Haulotte GROUP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

> CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros

	Note	31/12/2009	31/12/2008
Goodwill	8	19 239	20 099
Intangible assets	9	5 906	5 210
Property, plant and equipment	10	96 134	88 726
Financial assets	11	1 203	933
Deferred tax assets	27	3 956	8 647
Trade receivables from financing activities exceeding one year	13	38 399	53 175
NON CURRENTS ASSETS (A)		**164 837**	**176 791**
Inventories	12	207 034	236 313
Trade receivables	13	66 682	141 830
Trade receivables from financing activities at less than one year	13	15 128	28 500
Other debtors	14	23 474	39 679
Cash and cash equivalents	17	65 845	22 848
Financial derivative instruments	18	3 368	2 970
CURRENT ASSETS (B)		**381 531**	**472 140**
ASSETS HELD FOR SALE ©		**-**	**-**
TOTAL ASSETS (A+B+C)		**546 368**	**648 931**

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

> CONSOLIDATED BALANCE SHEET - LIABILITIES & EQUITY

In thousands of euros

	Note	31/12/2009	31/12/2008
Share capital	19	4 055	4 237
Share premiums	19	91 953	91 945
Consolidated reserves and income		129 034	190 150
SHAREHOLDERS'EQUITY BEFORE MINORITY INTERESTS (A)		**225 042**	**286 332**
Minority interests (B)		290	634
TOTAL EQUITY		**225 332**	**286 966**
Long-term debt	21	26 626	192 166
Deferred tax liabilities	27	3 459	8 445
Provisions	23	1 851	1 814
NON-CURRENT LIABILITIES (C)		**31 936**	**202 425**
Trade payables	25	24 262	65 461
Other payables	26	12 707	32 514
Current borrowings	21	240 610	48 394
Provisions	23	5 391	6 618
Financial derivative instruments	18	6 130	6 553
CURRENT LIABILITIES (D)		**289 100**	**159 540**
LIABILITIES HELD FOR SALE (E)		**-**	**-**
LIABILITIES AND SHAREHOLDERS'EQUITY (A+B+C+D+E)		**546 368**	**648 931**

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

> INCOME STATEMENT

In thousands of euros

	Note	31/12/2009		31/12/2008	
Sales and revenue	28	202 028	100%	450 780	100%
Cost of goods sold	29	(185 362)	-91.8%	(335 600)	-74,4%
Selling expenses		(24 335)	-12.0%	(36 494)	-8,1%
General and administrative expenses	30	(53 356)	-26.4%	(49 694)	-11,0%
Research and development expenditures	31	(5 274)	-2.6%	(5 806)	-1,3%
Exchange gains and losses	32	4 390	2.2%	(1 973)	-0,4%
Other operating income	35	547	0.2%	31 668	7,0%
Other operating expenses	35	(1 998)	-0,9 %	(2 245)	-0,5 %
CURRENT OPERATING INCOME		**(63 359)**	**-31.4%**	**50 636**	**11,2%**
Recognition of negative goodwill/ impairment of positive goodwill		-	0,0%	-	0,0%
OPERATING INCOME		**(63 359)**	**-31.4%**	**50 636**	**11,2%**
Cost of net financial debt	36	(5 376)	-2.7%	(11 571)	-2,6%
Other financial income		147	0.0%	385	0,0%
Other financial expenses		(217)	-0,0%	(447)	-0,0%
INCOME BEFORE TAXES		**(68 797)**	**-34.1%**	**39 004**	**8,7%**
Income tax	37	13 110	6,4 %	(7 094)	-1,6%
NET INCOME		**(55 687)**	**-27,5 %**	**31 910**	**7,1%**
Attributable to equity holders of the parent		(55 326)	-27,4 %	31 961	-7,1%
Attributable to minority interests		(361)	-0,1 %	(51)	0,0%
NET EARNINGS PER SHARE	**39**	**(1,89)**		**1,09**	
NET DILUTED EARNINGS PER SHARE	**39**	**(1,88)**		**1,09**	

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

> CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	31/12/2009	31/12/2008
Net income	(55 687)	31 910
Translation adjustments for cash items relating to net investments in foreign operations	4 327	(6 379)
Translation adjustments from financial statements of subsidiaries	(3 825)	(6 552)
Total other comprehensive income items	**502**	**(12 931)**
Total comprehensive income	**(55 185)**	**18 979**
attributable to equity holders of the parent	(54 843)	19 032
attributable to minority interests	(342)	(53)

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2009

> CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	31/12/2009	31/12/2008
Net income		**(55 687)**	**31 910**
Stock option expenses			
Allowance of depreciation and amortisation		17 416	17 875
Change in provisions (except for current assets)		(962)	1 105
Change in deferred taxes		866	11 703
Gains and losses from disposal of fixed assets		24	(30 468)
GROSS CASH FLOW FROM CONSOLIDATED OPERATIONS		**(38 343)**	**32 125**
Change in operating working capital	41	59 764	(60 432)
Change in receivables from financing activities	42	11 476	(25 505)
CASH FLOW FROM OPERATING ACTIVITIES		**32 897**	**(53 812)**
Purchases of fixed assets		(29 186)	(44 323)
Proceeds from the sale of fixed assets, net of tax		2 062	1 803
Impact of change in consolidation scope			17 256
Change in payables on fixed assets		(138)	859
CASH FLOW FROM INVESTING ACTIVITIES		**(27 262)**	**(24 405)**
Dividends paid to parent company's shareholders		(6 458)	(7 058)
Cash capital increases		0	77
Loans issues		60 983	92 994
Repayments of borrowings		(13 263)	(14 124)
Purchases / sales of treasury shares			(44 546)
CASH FLOWS FROM FINANCING ACTIVITIES		**41 262**	**27 343**
NET CHANGE IN CASH AND CASH EQUIVALENT		**46 897**	**(50 874)**
Opening cash and cash equivalents	43	(2 324)	49 688
Effect of exchange rate changes		285	(1 138)
Closing cash and cash equivalents	43	44 858	(2 324)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**46 897**	**(50 874)**

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2009

> STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Share capital	Share pre-miums	Consolida-ted reserves	Profit of the period	Stock options	Treasury shares	Translation differences	Group share	Minority interest	Total
Balance at 1 January 2008	**4 476**	**91 868**	**173 369**	**71 005**	**251**	**(18 810)**	**(6 338)**	**315 821**	**699**	**316 520**
Change in capital of the parent company	(239)	77				239		77		77
Appropriation of 2007 net income			71 005	(71 005)				0		0
Dividends paid by the parent company			(7 058)					(7 058)		(7 058)
Treasury shares						(41 541)		(41 541)		(41 541)
Profit of the period				31 963				31 963	(51)	31 912
Net income / (expense) recognised directly in equity							(12 929)	(12 929)	(2)	(12 931)
Total recognised income and expense				31 963			(12 929)	19 034	(53)	18 981
Other changes									(12)	(12)
Balance at 31 December 2008	**4 237**	**91 945**	**237 316**	**31 963**	**251**	**(60 112)**	**(19 267)**	**286 332**	**634**	**286 966**
Cancellation of treasury shares	(182)		(4 275)			4 457		0		0
Appropriation of 2008 net income			31 963	(31 963)				0		
Dividends paid by the parent company			(6 457)					(6 457)		(6 457)
Profit of the period				(55 326)				(55 326)	(361)	(55 687)
Net income / (expense) recognised directly in equity							483	483	19	502
Total recognised income and expense				(55 326)			483	(54 843)	(342)	(55 185)
Other changes		8						8		8
Balance at 31 December 2009	**4 055**	**91 953**	**258 547**	**(55 326)**	**251**	**(55 655)**	**(18 784)**	**225 042**	**290**	**225 332**

Notes 1 to 48 constitute an integral part of these consolidated financial statements.

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for the year ended 31 December 2009

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CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

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 2009 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on 10 March 2010. Figures are expressed as thousands of euros (K€).

Note 2
Significant accounting policies

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

2.1 Statement 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 2009 have been prepared according to IFRS (International Financial Reporting Standards) as adopted by the European Union on 31 December 2009.

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 2009

The Group has applied the following standards that are mandatory for periods beginning on or after 1 January 2009.

- IAS 1 (revised) – Presentation of financial statements: the standard introduce the notion of comprehensive income that presents changes in equity of the period not relating to transactions with equity owners and acting in said capacity. The Group has elected to present a comprehensive income in two distinct statements (the consolidated income statement and the consolidated statement of comprehensive income).

- IFRS 8 – Operating Segments: the standard provides for the amendment of segment information presented by geographical sector by the Group as described in note 41. The first-time application of this standard is considered as a change in accounting method.

The Group is not concerned by the other standards adopted by the European Union and mandatory for periods beginning on or after 1 January 2009.

The application as of 1 January 2009 of the following standards, amendments and interpretations had no impact on the Group's financial statements:

- IAS 23 (revised) – Borrowing costs
- IFRS 2 (revised) – Share-based payments: Vesting conditions and cancellations
- IAS 38 (revised) – Recognition of advertising and promotional expenditures
- IFRIC 13 – Customer loyalty programmes
- IFRIC 14 – IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction.

New texts that have not been early-adopted

Standards, amendments and interpretations concerning Haulotte Group that are mandatory for accounting periods beginning on or after 1 January 2010 have not been early adaopted by the Group in 2009. There are:

- IFRS 3 (revised) – Business combinations
- IAS 27 (revised) – Consolidated and separate financial statements
- Amendment to IAS 39 – Eligible hedged items.

New tax regulations applicable in France starting on 1 January 2010

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2009

2.2 Critical accounting estimate and judgments

2.2.1 Critical accounting estimates and assumptions :

In preparing financial statements, the Group has recourse 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 estimations.

The main sources of uncertainties 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 on 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 2009 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 has also an impact on the following items:

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

The financial statements reflect the best estimates according to information available at the closing date.

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

In 2009, the economic environment remained in a severe downturn, with a decline of nearly 75% in volume of the worldwide market of powered access platforms compared to 2008. There was virtually no investment by European and American major rental companies in 2009, though Haulotte Group was successful in maintaining its European market share while further expanding in Asia and America.

In the absence of any tangible sign of a market upturn, Haulotte Group has prepared for 2010 on the expectations of conditions comparable to that of 2009. The priorities remain to reduce working capital (continue to decrease inventories), contain fixed costs and increase commercial efforts in zones with stronger potential.

At 31 December 2009, the Group had drawn down €221 million of its €233.5 million of available credit line. At year-end, the Group had a cash balance of €65.8 million. After a breach of debt covenants in the 2009 second half, Haulotte Group reached an agreement with its banking partners in January 2010, setting new conditions applicable to the loan agreement until its maturity in July 2013. The amounts to be repaid in 2010 and 2011 total respectively €44.2 million and €45.2 million, leaving the Group with sufficient liquidity until the crisis subsides.

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 disclosed 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 currency 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.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

2.8 Segment reporting

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

The Executive Committee analyzes activity both according to geographical 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 geographical 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 geographical sector. As such they are not included in this segment information.

The Group has not identified customers 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 Goodwil (or badwill) is recognised immediately under opearting income as a gain and no later than 12 months after the acqusition, 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 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 a distinct operating income line item «recognition of negative goodwill/impairment of positive goodwill».

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3.2 Intangible assets

3.2.1 Development expenditures

Research expenditures are expensed as incurred. Development expenditures in connection with projects (for the design of new products or improvement of existing products) are recognised as intangible assets 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 expenditures previously expensed are not recorded as assets in subsequent periods.

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

In compliance with IAS 36, development expenditures recognised under assets not yet fully amortised are 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 expenditures is compared with expected cash flows projected over 2 to 5 years to determine the impairment loss to be recorded.

3.2.2 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 5 years.

3.3 Property, plant and equipment

Property, plant and equipment are recognised in 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 ownership to Haulotte, they thus 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:

Lands improvements	10 years
Structural work	30 to 40 years
Interior office improvements	5 to 10 years
Paint line	8 to 15 years
Telehandlers, aerial work platforms and cranes	7 to 10 years
Machine tools	20 years
Other equipment	10 years
Industrial processes	3 to 5 years
Computer equipment	5 years
Furniture	10 years
General services	20 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 holds primarily financial assets belonging to the fourth category of "loans and receivables". They are recognised at the fair value of the price paid less transaction costs at initial recognition and subsequently at amortised cost at each balance sheet date. All impairment losses on these assets are immediately recognised in the income statement.

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

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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 products and work in progress includes direct production costs and factory overhead (based on normal operating capacity);

- The net realisable value is the estimated selling price in the ordinary course of business less applicable expenses to sell or recondition the good.

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 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 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 of the framework 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 upon the first 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 amount contributes 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 risks for the guarantees thus granted to be 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 repurchased 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 intermediation of financial institutions. When analysed according to provisions of IAS 17, these agreements are classified as finance leases, as 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 then 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 on hand and other short-term investments. The latter consists primarily of money market funds and term deposits.

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

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

3.8 Treasury shares

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

3.9 Stock option plans

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

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

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

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

3.10 Employees benefits

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

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

3.11 Provisions

In general a provision is recorded when:

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

Accordingly, 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.

Other provisions are also recorded in accordance with the above principles to cover risks related to litigation, 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.

3.12 Borrowings

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

3.13 Deferred taxes

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

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

Note 4
Management of financial risk

a) Foreign exchange risk

A significant portion of Haulotte Group sales are in currencies other than the euro including notably the US dollar and the 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 destined to cover the fair value of assets or liabilities (fair value hedges) or future cash flows (cash flow hedges). However, because financial instruments held by Haulotte Group do not fully comply with the criteria for hedge accounting, changes in fair value are recorded in income statement.

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

c) Credit risk

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

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

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

d) Liquidity risk

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

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

Since 2005 the Group has had a syndicated credit facility that was renegotiated in January 2010 after debt ratios were breached in the 2009 second half. This loan for a new total amount of €233.5 million will mature in July 2013. At 31 December 2009, drawdowns totalled €221 million with €8.8 million repaid in July 2009. The Group also has financing for USD20 million for its US subsidiary BilJax of which USD10.6 million have been drawn.

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),
- equipment rental,
- provision of services,

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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 are 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 Costs of goods sold

The cost of goods sold 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.

5.7 Current operating income

Current 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 expense

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 are 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 2009 :

ENTITY	COUNTRY	OWNERSHIP INTEREST (%)	CONSOLIDATION METHOD
Haulotte Group S.A.	France	Parent	
Haulotte France	France	99,99%	Full consolidation
Haulotte Services France	France	99,99%	Full consolidation
ABM Industries	France	100%	Full consolidation
TELESCOPELLE S.A.S	France	100%	Full consolidation
NO.VE. S.R.L.	Italy	100%	Full consolidation
Levanor Maquinaria de Elevacion S.A.	Spain	91%	Full consolidation
Haulotte Arges S.R.L.	Romania	100%	Full consolidation
Haulotte Cantabria S.L.	Spain	99,96%	Full consolidation
Haulotte Hubarbeitsbühnen GmbH	Germany	100%	Full consolidation
Hauoltte UK Limited	UK	100%	Full consolidation
Haulotte Italia S.R.L.	Italy	99%	Full consolidation
Haulotte Australia Pty. Ltd.	Australia	100%	Full consolidation
Haulotte Iberica S.L.	Spain	98,71%	Full consolidation
Haulotte Netherlands B.V.	Netherlands	100%	Full consolidation
Haulotte U.S., INC.	US	100%	Full consolidation
Haulotte Scandinavia AB	Sweden	100%	Full consolidation
Haulotte Portugal, plataformas de elevaçao, Unipessoal, LDA	Portugal	98,71%	Full consolidation

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Haulotte Do Brazil LTDA	Brazil	99,98%	Full consolidation
Haulotte Vostok	Russia	100,00%	Full consolidation
Haulotte Polska SP Z.O.O.	Poland	100,00%	Full consolidation
Mundilevaçao, Aluger e Transporte de Plataformas LDA	Portugal	90,00%	Full consolidation
UK Platforms Ltd.	UK	100%	Full consolidation
Access Rentals (UK) Ltd.	UK	100%	Full consolidation
Haulotte Singapore Ltd.	Singapore	100%	Full consolidation
Haulotte Trading (Shanghai) co. Ltd.	China	100%	Full consolidation
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd.	China	100%	Full consolidation
Haulotte Mexico SA de CV	Mexico	95%	Full consolidation
Haulotte Services SA de CV	Mexico	95%	Full consolidation
Haulotte Argentina S.A.	Argentina	95%	Full consolidation
Haulotte Middle East FZE	Dubaï	100%	Full consolidation
Horizon High Reach Limited	Argentina	100%	Full consolidation
Bil Jax, Inc.	US	100%	Full consolidation
Equipro, Inc.	US	100%	Full consolidation
Bil Jax Service, Inc.	US	100%	Full consolidation
Construction and Scaffold Supply, Inc.	US	100%	Full consolidation
Bil Jax Planking Systems, Inc.	US	100%	Full consolidation
Scaffold Design and Erection, Inc.	US	100%	Full consolidation
CSI Contruction Supply International, Inc.	US	100%	Full consolidation
USA ONE, Inc.	US	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 UK Training Ltd. acquired in June 2009 assets of a rental company, one of our customers in the UK market that was in liquidation. Our subsidiary thereupon changed name to become Access Rentals (UK) Ltd. Items acquired in connection with this transaction included:

- equipment,
- a list of customers,
- the right to occupy the company's premises for a short period,
- the transfer of 71 employees.

Assets purchased totalled K£8 846 (K€10 381), of which K£5 919 (K€6 946) were refinanced under agreements with financial institutions.

The Group also provided in the past financial institutions with guarantees relating to sale contracts to this customer for K£5 339 (K€6 266) that were exercised on 31 December 2009.

The impact of this transaction on the Group's financial statements for the period ended 31 December 2009 was not material.

Note 8
Goodwill

At 31 December 2009

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

At 31 December 2008

	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	3 199	-	3 199
BilJax	14 320	-	14 320
Total	**33 605**	**(13 506)**	**20 099**

The change presented in goodwill between the two periods (or K€860) reflects the currency effect on goodwill for Horizon and BilJax.

• ***« North America » CGU***

The last impairment test for the «North America» region considered as a cash generating unit (CGU) was performed on 30 June 2009. Because economic conditions have further deteriorated since that date, a new impairment test was performed on 31 December 2009 on this 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 forescasted future cash flows based on the one-year budgets approved by management.

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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 horizon 4 years;
- 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%;
- the exchange rate applied was €0.72 for USD 1.

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

- a one-year lag in the achievement of financial budgets;
- a decrease in forecasted sales of 20%;
- a 4 point change in the discount rate.

• *«Rental companies» CGU*

The main assumptions used for this impairment test were:

- projected cash flows for four years, and assumption of long-term growth 1.5% and a discount rate of 9.5% (for Horizon) and 8.2% (for Nove).

On the basis of this test, no impairment was recorded for this CGU in the consolidated financial statements for the period ended 31 December 2009.

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Note 9
Intangible assets

	31/12/2008	Increase	Decrease	Reclassifications and other changes	Translation adjustement	31/12/2009
Development expenditure	8 819	1 111	-	-	-	9 930
Concessions, patents, licenses	7 183	608	(907)	43	-	6 927
Other intangibles and in progress	102	403	(65)	(60)	(2)	378
Gross value	**16 104**	**2 122**	**(972)**	**(17)**	**(2)**	**17 235**
Depreciation/ impairment of development expenditures	7 084	538	-	-	-	7 622
Depreciation of concessions, patents, licenses	3 725	850	(907)	5	1	3 674
Depreciation of other intangibles and in progress	86	9	(30)	(29)	2	34
Accumulated depreciation and impairment	**10 894**	**1 397**	**(937)**	**(24)**	**(1)**	**11 328**
Net value	**5 210**	**725**	**(35)**	**7**	**(1)**	**5 906**

The K€1 111 increase in «development expenditures» reflects R&D investments.

The increase of K€608 for «concessions, patents, licenses» concerns primarily IT investments.

The increase in «Other intangibles and in progress» of K€403 is also related to IT investments.

The depreciation of development expenditure or K€538 is included under the line item «research and development expenditure» of the income statement.

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Note 10
Property, plant and equipment

	31/12/2008	Increase	Decrease	Reclassifications and others changes*	Translation adjustement	31/12/2009
Land	6 116	128			(74)	6 171
Buildings	26 017	5 457	(257)	10 620	(298)	41 539
Plant machinery	25 790	2 182	(129)	4 210	(209)	31 844
Equipment for rental	62 384	17 824	(6 396)	(960)	1 128	73 980
Other PPE	10 418	1 083	(1 048)	(114)	81	10 420
Fixed assets in progress	16 128	(45)	(460)	(14 686)	(740)	197
Gross value	**146 853**	**26 630**	**(8 289)**	**(930)**	**(113)**	**164 152**
Depreciation/ impairment of buildings	10 475	1 886	(88)	83	(128)	12 229
Depreciation/ impairment of plant machinery	14 337	2 703	(72)	(51)	(167)	16 750
Depreciation/ impairment of equipment for rental	27 795	10 035	(5 330)	(253)	429	32 676
Depreciation/ impairment of other PPE	5 520	1 688	(858)	(3)	15	6 362
Accumulated depreciation and imapirment	**58 127**	**16 312**	**(6 348)**	**(224)**	**149**	**68 018**
Net value	**88 726**	**10 317**	**(1 941)**	**(706)**	**(262)**	**96 134**

(*) Amounts indicated under "Reclassifications and other changes" include mainly the reclassification of fixed assets in progress of the prior year to fixed assets.

The decrease in «Fixed assets in progress» reflects primarily the commissioning of the Romanian plant by the subsidiary Haulotte Arges.

The increase of the captions «Land», «Buildings» and «Plant machinery» of K€7 767 relates primarily to the new headquarters of Haulotte Iberica (K€3 187) and ongoing construction work on the Mioveni plant by the Haulotte Arges subsidiary (K€3 796).

The K€17 824 increase in «Equipment for rental» relates primarily to the purchase of aerial work platforms by rental companies, and notably K€10 381 for Access Rentals (UK) Ltd. (see note 7) and K€3 269 for UK Platforms.

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

	31/12/2008	Increase	Decrease	Reclassifications and others	Translation adjustment	31/12/2009
Receivables from investments	4	-	-	-		4
Other financial assets	929	520	(230)	-	(20)	1 199
Gross value	**933**	**520**	**(230)**	**-**	**(20)**	**1 203**

Other financial assets include loans, deposits and guarantees to non-Group entities

Note 12
Inventories

At 31 December 2009	Gross value	Provision	Net value
Raw materials	17 069	(936)	16 133
Work in progress	63 236	-	63 236
Semifinished and finished goods	122 240	(17 119)	105 120
Trade goods	30 226	(7 680)	22 546
Total	**232 770**	**(25 736)**	**207 034**

At 31 December 2008	Gross value	Provision	Net value
Raw materials	27 515	(342)	27 173
Work in progress	62 061	-	62 061
Semifinished and finished goods	133 017	(5 531)	127 486
Trade goods	24 190	(4 597)	19 593
Total	**246 783**	**(10 470)**	**236 313**

The impact of idle capacity has not been included in inventories valuation. The decrease in inventories of K€(14 013) on 31 December 2009 versus an increase of €109 807 at 31 December 2008 is recognised under the cost of sales in the income statement.

Provisions for inventories impairment losses break down as follows:

	31/12/2008	Increase	Decrease	Translation adjustment	31/12/2009
Provision for inventories impairment losses	10 470	22 194	(6 990)	62	25 736

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Note 13
Trade receivables and related accounts

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

At 31 December 2008	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	53 175		53 175
Including finance lease receivables	*29 253*		*29 253*
Including guarantees given	*23 922*		*23 922*
Subtotal	**53 175**		**53 175**
Current assets			
Trade receivables and related accounts	157 423	(15 594)	141 830
Receivables from financing activities less than one year	28 528	(28)	28 500
Including finance lease receivables	*12 209*	*(28)*	*12 181*
Including guarantees given	*16 319*		*16 319*
Subtotal	**185 951**	**(15 622)**	**170 329**
Total	**239 126**	**(15 622)**	**223 504**

The fair value of "Trade receivables and related accounts" 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:

	31/12/2008	**Increase**	**Decrease**	**Translation adjustment**	**31/12/2009**
Provisions for trade receivables	15 622	15 115	(4 849)	422	26 310

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 2009	120 209	108 439	3 792	5 087	2 891
Net trade receivables 2008	223 504	187 814	11 713	17 014	6 963

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.

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Note 14
Other debtors

	31/12/2009	31/12/2008
Other receivables	21 249	36 649
Advances and instalments paid on orders	998	1 451
Prepaid expenses	1 228	1 579
Total	**23 474**	**39 679**

"Other debtors" mainly include income tax and VAT receivables.

In particular, at 31 December 2009 Haulotte Group S.A. had an income tax receivable with French Tax Administration of K€14 198.

Note 15
Receivables by maturity

31/12/2009	Amount	Less than 1 year	1 to 5 years
Trade receivables and related accounts*	66 682	66 682	0
Trade receivables from financing activities	53 527	15 128	38 399
Other debtors	23 474	23 474	0
Total	**143 683***	**105 284**	**38 399**

*Including receivables fallen due for K€11 770 (cf. note 13)

31/12/2008	Amount	Less than 1 year	1 to 5 years
Trade receivables and related accounts*	141 830	141 830	0
Trade receivables from financing activities	81 675	28 500	53 175
Other debtors	39 679	39 679	0
Total	**263 183***	**210 008**	**53 175**

*Including receivables fallen due for K€35 690 (cf. note 13)

Note 16
Management of foreign exchange risk

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

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

31/12/2008	EUR	AUD	GBP	SEK	USD	Others
Trade receivables	163 159	8 810	28 542	1 386	25 971	11 258
Trade payables	(56 443)	(76)	(1 131)	(45)	(4 365)	(3 403)
Net amount	106 716	8 734	27 411	1 341	21 606	7 855

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 K€833.

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 K€2 082.

Note 17
Cash and cash equivalents

	31/12/2009	31/12/2008
Cash at bank and in hand	45 835	22 838
Money market funds	20 010	10
Total	**65 845**	**22 848**

Note 18
Derivative instruments

Positive fair value of derivative instruments:

	31/12/2009	31/12/2008
USD forward sales	3 368	2 970
Total	**3 368**	**2 970**

Negative fair value of derivative instruments:

	31/12/2009	31/12/2008
Interest rate swaps	(6 130)	(6 553)
Total	**(6 130)**	**(6 553)**

Note 19
Share capital and premiums

	31/12/2009	31/12/2008
Number of shares	31 191 669	32 591 164
Nominal value in euros	0,13	0,13
Share capital in euros	**4 054 917**	**4 236 851**
Share premiums in euros	**91 953 315**	**91 944 789**

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The change in shareholders'equity is due to the cancellation of 1 401 595 treasury shares resulting in a reduction of €182 207.

Treasury shares at 31 December 2009

	31/12/2009	**31/12/2008**
Number of treasury shares	1 837 823	3 239 418
Treasury shares as a percentage of capital	5,89%	9,94%
*Net book value of treasury shres in thousands €**	*11 831*	*15 385*
*Carrying value of treasury shares in thousands €***	*11 597*	*14 415*

* Based on the average price for the month of December

** based on the market price on the last business day of the fiscal year

Summary of changes in treasury shares for fiscal years 2008 and 2009

TYPE		**2009**	**2008**
Liquidity agreement	Number of shares purchased	-	287 755
	Purchase price of shares	-	3 592 493
	Average price per share	-	12,5
	Number of shares sold	-	229 209
	Original value of shares sold	-	4 620 858
	Sale price of shares sold	-	2 868 641
	Net gain/(loss)	-	(1 752 217)
	Number of shares cancelled	-	50 000
	Number of shares at December 31	139 418	139 418
	Original value of shares at December 31	1 506 773	1 506 773
Buyback authorisation	Number of shares purchased	-	4 208 766
	Purchase price of shares	-	43 821 656
	Average price per share	-	10,4
	Number of shares sold	-	-
	Number of shares cancelled	1 401 595	1 806 186
	Number of shares at December 31	1 698 405	3 100 000
	Original value of shares at December 31	13 183 551	27 799 867
Global	Number of shares at December 31	1 837 823	3 239 418
	Original value of shares at December 31	14 690 324	29 306 641
	Closing price of shares at December 31	6,31	4,45

Note 20
Employees stock option plans

	PLAN N°1	PLAN N°2	PLAN N° 3
Board of Directors'meeting date	26/07/2001	02/07/2002	08/07/2003
Number of stock options granted on inception	171 250	175 250	159 200
Number of shares available for subscription at 31 December 2009	-	-	27 050
Commencement of the option exercise period	26 July 2005	2 July 2006 (excluding authorised exceptions)	8 July 2007 (excluding authorised exceptions)
Expiry date	Initialy 25 October 2005 extended 25 April 2006 by Board of Director on 26/10/2005	2 July 2009	8 July 2010
Subscription or purchase price	16,78 €	9,46 €	4,19 €
Number of shares subscribed at 31 December 2009	101 050	114 240	84 800

In the above table, the total number of shares available for subscription at 31 December 2009 was adjusted for beneficiaries having left the Group before the commencement of the exercise period.

In addition, for all plans concerned, each option confers a right to one share.

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

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

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

The key assumptions of this model are as follows:

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

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Note 21
Borrowings and financial debt

	31/12/2009	31/12/2008
Non-current borrowings		
Bank borrowings >1 year	26 200	191 761
Including syndicated loan	-	152 886
Including guarantees given	13 823	23 922
Including other borrowings	12 377	14 953
Other loans and borrowings	426	405
Subtotal	**26 626**	**192 166**
Current borrowings		
Bank borrowings < 1 year	222 277	26 697
Including syndicated loan	203 213	8 776
Including guarantees given	9 162	16 319
Including back-to-back and finance lease obligations	-	214
Including other borrowings	9 902	1 388
Other loans and borrowings	108	109
Bank overdrafts	18 225	21 588
Subtotal	**240 610**	**48 394**
Total borrowings	**267 236**	**240 561**

In 2005, Haulotte Group obtained a 7-year €330 million that was reduced to €251 million in 2009.

The total €251 million loan was contracted at a variable rate of interest indexed on the Euribor and divided into four tranches:

- Tranche A + amendment: €70 million to refinance the existing debt;
- Tranche B: €120 million to finance capital expenditures;
- Tranche C: €31 million to finance acquisitions;
- Tranche D: €30 million to finance working capital requirements.

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

Following the breach of debt ratios in the 2009 second half, 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 (note 25). An agreement was reached in early 2010 with the banks. On that basis, the amount to be reimbursed in 2010 will total €44.2 million and the balance consequently represents non current borrowings.

At 31 December 2009 the total amount drawn on this loan amounted to K€221 000:

- Tranche A: K€52 492 (K€8 749 was repaid in July 2009)
- Tranche B: K€120 000
- Tranche C: K€31 000
- Tranche D: a revolving credit of K€17 500

The US subsidiary BilJax has credit lines for K USD 15 196 split as follows:

- A medium-term loan with capital remaining due of KUSD 4 427 at 31 December 2009 of which KUSD 159 at short-term;
- A revolving credit line of KUSD20 000 of which KUSD 10 610 had been drawn at 31 December 2009.

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

- Pledge of Haulotte Group S.A. goodwill

Group debt is denominated in the following currencies:

Translated value in thousands of euros	**31/12/2009**	**31/12/2008**
Euros	226 116	184 712
GBP	6 064	203
USD	11 270	14 126
Others	799	1 065
Total	**244 250**	**200 106**

Note 22
Management of interest-rate risks

The breakdown between fixed rate and variable rate borrowings is as follows

	31/12/2009	**31/12/2008**
Fixed rate borrowings	35 624	41 712
Variable rate borrowings	231 611	198 849
Total	**267 236**	**240 561**

A 1% rate increase would result in a maximum additional interest expense, excluding hedges, of some K€2 316

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Note 23
Provisions

	31/12/2008	Allowances	Provisions used in the period	Reversal of unused provisions	Translation adjsutment	31/12/2009
Provisions for products warranty	4 006	1 717	(2 994)	-	(13)	2 715
Provisions for other contingencies	2 663	600	(534)	-	10	2 739
Provisions for other losses	(52)		(11)	-	-	(63)
Current provisions	**6 618**	**2 316**	**(3 539)**	**-**	**(4)**	**5 391**
Provision for pensions	1 814	235	(230)	-	32	1 851
Non-current provisions	**1 814**	**235**	**(230)**	**-**	**32**	**1 851**
Total provisions	**8 431**	**2 551**	**(3 769)**	**-**	**28**	**7 242**

- Provision for warranty: Haulotte Group records provisions for the cost of repairs or the replacement of products sold to customers under warranty. The warranty period is usually one to two years.

- Generally speaking, all lawsuits involving Group companies 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.

In the 2008 first half, a supplier filed a claim against Haulotte Group for €7 million for wrongful breach of its contract for the supply of raw materials. No provision has been recognised in the financial statements as the company considers this claim without legal and economic merit and was furthermore not substantiated by the supplier.

- Provision for pensions: see note 24.

Note 24
Pension and related benefits

24.1 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, 55 for workers;
- a retirement age for employees born after 1 January 1950 of 65 for managers, 63 for clerical staff, 55 for workers.

Concerning end-of-career severance benefits, the assumption retained is that of voluntary retirement that takes into account social security contributions. This method of calculation complies with the French Pension Reform Act of 21 August 2003 (Loi Fillon).

24.2 Changes in obligations over the period

Present value of the obligation at the opening (1 January 2009)	**1 814**
Cost of services rendered during the period	235
Interest credited in the period	95
Benefits paid in the period	(230)
Actuarial gains and losses	(64)
Present value of obligations at closing (31 December 2009)	**1 851**

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

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Note 25
Payables by maturity

Bank borrowings at 31 December 2009 included outstanding debt of €221 million in connection with a syndicated loan agreement. As specified in note 21, following an agreement reached with the banks in early 2010, €44.2 million is to be repaid in year in progress

31/12/2009	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	248 477	222 277	26 200	
including leases obligations and other guarantees	*22 985*	*9 162*	*13 823*	
Other loans and borrowings	18 759	18 333	426	
Down payments received	1 725	1 725		
Payables to fixed asset suppliers	896	896		
Trade notes and accounts payable	24 262	24 262		
Tax and employee-related liabilities	1 622	1 622		
Other payables	7 317	7 317		
Prepaid income	1 148	1 148		
Total	**304 206**	**277 580**	**26 626**	**-**

31/12/2008	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	218 458	26 697	191 761	
including leases obligations and other guarantees	*40 455*	*16 533*	*23 922*	
Other loans and borrowings	22 103	21 697	405	
Down payments received	4 854	4 854		
Payables to fixed asset suppliers	1 233	1 233		
Trade notes and accounts payable	65 461	65 461		
Tax and employee-related liabilities	16 804	16 804		
Other payables	7 581	7 581		
Prepaid income	2 042	2 042		
Total	**338 536**	**146 369**	**192 166**	**-**

Note 26
Other payables

	31/12/2009	31/12/2008
Down payments received	1 725	4 854
Payables to fixed asset suppliers	896	1 233
Tax and employee-related liabilities	1 622	16 804
Other payables	7 317	7 581
Prepaid income	1 147	2 042
Total	**12 707**	**32 514**

Note 27
Deferred taxes

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

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

Deferred taxes break down as follows:

	31/12/2009	31/12/2008
Deferred taxes from adjustments of the fair value of rental equipment	(1 041)	(925)
Deferred taxes from adjustments on finance leases and back-to-back leases	(222)	46
Deferred taxes from provisions of pensions	204	207
Deferred taxes from adjustments of internal margins on inventories and fixed assets	4 470	7 410
Deferred taxes from non-deductible provisions	1 901	2 059
Deferred taxes from differences in depreciation periods and R&D costs	(2 399)	(2 657)
Deferred taxes from cash items part of net investments in foreign operations	(3 344)	(4 453)
Deferred taxes from tax losses	-	-
Deferred taxes from other consolidation adjustments	384	(3 162)
Deferred taxes from other temporary differences	544	1 678
Total	**497**	**203**

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The change in net deferred tax breaks down as follows:

	31/12/2009	31/12/2008
Opening net balance	**203**	**5 519**
Income/(loss) from deferred taxes	(866)	(11 720)
Deferred taxes from changes in consolidation scope	-	(1 240)
Deferred taxes recognised under other items of comprehensive income	1 108	6 167
Translation differences	52	298
Other changes	-	1 179
Closing net balance	**497**	**203**

Note 28
Sales and Revenue

Note 40 on segment information provides details on income from ordinary activities.

Note 29
Cost of good sold

	31/12/2009	31/12/2008
Production cost of sales	(165 397)	(326 818)
Change in inventory provisions	(15 204)	(3 286)
Warranty costs	(4 669)	(5 352)
Interest paid on back-to-back lease arrangements	(92)	(143)
Total	**(185 362)**	**(335 600)**

Note 30
General and administrative expenses

	31/12/2009	31/12/2008
Administrative expenses	(26 947)	(28 992)
Net allowances for the impairment of trade receivables	(14 505)	(5 454)
Management expenses	(8 509)	(10 330)
Others	(3 395)	(4 918)
Total	**(53 356)**	**(49 694)**

Note 31
Research and development expenditure

	31/12/2009	31/12/2008
Development expenditures recognised as intangible assets	1 111	881
Amortisation of development expenditures	(538)	(874)
Research tax credit	332	244
Development expenditures	(6 179)	(6 057)
Total	**(5 274)**	**(5 806)**

Note 32
Exchange gains and losses

	31/12/2009	31/12/2008
Currency losses	(16 715)	(36 437)
Currency gains	21 105	34 464
Total	**4 390**	**(1 973)**

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

Changes in this item consequently reflect the current account balance in pound sterling with the UK subsidiaries and unfavourable foreign exchange trends for the US dollar and pound sterling over the period.

Note 33
Expenses by nature to current operating income

	31/12/2009	31/12/2008
Purchases of raw materials and other consumables and changes in finished products inventory	(99 927)	(219 709)
External charges	(58 669)	(107 110)
Taxes and related items	(3 468)	(5 262)
Staff costs	(60 208)	(68 194)
Net depreciation and impairment	(42 111)	(26 372)
Currency gains and losses	4 390	(1 973)
Other operating expenses and income	(5 394)	27 846
Total	**(265 387)**	**(400 144)**

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Note 34
Staff costs

	31/12/2009	31/12/2008
Salaries and wages	(46 033)	(50 816)
Social security and related expenses	(14 164)	(17 247)
Employee profit-sharing	(6)	(4)
Retirement indemnities	(5)	(127)
Total	**(60 208)**	**(68 194)**

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

Note 35
Other operating income and expenses

	31/12/2009	31/12/2008
Gains from the disposal of assets*	-	30 820
Income from management operations	264	645
Income from capital transactions	-	63
Reversals of provisions for contingencies and losses	283	140
Other operating income	**547**	**31 668**
Losses from the disposal of assets	(171)	-
Expenses from management operations**	(1 456)	(1 730)
Expenses from capital transactions	-	-
Exceptional depreciation of development expenditure***	-	(371)
Allowances for contingencies and losses	(371)	(144)
Other operating expenses	**(1 998)**	**(2 245)**
Total	**(1 451)**	**29 423**

(*) In the fiscal year ended 31 December 2008, the disposal of Lev generated a net gain of K€31 348

(**) Expenses from management operations at 31 December 2009 included primarily litigation costs (K€340) and the cost of financial guarantees (K€376)

(***) In compliance with IAS 36, development expenditures were tested for impairment. In 2008, to reflect the evolution of certain projects, an impairment charge was recognised for a portion of the costs previously capitalised.

Note 36
Cost of net financial debt

	31/12/2009	31/12/2008
Interest expense and financial charges	(6 621)	(8 729)
Fair value gains or losses	187	(4 035)
Financial income	1 058	1 193
Total	**(5 376)**	**(11 571)**

Note 37
Corporate income tax

	31/12/2009	31/12/2008
Current tax	13 976	4 626
Deferred taxes	(866)	(11 720)
Total	**13 110**	**(7 094)**

Haulotte Group SA elected to carry back its tax losses and therefore recorded a K€13 911 income tax receivable at 31 December 2009.

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2009 Haulotte France S.A.R.L, ABM Industries S.A.S. and Telescopelle S.A.S.

Haulotte UK Ltd is the head of a UK tax consolidation that included on 31 December 2009 UK Platforms Ltd and Access Rentals (UK) Ltd.

Haulotte US Inc. is the head of a US tax consolidation that included on 31 December 2009 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.

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Note 38
Effective income tax reconciliation

The difference between the effective tax rate of 19.06 % (18.18 % in December 2008) and the standard rate applicable in France of 34.43 % breaks down as follows:

	31/12/2009		31/12/2008	
Consolidated income before tax	(68 797)		39 008	
Income/(expense) calculated at the tax rate applicable to the parent company's profits	**(23 687)**	**34 ,43%**	**13 431**	**34,43%**
Effect of differential in tax rates	2 129		1	
Effect of permanently non-deductible expenses or non-taxable income	(616)		(8 217)	
Effect of long-term capital gains not subject to the full tax rate	-		(3 739)	
Effect of loss carryforwards not recognised	-		(64)	
Impact of deferred tax recognised under "Other items of comprehensive income"	(1 108)		(6 167)	
Effect of tax assets not recognised	(3 164)		-	
Effect of the elimination of internal transactions on equity investments	12 089		1 713	
Effect of tax losses not resulting in the recognition of deferred taxes	15 148		6 595	
Effect of tax consolidation and income tax credits	(14 199)		338	
Effect of the reversal of unused deferred tax assets	-		2 921	
Others	298		282	
Effective tax (income)/expense	**(13 110)**	**19,06 %**	**7 094**	**18,18%**

Note 39
Earnings per share

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

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

	31/12/2009	**31/12/2008**
Net income for the Group in thousands of euros	**(55 326)**	**31 963**
Total number of shares	31 191 669	32 591 164
Number of treasury share	1 837 823	3 239 418
Number of shares used to calculate basic earnings per share	*29 353 846*	*29 351 746*
Adjustment for stock option plans	5 959	19 903
Number of shares used to calculate diluted earnings per share	**29 359 805**	**29 371 649**
Earnings-per-share attributable to shareholders		
- Basic	**(1,885)**	**1,089**
- Diluted	**(1,884)**	**1,088**

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Note 40
Segment reporting

Sales breakdown

By business segment	31/12/2009	%	31/12/2008	%
Sales of handling and lifting equipment	139 412	69	383 479	85
Rental of handling and lifting equipment	31 880	16	32 655	7
Services (1)	30 736	15	34 645	8
Consolidated sales	**202 028**	**100**	**450 780**	**100**

(1) Notably spare parts, repairs and financing

By geographical segment	31/12/2009	%	31/12/2008	%
Europe	139 899	69	379 416	84
North America	33 835	17	32 436	7
Latin America	11 491	6	19 067	4
Asia Pacific	16 803	8	19 861	4
Consolidated sales	**202 028**	**100**	**450 780**	**100**

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Main indicators by business segment

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

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

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31/12/2008	Manufacture and sale of equipment	Equipment rental	Services	Others	Total
Income statement highlights					
Segment's revenue	*396 215*	*34 504*	*35 520*	-	*466 239*
Inter-segment revenue	*12 736*	*1 849*	*874*	-	*15 459*
Revenue from external customers	383 479	32 655	34 646	-	450 780
Operating profit	40 203	803	3 599	7 637	50 636
Assets					
Fixed assets	59 826	*41 870*	5 400	7 873	114 968
of which goodwill/badwill	*14 320*	*5 779*	-	-	*20 099*
of which intangible assets	*1 699*	*9*	*3*	*3 499*	*5 210*
of which property, plant and equipment	*43 807*	*36 081*	*5 397*	*3 441*	*88 726*
of which financial assets				*933*	*933*
Trade receivables from financing activities	-	-	81 991	(317)	81 675
of which receivables from financing activities at more than one year	-	-	*53 451*	*(276)*	*53 175*
of which receivables from financing activities at less than one year	-	-	*28 540*	*(185)*	*28 500*
Inventories	225 034	2 316	8 963		236 313
Trade receivables and related accounts	122 483	12 980	10 056	(3 690)	141 830
Liabilities					
Trade payables	50 379	6 933	5 164	2 985	65 461
Bank borrowings	-	-	34 956	183 502	218 458
Other information					
Depreciation and impairment charge in the period	4 893	11 265	381	1 736	18 274
Non-financial capital expenditures	19 749	20 120	1 024	3 302	44 195

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

Main indicators by geographical segment

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

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

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2009

31/12/2008	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*444 678*	*33 150*	*19 178*	*20 210*	-	*517 216*
Inter-segment revenue	*65 261*	*714*	*112*	*350*	-	*66 436*
Revenue from external customers	379 416	32 436	19 067	19 861	-	450 780
Operating profit	61 807	(7 543)	(2 793)	(2 947)	2 112	50 636
Assets						
Fixed assets	143 011	23 048	6 281	430	(57 802)	114 968
of which goodwill/badwill	*2 580*	*14 320*	*3 199*	-	-	*20 099*
of which intangible assets	*5 204*	*2*	*4*	*1*	-	*5 210*
of which property, plant and equipment	*83 236*	*8 472*	*3 073*	*363*	*(6 418)*	*88 726*
of which financial assets	*51 992*	*253*	*6*	*66*	*(51 385)*	*933*
Trade receivables from financing activities	72 810	6 263	-	2 602	-	81 675
of which receivables from financing activities at more than one year	*46 810*	*4 257*	-	*2 108*	-	*53 175*
of which receivables from financing activities at less than one year	*25 999*	*2 006*	-	*494*	-	*28 500*
Inventories	174 671	39 640	9 009	10 387	2 606	236 313
Trade receivables and related accounts	144 711	7 060	9 320	10 066	(29 327)	141 830
Liabilities						
Trade payables	63 416	11 470	13 089	6 813	(29 327)	65 461
Bank borrowings	199 920	14 160	34 164	21 599	(51 385)	218 458
Other information						
Depreciation and impairment charge in the period	17 540	537	1 001	148	(952)	18 274
Non-financial capital expenditures	44 661	295	1 800	114	(2 675)	44 195

Notes 41 to 43 provide information concerning the cash flow statement

Note 41
Analysis of change in working capital

	31/12/2009	31/12/2008
Change in inventories	(17 396)	97 485
Change in provisions for inventories	(15 232)	(3 286)
Change in trade receivables	(70 420)	(106 064)
Change in provision for trade receivables	(8 038)	(5 058)
Change in trade payables	40 585	72 024
Change in other payables and receivables	10 737	5 330
Total	**(59 764)**	**60 432**

Note 42
Analysis of changes in receivables from financing activities

	31/12/2009	31/12/2008
Change in gross value	(9 249)	25 513
Change in provisions	(2 227)	(8)
Change in receivables from financing activities	**(11 476)**	**25 505**

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

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

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

In 2009, Haulotte Group recorded new lease finance agreements of K€5 315 for its subsidiaries in Australia, Scandinavia and Singapore.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

Note 43
Cash components

	31/12/2009	31/12/2008
Cash on hand and deposit accounts	45 835	22 838
Money market funds and negotiable instruments	20 010	10
Cash and cash equivalents – balance sheet	**65 845**	**22 848**
Bank overdrafts	(18 225)	(21 588)
Negative fair value of financial instruments	(2 762)	(3 583)
Cash and cash equivalents – cash flow statement	**44 858**	**(2 324)**

Note 44
Information on related parties

Related party transactions:

- Solem S.A.S. is the majority shareholder of Haulotte Group S.A., with 55.97% of the share capital at 31 December 2009. Solem paid to Haulotte Group S.A. income of K€30 in 2009 and K€245 in 2008, and invoiced charges of K€932 in 2009 and K€1 028 in 2008.
- SCI Lancelot that shares managers with Haulotte Group S.A. invoiced the Group rental charges and incidental expenses for the use of the premises of Epinay: K€474 in 2009 and K€457 in 2008.

Fees allocated to directors and officers:

Amounts allocated to Board members paid by the Group totalled K€696 for 2009 and K€763 for 2008.

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 45
Off balance-sheet commitments

	31/12/2009	31/12/2008
Repurchase commitments *	11 215	11 418
Share of balance sheet debt secured by collateral **	221 633	183 961
Commitments given under repayment clauses	1 020	1 068

(*) : 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 and Haulotte UK shares

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

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

31/12/2008	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	11 418	207	11 160	51
Share of balance sheet debt secured by collateral	183 961	30 469	153 492	

Note 46
Off-balance sheet commitments in connection with entitlements to individual training benefits (DIF)

	31/12/2009	31/12/2008
DIF (expressed in hours)	45 845	46 553

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2009

Note 47
Average number of employees

	31/12/2009	31/12/2008
Executives and managers	246	250
Clerical staff and workers	1 367	1 650
Total	**1 613**	**1 900**

Note 48
Post-closing event

After breaching financial ratios in the 2009 second half, Haulotte Group reached an agreement with its banks setting new conditions applicable to these credit lines until the maturity of the syndicated loan in July 2013.

This agreement provides for a two-year grace period suspending the testing of financial ratios provided for in the initial loan agreement with the implementation of liquidity ratio tests to be performed on 31 March 2010 and 2011 respectively. It defines new terms and conditions for interest payments to the lenders and provides for the transformation of a portion of the amortising credit lines into revolving credit lines for €50 million

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

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

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

Haulotte Group SA

L'Horme

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Haulotte Group SA;
- the justification of our assessments;
- the specific verification required by law.

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in:

- Note 2.1 to the consolidated financial statements which refer to the new standards of mandatory application from 1 January 2009 and in particular IFRS 8;
- Notes 2.2.2, 21 and 48 to the consolidated financial statements which state that, subsequent to the Company's failure to comply with financial ratios, negotiations with the banks led to the signing of an agreement between the end of the reporting period and the approval of the financial statements, which sets out a new repayment schedule for the bank borrowings provided for in the agreement.

II. JUSTIFICATION OF OUR ASSESSMENTS

Accounting estimates used for the preparation of the financial statements for the year ended 31 December 2009 were made in the context of continuing difficulty in assessing the economic outlook as described in Note 2.2.2 to the consolidated financial statements. Against this backdrop and in accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

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

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

Accounting policies

Note 3.6 to the consolidated financial statements (trade receivables) describes the accounting methods applied to the sales transactions for which Haulotte Group provides a guarantee to the banks in order to ease access to financing for its customers.

Our work consisted in verifying that the information disclosed in Note 3.6 is appropriate and that the accounting treatment described is correctly applied. We examined the procedures implemented by Haulotte Group to identify the relevant contractual commitments, obtained confirmation from financial institutions and obtained assurance, on a test basis, of the correct accounting treatment of these transactions.

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

III. SPECIFIC VERIFICATION

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

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

Lyon and Paris, 30 April 2010

The Statutory Auditors

PricewaterhouseCoopers Audit	Hoche Audit
Elisabeth L'hermite	Dominique Jutier