



Statutory
accounts
ANNUAL REPORT 2010



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

> BALANCE SHEET - ASSETS

In thousands of euros	Note	Gross	Amort. Deprec.	Net 31/12/2010	31/12/2009
INTANGIBLE ASSETS	4.1				
Software, patents		6,730	3,722	3,008	3,217
Goodwill		168		168	168
Other intangible assets		60		60	363
PROPERTY, PLANT AND EQUIPMENT	4.1				
Land		1,466		1,466	1,466
Buildings		14,619	7,038	7,581	8,376
Machinery and equipment		25,918	21,088	4,830	6,059
Other PPE		1,810	1,253	557	740
Fixed assets in progress		76		76	69
FINANCIAL ASSETS	4.2 et 4.3				
Long-term investments		16,495	6,229	10,266	11,517
Receivables from investments		269,066	60,432	208,634	258,555
Other investments		14,690		14,690	11,832
Other financial assets		214		214	213
NON-CURRENT ASSETS		351,312	99,762	251,550	302,575
INVENTORIES AND WORK IN PROGRESS	5				
Raw materials		8,962	1,406	7,556	8,771
Work in progress		5,701		5,701	5,107
Finished goods		33,805	1,275	32,530	53,835
Trade goods		5,415	1,468	3,947	4,248
Advances paid to suppliers		533		533	203
ACCOUNTS RECEIVABLE					
Accounts receivable	6	50,542	9,192	41,350	33,479
Other receivables	7	28,358		28,358	16,584
CASH AND CASH EQUIVALENT					
Marketable securities		10		10	20,010
Cash at hand		23,250		23,250	32,397
ACCRUALS					
Prepaid expenses	8	673		673	565
CURRENT ASSETS		157,249	13,341	143,908	175,199
Unrealised foreign exchange losses	8	8,193		8,193	11,010
TOTAL		516,754	113,103	403,651	488,784



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> BALANCE SHEET - LIABILITIES AND EQUITY

In thousands of euros	Note	31/12/2010	31/12/2009
Share capital	10	4,058	4,055
Additional paid-in-capital		92,044	91,953
Legal reserves		448	447
Other reserves		1,274	1,274
Retained earnings		98,872	125,912
PROFIT (LOSS) FOR THE YEAR		(26,746)	(27,040)
Regulated reserves		4,389	4,663
SHAREHOLDERS' EQUITY	10	174,339	201,264
Provisions for contingencies		11,810	12,685
Provisions for charges		1,152	936
COMMITMENTS AND CONTENGENCIES	12	12,962	13,621
LONG-TERM DEBT			
Bank borrowings	13	153,279	221,633
Miscellaneous loans and borrowings	13	278	478
Down payments received		6,783	1,261
TRADE PAYABLES AND OTHER CURRENT LIABILITIES	14		
Trade payables		18,380	16,016
Tax and employee-related liabilities		3,461	4,131
Fixed asset creditors		800	1,400
Other payables		25,117	23,012
ACCRUALS			
Deferred revenue		70	
TOTAL LIABILITIES		208,168	267,931
Unrealised foreign exchange gains	8	8,182	5,968
TOTAL		403,651	488,784

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> INCOME STATEMENT

In thousands of euros	Note	31/12/2010	31/12/2009
NET SALES	16	98,347	98,339
Change in inventories of finished goods and work in progress		(20,267)	2,364
Capitalised production		105	150
Operating grants		104	292
Reversal of depreciation and provisions, expense reclassifications		3,122	2,855
Other income		39	37
OPERATING INCOME		81,450	104,037
Purchase of trade goods		13,121	11,345
Change in inventories (trade goods)		1,375	1,090
Purchase of raw materials and other supplies		36,210	44,966
Change in inventories (raw materials and other supplies)		(415)	6,657
Other purchases and external charges		22,670	24,130
Taxes other than on corporate income		1,343	1,697
Wages and salaries		16,209	16,868
Social charges		7,218	7,169
Depreciation and amortisation of fixed assets		3,069	4,043
Increase in provisions for current assets		1,856	3,688
Provisions for contingencies and commitments		3,446	1,278
Other expenses		18	5
OPERATING EXPENSES		106,120	122,936
OPERATING PROFIT (LOSS)		(24,670)	(18,899)
Interest income		6,389	8,650
Reversals of provisions		15,335	39,191
Currency gains		6,335	2,909
Net proceeds from the disposal of marketable securities		76	147
FINANCIAL INCOME		28,135	50,897
Allowances for depreciation and reserves		31,368	54,234
Interest expenses		8,144	14,170
Currency losses		3,142	6,039
FINANCIAL EXPENSE		42,654	74,443
NET FINANCIAL PROFIT (LOSS)	18.1	(14,519)	(23,546)
PRE-TAX PROFIT BEFORE EXTRAORDINARY ITEMS		(39,189)	(42,445)
Extraordinary income sundry business operations		18	199
Extraordinary income on transactions		366	1,867
Reversal of provisions, expenses reclassifications		491	1,653
EXTRAORDINARY INCOME		875	3,719
Extraordinary expenses sundry business operations		216	127
Extraordinary expenses on transactions		393	1,743
Depreciation and provisions		178	674
EXTRAORDINARY EXPENSES		787	2,544
EXTRAORDINARY PROFIT (LOSS)	18.2	88	1,175
Corporate income tax	19	12,355	14,230
NET PROFIT (LOSS)		(26,746)	(27,040)



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NOTE 1 - SIGNIFICANT EVENTS

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

This amendment defines in particular new terms and conditions for interest payments to the lenders, it provides for the transformation of a €50 million tranche initially allocated to financing of capital expenditures into revolving credit lines, the total amount of the loan remaining unchanged at €251 million. The amendment also defines a new repayment schedule (for more details please refer to Note 13).

As a consequence, and in accordance with the new conditions of the syndicated loan, drawings on the tranche D allocated to financing of working capital requirements that were previously disclosed together with bank overdrafts (€17.5 million at 31 December 2009), have been reclassified between short-term and long-term bank borrowings according to their due dates (at 31 December 2010, the whole amount of €38.5 million drawn on this credit line is due at more than one year).

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

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

NOTE 2 - ACCOUNTING POLICIES

The company's annual financial statements have been prepared in accordance with the laws and regulations applicable in France.

The accounting principles applied include:

- the conservatism principle;
- the going concern concept;
- the time period concept;
- the consistency principle.

2.1 Intangible fixed assets

Intangible assets are recognised at their purchase price, excluding financial charges.

Software is depreciated on a straight-line basis over 3 to 7 years according to its useful life.

Models and designs are depreciated over 5 years.

Goodwill is not subject to depreciation. An impairment is recorded when its value in use is less than the amount initially recognised.

Research and development expenditure is expensed in the period incurred.



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2.2 Property, plant and equipment

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

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

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

Components 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.

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

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

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

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

• Regulated tax reserves

Regulated reserves include in particular additional tax depreciation allowances calculated by utilising the most favourable tax option.



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2.3 Financial assets

• *Equity Investments*

Investments are recognised in the balance sheet at historical cost, including transaction costs such as transfer rights, commissions and fees directly attributable to the acquisition of the securities. These expenses are included in the cost of securities and are subject to special accelerated depreciation over five years.

At year-end their balance sheet value is compared with their going concern value, determined with reference to the share in net equity owned and the earnings prospects. When applicable, a provision for impairment is recorded. When necessary (notably for subsidiaries with negative net equity), additional provisions are recognised first against intra-group assets (receivables, current accounts) and further as a provision for charges if necessary.

• *Current account advances and loans to subsidiaries*

These items are recognised at face value. Current account balances in foreign currencies are translated into Euros at the year-end exchange rate. Gains arising on translation are recognised as 'unrealised foreign exchange gains' and recorded in the balance sheet. Losses arising on translation result in the recognition of a provision for foreign exchange losses and go therefore through the income statement.

Current accounts are subject to impairment in the cases described in the preceding paragraph. There is no translation adjustment recorded for the impaired portion of foreign currency current accounts.

• *Treasury shares*

Treasury shares acquired in connection with the Group's share buy-back program are recorded as financial assets. They are recognised at purchase price. At the end of the year, their carrying value is determined on the basis of the average quoted price of the shares for the last month of the year. If the carrying value is lower than the purchase price, an impairment loss is recorded for the difference.

2.4 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);
- Traded goods inventories are recorded at purchase price (spare parts) or at their trade-in value (second-hand machines)
- The net realisable value is the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods.

Impairment is recognised when the net realisable value corresponding to the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods, is less than the carrying value of inventories defined above.



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2.5 Receivables and payables

Receivables and payables are recognised at their face value.

A provision for impairment is recorded when their collection value, determined on a case-by-case basis, is estimated to be lower than the carrying value.

As soon as there are indications of a real and serious collection risk, a provision for impairment is recorded.

2.6 Translation of transactions in foreign currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. At the end of the period, receivables and payables balances that have not been hedged are translated at the closing rate. The resulting translation differences for payables and receivables in foreign currency at the end of the period are recognised in the balance sheet under the cumulative translation adjustment. For unrealised foreign exchange losses a provision for contingencies is recorded.

Hedged receivables are translated at the hedge rate.

For receivables for which impairment has been recorded, only the remaining balance is translated at the year-end exchange rate.

2.7 Marketable securities

Marketable securities are initially recognised at their purchase price excluding incidentals. Carrying value of the securities is measured based on quoted values at the closing date. An impairment is recorded when this quoted value is lower than purchase price.

2.8 Provisions

When a contingent liability is identified, for which no reliable estimation can be determined, there is no provision recognized. If applicable, a description of the identified risk is included in a dedicated paragraph within the notes relating to provisions for contingencies and charges.

In general a provision is recorded when:

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

• *Warranty provision*

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

• *Litigations*

Other provisions are also recorded in accordance with the above principles to cover risks related to litigations, site closures (when applicable) or any other event meeting the definition of a

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liability. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation.

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

• **Pension**

Haulotte Group SA records provisions for pensions indemnities and other post-employment obligations as well as long-service awards. Haulotte Group SA only had 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.

2.9 Operating profit

• **Revenue recognition**

“Net sales” includes the goods and services sales comprising notably :

- Equipment sales to the distribution and renting subsidiaries of the group
- Direct sales to certain customers
- spare parts sales
- provision of services.

Sales of goods are recorded net of value added tax at the date of transfer of risks and benefits of ownership.

Revenues related to services are recognised over the period during which the services are rendered.

• **Operating expenses**

Operating expenses include notably material costs, production costs and overheads.

2.10 Financial income

Financial income consists primarily of changes in provisions on investments and on intercompany current accounts, exchange gains and losses, interest income and expenses on current accounts and financial costs associated with borrowing.

2.11 Extraordinary income

Items that are exceptional in nature or that do not occur in the normal course of business are recognised under extraordinary profit or loss. In accordance with the French National Accounting Code (Plan Comptable Général), extraordinary profit or loss also includes allowances and reversals of special tax depreciation provisions.



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NOTE 3 - POST-CLOSING EVENTS

No post-closing event occurred which may have a significant impact on the financial statements.

NOTE 4 - FIXED ASSETS

4.1 Property, plant and equipment & intangible assets

Gross amounts

In thousands of euros	31/12/2009	Increase	Decrease	31/12/2010
Intangible assets (1)	7,037	594	733	6,898
Intangible assets in progress	363	60	363	60
Land	1,466			1,466
Building	4,566			4,566
General installations	10,016	76	39	10,053
Machinery and equipment (2)	29,568	250	3,900	25,918
Other PPE	1,707	127	24	1,810
Fixed assets in progress	69	76	69	76
TOTAL	54,792	1,183	5,128	50,847

Accumulated depreciation and impairment

In thousands of euros	31/12/2009	Increase	Decrease	31/12/2010
Intangible assets	3,652	763	693	3,722
Land				
Building	1,327	121		1,448
General installations	4,879	724	13	5,590
Machinery and equipment (2)	23,509	1,165	3,586	21,088
Other PPE	967	296	10	1,253
TOTAL	34,334	3,069	4,302	33,101

⁽¹⁾ The intangible assets concerns primarily software. It also includes goodwill of €168 thousand. The goodwill originated from the creation of Haulotte S.A. in 1995. No depreciation or impairment has been recorded.

⁽²⁾ Disposals of tangible mainly relates to fixed asset equipment held under a finance lease. At the end of the lease period, the equipment is sold to the lessee under the terms of the lease agreement

Research and development expenditure, recorded in operating expenses, totalled € 4,592 thousand for the fiscal year.



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4.2 Financial assets

Financial assets break down as follows on a cost basis:

In thousands of euros	31/12/2009	Increase	Decrease	31/12/2010
Equity investments ⁽¹⁾	16,049	446		16,495
Current accounts & loans to subsidiaries ⁽²⁾	298,976	42,488	72,398	269,066
Treasury shares ⁽³⁾	14,690			14,690
Other financial assets	214			214
TOTAL GROSS VALUE	329,929	42,934	72,398	300,465

In thousands of euros	31/12/2009	Allowances	Reversals	31/12/2010
Provisions on Equity investments ⁽⁴⁾	4,531	1,697		6,229
Provisions on Current accounts & loans ⁽⁵⁾	40,420	21,478	1,466	60,432
Provisions on Treasury shares ⁽⁶⁾	2,859		2,859	
Provisions on other financial assets				
TOTAL PROVISIONS	47,810	23,175	4,325	66,661

TOTAL NET VALUE	282,119			233,804
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⁽¹⁾ Haulotte Group has subscribed to a capital increase of its subsidiaries Haulotte Cantabria and Haulotte Argentina during the year

⁽²⁾ Receivables from equity interests include €58 million with a maturity exceeding five years.

⁽³⁾ The number of treasury shares owned at the year end 2010 is 1,837,823.

⁽⁴⁾ Additional provisions have been recorded by Haulotte Group S.A. on the investments in the subsidiaries Haulotte Australia, Haulotte Cantabria, Haulotte do Brasil and Haulotte US.

⁽⁵⁾ The additional provisions on current accounts concerns notably Haulotte Australia, Haulotte Cantabria, Haulotte do Brasil and Haulotte US.

⁽⁶⁾ The provision on treasury shares has been fully reversed thanks to the rise of quoted value of the share at year-end.



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4.3 Changes in treasury shares

The company did not repurchase any of its own shares in 2010.

Type		2010	2009
Liquidity agreement	Number of shares purchased		
	Purchase price of shares		
	Average price per share		
	Number of shares sold		
	Original value of shares sold		
	Sale price of shares sold		
	Net gain / (loss)		
	Number of shares cancelled		
	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		
	Purchase price of shares		
	Average price per share		
	Number of shares sold		
	Number of shares cancelled	0	1,401,595
	Number of shares at December 31	1,698,405	1,698,405
Global	Original value of shares at December 31	13,183,551	13,183,551
	Number of shares at December 31	1,837,823	1 837 823
	Initial value of shares at December 31	14,690,324	14,690,324
	Provision for treasury shares at December 31*	0	(2,858,921)
	Closing price of shares at December 31	11.59	6.31

* On the basis of the average price of shares for the last month



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4.4 List of subsidiaries and affiliates

Company Registered office in thousands of euros	Share capital Shareholders' equity ⁽¹⁾	Ownership interest (%)	Reserves and retained earnings	Gross value Net value of shares	Advances	Dividends received	Revenue ⁽²⁾ Net income
ABM Industries SAS 1 Beynost - France	520 728	100,00%	774	1,220 728	(645)		107 (566)
Haulotte France Sarl 93 Epinay sur Seine - France	2,279 (192)	99,99%	(1,402)	2,309 0	6 553		36,805 (1,068)
Telescopelle SAS L'Horme - France	37 414	100,00%	310	37 37	(324)		135 67
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd. China	1,242 856	100,00%	(231)	2,000 2,000			918 (152)
Haulotte Argentina SA Argentina	19 154	95,00%	(182)	119 119	1,350		2,721 321
Haulotte Arges SRL Roumania	916 1,409	100,00%	2,240	1,100 1,100	20,442		7,753 (1,769)
Haulotte Australia Pty Ltd Australia	0 (5,377)	100,00%	(2,960)	0 0	14,728		14,886 (2,199)
Haulotte Cantabria SL Spain	2,740 (5,336)	99,99%	(9,747)	2,740 0	36,646		14,511 (3,828)
Haulotte Do Brazil Ltda Brazil	23 (4,447)	99,98%	(2,417)	30 0	7,431		5,903 (1,951)
Haulotte Hubarbeitsbunnen GmbH Germany	26 11,680	100,00%	11,608	26 26	(9,904)		17,027 46
Haulotte Iberica SL Spain	310 8,304	98,71%	21,175	3 3	28,875		29,096 (13,181)
Haulotte Italia Srl Italia	100 9,026	99,00%	9,557	10 10	(985)		12,751 (631)
Haulotte Mexico SA de CV Mexico	3 (1,532)	95,00%	(1,655)	3 0	3,709		3,283 121
Haulotte Middle East FZE U.A.E.	204 2,994	100,00%	2,515	199 199	1,702		6,550 277
Haulotte Netherlands BV The Netherlands	20 (1,755)	100,00%	(1,549)	20 0	2,638		4,318 (226)
Haulotte Polska SP Z.O.O. Poland	101 2,485	100,00%	2,558	105 105			3,586 (172)
Haulotte Scandinavia AB Sweden	11 15,229	100,00%	15,625	11 11	(7,568)		7,589 (382)
Haulotte Singapore Ltd. Singapore	0 (272)	100,00%	124	0 0	4,083		7,489 (399)



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Haulotte Trading (Shanghai) co. Ltd. China	644 (276)	100,00%	(639)	550 0	62	3,982 (276)
Haulotte UK Ltd U.K.	1 (3,354)	100,00%	(3,709)	2 0	24,293	12,883 353
Haulotte US Inc U.S.A	2 (18,004)	100,00%	(12,731)	3 0	54,709	18,131 (5,312)
Haulotte Vostok Russia	70 (815)	100,00%	(256)	80 0		8,523 (638)
Horizon High Reach Limited Argentina	411 2,857	100,00%	2,061	5,065 5,065		3,207 390
Levanor Maquinaria de Elevacion S.A. Spain	100 1,136	91,00%	1,411	300 300	4,089	2,944 (374)
NO.VE. S.R.L. Italia	103 230	100,00%	293	564 564	18,304	9,948 (167)

⁽¹⁾ Including Capital and Net income.

⁽²⁾ The turnover shown for each subsidiary includes interest revenue on finance leases.

For foreign subsidiaries, figures presented are translated at the year-end closing exchange rate except for revenue which is translated at the average exchange rate of the period.

NOTE 5 - INVENTORIES

In thousands of euros	Inventories at 31/12/2010			Inventories at 31/12/2009		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials	8,962	(1,406)	7,556	9,822	(1,051)	8,771
Work in progress	5,701		5,701	5,107		5,107
Finished goods	33,805	(1,275)	32,530	54,663	(828)	53,835
Trade goods	5,415	(1,468)	3,947	5,520	(1,273)	4,247
TOTAL	53,883	(4,149)	49,733	75,112	(3,152)	71,960

Inventories levels declined overall of 31% in 2010. Raw material inventories reduced by 14%. The decline in stocks of finished goods by almost 40% is due to lower volumes of machines in stock.



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NOTE 6 - TRADE RECEIVABLES

In thousands of euros	31/12/2010	31/12/2009
Trade receivables	50,542	42,307
Provisions	(9,192)	(8,829)
NET TRADE RECEIVABLES	41,350	33,478

The rise in receivables is due to new contracts concluded and delivered at the end of the year.

NOTE 7 - MATURITY OF RECEIVABLES AND PAYABLES

The receivables are as follows:

In thousands of euros	Total	<1 year	> 1 < 5 year	> 5 year
Current accounts & loans to subsidiaries	269,066	207,813		61,253
Trade receivables	50,542	43,890		6,652
Other receivables	28,358	2,299	26,059	
<i>of which income tax carry-back</i>			<i>26,059</i>	

Income tax carry-back:

The company has opted for the carry back of tax losses. As a result an income tax receivable of €12,178 thousand was recognised in 2010. A receivable had already been recorded in 2009 for €13,911 thousand.

NOTE 8 - ACCRUALS

In thousands of euros	31/12/2010	31/12/2009
Prepaid expenses	672	565
Operating expenses :	672	565
Financial expenses :	-	-
Deferred revenue	70	-
Unrealised foreign exchange losses	8,193	11,010
On receivables	8,169	10,992
On payables	24	18
Unrealised foreign exchange gains	8,182	5,968
On receivables	8,177	5,957
On payables	5	11



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 9 - OTHER ACCRUED ASSETS AND LIABILITIES

9.1 Accrued liabilities

In thousands of euros	31/12/2010	31/12/2009
Bank borrowings	442	641
Trade payables	8,998	7,128
Tax and employee-related payables	1,287	1,777
Other payables	30	91
TOTAL	10,757	9,637

9.2 Accrued assets

In thousands of euros	31/12/2010	31/12/2009
Accounts receivable	2,344	2,562
Other receivables	1,125	669
Accrued interest	13	115
TOTAL	3,482	3,346

NOTE 10 - SHAREHOLDERS' EQUITY

Detail of share capital

In euros	31/12/2009	Increase	Decrease	31/12/2010
Number of shares	31,191,669	22,460		31,214,129
Nominal value in euros	0.13	0.13		0.13
Share capital in euros	4,054,917	2,920		4,057,837

Statement of changes in shareholders' equity (in thousands of euros)

Shareholders' equity at 31/12/2009	201,265
Capital increase	3
Cancellation of treasury shares	
Increase in additional paid-in capital	91
Decrease of reserves following the elimination of treasury shares	
Dividends distributed	
Change in regulated reserves	(274)
Profit/(loss) for the period	(26,746)
Shareholders' equity at 31/12/2010	174,339

STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 11 - IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE FINANCIAL STATEMENTS

Company name – registered office	Legal form	Capital	Capital of Haulotte Group SA owned
SOLEM 93 Epinay sur Seine - France	S.A.S	490	55.93

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In thousands of euros	31/12/2009	Allowances	Provisions used in the period	Reversal of unused provisions	31/12/2010
Warranty provisions	1,204	3,185	1,204		3,185
Provisions for foreign exchange losses	11,010	8,193	11,010		8,193
Provision for pensions	936	260	44		1,152
Other contingencies and commitments	471			39	432
TOTAL	13,621	11,638	12,258	39	12,962
Recognised under operating profit		3,445	1,248		
Recognised under financial profit		8,194	11,010		
Recognised under extraordinary profit			39		
TOTAL		11,638	12,297		

Provisions for post-employment benefits

Retirement commitments are estimated according to the projected unit credit method using end-of-career wages according to the procedures described in paragraph 2.8, on the basis of the following assumptions :

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

STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

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

At 31 December 2010, the provision was split between :

- €960 thousand for pensions provisions
- €192 thousand for long-service award provisions.

NOTE 13 - BORROWINGS

Bank borrowings

In 2005 Haulotte Group secured a 7-year syndicated loan of €330 million. The loan was contracted at a variable rate of interest indexed on the 3-months Euribor.

Subsequent amendments changed in 2006, then 2009 and finally June 2010 – following the breach of debt ratios during the year 2009 – the total amount and division of this credit in different tranches.

The following information relating to the syndicated loan detail :

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

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

⁽¹⁾ credit line decreased of €50 million as per June 2010 amendment

⁽²⁾ credit line increased of €50 million as per June 2010 amendment

⁽³⁾ maximum credit line reduced from €80 million to €75 million in July 2010, to €69 million in July 2011 and to €63 million in July 2012

STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

The change in the different bank borrowings over the year 2010 can be summarized as follows :

In thousands of euros	Loan balance at 31 Dec. 2009	Net change of the revolving porting	Change	Repayment in accordance with June 2010 amendment	Contractual repayment in July 2010	Loan balance at 31 Dec. 2010
Tranche A	52,492				(17,497)	34,995
Tranche B	120,000			(50,000)	(14,000)	56,000
Tranche C	31,000				(7,750)	23,250
Tranche D	17,500	21,000				38,500
Sub-total	220,992	21,000		(50,000)	(39,247)	152,745
Other	641		(107)			534
Total	221,633	21,000	(107)	(50,000)	(39,247)	153,279

As indicated in the note 1, and in accordance with new terms and conditions of the syndicated loan, drawings on the tranche D that were previously disclosed together with bank overdrafts (€17.5 million at 31 December 2009), have been reclassified between short-term and long-term bank borrowings according to their due dates (at 31 December 2010, the whole amount of €38.5 million drawn on this credit line is due at more than one year).

The syndicated loan is secured by collateral, detailed in the note 23 "Off Balance Sheet commitments".

A swap agreement has been implemented to cover the risks of interest rate fluctuations (note 29).

Other loans and borrowings

In thousands of euros	31/12/2009	Increase	Decrease	31/12/2010
Other loans	420			220
Deposits	58		200	58
Total	478		200	278

NOTE 14 - MATURITY OF CREDITORS

The maturity of creditors at 31 December 2010 is as follows :

In thousands of euros	Total	< 1 year	> 1 < 5 year	> 5 year
Trade payables	18,380	18,380		
Tax and employee related liabilities	3,461	3,461		
Payables to fixed assets suppliers	800		800	
Other liabilities	25,117	25,117		
<i>of which current accounts</i>		<i>25,086</i>		

Notes payables at 31 December 2010 totalled €975 thousand (31 December 2009 : € 1,312 thousand).



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 15 - RELATED PARTIES BALANCE SHEET TRANSACTIONS

Main balance sheet aggregates representing transactions with related parties are :

In thousands of euros	31/12/2010	31/12/2009
Equity investments	16,495	16,049
Receivables from investments	269,065	298,976
Accounts receivable	29,223	31,304
Other receivables	0	0
Payables to fixed assets suppliers *	(800)	(1,400)
Trade payables	(5,593)	(4,390)
Other payables	(25,298)	(22,993)
NET RECEIVABLES (PAYABLES)	283,139	317,546

* debt on acquisition of shares of our Chinese subsidiary

According to Regulation No. 2010-02 issued by the ANC (French accounting standards authority) on 2 September 2010, we confirm the existence of significant transactions with related parties. However, these have been entered into on standard market conditions.

NOTE 16 - SALES

In thousands of euros	France	Export	Total
Sales of equipment	27,072	66,461	93,531
Sales of services	1,177	3,637	4,815
TOTAL	28,249	70,098	98,346

NOTE 17 - RELATED PARTIES INCOME STATEMENT TRANSACTIONS

In thousands of euros	2010	2009
Operating income	77,427	77,145
Financial income	6,125	8,247
Financial expense	550	593



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 18 - FINANCIAL AND EXTRAORDINARY INCOME AND EXPENSE

18.1 Net financial expense

In thousands of euros	Profit / (loss) 31/12/10	Profit / (loss) 31/12/09
Change in provisions for impairment of shares and advances to subsidiaries	(21,709)	(28,622)
Interest on bank overdrafts and current account loans	5,575	7,654
Interest on borrowings and bank fees	(6,950)	(5,266)
Foreign exchange : gains, losses, changes in provisions	6,009	9,547
Details by currency :		
USD	2,916	
GBP	1,784	
AUD	1,314	
PLN	(5)	
	6,009	
Treasury shares	2,859	904
Income from marketable securities	76	147
Debt waivers	(400)	(8,097)
Late payment interest and discounts	20	187
TOTAL	(14,520)	(23,546)

18.2 Extraordinary profit (loss)

In thousands of euros	Expense 31/12/10	Income 31/12/10	Expense 31/12/09	Income 31/12/09
Fines and penalties	3		47	
Provisions for lawsuit contingencies		39	113	32
Other extraordinary income (expense)	213	18	240	749
Losses/gains from treasury shares	0		0	
Proceeds from the disposal of PPE	393	367	1,583	1,317
Proceeds from the disposal of financial assets	0		0	
Exceptional depreciation expenses	178	452	258	1,621
Excess tax depreciation			303	
TOTAL	787	876	2,544	3,719

STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 19 - BREAKDOWN OF TAX INCOME BETWEEN CURRENT INCOME AND EXTRAORDINARY PROFIT (LOSS)

In thousands of euros	Pre-tax income	Corporate income tax	After tax income
Current income	(39,189)	12,384	(26,805)
Extraordinary profit (loss)	88	(29)	59
TOTAL	(39,101)	12,355	(26,746)

The breakdown of tax between current income and extraordinary income has been determined by applying the legal tax rate respectively to a current tax income and an extraordinary tax income.

NOTE 20 - DEFERRED TAXES

In thousands of euros	Basis	Deferred tax
Expenses recorded not deductible for tax purposes		
Employee profit-sharing		
"Organic" tax	156	52
Provision for inventory losses	3,150	1,050
Provision for trade receivable losses	2,881	960
Provision for pensions	960	320
Taxable income not recorded in the accounting income	8,182	2,727
NET DEFERRED TAXES	15,329	5,109

NOTE 21 - TAX CONSOLIDATION

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2010 the entities Haulotte France, ABM Industries, Télescopelle and Haulotte Services.

Under this tax sharing agreement, the income tax of entities is incurred by subsidiaries as if they are not included in a tax group.

NOTE 22 - FEES ALLOCATED TO DIRECTORS AND OFFICERS

Amount allocated to Board members expensed by the Company totalled €589 thousand in 2010 versus €696 thousand in 2009.

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

STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

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 former executives.

NOTE 23 - OFF-BALANCE SHEET COMMITMENTS

23.1 Finance lease commitments

Lease payments paid and received

In thousands of euros	Fiscal year	Paid		Received	
		Fiscal year	Accumulated	Fiscal year	Accumulated
Equipment held by Haulotte Group SA	-	-	-	12	40,875
TOTAL	-	-	-	12	40,875

Lease payments to be received

In thousands of euros	Total	Less than 1 year	1 - 5 years	More than 5 years	Residual value at end of the lease	Total commitment
Equipment held by Haulotte Group SA	17	8	9	-	4	21
<i>of which financial expense</i>	2			-		2
TOTAL	18	8	9	-	4	21
				Net commitment:		17

23.2 Other commitments given

Commitments to continue lease payments

These represent commitments by the Company to financial institutions guaranteeing lease payments in the event of customer default.

In thousands of euros	31/12/2010	31/12/2009
< 1 year	5,377	4,562
1 - 5 years	6,050	6,921
> 5 years		
TOTAL	11,427	11,483



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

Risk pool

Risk pool commitments relate to the sale of aerial work platforms to financial institutions who lease Haulotte Group SA lifts to their end customers and for which Haulotte Group SA has given a guarantee limited to a certain percentage of the sales volume generated by such institutions. The amounts as off-balance sheet commitments include the share of lease payments outstanding by end customers for which Haulotte Group SA has stood guarantee :

of which €372 thousand given to Haulotte Polska
of which €577 thousand given to Haulotte Iberica
of which €152 thousand given to Haulotte UK
of which €464 thousand given to Haulotte US
of which €388 thousand given to Haulotte Australia
of which €692 thousand given to Haulotte Italia
of which €85 thousand given to Haulotte Singapore

In thousands of euros	31/12/2010	31/12/2009
< 1 year	1,552	4,600
1 - 5 years	1,178	6,902
> 5 years		
TOTAL	2,730	11,502

Repurchase commitments given to institutions providing financing to customers

This concerns commitments given by the company to financial institutions to substitute for customers who do not exercise their purchase option

of which €630 thousand given to Haulotte France
of which €7,086 thousand given to Haulotte Iberica
of which €1,647 thousand given to Haulotte Polska

In thousands of euros	31/12/2010	31/12/2009
< 1 year	3,820	1,593
1 - 5 years	5,539	9,622
> 5 years	4	
TOTAL	9,363	11,215

Debt guaranteed by collateral

In thousands of euros	31/12/2010	31/12/2009
Bank borrowings :		
Goodwill, business assets and shares in Haulotte UK pledged as collateral	152,745	220,992



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

Commitments granted to the banking syndicate as collateral to the syndicated loan

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

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

23.3 Contingent liabilities

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

NOTE 24 - COMMITMENTS RECEIVED

In thousands of euros	31/12/2010	31/12/2009
Commitment received from Télescopelle as a beneficiary of a debt waiver with a repayment clause	1,450	1,450
Commitment received by UK Platforms as a beneficiary of a debt waiver with a repayment clause for £4,085 thousand or € 5,911 thousand	5,911	5,911
Commitment received by UK Platforms as a beneficiary of a debt waiver with a repayment clause for £3,900 thousand or €4 330 thousand.	4,330	4,330
Commitment received by Nove as a beneficiary of a debt waiver with a repayment clause for €400 thousand.	400	

NOTE 25 - INFORMATION ON EMPLOYEE STOCK OPTION PLANS

	Plan N°3
Board of director's meeting date	8-july-03
Number of stock options granted on inception	159 200
Number of shares available for subscription	-
Commencement of the option exercise period	8-july-07
Expiry date	8-july-10
Subscription or purchase price	€4.19
Number of shares subscribed at 31 December 2010	107,260

The plan N°3 ended 8 July 2010. At the end of the year, there is no stock option plan on-going.



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

NOTE 26 - AVERAGE HEADCOUNTS

	31/12/2010	31/12/2009
Managers	187	198
Office employees, technicians	127	139
Workers	323	345
TOTAL	637	682

NOTE 27 - INDIVIDUAL TRAINING BENEFITS

At 31 December 2010 rights vested but not exercised by Haulotte Group SA in connection with the French individual training entitlement benefit (DIF) represented €590 thousand for a total of 45,928 hours.

NOTE 28 - FOREIGN EXCHANGE RISKS EXPOSURE

The Company is mainly exposed to foreign exchange risks with receivables in US dollars, Australian dollars and pound sterling. A portion of this exposure is hedged by forward purchases of the relevant currencies and by a specific hedging instrument in US dollars.

Significant receivables (net of provisions), payables and commitments in foreign currency not hedged

Foreign exchange exposure In thousands of euros	Currencies				
	AUD	BRL	GBP	USD	PLN
BALANCE SHEET					
Receivables ⁽¹⁾	11,893		64,770	69,446	
of which Group receivables	11,866		64,028	50,414	
of which non-Group receivables	27		742	19,032	
Payables ⁽²⁾	75			1,664	4
of which Group payables	75			939	
of which non-Group payables				725	4
OFF-BALANCE SHEET COMMITMENTS ⁽³⁾					
Group commitments given	388	103	784	475	
Non-group commitments given					

⁽¹⁾ Financial receivables, trade receivables

⁽²⁾ Borrowings, trade payables, others

⁽³⁾ This concerns commitments to cover lease payments and risk pools mentioned in section 23.2



STATUTORY ACCOUNTS

Fiscal year ended 31 December 2010

Significant receivables, payables and commitments in foreign currency that are hedged

Foreign exchange exposure In thousands of euros	Currencies				
	AUD	AED	GBP	USD	DZD
BALANCE SHEET					
Receivables ⁽¹⁾				12,425	
of which Group receivables				12,425	
of which non-Group receivables					

⁽¹⁾ Financial receivables, trade receivables

Receivables in US dollars are hedged at an exchange rate of €1.1204

NOTE 29 - INTEREST-RATE RISKS

The company has purchased interest rate swaps with maturities of 1 to 5 five years. The market valuation of these financial instruments represented a negative position of €4,423 thousand.

NOTE 30 - CASH FLOW STATEMENT

In thousands of euros	2010	2009
Net income	(26,746)	(27,040)
Depreciation and change in provisions	20,987	17,070
Gain and losses from disposal of fixed assets	27	(266)
Gross cash flow from operations	(5,732)	(10,236)
Change in operating working capital	16,616	64,993
Net cash flow from operating activities	10,884	54,757
Purchases of fixed assets	28,062	(41,107)
Proceeds from the sales of fixed assets, net of tax	367	1,867
Changes in payables on fixed assets	-	-
Net cash flow from investing activities	28,429	(39,240)
Loan issues	21,441	50,761
Repayment of borrowings	(90,088)	(9,338)
Cash capital increases	94	9
Dividends paid to shareholders		(6,457)
Net cash flows from financing activities	(68,553)	34,975
Net change in cash and cash equivalents	(29,240)	50,492
Opening cash and cash equivalents	34,907	(15,584)
Other changes *	(17,500)	
Closing cash and cash equivalents	23,167	34,907

* corresponds to the reclassification of the revolving credit line from bank overdrafts to bank borrowings in accordance with the renegotiation of the credit terms with banks (refer to notes 1 and 13).



STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Fiscal year ended 31 December 2010

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

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

Haulotte Group SA

L'Horme

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying financial statements of Haulotte Group SA;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I. OPINION ON THE 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 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 financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Notes 1 and 13 to the financial statements which state that, subsequent to the Company's failure to comply with financial ratios in the second half of 2009, negotiations with banks led to the signing of an amendment to the syndicated loan agreement in June 2010. This amendment sets out the new terms and conditions applicable to the loan until its maturity date in July 2013.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Fiscal year ended 31 December 2010

II. JUSTIFICATION OF OUR ASSESSMENTS

Accounting estimates used for the preparation of the financial statements for the year ended 31 December 2010 were made in the context of continuing difficulty in assessing the economic outlook. 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 matter:

Shares in subsidiaries, receivables from investments, treasury shares and trade receivables have been valued in accordance with the methods described in Notes 2.3 and 2.5 to the financial statements. Our work consisted in reviewing the approach used by the Company and assessing the reasonableness of the resulting estimates.

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 VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, in respect of the accuracy and fair presentation of this information, we have the following observation to make: the Company has not provided the required information concerning non-executive corporate officers.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Lyon and Paris, 15 April 2011
The Statutory Auditors

PricewaterhouseCoopers Audit
Elisabeth L'hermite

Hoche Audit
Dominique Jutier