	85 258	7 290	7 617	22 143	5 879	**128 187**
Trade payables	(21 475)	(221)	(812)	(2 725)	(783)	**(26 016)**
Net amount	63 783	7 069	6 805	19 418	4 242	**102 171**

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 €903 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 €1,596 thousand.

NOTE 17 - CASH AND CASH EQUIVALENTS

	31/12/2011	31/12/2010
Cash at bank and in hand	16 377	34 436
Money market funds	10	10
Total	**16 387**	**34 446**

NOTE 18 - DERIVATIVE INSTRUMENTS

All derivative instruments owned by the Group at 31 December 2011 as it was at 31 December 2010 are recorded according to their fair value estimated based on a level 2 method as defined in IFRS 7 as described in the note 4.

Positive fair value of derivative instruments:

	31/12/2011	31/12/2010
USD forward sales	246	-
USD forward purchases	1 022	1 941
Total	**1 268**	**1 941**

Negative fair value of derivative instruments:

	31/12/2011	31/12/2010
Interest rates swap	(2 994)	(4 800)
Total	**(2 994)**	**(4 800)**

NOTE 19 - SHARE CAPITAL AND PREMIUMS

	31/12/2011	31/12/2010
Number of shares	31 214 129	31 214 129
Nominal value in euros	0,13	0,13
Share capital in euros	***4 057 837***	***4 057 837***
Share premiums in euros	***92 044 503***	***92 044 503***

Treasury shares are as follows:

	31/12/2011	31/12/2010
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€**	*9 606*	*19 826*
*Market value of treasury shares in K€***	*8 619*	*21 300*

** based on December average quoted value.*

*** based on quoted value of the last business day of the year.*

There was no movement in treasury shares during the years 2010 and 2011. The balances are therefore as follows:

TYPE		2011	2010
Liquidity agreement	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 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	4,69	11,59

NOTE 20 - BORROWINGS

		31/12/2011	31/12/2010
Non-current borrowings			
Bank borrowings > 1 an		9 657	129 794
of which syndicated loan		-	*112 790*
of which guarantees given		*5 328*	*7 379*
of which BilJax's credit line		*208*	*3 167*
of which other borrowings		*4 121*	*6 458*
Other loans and borrowings		487	617
	sub-total	**10 144**	**130 411**
Current borrowings			
Bank borrowings < 1 an		142 653	48 708
of which syndicated loan		*130 329*	*39 241*
of which guarantees given		*5 303*	*6 929*
of which BilJax's credit line		*3 011*	*111*
of which other borrowings		*4 010*	*2 427*
Other loans and borrowings		279	158
Bank overdrafts		5 320	3 657
	sub-total	**148 252**	**52 523**
Total borrowings		**158 396**	**182 934**

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 2011 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	17 497	-
Tranche B	Financing of capital expenditures (1)	70 000	42 001	-
Tranche C	Financing of acquisitions	31 000	15 500	-
Tranche D	Financing of working capital requirements - Revolving (2) (3)	67 500	56 500	-
	Financing of working capital requirements – Bank overdraft (2) (3)	12 500	3 108	9 392
	Total	**251 000**	**134 606**	**9 392**

(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, €39,250 thousand were repaid during the year and the maximum credit line for the Tranche D was reduced to €69,000 thousand.

As indicated in the notes 2.2.2 and 4.c), following the breach of debt ratios at the end of December 2011, repayment of the loan was rendered enforceable by the banking syndicate. For this reason, the full amount of the debt was reclassified under current borrowings (refer also to Note 25). As stated in the repayment schedule of the credit line as per the amendment to the contract signed in June 2010 with bank partners, the amount to be repaid in July 2012 amounts to €45,250 thousand of which a reduction of the revolving credit line by €6,000 thousand as mentioned above.

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	31/12/2011	31/12/2010
Euros	140 719	157 249
GBP	2 687	4 460
USD	4 275	6 776
Others	84	139
Total	**147 765**	**168 624**

NOTE 21 - MANAGEMENT OF INTEREST-RATE RISKS

Borrowings, excluding guarantees given, break down as follows :

	31/12/2011	31/12/2010
Fixed rate borrowings	10 749	13 316
Variable rate borrowings	137 016	155 308
Total	**147 765**	**168 624**

A 1% rate increase would result in a maximum additional interest expense, excluding hedges, of some €1,370 thousand.

NOTE 22 - PROVISIONS

	31/12/2010	Allowances	Decrease	Provisions used in the period	Reversal of unused provi-sions	Translation adjustment	31/12/2011
Provisions for product warranty	4 257	4 432	(3 613)			(10)	5 066
Provisions for litigations	6 273	2 925	(1 445)	(973)	(1 509)	65	5 336
Short-term portion of provision for pensions	11				16		27
Current provisions	**10 541**	**7 357**	**(5 058)**	**(973)**	**(1 493)**	**55**	**10 429**
Long-term portion of provision for pensions	1 994	317	(150)		(16)	5	2 150
Non-current provisions	**1 994**	**317**	**(150)**	**-**	**(16)**	**5**	**2 150**
Total provisions	**12 535**	**7 674**	**(5 208)**	**(973)**	**(1 509)**	**60**	**12 579**

The increase in the provision for product warranty is mainly due to the increase of the equipment fleet under warranty in line with the increase in activity.

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

€1,509 thousand were reclassified during the year from “Provisions for litigation” into the caption “Bank borrowings”. This amount was relating to the risk to have to pay bank guarantees following the default of one client. This risk was realized during the year and a bank borrowing recorded after negotiation with the bank institution claiming for the guarantee of a scheduled payment of the amounts the Group was commited to pay.

Provisions for pensions

Refer to note 23.

NOTE 23 - 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 2011)	**2 005**
Cost of services rendered during the period	317
Interest credited in the period	100
Benefits paid in the period	(151)
Actuarial gains and losses	(99)
Translation adjustment	2
Others	3
Present value of the obligation at closing (31 December 2011)	**2 177**

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

NOTE 24 - PAYABLES BY MATURITY

As mentioned in notes 2.2.2., 4.c) and 20, the syndicated credit loan debt was reclassified in the "less than 1 year" caption at December 2011 after the breach of certain debt ratios at closing date.

31/12/2011	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	152 310	142 653	9 657	
Including leases obligations and other guarantees	*10 631*	*5 303*	*5 328*	
Other loans and borrowings	766	279	487	
Bank overdrafts	5 320	5 320		
Accounts payable	53 108	53 108		
Other current liabilities	22 790	22 790		
Total	**234 294**	**224 150**	**10 144**	**-**

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	775	158	617	
Bank overdrafts	3 657	3 657		
Accounts payable	26 016	26 016		
Other current liabilities	20 659	20 659		
Total	**229 609**	**99 198**	**130 411**	**-**

NOTE 25 - OTHER CURRENT LIABILITIES

	31/12/2011	31/12/2010
Down payments received	1 370	1 749
Payables to fixed asset suppliers	35	238
Tax and employee-related liabilities	12 918	9 980
Prepaid income	979	613
Others	7 488	8 079
Total	**22 790**	**20 659**

NOTE 26 - 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.When this probability cannot be demonstrated, deferred tax assets are capped to the amount of deferred tax liabilities recognized on the same tax jurisdiction and deferred tax assets on tax losses carried forwared are not recognized.

At 31 December 2011, an estimate of how much tax losses carried forward will be used with the 3 next fiscal years was conducted for the parent company Haulotte Group SA and for the subsidiaries with a 2011 taxable income close to 0 and with forecasts showing probability for tax losses carried forward to be used within this 3-years period. On the basis of these estimates, deferred tax assets relating to tax losses carried forward that are forecasted to be used within the 3 next years were recognized for a total tax amount of €5,226 thousand (€16,229 thousand of tax losses basis).

As a comparison, at 31 December 2010, no deferred tax assets on tax losses carried forward were recognized for the Group. The parent company Haulotte Group SA was then owing an income tax carry-back receivable recorded as a tax receivable and tax credit for €13,911 thousand (refer also to Note 14).

The global amount of tax losses carried forward for which no deferred tax assets were recorded amount to €157,313 thousand for the Group at 31 December 2011 (€129,567 thousand at 31 December 2010).

For all tax jurisdiction except those including Haulotte Group SA and the subsidiaries listed above (with a forecast of tax profit in the next 3 years and a taxable income for 2011 close to 0), deferred tax assets were capped up to the amount of deferred tax liabilities with the same maturity. The amount of deferred tax assets that were therefore not recognized at 31 December 2011 is €3,768 thousand (€4,141 thousand at 31 December 2010).

Deferred taxes break down as follows:

	31/12/2011	31/12/2010
Deferred tax assets	**14 839**	**4 281**
relating to consolidation adjustment/consolidation entries	6 553	5 915
relating to tax temporary differences	6 828	2 507
relating to tax losses carried forward	5 226	-
impact of the capping of deferred tax assets	(3 768)	(4 141)
Deferred tax liabilities	**(9 837)**	**(5 223)**
Total net deferred taxes	**5 000**	**(942)**

	31/12/2011	31/12/2010
Deferred taxes from adjustments of the fair value of rental equipment	(1 046)	(1 032)
Deferred taxes from adjustments on finance leases and back-to-back leases	252	239
Deferred taxes from provisions of pensions	401	362
Deferred taxes from adjustments of internal margins on inventories and fixed assets	3 808	3 149
Deferred taxes from non-deductible provisions	3 493	5 380
Deferred taxes from differences in depreciation periods and R&D costs	(3 069)	(2 987)
Deferred taxes from cash items part of net investment in foreign operations	-	(3 740)
Deferred taxes from tax losses	5 226	-
Deferred taxes from other consolidation adjustments	(2 270)	1 372
Deferred taxes from other temporary differences	1 973	456
Impact of the capping of deferred tax assets	(3 768)	(4 141)
Total	**5 000**	**(942)**

The change in net deferred tax breaks down as follows :

	31/12/2011	31/12/2010
Opening net balance	**(942)**	**497**
Income / (loss) from deferred taxes	3 529	(629)
Deferred taxes from changes in consolidation scope	-	(344)
Deferred taxes recognised directly in equity	(2 390)	(395)
Translation adjustment	4 778	(71)
Other changes	25	-
Closing net balance	**5 000**	**(942)**

NOTE 27 - SALES AND REVENUE

Note 39 on segment reporting provides with details on sales and revenue.

NOTE 28 - COST OF SALES

	31/12/2011	31/12/2010
Production cost of sales	(242 233)	(219 860)
Change in inventory provisions	10 551	2 000
Warranty costs	(5 297)	(3 145)
Interest paid on back-to-back lease arrangements	-	(115)
Total	**(236 979)**	**(221 120)**

The idle capacity level used for the inventory valuation was updated with the actual industrial environment. As a result of this analysis, €3,369 thousand of indirect production costs were included in inventory.

NOTE 29 - GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2011	31/12/2010
Administrative expenses	(31 194)	(28 486)
Amortisation of development expenditures	(2 505)	(12 815)
Management expenses	(10 633)	(8 653)
Others	(4 410)	(2 772)
Total	**(48 742)**	**(52 726)**

NOTE 30 - RESEARCH AND DEVELOPMENT EXPENDITURES

	31/12/2011	31/12/2010
Development expenditures recognised as intangible assets	1 762	344
Amortisation of development expenditures	(473)	(495)
Research tax credit	629	188
Development expenditures	(6 010)	(5 387)
Total	**(4 092)**	**(5 350)**

NOTE 31 - EXCHANGE GAINS AND LOSSES

	31/12/2011	31/12/2010
Realised exchange gains and losses	905	2 196
Unrealised exchange gains and losses	(686)	5 053
Total	**219**	**7 249**

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

NOTE 32 - EXPENSES BY NATURE TO CURRENT OPERATING INCOME

	31/12/2011	31/12/2010
Purchases of raw materials and other consumables and changes in finished products inventory	(156 831)	(152 037)
External charges	(74 826)	(56 166)
Taxes and related items	(5 047)	(3 785)
Staff costs	(66 727)	(59 694)
Net depreciation, impairment and provisions	(6 669)	(22 263)
Currency gains and losses	219	7 249
Other operating expense	(3 822)	(7 198)
Total	**(313 703)**	**(293 894)**

NOTE 33 - STAFF COSTS

	31/12/2011	31/12/2010
Salaries and wages	(50 051)	(45 252)
Social security and related expenses	(16 501)	(14 083)
Employee profit-sharing	(8)	(7)
Pensions costs	(167)	(351)
Total	**(66 727)**	**(59 694)**

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

NOTE 34 - OTHER OPERATING INCOME AND EXPENSES

	31/12/2011	31/12/2010
Gains or losses on fixed assets disposals	131	(187)
Net expenses on litigations / change in provisions	(1 968)	(1 858)
Costs of guarantees paid after clients' defaults	-	(206)
Impairment of NDU goodwill	-	(772)
Tax and customs authorities controls	(215)	-
Insurance profits	4 804	-
Depreciation of VAT receivables	(220)	-
Others	(348)	254
Total	**2 184**	**(2 769)**

NOTE 35 - COST OF NET FINANCIAL DEBT

	31/12/2011	31/12/2010
Interest expenses and fees on loans and bank overdrafts	(7 781)	(7 266)
Interests on leasing contracts	(319)	(455)
Net of interests on arrears on receivables and payables	121	20
Change in the fair value of financial derivative instruments	2 032	1 425
Others	-	130
Total	**(5 947)**	**(6 146)**

NOTE 36 - CORPORATE INCOME TAX

	31/12/2011	31/12/2010
Current tax	(1 974)	11 036
Deferred tax	3 529	(619)
Total	**1 555**	**10 417**

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2011, Haulotte France S.A.R.L, Haulotte Services and Telescopelle S.A.S.

Haulotte UK Ltd is the head of a UK tax consolidation that included on 31 December 2011, UK Platforms Ltd and Access Rentals (UK) Ltd.

Haulotte US Inc is the head of a US tax consolidation that included on 31 December 2011, 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.

NOTE 37 - EFFECTIVE INCOME TAX RECONCILIATION

The difference between the effective tax rate of 14.76 % (19.79 % in December 2010) and the standard rate applicable in France of 34.43 % breaks down as follows:

	31/12/2011		31/12/2010	
Consolidated income before tax	(10 536)		(52 642)	
Tax (Income)/ Expense calculated at the tax rate applicable to the parent company's profit	**(3 628)**	**34 ,43%**	**(18 125)**	**34 ,43%**
Effect of differential in tax rates	325		2 401	
Effect of permanently non-deductible expenses or non-taxable income	2 340		5 756	
Effect of long-term capital gains not subject to the full tax rate	-		-	
Effect of use of loss carry forwards previously not recognised	(584)		(210)	
Effect of tax recognised directly in equity	-		395	
Effect of tax assets not recognised	(1 332)		(1 044)	
Effect of the elimination of internal transactions on equity investments	(6 490)		(8 973)	
Effect of loss carry forwards not recognised	8 190		9 313	
Effect of tax consolidation and income tax credits	(47)		(126)	
Effect of the reversal of unused deferred tax assets	-		-	
Tax relating to previous years	(878)		(66)	
Others	549		262	
Effective tax (Income)/ Expense	**(1 555)**	**14,76%**	**(10 417)**	**19,79%**

NOTE 38 - 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.

	31/12/2011	31/12/2010
Net income for the Group in thousands of euros	**(8 725)**	**(41 928)**
Total number of shares	31 214 129	31 214 129
Number of treasury shares	1 837 823	1 837 823
Number of shares used for the earnings per share calculation	*29 376 306*	*29 376 306*
Adjustment for stock options plans	-	-
Number of shares used for the diluted earnings per share calculation	**29 376 306**	**29 376 306**
Earnings per share attributable to shareholders		
- basic	**(0,297)**	**(1,427)**
- diluted	**(0,297)**	**(1,427)**

NOTE 39 - SEGMENT REPORTING

Sales breakdown

Sales by business segment	**31/12/2011**	**%**	**31/12/2010**	**%**
Sales of handling and lifting equipment	233 123	76	186 339	75
Rental of handling and lifting equipment	42 714	14	37 187	15
Services (1)	31 085	10	26 503	10
Consolidated sales	**306 922**	**100**	**250 030**	**100**

(1) notably spare parts, repairs and financing

Sales by geographic segment	**31/12/2011**	**%**	**31/12/2010**	**%**
North America	205 604	67	172 981	69
Latin America	41 365	14	39 275	16
Asia Pacific	24 997	8	14 136	6
Asie Pacifique	34 956	11	23 638	9
Consolidated sales	**306 922**	**100**	**250 030**	**100**

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

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 December 2011	Manufactu-ring and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Segment's revenue	*241 781*	*43 027*	*32 495*	-	*317 303*
Inter-segment revenue	*8 658*	*313*	*1 410*	-	*10 381*
Revenue from external customers	233 123	42 714	31 085	-	306 922
Operating profit	5 035	(95)	7 612	(17 149)	(4 597)
Assets					
Fixed assets	59 060	50 976	4 062	9 378	123 475
including goodwill	*15 402*	*5 368*	-	-	*20 770*
including intangible assets	*3 441*	-	*53*	*3 111*	*6 605*
including tangible assets	*40 217*	*45 608*	*4 009*	*5 300*	*95 134*
including financial assets				*966*	*966*
Trade receivables from financing activities			22 944		22 944
Including receivables from financing activities at more than one year			*15 987*		*15 987*
Including receivables from financing activities due within one year			*6 957*		*6 957*
Inventory	123 916	2 344	6 497	-	132 757
Trade receivables	43 565	18 214	26 823	(6 411)	82 191
Liabilities					
Trade payables	33 578	9 428	3 944	6 158	53 108
Bank borrowings	-	-	10 631	141 679	152 311
Other information					
Depreciation and impairment charge in the period	4 761	11 175	260	2 246	18 442
Non-financial capital expenditures	3 428	9 540	37	1 733	14 738

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

31 December 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 profit	(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 2011

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 December 2011	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*251 483*	*43 705*	*25 090*	*36 065*	-	*356 343*
Inter-segment revenue	*45 879*	*2 340*	*93*	*1 109*	-	*49 421*
Revenue from external customers	205 604	41 365	24 997	34 956	-	306 922
Operating profit	(3 986)	748	(671)	(481)	(207)	(4 597)
Assets						
Fixed assets	90 096	23 410	9 219	750	-	123 476
including goodwill	*2 580*	*15 402*	*2 788*	-	-	*20 770*
including intangible assets	*6 593*	-	*11*	*1*	-	*6 605*
including tangible assets	*80 056*	*7 970*	*6 403*	*705*	-	*95 134*
including financial assets	*867*	*38*	*16*	*44*	-	*966*
Trade receivables from financing activities	21 364	293	-	1 287	-	22 944
Including receivables from financing activities at more than one year	*14 772*	*409*	-	*806*	-	*15 987*
Including receivables from financing activities due within one year	*6 592*	*(116)*	-	*481*	-	*6 957*
Inventory	91 410	17 424	7 482	16 441	-	132 757
Trade receivables	61 875	4 780	6 877	8 659	-	82 191
Liabilities						
Trade payables	48 212	2 505	123	2 268	-	53 108
Bank borrowings	148 803	3 314	43	151	-	152 311
Other information						
Depreciation and impairment charge in the period	16 642	846	776	178	-	18 442
Non-financial capital expenditures	10 296	833	3 473	136	-	14 738

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

31 December 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 profit	(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

Notes 40 to 42 provide information concerning the cash flow statement.

NOTE 40 - ANALYSIS OF CHANGE IN WORKING CAPITAL

	31/12/2011	31/12/2010
Change in inventory	9 229	73 482
Change in provision for inventory	(10 163)	97
Change in trade receivables	(13 341)	13 014
Change in provision for trade receivables	262	(548)
Charge in trade payables	27 339	1 328
Change in other assets and liabilities	(4 569)	(13 000)
Total	**8 755**	**74 373**

NOTE 41 - ANALYSIS OF CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES

	31/12/2011	31/12/2010
Change in gross value	3 934	1 989
Change in provisions	(2 793)	4 787
Change in receivables from financing activities	**1 141**	**6 776**

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.

NOTE 42 - CASH COMPONENTS

	31/12/2011	31/12/2010
Cash on hand and deposit accounts	16 377	34 436
Money market funds and negotiable instruments	10	10
Cash and cash equivalent – balance sheet	**16 387**	**34 446**
Bank overdrafts	(5 320)	(3 657)
Cash and cash equivalent – cash flow statement	**11 067**	**30 789**

NOTE 43 - 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 2011. Solem paid to Haulotte Group S.A. income of €30 thousand in 2011 and €30 thousand in 2010, and invoiced charges of €604 thousand in 2011 and €542 thousand in 2010.

Fees allocated to directors and officers

Amounts allocated to Board members paid by the Group totalled €604 thousand for 2011 and €589 thousand for 2010.

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.

NOTE 44 - OFF BALANCE-SHEET COMMITMENTS

	31/12/2011	31/12/2010
Repurchase commitments*	5 540	9 363
Portion of balance sheet debt secured by collateral**	130 690	152 031
Commitments given under repayment clauses	910	965

(*) : 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:

31/12/2011	**Gross**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Repurchase commitments	5 540	2 000	3 540	
Portion of balance sheet debt secured by collateral	130 690	130 690		

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	

NOTE 45 - OFF BALANCE SHEET COMMITMENTS IN CONNECTION WITH ENTITLEMENTS TO INDIVIDUAL TRAINING BENEFITS (DIF)

	31/12/2011	**31/12/2010**
DIF (expressed in hours)	53 450	50 299

NOTE 46 - AVERAGE NUMBER OF EMPLOYEES

	2011	**2010**
Average headcount for the year	1 546	1 503