CONSOLIDATED FINANCIAL STATEMENTS 2017

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros

	Note	31/12/2017	31/12/2016
Goodwill	8	15 722	17 672
Intangible assets	9	20 398	19 166
Property, plant and equipment	10	57 181	58 789
Investment in affiliates	11	8 672	8 346
Financial assets	12	3 724	5 347
Deferred tax assets	27	16 880	14 620
Trade receivables from financing activities > 1 year	14	20 162	24 317
Other non current assets		4	5
NON CURRENT ASSETS (A)		**142 743**	**148 262**
Inventory	13	108 732	111 690
Trade receivables	14	115 148	111 932
Trade receivables from financing activities < 1 year	14	9 993	12 643
Other assets	15	33 972	22 952
Cash and cash equivalents	18	24 481	24 628
Financial derivative instruments	19	-	51
CURRENT ASSETS (B)		**292 326**	**283 896**
TOTAL ASSETS (A+B)		**435 069**	**432 158**

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

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CONSOLIDATED BALANCE SHEET - LIABILITIES

In thousands of euros

	Note	31/12/2017	31/12/2016
Share capital	20	4 078	4 078
Share premiums	20	91 720	94 305
Consolidated reserves and income		142 925	138 737
SHAREHOLDERS'EQUITY BEFORE MINORITY INTERESTS (A)		**238 723**	**237 120**
Minority interests (B)		(399)	(486)
TOTAL EQUITY		**238 324**	**236 634**
Long-term borrowings	21	68 012	74 638
Deferred tax liabilities	27	4 338	8 098
Provisions	23	5 583	5 240
NON-CURRENT LIABILITIES (C)		**77 933**	**87 976**
Trade payables	25	62 352	52 580
Other current liabilities	26	31 068	22 953
Current borrowings	21	14 293	24 782
Provisions	23	11 099	6 822
Financial derivative instruments	19	-	412
CURRENT LIABILITIES (D)		**118 812**	**107 549**
LIABILITIES AND SHAREHOLDERS'EQUITY (A+B+C+D)		**435 069**	**432 158**

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CONSOLIDATED INCOME STATEMENT

In thousands of euros

	Note	31/12/2017		31/12/2016	
Sales and revenue	28	509 951	100%	457 773	100%
Cost of sales	29	(377 063)	-73,9%	(342 667)	-74,9%
Selling expenses		(30 792)	-6%	(30 137)	-6,6%
General and administrative expenses	30	(50 405)	-9,9%	(48 704)	-10,6%
Research and development expenditures	31	(8 462)	-1,7%	(8 533)	-1,9%
Exchange gains and losses	32	(1 215)	0,2%	(1 264)	0,3%
CURRENT OPERATING INCOME		**42 014**	**8,2%**	**26 468**	**5,8%**
Other operating income and expenses	35	(5 961)	-1,2%	(1 099)	-0,2%
OPERATING INCOME		**36 053**	**7,1%**	**25 369**	**5,5%**
Share of profit of affiliates	11	962		775	
OPERATING INCOME after share of profit of affiliates		**37 015**	7,3%	**26 144**	5,7%
Cost of net financial debt	36	(1 693)		(2 197)	
Exchange gains and losses	32	(10 866)		2 308	
Other financial income and expenses	36	(3 364)		(255)	
INCOME BEFORE TAXES		**21 092**	**4,1%**	**26 000**	**5,7%**
Income tax	37	(3 404)	-0,7%	(2 745)	-0,6%
NET INCOME		**17 688**	3,5%	**23 255**	5,1%
attributable to equity holders of the parent		17 610		23 289	
attributable to minority interests		78		(34)	
Net earnings per share	39	**0,60**		**0,79**	
Net diluted earnings per share	39	**0,60**		**0,79**	

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

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FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	31/12/2017	31/12/2016
Profit / (loss) for the year		**17 688**	**23 255**
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS			
Currency translation differences for cash items relating to net investments in foreign operations		(11 083)	5 990
Currency translation differences from financial statements of subsidiaries		(2 578)	(6 403)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS			
Actuarial gains and losses on employee benefits	24	16	(390)
Income tax	27	3 601	(1 908)
Net income / (expense) recognised directly in equity		**(10 044)**	**(2 711)**
Total consolidated comprehensive income		**7 644**	**20 544**
attributable to equity holders of the parent		7 566	20 567
attributable to minority interest		78	(23)

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

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CONSOLIDATED CASH FLOW STATEMENT

In thousand of euros	Note	31/12/2017	31/12/2016
Net income for continuing and discontinued operations		**17 688**	**23 255**
Depreciation and amortisation		13 445	12 286
Change in provisions (except for current assets)		6 566	(582)
Change in financial derivative instruments fair value		51	(77)
Unrealised foreign exchange gains and losses		10 166	(2 984)
Change in deferred taxes		(3 896)	(3 400)
Gains and losses from disposals of fixed assets		(1 612)	(1 519)
Interests on bank borrowings		1 683	2 169
Share of profit in affiliates		(962)	(775)
GROSS CASH FLOWS FROM OPERATIONS		**43 129**	**28 370**
Change in operating working capital	41	(4 440)	955
Change in receivables from financing activities	42	2 286	(1 569)
Change in other non current assets		-	-
CASH FLOWS FROM OPERATING ACTIVITIES		**40 975**	**27 756**
Purchases of fixed assets		(18 864)	(18 321)
Proceeds from the sales of fixed assets, net of tax		2 505	3 281
Impact of changes in scope of consolidation		634	532
Change in payables on fixed assets		-	-
CASH FLOWS FROM INVESTING ACTIVITIES		**(15 725)**	**(14 510)**
Dividends paid to shareholders		(6 506)	(4 975)
Loans issues		17 544	12 540
Borrowings repayments		(27 927)	(16 360)
Treasury shares		569	79
CASH FLOWS FROM FINANCING ACTIVITIES		**(16 320)**	**(8 716)**
NET CHANGE IN CASH AND CASH EQUIVALENT		**8 930**	**4 530**
Opening cash and cash equivalents	43	15 324	10 844
Effect of exchange rate changes		(1 377)	(50)
Closing cash and cash equivalents	43	22 877	15 324
NET CHANGE IN CASH AND CASH EQUIVALENT		**8 930**	**4 530**

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

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STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Capital	Share pre-miums	Conso-lidated reserves*	Profit for the period	Treasury shares **	Transla-tion diffe-rences	Actuarial gains and losses on employee benefits	Group share	Minority Interests	Total
Balance at 31 December 2015	**4 064**	**92 811**	**130 707**	**27 816**	**(14 260)**	**(18 547)**	**(1 030)**	**221 561**	**(484)**	**221 077**
Change in capital of the parent company	14	1 494						1 508	40	1 548
Appropriation of 2015 net income			27 816	(27 816)				-		-
Dividends paid by the parent company			(6 481)					(6 481)		(6 481)
Net income for the period				*23 289*				*23 289*	*(34)*	*23 255*
Net income / (expense) recognised directly in equity						*(2 434)*	*(286)*	*(2 720)*	*9*	*(2 711)*
Total consolidated comprehensive income		-	-	23 289	-	(2 434)	(286)	20 569	(25)	20 544
Treasury shares					80			80		80
Other changes			(117)					(117)	(17)	(134)
Balance at 31 December 2016	**4 078**	**94 305**	**151 925**	**23 289**	**(14 180)**	**(20 981)**	**(1 316)**	**237 120**	**(486)**	**236 634**
Change in capital of the parent company	-							-	-	-
Appropriation of 2016 net income			23 289	(23 289)				-		-
Dividends paid by the parent company		(2 585)	(3 921)					(6 506)		(6 506)
Net income for the period				*17 610*				*17 610*	*78*	*17 688*
Net income / (expense) recognised directly in equity						*(10 045)*	-	*(10 045)*	*1*	*(10 044)*
Total consolidated comprehensive income		-	-	17 610	-	(10 045)	-	7 565	79	7 644
Treasury shares					569			569		569
Other changes			(23)					(23)	9	(14)
Balance at 31 December 2017	**4 078**	**91 720**	**171 270**	**17 610**	**(13 611)**	**(31 026)**	**(1 316)**	**238 725**	**(398)**	**238 326**

* Consolidated reserves primarily consist of retained earnings.

** For the three periods, the amount of treasury shares has been disclosed at the book value, and the correction in consolidated reserves.

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

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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 2017 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on 13 March 2018. Figures are expressed as thousands of euros.

NOTE 2 - MAJOR EVENTS OF THE FISCAL YEAR

No major event has to be highlighted for the period ended 31 December 2017.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statements of compliance

As a publicly traded company listed in the European Union and in accordance with EC regulation 1606/2002 of 19 July 2002, the Group's consolidated financial statements for fiscal year ended 31 December 2017 have been prepared according to IFRS (International Financial Reporting Standards) as adopted by the European Union on 31 December 2017.

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 of standards in issue taking effect in 2016

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

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Standard or interpretation	Nature of change expected on accounting principles and methods	Impact of Haulotte Group's first-time application
Amendments to IAS 7 - Statement of Cash Flows	Additional disclosure to evaluate changes in liabilities arising from financing activities	See note 21
Amendments to IAS 12 - Income Taxes	Clarification on how to determine the existence of future taxable profits required for the recognition of deferred tax assets for unrealised losses	The application does not have a significant impact on the annual financial statements or the comparative financial statements for the period ending 31 December 2016
2014-2016 annual improvement cycle	These amendments concerned mainly the disclosure of interests in other entities (IFRS 12). This information also applies to investments classified as interest held for sale for distribution to owners and discontinued operations in accordance with IFRS 5	These new pronouncements are not applicable to the Group's financial statements.

New standards, amendments or interpretations applicable in advance

The Group did not anticipate and does not expect to anticipate for the text adopted by the European Union at the closing date but applicable for the following exercises.

IFRS 15

IFRS 15, "Revenue from customer contracts", Published in May 2014 and adopted by the European Union in October 2016, and the amendment "Clarifications to IFRS 15" are applicable for periods starting on or after 1 January 2018. Their scope of application covers all customer contracts, except lease agreements, insurance policies and financial instruments which are covered by other standards. This standard introduces new principles for revenue recognition, as well as new provisions on disclosures to be included in the notes. It establishes the basic principle whereby the recognition of revenue must reflect the transfer to the customer of the control of a good or service, in an amount that reflects the consideration to which the seller expects to be entitled when the contractual obligations are fulfilled.

Concerning the application of IFRS 15, within the framework of a special project, the Group has analyzed existing accounting methods with regard to the provisions of this new standard. This analysis was carried out for different types of contracts existing within the Group.

This analysis highlighted the following points:

Contract type	Current accounting treatment	Accountingtreatment IFRS 15
Sale of machines	Recognition of revenue upon delivery of the good	Unchanged
Machine rental	Recognition of revenue upon the rental of the good	Not covered by IFRS 15
Service agreement involving the provision of a service – basic sale / service	Recognition of revenue upon performance of the service	Unchanged
Services - Long-term contracts	Recognition of revenue on a straight-line basis over the term of the contract	Unchanged

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IFRS 9

IFRS 9, "Financial instruments" issued in July 2014 and adopted by the European Union in November 2016, is applicable for periods starting on or after January 1, 2018 and replaces IAS 39. The standard concerns how to classify and measure financial assets, including a new model for expected future losses to calculate the impairment of financial assets. For financial debt, the standard retains most of the provisions of IAS 39. The Group is in the process of analyzing the standard with respect to its application and does not anticipate any significant effect.

IFRS 16

IFRS 16 "Leases" issued in January 2016 and adopted by the European Union in November 2017 is applicable no later than for periods starting on or after 1 January 2019. This standard presents a detailed model for identifying leases and defines the treatment to be adopted by lessors and lessees in their respective financial statements. It replaces IAS 17 and its interpretations.

The new standard applies a control model for the definition of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Significant modifications were introduced for the recognition of a lease by the lessee as the current distinction between finance leases and operating leases is eliminated. The lessee is required to recognize a "right-of- use" asset and the related lease liability in the statement of financial position. Limited exceptions are allowed when the lease term is 12 months or less or the underlying asset has a low value.

This standard will be applied by the Group as from 1 January 2019.

The project launched to evaluate the effects of this standard and manage all aspects of the transition will continue until the end of 2018. The Group is currently in the process of identifying and analyzing leases in order to collect the necessary information to be ready to apply the new standard.

New standards and interpretations not yet adopted by the European Union

The Group does not anticipate or plan at this stage early adoption of other new standards or interpretations published by IASB or IFRIC but not yet adopted by the European Union at the closing date.

3.2 Critical accounting estimates and judgements

3.2.1 Critical accounting estimates and assumptions

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

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

- estimated impairment of goodwill (cf. note 4.1),
- evaluation of customer counterparty risk: evaluation of the recoverable value of trade receivables (see note 4.6) is based on credit rating procedures (see note 5 c) and, when applicable, analysis based on the Group's ability to recover the equipment in the case of customer default and proceed with their sale for a specified value. This resale value is estimated on the basis of data for the sale of used machines previously carried out by the Group over a period of several years. The consistency of these values with quoted prices for second hand assets generally accepted on the market is also verified.

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Today, there are no factors which might call into question the valuation of this recoverable value and notably the validity of quoted prices of second-hand equipment. Nevertheless, deterioration in the future of the market values of second-hand equipment could result in the recognition of additional impairment charges for trade receivables.

- net realisable value of inventory (cf. note 4.5): the net realisable value of work in progress and finished goods at 31 December 2017 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 4.6.2) is based on the assumption that has been almost systematically verified to date of the attractiveness of the option to repurchase equipment offered to customers when compared to the current sales prices in the second-hand equipment market. If this assumption ceases to be confirmed, the accounting treatment of such future transactions should be adapted in consequence.

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

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

- revenue recognition, notably in the context of tripartite agreements described in notes 4.6.2 to 4.6.4
- amortisation and depreciation periods for fixed assets (cf. note 4.3),
- the valuation of provisions, notably for manufacturer warranties (cf. note 4.10) and for pension liabilities (cf. note 4.9),
- the recognition of deferred tax assets (cf. note 4.12).

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

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

The main material risks and uncertainties that could have a material impact on the Group identified at 31 December 2017 relate on the one hand to the market risk, to the monetary environment of the Group and, on the other hand, items relating to its liquidity.

Fiscal year 2017 was marked by revenue growth of 12 % (at constant exchange rates). Over the year, all the group activities show a growth at constant exchange rate, particularly the activities of sales of machines (+13%) and renting (+16%).

The Group maintains its policy of a centralised management of foreign exchange as described in note 5.a) and pays specific attention to the variation of foreign currencies on its main markets, as these could significantly affect its financial performance.

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During the year, the Group continues to diversify its financing (see note 21).

The liquidity risk is described in detail in note 5.d). Based on the level of cash resources and credit lines open and available at 31 December 2017 compared with cash forecasts for the first few months of 2018, there are no reasons that would call into question the Group's ability to ensure its liquidity. There is no repayment schedule for 2018 for the syndicated loan following the extension in time. Concerning other borrowings, amounts due in 2018 total to € 4 279 thousand.

3.3 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.

Equity method is used for all associated companies in which the Group exerts significant influence. According to this method, Haulotte Group records in a specific caption of the consolidated income statement its share in the net income of the company consolidated using equity method. All companies concerned by this treatment are at this time considered to extend the Group's activity as defined by the standards, and this share of net income is therefore disclosed as part of the operating income in the specific caption "Share of profit of affiliates extending the Group's activity".

The list of subsidiaries included in the consolidation scope is shown in note 7.

3.4 Intercompany balances and transactions

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

3.5 Foreign currency translation of foreign subsidiaries financial statement

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

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

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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. There amounts are then included in the disposal result in the other income and expenses line.

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.

3.6 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. In the event of the prepayment of a current account balance considered equivalent to a net investment in a foreign operation, the reduction of the associated investment is assessed on the basis of relative value.

3.7 Business combinations

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

- The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (Revised). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognised in the acquirees's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred.

- The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the Group's share in the fair value of the acquired identifiable net assets exceeds the cost of acquisition, that difference is recognised directly in the income statement (see note 4.1).

- For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account tha acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.

- In the case of a bargain purchase, the resulting gain is recognised as non-recurring income, if the amount is material.

- Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss (line "Other operating income and expenses").

- In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognised as non-recurring income or expense.

3.8 Segment reporting

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

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

- the manufacture and sale of lifting equipment,

- the rental of lifting equipment,

- services (spare parts, repairs and financing).

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

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

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

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

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

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NOTE 4 - PRINCIPLES AND METHODS FOR THE VALUATION OF KEY BALANCE SHEET AGGREGATES

4.1 Goodwill

Goodwill related to consolidated companies is booked to balance sheet assets under "Goodwill". They result from the application of the principles of business combinations described in note 3.7 above.

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

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

The Group has defined different CGUs:

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

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

Goodwill impairment charges are irreversible.

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

4.2 Intangible assets

a) Development expenditures

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

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

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

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

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

b) Other intangible assets

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

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

4.3 Property, plant and equipment

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

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

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

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

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

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

Contracts corresponding to operating leases are not restated.

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

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

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

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

4.4 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.

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

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

Information on derivatives used by the Group is provided in a separate note (note 5).

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4.5 Inventories and work in progress

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

- Materials and supplies cost is determined using the average cost method based on the weighted average cost per unit,
- The cost of finished goods and work in progress includes direct production costs and factory overhead (based on normal operating capacity),
- Traded goods inventories are recorded at purchase price (spare parts) or at their trade-in value (second-hand machines),
- The net realisable value is the estimated selling price in the ordinary course of business less applicable expenses to sell or recondition the goods.

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

4.6 Trade receivables

There are four categories of trade receivables:

- Receivables resulting from transactions with customers obtaining financing directly (4.6.1) 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 (4.6.2),
- Receivables resulting from finance leases with financing provided by Haulotte Group (4.6.3),
- Receivables resulting from back-to-back arrangements (4.6.4).

The accounting treatment for each transaction category is described below.

4.6.1 Sales without Group financing or guarantees

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

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

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

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

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4.6.2 Sales including guarantees granted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

Haulotte Group measures at the date of the balance sheet the risk of the guarantees granted being activated by reviewing payment default reported by financial institutions. In this case a provision for impairment loss is recorded, determined as described in note 4.6.1.

Concerning the fourth type of guarantee, commitments to repurchase equipment, an analysis of the equipment repurchase price granted demonstrates that most of the risks and rewards have been transferred. Indeed, the end customer exercises in virtually all cases the option granted 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.

4.6.3 Financial leases

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

The accounting treatment for these agreements is as follows:

- equipment sales are recognised under "sales and revenue" in the income statement on the date the parties sign the lease agreement,
- a trade receivable (under "receivables from financing activities" in the balance sheet) is recognised vis-a-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.

4.6.4 Back-to-back lease arrangements

Haulotte Group has no more recourse to this type of contracts.

4.7 Cash and cash equivalents

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

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

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

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4.8 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.

4.9 Employees benefits

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised among equity items in other comprehensive income for the period in which these gains or losses are incurred. Previously, these actuarial gains and losses were recognised in the income statement of the period in which they were generated.

4.10 Provisions and contingent liability

In general a provision is recorded when:

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

Warranty provision

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

Litigations

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

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

Contingent liability

The Group can, in some cases, identify the existence of a contingent liability defined as follows

- a potential obligation resulting from past events and that will be confirmed by the occurrence of (or not) of one or several future and uncertain events that are not under the total control of the entity or
- a current obligation resulting from past events but not accounted for because
    - it is not probable that a resources output representing an economic benefit will be necessary to settle the obligation or,
    - the amount of the obligation cannot be evaluated with sufficient accuracy.

4.11 Borrowings

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

4.12 Deferred taxes

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

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

NOTE 5 - MANAGEMENT OF FINANCIAL RISK

a) Foreign exchange risk

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

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

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

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b) Interest rate risk

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

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

In compliance with the provisions of IAS 32 and 39, derivatives are recorded at fair value. The fair value of those contracts is determined based on valuation models given by the banks with which the instruments were traded, and can be considered as level 2 valuations as defined in IFRS 7 (level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data).

c) Credit risk

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

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

Credit risk is also limited by Haulotte Group's ability in the event of default by one of its customers to repossess the equipment representing the receivable. The provisions for impairment loss on trade receivables are determined based on this principle (cf note 4.6).

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 in risk-free products at market conditions by the parent company comprised of money market funds and time deposit accounts.

Status of the syndicated credit facility:

As a reminder, a new syndicated credit facility contract has been closed on 30 September 2014. At 31 December 2017, all ratios are respected by the Group. As indicated in note 21, the next contractual installment will happen on 30 September 2019.

Other financings:

In 2017, Haulotte Group S.A. obtained a new credit line from a bank outside the banking syndicate for an amount of €5 million maturing in 5 years.

In addition, Haulotte Group proceeded with the prepayment of a portion of its credit line with BPI after obtaining new credit lines at better terms.

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NOTE 6 - PRINCIPLES AND METHODS OF MEASUREMENT FOR THE INCOME STATEMENT

6.1 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 4.6),
- sales including financial guarantees given by Haulotte Group S.A. to allow the customer to obtain financing (cf. note 4.6),
- sales within remarketing agreements with financial institution after they had taken back equipment from defaulting clients,
- equipment rental,
- services offers.

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.

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

6.2 Cost of sales

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

6.3 Selling expenses

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

6.4 General and administrative expenses

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

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6.5 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. 4.2.a) 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.

6.6 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,
- income or expenses related to litigations of an unusual, abnormal or infrequent nature,
- impairment losses on goodwill.

6.7 Operating income

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

6.8 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.

6.9 Other financial income and expenses

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

6.10 Earnings per share

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

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

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NOTE 7 - SCOPE OF CONSOLIDATION

Companies consolidated at 31 December 2017 are:

Entity	Country	Interest %	Consolidation method at 31 December 2017	Consolidation method at 31 December 2016
Haulotte Group S.A.	L'Horme (France)	Mother		
Haulotte France Sarl	St Priest (France)	99,99%	Full consolidation	Full consolidation
Haulotte Services France	Lorette (France)	99,99%	Full consolidation	Full consolidation
Telescopelle S.A.S	L'Horme (France)	100%	Full consolidation	Full consolidation
Acarlar Dis Ticaret Ve Makina Sanayi A.s.	Istanbul (Turkey)	50%	Equity method	Equity method
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd.	Changzhou (China)	100%	Full consolidation	Full consolidation
Haulotte Argentina S.A.	Buenos Aires (Argentina)	99,96%	Full consolidation	Full consolidation
Haulotte Arges S.R.L.	Arges (Romania)	100%	Full consolidation	Full consolidation
Haulotte Australia Pty. Ltd.	Dandenong (Australia)	100%	Full consolidation	Full consolidation
Haulotte Cantabria S.L.	Santander (Espagne)	0%	Liquitaded	Liquitaded
Haulotte Chile SPA	Santiago (Chili)	100%	Full consolidation	Full consolidation
Haulotte Do Brazil LTDA	Sao Paulo (Brésil)	99,98%	Full consolidation	Full consolidation
Haulotte Hubarbeitsbühnen GmbH	Eschbach (Allemagne)	100%	Full consolidation	Full consolidation
Haulotte Iberica S.L.	Madrid (Spain)	98,71%	Full consolidation	Full consolidation
Haulotte Italia S.R.L.	Milan (Italia)	99%	Full consolidation	Full consolidation
Haulotte India Private Ltd.	Mumbai (Inda)	100%	Full consolidation	Full consolidation
Haulotte Mexico SA de CV	Mexico (Mexico)	99,99%	Full consolidation	Full consolidation
Haulotte Middle East FZE	Dubaï (United Arab Emirates)	100%	Full consolidation	Full consolidation
Haulotte Netherlands B.V.	Oosterhout (Netherlands)	100%	Full consolidation	Full consolidation
Haulotte Polska SP Z.O.O.	Janki (Polska)	100%	Full consolidation	Full consolidation
Haulotte Portugal, plataformas de elevaçao, Unipessoal, LDA	Paio Pires (Portugal)	0%	Liquitaded	Liquitaded
Haulotte Scandinavia AB	Mölndal (Sweden)	100%	Full consolidation	Full consolidation

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Haulotte Services SA de CV	Mexico (Mexico)	99,99%	Full consolidation	Full consolidation
Haulotte Singapore Ltd.	Singapore (Singapore)	100%	Full consolidation	Full consolidation
Haulotte Trading (Shanghai) co. Ltd.	Shanghai (China)	100%	Full consolidation	Full consolidation
Haulotte UK Limited	Telford (UK)	100%	Full consolidation	Full consolidation
Haulotte U.S., INC.	Virginia Beach (United States)	100%	Full consolidation	Full consolidation
Haulotte Vostok	Moscou (Russia)	100%	Full consolidation	Full consolidation
Horizon High Reach Chle SPA	Santiago (Chili)	100%	Full consolidation	Full consolidation
Horizon High Reach Limited	Buenos Aires (Argentina)	100%	Full consolidation	Full consolidation
Levanor Maquinaria de Elevacion S.A.	Madrid (Espagne)	91%	Full consolidation	Full consolidation
Mundilevaçao, Aluger e Transporte de Plataformas LDA	Paio Pires (Portugal)	81,90%	Full consolidation	Full consolidation
NO.VE. S.R.L.	Rome (Italia)	100%	Full consolidation	Full consolidation
N.D.U Maquinaria y Plataformas Elevadoras, S.L.	Madrid (Spain)	98,71%	Full consolidation	Full consolidation
Bil Jax, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Equipro, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Bil Jax Service, Inc.	Archbold (United States)	100%	Full consolidation	Full consolidation
Seaway Scaffold & Equipment	Archbold (United States)	100%	Full consolidation	Full consolidation
Scaffold Design & Erection	Archbold (United States)	100%	Full consolidation	Full consolidation

The closing date for financial statements of consolidated companies for each period presented is 31 December except for Haulotte India Private Ltd. which closes books on 31 March of each year.

Haulotte Portugal, plataformas de elevaçao, Unipessoal, LDA, a wholly-owned subsidiary of Haulotte Iberica without activity was wound up in December 2017, having no impact on the Group's consolidated financial statements.

Haulotte Cantabria SL, a wholly-owned subsidiary without activity was wound up in December 2017, having no impact on the Group's consolidated financial statements.

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NOTE 8 - GOODWILL

At 31/12/2017

Entities owned	Gross value	Impairment	Net value
North America CGU	16 617	(4 169)	12 448
Nove CGU	2 580	-	2 580
Horizon CGU	694	-	694
N.D.U. CGU	772	(772)	-
Manufacturing and Distribution outside from North America CGU	54	(54)	-
Haulotte France	*54*	*(54)*	-
Total	**20 717**	**(4 995)**	**15 722**

At 31/12/2016

Entities owned	Gross value	Impairment	Net value
North America CGU	18 906	(4 743)	14 163
Nove CGU	2 580	-	2 580
Horizon CGU	929	-	929
N.D.U. CGU	772	(772)	-
Manufacturing and Distribution outside from North America CGU	54	(54)	-
Haulotte France	*54*	*(54)*	-
Total	**23 241**	**(5 569)**	**17 672**

The change presented in goodwill between the two periods (or - €1 950 thousand) 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 31 December 2016. A new impairment test was performed on 31 December 2017 on the CGU that includes the US entities of the Group.

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

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

- significant growth in market share in the sector of the sale of aerial work platforms in the "North American" market, on a 5 years horizon,
- consolidation of levels of profitability found on the different activities operated on the North American market,
- the impairment test included cash flow projections over five years, an assumption of long-term growth of 1.5 % and a discount rate (WACC) of 9 %.

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As a reminder, an impairment amounting to USD 5,000 thousand was accounted for at 31 December 2013 on the basis of the impairment test performed at that date.

The conclusion of the new test performed at 31 December 2017 is that no further depreciation is needed; therefore depreciation is maintained at that amount.

A 3,9% increase in the discount rate, a 13,1% decrease in sales or deterioration in the long term growth rate would not result an obligation to record a goodwill impairment charge for this CGU.

« Rental companies » CGU

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

On the basis of this test, no impairment was recorded for this CGU in the consolidated financial statements for the period ended 31 December 2017.

Sensibility analysis carried out shows that no impairment charge would be recorded with a decrease in average market values estimated of up to 10 %.

Regarding the entity Horizon, on the basis of this test, no impairment was recorded for this CGU and sensibility analysis are sufficient.

NOTE 9 - INTANGIBLE ASSETS

	31/12/2015	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2016
Development expenditure	13 780	3 906	(1 873)	-	15	15 828
Concessions, patents, licenses	16 878	1 168	-	1 208	14	19 268
Other intangible and in progress	1 668	640	(70)	(1 053)	5	1 190
Gross value	**32 326**	**5 714**	**(1 943)**	**155**	**34**	**36 286**
Depreciation / impairment of development expenditure	5 895	1 652	(1 873)	-	-	5 674
Depreciation of concessions, patents, licenses	9 342	2 032	-	5	(1)	11 378
Depreciation of other intangibles and in progress	1	25	-	39	3	68
Accumulated depreciation and impairment	**15 238**	**3 709**	**(1 873)**	**44**	**2**	**17 120**
Net value	**17 088**	**2 005**	**(70)**	**111**	**32**	**19 166**

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	31/12/2015	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2016
Development expenditure	15 828	4 052	-	-	(64)	19 816
Concessions, patents, licenses	19 268	583	-	298	(38)	20 111
Other intangible and in progress	1 190	1 105	(96)	(467)	(30)	1 702
Gross value	**36 286**	**5 740**	**(96)**	**(169)**	**(132)**	**41 629**
Depreciation / impairment of development expenditure	5 674	2 183	-	-	-	7 857
Depreciation of concessions, patents, licenses	11 378	1 891	-	-	(15)	13 254
Depreciation of other intangibles and in progress	68	61	-	-	(9)	120
Accumulated depreciation and impairment	**17 120**	**4 135**	**-**	**-**	**(24)**	**21 231**
Net value	**19 166**	**1 605**	**(96)**	**(169)**	**(108)**	**20 398**

Acquisitions recorded in 2017 are mainly linked to the capitalisation of development costs for €4 052 thousand (cf note 31).

Amortisation on developments costs for €2 183 thousand are included in "research and development expedentures" in the P&L.

NOTE 10 - IMMOBILISATIONS CORPORELLES

	31/12/2015	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2016
Land	6 279	-	-	-	27	6 306
Building	46 352	371	(124)	494	337	47 430
Plant machinery	32 096	1 825	(124)	995	183	34 975
Equipment for rental	32 485	6 906	(4 229)	(3 090)	(38)	32 034
Other PPE	12 499	1 163	(462)	(49)	120	13 271
Fixed assets in progress	2 420	2 802	(251)	(1 427)	(191)	3 353
Gross value	**132 131**	**13 067**	**(5 190)**	**(3 077)**	**438**	**137 369**
Depreciation/impairment of building	22 763	1 887	(75)	-	231	24 806
Depreciation/impairment of plant machinery	25 428	2 128	(124)	(92)	151	27 491
Depreciation/impairment of equipment for rental	17 610	3 154	(3 419)	(1 830)	(132)	15 383
Depreciation/impairment of other PPE	10 120	1 331	(580)	(56)	85	10 900
Accumulated depreciation and impairment	**75 921**	**8 500**	**(4 198)**	**(1 978)**	**335**	**78 580**
Net value	**56 210**	**4 567**	**(992)**	**(1 099)**	**103**	**58 789**

* : Amounts indicated under « Reclassifications and other changes » mainly concern the transfer of "Fixed assets in progress" into the other Assets captions, as well as reclassifications between the different captions after the review of the balance sheet of certain subsidiaries. As of December-end 2016, the amount corresponds to the rental machines that are reclassified in inventories before being sold by distribution entities.

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	31/12/2016	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2017
Land	6 306	-	-	-	(137)	6 169
Building	47 430	497	(7)	218	(1 992)	46 216
Plant machinery	34 975	1 352	(49)	35	(1 165)	35 148
Equipment for rental	32 034	7 783	(3 905)	1 591	(3 390)	34 113
Other PPE	13 271	992	(147)	252	(735)	13 633
Fixed assets in progress	3 353	1 740	(155)	(1 992)	(416)	2 530
Gross value	**137 369**	**12 364**	**(4 263)**	**104**	**(7 765)**	**137 809**
Depreciation/impairment of building	24 806	1 642	(20)	(11)	(1 154)	25 263
Depreciation/impairment of plant machinery	27 491	2 257	(328)	(267)	(926)	28 227
Depreciation/impairment of equipment for rental	15 383	4 102	(3 213)	257	(1 013)	15 516
Depreciation/impairment of other PPE	10 900	1 307	(13)	12	(584)	11 622
Accumulated depreciation and impairment	**78 580**	**9 308**	**(3 574)**	**(9)**	**(3 677)**	**80 628**
Net value	**58 789**	**3 056**	**(689)**	**113**	**(4 088)**	**57 181**

The increase in “Equipment for rental” for €7 783 thousand is mainly linked to the acquisition of aerial working platforms by the rental subsidiaries, mainly Nove for €1 923 thousand, Horizon Chile for €444 thousand, Horizon Argentine for €1 866 thousand and to a fitful need of rental need in distribution entities for €3 046 thousand.

Sales on this entry are linked to the replacement of our fleet or its adjustment at the level of activity of the local markets. In gross value they mainly relate to Nove for €2 308 thousand, Horizon Argentine for €335 thousand and Horizon Chile for €87 thousand.

The amortisation accruals of rental equipments are booked in costs of sales in the P&L. The amortisation accruals of Land, building and other PPE are booked in cost of sales and/or commercial and administrative costs in the P&L.

A provision for impairment is recorded when the carrying value of an intangible asset falls below its recoverable value. The recoverable value of rental equipment is based on the estimated realisable inventory value on the market.

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NOTE 11 - SHARES IN AFFILIATES

Shares recorded at 31 December 2017 under the equity method correspond to 50 % of Acarlar's shares owned by Haulotte Group S.A. for an acquisition value of €7 024 thousand.

At 31 December 2017, including share in profit of the company consolidated under the equity method from its acquisition, which is a profit of €962 thousand in 2017, the shares in affiliate caption amount to €8 672 thousand.

Summary of financial information for Acarlar (global amount, 100%) in thousand of Euros :

	31/12/2017	31/12/2016
Current assets	9 195	10 539
Non-current assets	58	71
Current liabilities	7 601	7 957
Non-current liabilities		
Sale	**23 943**	**21 495**
Net income	**1 924**	**1 550**

NOTE 12 - FINANCIAL ASSETS

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

	31/12/2016	Increase	Decrease	Translation adjustment	31/12/2017
Financial assets	5 347	1 528	(2 994)	(157)	3 724

A collection risk for a long-term loan resulted in the recognition of an impairment of €1.8 million.

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NOTE 13 - INVENTORY

At 31/12/2017	Gross value	Provision	Net value
Raw materials	39 482	(1 100)	38 382
Work in progress	2 996	(2)	2 994
Semi finished and finished goods	55 236	(1 540)	53 696
Trade goods	15 998	(2 338)	13 660
Total	**113 712**	**(4 980)**	**108 732**

At 31/12/2016	Gross value	Provision	Net value
Raw materials	32 578	(1 980)	30 598
Work in progress	2 672	(2)	2 670
Semi finished and finished goods	66 395	(3 550)	62 845
Trade goods	18 167	(2 590)	15 576
Total	**119 812**	**(8 122)**	**111 690**

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

The decrease in inventory of €(2 958) thousand on 31 December 2017 versus an increase of €8 112 thousand at 31 December 2016 is recognised under the cost of sales in the income statement.

Provisions for inventory impairment losses break down as follows:

	31/12/2016	Increase	Decrease	Translation adjustment	31/12/2017
Provision for inventory impairment losses	8 122	2 089	(4 863)	(368)	4 980

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NOTE 14 - TRADE RECEIVABLES

At 31/12/2017	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	20 162		20 162
including finance lease receivables	*3 537*		*3 537*
including guarantees given	*16 625*		*16 625*
Sub-total	**20 162**		**20 162**
Current assets			
Trade receivables	129 314	(14 166)	115 148
Receivables from financing activities less than one year	10 669	(676)	9 993
including finance lease receivables	*3 488*	*(676)*	*2 812*
including guarantees given	*7 181*		*7 181*
Sub-total	**139 983**	**(14 842)**	**125 141**
Total	**160 145**	**(14 842)**	**145 303**

At 31/12/2016	Gross value	Provision	Net value
Non-current assets			
Receivables from financing activities exceeding one year	24 317		24 317
including finance lease receivables	*7 729*		*7 729*
including guarantees given	*16 588*		*16 588*
Sous-total	**24 317**		**24 317**
Current assets			
Trade receivables	131 862	(19 930)	111 932
Receivables from financing activities less than one year	13 361	(718)	12 643
including finance lease receivables	*6 517*	*(718)*	*5 799*
including guarantees given	*6 844*		*6 844*
Sub-total	**145 223**	**(20 648)**	**124 575**
Total	**169 540**	**(20 648)**	**148 892**

At 31 December 2017, receivables assigned, for the balance factoring contract, amounted to €11.1 million.

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

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

As described in note 4.6, 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:

	31/12/2016	Increase	Decrease	Translation adjustment	31/12/2017
Provisions for trade receivables	20 648	4 388	(9 999)	(195)	14 842

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

	Total	Not due or less than 30 days	Due		
			less than 60 days	60 to 120 days	more than 120 days
Net trade receivables 2017	145 303	134 740	3 834	2 503	4 226
Net trade receivables 2016	148 891	130 625	2 615	3 552	12 100

Trade receivables that are due are analysed notably on the basis of the customer rating established by the Group (cf. note 5.c). Considering this rating and the resulting risk assessment, the Group determines the necessity of recording a provision. When applicable, provisions are recorded for the difference between the carrying value of the receivable and the estimated resale value of the equipment determined in reference to historical sales' prices.

NOTE 15 - OTHER ASSETS

	31/12/2017	31/12/2016
Other current assets	29 318	20 002
Advances and instalments paid on orders	1 348	914
Prepaid expenses	3 526	2 256
Depreciation of other current assets	(220)	(220)
Total other current assets	**33 972**	**22 952**
Other non-current assets	-	-
Total other assets	**33 972**	**22 952**

The caption « Other current assets » includes mainly VAT receivables for €5 697 thousand, prepaid income tax for €11 921 thousand and other current assets for €3 299 thousand. At 31 December 2017, the Group recorded accrued income from an insurance policy in the amount of €6.7 million for the payment (almost certain) of a claim for the same amount, recognized under current liabilities (Note 26).

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NOTE 16 - RECEIVABLES BY MATURITY

At 31/12/2017	Total	less than 1 year	1 to 5 years
Trade receivables*	115 148	115 148	-
Trade receivables from financing activities	30 155	9 993	20 162
Other assets	33 972	33 972	
Total	**179 275**	**159 113**	**20 162**

*Including receivables overdue or less than 30 days for € 10 563 thousand (cf. note 14)

At 31/12/2016	Total	less than 1 year	1 to 5 years
Trade receivables*	111 932	111 932	-
Trade receivables from financing activities	36 960	12 643	24 317
Other assets	22 952	18 294	4 658
Total	**171 844**	**142 869**	**28 975**

*Including receivables overdue or less than 30 days for € 18 267 thousand (cf. note 14).

NOTE 17 - FOREIGN EXCHANGE RISK MANAGEMENT

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

At 31/12/2017 in thousands of €	EUR	AUD	GBP	USD	BRL	Autres	TOTAL
Trade receivables	77 921	15 683	6 831	46 325	1 229	12 156	**160 145**
Trade payables	(48 668)	(481)	(182)	(7 431)	(98)	(5 492)	**(62 352)**
Net amount	**29 253**	**15 202**	**6 649**	**38 894**	**1 131**	**6 664**	**97 793**

Au 31/12/2016 in thousands of €	EUR	AUD	GBP	USD	BRL	Autres	TOTAL
Trade receivables	71 978	15 485	12 128	49 994	3 477	16 478	**169 540**
Trade payables	(41 562)	(362)	(652)	(5 271)	(134)	(4 599)	**(52 580)**
Net amount	**30 416**	**15 123**	**11 476**	**44 723**	**3 343**	**11 879**	**116 960**

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 €604 thousand.

A 10 % increase in the value of the euro against the US dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of €3 536 thousand.

A 10 % increase in the value of the euro against the Australian dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of €1 382 thousand.

A 10 % increase in the value of the euro against the Brazilian real would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of €103 thousand.

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NOTE 18 - CASH AND CASH EQUIVALENTS

	31/12/2017	31/12/2016
Cash at bank and in hand	23 319	23 999
Money market funds	1 162	629
Total	**24 481**	**24 628**

NOTE 19 - DERIVATIVE INSTRUMENTS

All derivative instruments owned by the Group at 31 December 2017 as it was at 31 December 2016 are recorded according to their fair value estimated based on a level 2 method as defined in IFRS 7 as described in the note 5.

Positive fair value of derivative instruments:

	31/12/2017	31/12/2016
GBP swaps	-	51
Total	**-**	**51**

Negative fair value of derivative instruments:

	31/12/2017	31/12/2016
Interest rates swaps	-	
USD forward sales	-	(412)
Total	**-**	**(412)**

NOTE 20 - SHARE CAPITAL AND PREMIUMS

	31/12/2017	31/12/2016
Number of shares	31 371 274	31 371 274
Nominal value in euros	0,13	0,13
Share capital in euros	***4 078 266***	***4 078 266***
Share premiums in euros	***91 720 123***	***94 305 149***

Treasury shares are as follows :

	31/12/2017	31/12/2016
Number of treasury shares	1 777 898	1 812 230
Treasury shares as a percentage of capital	5,67%	5,77%
Market value of treasury shares in K€*	28 677	25 480

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

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As of 14 April 2015, Haulotte Group S.A appointed Exane BNP Paribas for the implementation of a liquidity contract on its shares, for a period ending on 31 December 2015, renewable by tacit agreement. This liquidity contract complies with the Charter of Ethics established by the AMAFI and approved by the "Autorité des Marchés Financiers".

For the implementation of this contract, the following resources have been allocated to the liquidity account:

- 102 171.80 Eurosin cash,
- the equivalent of 11 524.85 Euros in money market funds,
- 139 418 Haulotte Group S.A. shares.

Change in treasury shares during the years 2017 and 2016 was as follows:

TYPE		2017	2016
Liquidity agreement	Number of shares purchased	248 048	213 858
	Purchase price of shares (*)	3 692 601	2 920 697
	Average price per share	14,9	13,7
	Number of shares sold	282 380	215 931
	Original value of shares sold	3 999 745	3 121 264
	Sale price of shares sold (*)	4 262 090	2 999 290
	Net gain/(loss)	262 346	-121 974
	Number of shares cancelled	-	-
	Number of shares at December 31	***79 493***	***113 825***
	Original value of shares at December 31	***1 238 349***	***1 545 492***
Buyback autorisation	Number of shares purchased	-	-
	Purchase price of shares	-	-
	Average price per share	-	-
	Number of shares sold	-	-
	Original value of shares sold	-	-
	Selling price of shares sold	-	-
	Net gain/(loss)	-	-
	Number of shares cancelled	-	-
	Number of shares at December 31	***1 698 405***	***1 698 405***
	Initial value of shares at December 31	***13 183 551***	***13 183 551***
Global	**Number of shares at December 31**	**1 777 898**	**1 812 230**
	Original value of shares at December 31	**14 421 900**	**14 729 043**
	Provision for treasury shares at December 31	**-**	**-**
	Closing quoted value of shares at 31 December	**16,13**	**14,06**

* Cash flows generated from treasury shares correspond to the sale price of the shares less the purchase price of shares purchased. This amounted to €569 thousand for the year ended 31 December 2017.

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NOTE 21 - BORROWINGS AND FINANCIAL LIABILITIES

	31/12/2017	31/12/2016
Syndicated loan	29 279	36 233
Biljax's credit line	-	-
Other borrowings	19 755	14 280
Other advances	496	4 125
Leasing contracts	1 857	3 404
Guarantees	16 625	16 596
Non-current financial liabilities	**68 012**	**74 638**
Syndicated loan	-	-
Biljax's credit line	-	3 068
Haulotte France factoring	-	-
Other borrowings	4 225	3 326
Other advances	257	1 325
Leasing contracts	1 000	850
Guarantees	7 181	6 844
Others	26	65
Syndicated loan - overdrafts	1 593	8 149
Other overdrafts	11	1 155
Current financial liabilities	**14 293**	**24 782**
Total borrowings and financial liabilities	**82 305**	**99 420**

This syndicated credit facility was obtained at a floating rate indexed on Euribor for the refinancing and revolving facilities, and on Eonia for the overdraft facility.

Movements in the syndicated credit facilities in the 2017 financial period may be summarised as follows:

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	31/12/16	Repayment schedule	Net change of the revolving credit line	Net change of the bank overdraft	Amortization of fees	Balance at 31/12/17	Balance available for future drawing on 31/12/17
Refinancing of financing	14 589					14 589	-
Revolving credit line	22 000		(7 000)			15 000	37 000
Total excluding overdrafts	**36 589**	**-**	**(7 000)**	**-**	**-**	**29 589**	**37 000**
Overdraft	8 149			(6 555)		1 594	18 406
Commissions and fees	(356)				39	(317)	
Total	**44 382**	**-**	**(7 000)**	**(6 555)**	**39**	**30 866**	**55 406**

In exchange for this syndicated credit facility, the following commitments were granted to the new banking syndicate:

- a pledge of the Haulotte Group S.A. business,
- a pledge of Haulotte France securities held by Haulotte Group S.A., or 99.99% of the share capital,
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of US$ 50 000 thousand,
- a pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of AUD 10 000 thousand.

This syndicated credit facility also provides for compliance by the company with a certain number of standard obligations during the term of the facility. Finally, a certain number of ratios will be measured every six months based on the selected ratios derived from the consolidated financial statements for the half-year periods ended 30 June and 31 December of each year (notably Group EBITDA, shareholders' equity, net debt).

On 31 December 2017, the bank ratios were respected.

Haulotte Group S.A. also obtained a new credit line in 2017 from a lender outside the banking syndicate for €5 000 thousand, maturing in 5 years.

Haulotte Group proceeded with the prepayment of a portion of its credit line with BPI after obtaining new credit lines at better terms.

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

Translated value in thousands of euros	31/12/2017	31/12/2016
Euros	57 340	70 678
GBP	-	-
USD	-	3 068
Others	1 159	2 234
Total	**58 499**	**75 980**

The variation of financial debts is disclosed in the following table:

K€	31/12/2016	Cash Flows			Non-cash Flows		31/12/2017
		Issue / Refund	Interests	Overdraft	Conver-sion	Other	
Short term	74 638	(141)	1 683	(7 675)	(364)	(135)	68 005
Long term	24 782	(10 243)			(245)	8	14 300
Total	**99 420**	**(10 384)**	**1 683**	**(7 675)**	**(610)**	**(127)**	**82 305**

NOTE 22 - MANAGEMENT OF INTEREST-RATE RISKS

Borrowings, excluding guarantees given, break down as follows:

	31/12/2017	31/12/2016
Fixed rate borrowings	27 628	27 411
Variable rate borrowings	30 871	48 569
Total	**58 499**	**75 980**

A 1 % rate increase would result in a maximum additional interest expense, excluding hedges, of €309 thousand.

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NOTE 23 - PROVISIONS

	31/12/2016	Allowance	Provision used in the period	Reversal of unused provision	Reclassifi-cations	Other changes	Translation adjustment	31/12/2017
Provisions for product warranty	5 677	2 145	(1 944)	(117)			(135)	5 626
Restructuring provision	8							8
Provisions for litigation	1 120	4 777	(108)	(215)			(127)	5 447
Short-term portion of pensions provisions	17				1			18
Current provisions	**6 822**	**6 922**	**(2 052)**	**(332)**	**1**		**(262)**	**11 099**
Long-term portion of pensions provisions	5 240	472	(77)	(36)	(1)	(15)		5 583
Non-current provisions	**5 240**	**472**	**(77)**	**(36)**	**(1)**	**(15)**		**5 583**
Total provisions	**12 062**	**7 394**	**(2 129)**	**(368)**		**(15)**	**(262)**	**16 682**

The provision for customer warrantees remained stable as a result of an improvement in the individual provision allowances, and despite the impacts of the increased number of machines under warranty.

On that basis, the Group recognised €3.6 million in provisions for contingencies linked to commitments for past transactions.

Contingent liabilities:

The distribution subsidiary of Haulotte Group in Brazil, Haulotte do Brazil is currently being the subject of a proceeding concerning the settlement of import tax duties prior to 2010. The Group is currently studying with its counsel the actual risk of this proceeding. At 31 December 2017, it was not possible to reliably measure this risk (notably as the amounts cited were considered as very excessive) and this litigation is in consequence classified as a contingent liability.

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NOTE 24 - PENSION AND RELATED BENEFITS

Main assumptions used for the valuation of liabilities

The only post-employment benefits of Group employees correspond to retirement severance benefits and long-service awards, mainly in the French entities.

Provisions are recorded for retirement liabilities according to the principles described in paragraph 4.9, taking into account the following assumptions :

	31/12/2017	31/12/2016
Turnover rate	based on historical data available to the Group with no changes between the two periods	
Rate of wage increases (according to seniority, the projected career profile, collective bargaining agreements, and long-term inflation rate)	2%	2%
Discount rate	1,5%	1,5%
Retirement age	Employees born before 1 January 1950 Management Supervisors / office employees and workers Employees born after 1 January 1950 Management upervisors / office employees and workers	 62 years 60 years 65 years 63 years

With respect to retirement severance payments, the scenario adopted is voluntary departure of employees whereby social charges are taken into account (45 %). This calculation method complies with the framework of the Fillon Law (enacted on 21 August 2003, and amended by Law 2010-1330 of 9 November 2010 for the reform of retirement systems published in the French official journal on 10 November 2010). The Group does not hold any plan assets.

Le Groupe ne détient pas d'actifs de couverture.

Sensitivity of accumulated benefit obligations to changes in the discount rate.

A general decline in the discount rate of 0.25 points would result in a 4.2 % increase in benefit obligations.

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Change in accumulated benefit obligations

	31/12/2017	31/12/2016
Present value of the commitment at the beginning of the period	**5 257**	**4 513**
Service costs of the year	403	384
Discount costs	61	68
Subtotal of amounts recognised in profit or loss	***464***	***452***
Benefits paid in the period	(105)	(98)
Subtotal of outflows (benefits and contributions paid by the employer)	***(105)***	***(98)***
Changes in assumptions	27	312
Actuarial (gains) and losses arising from experience adjustments	(42)	78
Translation adjustments	-	-
Subtotal amounts recognised in other comprehensive income	***(15)***	***390***
Reclassifications		
Present value of the commitment at the end of the period	**5 601**	**5 257**

Total amounts recognised in Other Comprehensive Income

	31/12/2017	31/12/2016
Total amounts recognised in OCI at the beginning of the period	**1 959**	**1 570**
Revaluation of net liabilities / assets of the period	(15)	389
Total amounts recognised in OCI at the end of the period	**1 944**	**1 959**

NOTE 25 - PAYABLES BY MATURITY

31/12/2017	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	80 701	12 689	68 012	
Including guarantees given	*23 806*	*7 181*	*16 625*	
Bank overdrafts	1 604	1 604	-	-
Trade payables	62 352	62 352	-	-
Other current liabilities	31 068	31 068	-	-
Derivative instruments	-		-	-
Total	**175 725**	**107 713**	**68 012**	**-**

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31/12/2016	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	90 116	15 478	74 638	-
Including guarantees given	*23 440*	*6 844*	*16 596*	
Bank overdrafts	9 304	9 304	-	-
Trade payables	52 580	52 580	-	-
Other current liabilities	22 953	22 953	-	-
Derivative instruments	412		412	-
Total	**175 365**	**100 315**	**75 050**	**-**

NOTE 26 - OTHER CURRENT LIABILITIES

	31/12/2017	31/12/2016
Down payments received	6 265	3 295
Payables to fixed asset suppliers	-	-
Tax and employee-related liabilities	17 037	17 173
Prepaid income	305	1 391
Others	7 461	1 093
Total	**31 068**	**22 952**

The claim covered by the insurance (Note 15) is presented under other financial liabilities in the amount of €6.7 million.

NOTE 27 - DEFERRED TAXES

Deferred tax assets are offset by deferred tax liabilities generated in the same tax jurisdiction.

Deferred tax assets resulting from temporary differences or tax losses carried forward are recognised only to the extent that is really probable that future taxable profit will be available against which the temporary differences can be utilised. When this probability cannot be demonstrated, deferred tax assets are capped to the amount of deferred tax liabilities recognized on the same tax jurisdiction and deferred tax assets on tax losses carried forward are not recognized.

The global amount of tax losses carried forward for which no deferred tax assets were recorded amount to €78 746 thousand for the Group at 31 December 2017 (€117 750 thousand at 31 December 2016).

The amount of deferred tax assets that were not recognized due to the capping of deferred tax assets up to the amount of deferred tax liabilities with the same maturity at 31 December 2017 is €1 414 thousand (€1 879 thousand at 31 December 2016).

The change in net deferred tax breaks down as follows:

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	31/12/2017	31/12/2016
Deferred taxes from adjustments of the fair value of rental equipment	(403)	(739)
Deferred taxes from adjustments on finance leases and back-to-back leases	(27)	314
Deferred taxes from provisions of pensions	1 142	1 321
Deferred taxes from adjustments of internal margins on inventories and fixed assets	6 151	5 512
Deferred taxes from non-deductible provisions	4 489	3 936
Deferred taxes from differences in depreciation periods and R&D costs	(4 047)	(4 026)
Deferred taxes from tax losses	8 402	10 107
Deferred taxes from other consolidation adjustments	(1 828)	(7 701)
Deferred taxes from other temporary differences	77	(317)
Impact of the capping of deferred tax assets	(1 414)	(1 879)
Total	**12 542**	**6 528**

The change in net deferred tax breaks down as follows:

	31/12/2017	31/12/2016
Opening net balance	**6 528**	**4 896**
Income / (loss) from deferred taxes	3 894	3 395
Deferred taxes recognised in other comprehensive income	3 601	(1 908)
Translation adjustment	(1 481)	145
Closing net balance	**12 542**	**6 528**

Deferred taxes recognised in other comprehensive income concerned mainly the net impact of unrealised foreign exchange losses and gains on current accounts classified as net investments.

NOTE 28 - SALES AND REVENUE

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

NOTE 29 - COST OF SALES

	31/12/2017	31/12/2016
Production cost of sales	(373 204)	(335 946)
Change in inventory provisions	2 845	(598)
Warranty costs	(6 704)	(6 123)
Total	**(377 063)**	**(342 667)**

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NOTE 30 - GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2017	31/12/2016
Administrative expenses	(39 820)	(37 796)
Amortisation of development expenditures	(38)	(825)
Management expenses	(10 634)	(10 299)
Others	87	216
Total	**(50 405)**	**(48 704)**

NOTE 31 - RESEARCH AND DEVELOPMENT EXPENDITURES

	31/12/2017	31/12/2016
Development expenditures recognised as intangible assets	4 052	3 906
Amortisation of development expenditures	(2 183)	(1 631)
Research tax credit	2 313	2 029
Development expenditures	(12 644)	(12 837)
Total	**(8 462)**	**(8 533)**

NOTE 32 - EXCHANGE GAINS AND LOSSES

In current operating income	31/12/2017	31/12/2016
Realised exchange gains and losses	321	(2 974)
Unrealised exchange gains and losses	(1 536)	1 710
Total	**(1 215)**	**(1 264)**

In financial income	31/12/2017	31/12/2016
Realised exchange gains and losses	(2 236)	1 039
Unrealised exchange gains and losses	(8 630)	1 269
Total	**(10 866)**	**2 308**

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

CONSOLIDATED FINANCIAL STATEMENTS

NOTE 33 - EXPENSES BY NATURE OF CURRENT OPERATING INCOME

	31/12/2017	31/12/2016
Purchases of raw materials and other consumables and changes in finished products inventory	(277 228)	(239 915)
External charges	(88 955)	(89 507)
Taxes and related items	(5 666)	(5 370)
Staff costs	(84 833)	(81 804)
Net depreciation, impairment and provisions	(4 493)	(7 999)
Currency gains and losses	(1 214)	(1 264)
Other operating income and expenses	(5 536)	(5 446)
Total	**(467 925)**	**(431 305)**

NOTE 34 - STAFF COSTS

	31/12/2017	31/12/2016
Salaries and wages	(62 439)	(59 918)
Social security and related expenses	(22 055)	(20 989)
Employee profit-sharing	(404)	(730)
Pensions costs	65	(167)
Total	**(84 833)**	**(81 804)**

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

NOTE 35 - OTHER OPERATING INCOME AND EXPENSES

	31/12/2017	31/12/2016
Net proceeds from other asset disposals	1	-
Cost of litigation net of increases/ decreases in provisions	(5 406)	(770)
Miscellaneous adjustments for prior periods	25	(268)
Others	(581)	(61)
Total	**(5 961)**	**(1 099)**

The Group recognised €3.6 million in provisions for contingencies linked to commitments for past transactions.

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NOTE 36 - COST OF NET FINANCIAL DEBT, OTHER FINANCIAL INCOME AND EXPENSES

	31/12/2017	31/12/2016
Interest expenses and fees on loans and bank overdrafts	(1 557)	(1 970)
Cost of transfers of financial assets	(122)	(208)
Interests on leasing contracts	(14)	(19)
Cost of net financial debt	**(1 693)**	**(2 197)**
Change in the fair value of financial derivative instruments	(50)	53
Gains on realization of financial instruments	581	214
Others	(3 895)	(523)
Other financial income and expenses	**(3 364)**	**(256)**
Total	**(5 057)**	**(2 453)**

A collection risk for a long-term loan resulted in the recognition of an impairment of €1.8 million. The Group also identified financial assets for which collection will not be realised according to the initial payment schedules. The discount (at the rate of 6.5%) of the future cash flows (in the amount of €15.6 million) resulted in the recognition of €1.6 million under other financial expenses. The total discounted amount is presented as a deduction from the underlying assets: trade receivables, receivables from financing activities.

NOTE 37 - CORPORATE INCOME TAX

	31/12/2017	31/12/2016
Current tax	(7 298)	(6 140)
Deferred tax	3 894	3 395
Total	**(3 404)**	**(2 745)**

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2017, Haulotte France S.A.R.L, Haulotte Services and Telescopelle S.A.S.

Haulotte US Inc is the head of a US tax consolidation that included on 31 December 2017, Equipro Inc. 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 16.14 % (10.56 % in December 2016) and the standard rate applicable in France of 34.43 % breaks down as follows:

	31/12/2017		31/12/2016	
Consolidated income before tax	21 092		26 000	
Tax (Income)/ Expense calculated at the tax rate applicable to the parent company's profit	**7 262**	**34,43%**	**8 952**	**34,43%**
Effect of differential in tax rates	(4 107)		(3 414)	
Effect of permanently non-deductible expenses or non-taxable income	1 511		(34)	
Effect of use of loss carry forwards previously not recognised	(659)		(2 359)	
Effect of tax assets not recognised	(421)		(1 708)	
Effect of the elimination of internal transactions on equity investments	-		(125)	
Effect of loss carry forwards not recognised	356		1 829	
Effect of tax consolidation and income tax credits	201		(557)	
Effect of the reversal of unused deferred tax assets	-		-	
Tax relating to previous years	(741)		(5)	
Others	2		166	
Effective tax (Income)/ Expense	**3 404**	**16,14%**	**2 745**	**10,56%**

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 have been exercised.

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In Euros	31/12/2017	31/12/2016
Net income for the Group in thousands of euros	**17 610**	**23 289**
Total number of shares	31 371 274	31 371 274
Number of treasury shares	1 777 898	1 812 230
Number of shares used for the earnings per share and the diluted earnings per share calculation	**29 593 376**	**29 559 044**
Earnings per share attributable to shareholders		
- basic	**0,60**	**0,79**
- diluted	**0,60**	**0,79**

NOTE 40 - SEGMENT REPORTING

40.1. Sales breakdown

	31/12/2017	%	31/12/2016	%
Sales of handling and lifting equipment	431 815	85	382 897	84
Rental of handling and lifting equipment	28 598	6	25 910	6
Services [1]	49 538	9	48 967	10
Consolidated sales	**509 951**	**100**	**457 773**	**100**

[1] mainly spare parts, repairs and financing.

	31/12/2017	%	31/12/2016	%
Europe	293 306	58	247 301	54
North America	77 731	15	79 003	17
Latin America	41 563	8	39 868	9
Asia Pacific	97 351	19	91 601	20
Consolidated sales	**509 951**	**100**	**457 773**	**100**

Main contributors for each zone are Haulotte Group SA, Haulotte France, Haulotte GmbH and Haulotte UK for Europe ; for North America Haulotte US and BilJax Inc. ; for Latin America, Haulotte Mexico and Haulotte Argentina; and for Asia-Pacific, Haulotte Middle-East and Haulotte Australia.

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40.2. Main indicators by business segment

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

31 December 2017	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Segment's revenue	*440 311*	*28 782*	*50 441*	-	*519 534*
Inter-segment revenue	*8 496*	*184*	*902*	-	*9 583*
Revenue from external customers	431 815	28 598	49 538		509 951
Operating profit	27 691	17 673	13 504	(22 816)	36 053
Operating profit					
Fixed assets	50 149	23 741	3 027	28 818	105 697
including goodwill	*12 448*	*3 274*			*15 722*
including intangible assets	*13 504*	*(6)*	*(32)*	*6 931*	*20 398*
including tangible assets	*23 229*	*20 358*	*2 306*	*11 288*	*57 181*
including financial assets	*968*	*108*	*721*	*10 599*	*12 396*
Trade receivables from financing activities	-	-	*30 155*	-	30 155
Including receivables from financing activities at more than one year	-	-	20 162	-	*20 162*
Including receivables from financing activities due within one year	*2 821*	-	*7 172*	-	*9 993*
Inventories	97 750	249	12 732	-	108 732
Trade receivables	85 114	8 631	21 403	-	115 148
Liabilities					
Trade payables	56 999	1 574	605	3 174	62 353
Bank borrowings	3 662	917	23 806	53 919	82 305
Other information					
Depreciation and impairment charge in the period	10 443	3 017	145	-	13 605

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31 December 2016	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	Total
Income statement highlights					
Segment's revenue	*393 782*	*26 098*	*49 455*	-	*469 335*
Inter-segment revenue	*10 886*	*188*	*488*	-	*11 562*
Revenue from external customers	382 897	25 910	48 967	-	457 773
Operating profit	26 991	14 372	1 584	(17 577)	25 369
Operating profit					
Fixed assets	51 820	536	2 442	31 522	109 320
including goodwill	*14 163*	*3 509*		-	*17 672*
including intangible assets	*11 369*	*17*	*6*	*7 774*	*19 166*
including tangible assets	*25 009*	*19 922*	*2 436*	*11 422*	*58 789*
including financial assets	*1 279*	*88*	*0*	*12 326*	*13 693*
Trade receivables from financing activities	-	-	36 960	-	36 960
Including receivables from financing activities at more than one year	*67*		*24 250*		*24 317*
Including receivables from financing activities due within one year	*2 597*		*10 046*		*12 643*
Inventories	98 959	239	12 492	-	111 690
Trade receivables	75 715	9 747	26 469	-	111 932
Liabilities					
Trade payables	47 924	1 294	283	3 079	52 580
Bank borrowings	7 236	2 026	23 440	66 718	99 420
Other information					
Depreciation and impairment charge in the period	10 113	2 103	132		12 348

(*) : Information for prior periods has been updated to facilitate the comparability for the tables.

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40.3. Main indicators by geographic segment

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

31 December 2017	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*340 275*	*77 985*	*41 346*	*95 825*	-	*555 432*
Inter-segment revenue	*46 969*	*253*	*(216)*	*(1 526)*		*45 481*
Revenue from external customers	293 306	77 731	41 563	97 353	-	509 951
Operating profit	20 177	1 950	7 379	6 711	(165)	36 053
Assets						
Fixed assets	65 003	21 287	7 979	2 756	8 672	105 697
including goodwill	*2 580*	*12 448*	*694*	-	-	*15 722*
including intangible assets	*19 130*	*759*	-	*508*	-	*20 398*
including tangible assets	*40 938*	*8 077*	*7 118*	*1 049*	-	*57 181*
including financial assets	*2 355*	*2*	*168*	*1 199*	*8 672*	*12 396*
Trade receivables from financing activities	11 831	1 781	825	15 718	-	30 155
Including receivables from financing activities at more than one year	*7 715*	*931*	*521*	*10 994*	-	*20 162*
Including receivables from financing activities due within one year	*4 116*	*850*	*304*	*4 723*	-	*9 993*
Inventories	65 855	20 550	5 686	16 641	-	108 732
Trade receivables	51 875	12 781	12 363	38 128	-	115 148
Liabilities						
Trade payables	52 571	3 724	487	5 570	-	62 352
Bank borrowings	81 180	-	917	208		82 305
Other information						
Depreciation and impairment charge in the period	1 738	10 185	427	1 255	-	13 605

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31 December 2016	Europe	North America	Latin America	Asia Pacific	Others	Total
Income statement highlights						
Segment's revenue	*247 301*	*79 003*	*39 868*	*91 601*	-	*457 773*
Inter-segment revenue	*43 787*	*238*	*(215)*	*(1 644)*	-	*42 166*
Revenue from external customers	247 301	79 003	39 868	91 601	-	457 773
Operating profit	12 885	5 415	4 147	7 391	(4 469)	25 370
Assets						
Fixed assets	63 061	24 125	10 065	3 782	8 346	109 320
including goodwill	*2 580*	*14 163*	*929*	-	-	*17 672*
including intangible assets	*18 496*	*308*	*(10)*	*372*	-	*19 166*
including tangible assets	*39 112*	*9 619*	*8 936*	*1 122*	-	*58 789*
including financial assets	*2 814*	*35*	*210*	*2 288*	8 346	*13 693*
Trade receivables from financing activities	13 213	1 814	2 805	19 129		36 961
Including receivables from financing activities at more than one year	*7 489*	*987*	*1 573*	*14 269*		*24 317*
Including receivables from financing activities due within one year	*5 724*	*827*	*1 232*	*4 860*		*12 643*
Inventories	61 919	26 602	6 614	16 554	-	111 690
Trade receivables	50 306	6 930	16 389	38 307		111 932
Liabilities						
Trade payables	44 989	2 322	318	4 951		52 580
Bank borrowings	94 171	3 068	2 025	156		99 420
Other information						
Depreciation and impairment charge in the period	9 362	1 466	1 176	345		12 348

(*) : Information for prior periods has been updated to facilitate the comparability for the tables.

Notes 41 to 43 provide with information regarding the cash flow statement.

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NOTE 41 - ANALYSIS OF CHANGE IN WORKING CAPITAL

	31/12/2017	31/12/2016
Change in inventories	(1 275)	(4 723)
Change in provision for inventories	(2 772)	(963)
Change in trade receivables	(7 623)	17 849
Change in provision for trade receivables	(5 572)	(4 414)
Charge in trade payables	11 057	(7 502)
Change in other assets and liabilities	1 745	708
Change in operating working capital	**(4 440)**	**955**

NOTE 42 - ANALYSIS OF CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES

	31/12/2017	31/12/2016
Change in gross value	2 385	(1 601)
Change in provisions	(99)	32
Change in receivables from financing activities	**2 286**	**(1 569)**

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.

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NOTE 43 - CASH COMPONENTS

	31/12/2017	31/12/2016
Cash on hand and deposit accounts	23 319	24 000
Money market funds and negotiable instruments	1 162	628
Cash and cash equivalent - balance sheet	**24 481**	**24 628**
Bank overdrafts (refer to note 21)	(1 604)	(9 304)
Cash and cash equivalent - cash flow statement	**22 877**	**15 324**

NOTE 44 - INFORMATION ON RELATED PARTIES

44.1. Related parties transactions

Solem S.A.S. is the majority shareholder of Haulotte Group S.A., with 54.40 % of the share capital at 31 December 2017.

Solem paid to Haulotte Group S.A. income of €30 thousand in 2017 and €272 thousand in 2016, and invoiced charges of €839 thousand in 2017 and €749 thousand in 2016 corresponding to the expenses incurred for the Group by two Directors as described in the note below.

In 2017, Telescopelle paid €45 thousand to Solem (€46 thousand in 2016) under the terms of a financial recovery clause following a debt waiver granted on 31 December 2001 for €1 220 thousand. The debt waiver balance for which the payment is expected amounted to €597 thousand at 31 December 2017.

44.2. Fees allocated to directors and officers

Amounts allocated to Board members paid by the Group amounts to €508 thousand for 2017 and €706 thousand for 2016. This whole amount corresponds to short term advantages (fix and variable wages).

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.

In addition, a portion of the amount allocated concerns the chargeback for a consulting service performed by one of the members of the board of directors.

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FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 45 - OFF-BALANCE SHEET COMMITMENTS

Commitments given	31/12/2017	31/12/2016
Repurchase commitments*	100	211
Portion of balance sheet debt secured by collateral**	29 589	36 583
Commitments given under repayment clauses	581	634
Commitments given by Haulotte Group SA to GE Capital for the benefit of Haulotte US***	4 348	4 518
Bank guarantees****	3 182	
Other commitments*****	1 000	1 000

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

(**) : At 31 December 2015, in exchange for the syndicated credit facility, as described in note 21 : pledge of the Haulotte Group S.A. business and of Haulotte France securities, pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of US$50,000 thousand and pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of AUD 10,000 thousand.

(***) : In connection with product financing agreements executed in 2014, Haulotte Group SA is the first call guarantor in the event of default by Haulotte US Inc., for up to US$5,000 thousand, in favour of different GE Group companies (General Electric Capital Corporation US, GE Commercial Distribution Finance Corporation US, GE Canada Equipment Financing G.P.). This commitment will expire on 19 December 2021.

(****) : In connection with the so-called Macron law, the Group received customer down payments for deliveries scheduled until 2018. The customers requested remittance of a bank security guaranteeing the down payment's refund in the event the equipment is not delivered.

(*****) : The Group concluded in 2014 a disposal agreement regarding rental assets and rental goodwill owned in Spain, including a warranty granted to the buyer, exclusively limited to tax liabilities (as defined in the law 58/2003 of the Spanish General Tax Law) generated before the selling date, until those liabilities are legally extinguished. This warranty is capped to a global amount of €1 000 thousand.

Classification by maturity of the off-balance sheet commitments is as follows:

31/12/2017	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	100	46	53	1
Portion of balance sheet debt secured by collateral	29 589		29 589	-

31/12/2016	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	211			
Portion of balance sheet debt secured by collateral	36 583		36 583	-

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FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 46 - AVERAGE NUMBER OF EMPLOYEES

	31/12/2017	31/12/2016
Average headcount for the year	1 687	1 657

NOTE 47 - AUDITORS' FEES

In euros (excluding VAT)	Pricewaterhouse-Coopers Audit SAS		BM&A	
Reports on fincancial statemns	174 300	94%	87 800	100%
Other services	11 000	6%		0%
TOTAL	**185 300**	**100%**	**87 800**	**100%**

Other services are related to the independent report on corporate social responsibility information and diligences on ban ratios.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PricewaterhouseCoopers Audit
20 rue Garibaldi
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BM&A
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Haulotte Group SA
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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. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Haulotte Group SA for the year ended 31 December 2017.

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 as at 31 December 2017 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2017 to the date of our report and in particular we did not provide any non audit services prohibited by Article 5, paragraph 1, of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF PROVISIONS FOR LITIGATION

Description of risk

As an international business, the Group has subsidiaries located worldwide that are subject to a variety of local laws, regulations and tax rules, which can be complex. In addition, the Group is exposed to claims for liability in connection with the operation of its machinery. To limit these risks, the Group takes out insurance policies at global and at local level.

As described in Note 4.10 to the consolidated financial statements, Group management reviews each material lawsuit at year-end and measures the necessary provisions for risk based on their best estimates and the advice of legal counsel. Where applicable, when Group management believes an outflow of funds is unlikely or considers that a risk cannot be measured reliably, they classify it as a contingent liability and no provision is set aside.

At the end of 2017, a number of claims and tax and legal disputes were ongoing; the associated risk analysis was sensitive and, in some cases, dependent on external factors. The measurement of these risks relies on the advice of legal counsel and management's judgement. Given the degree of uncertainty involved in making estimates and the materiality of potential financial impacts, we deemed the measurement of provisions for litigation to be a key audit matter.

How our audit addressed this risk

We familiarised ourselves with the procedure used by management to measure risks relating to ongoing litigation. We also gained an understanding of the Group's method for identifying material lawsuits and ensuring that management is fully informed of all the facts pertaining thereto.

Our work also consisted, for each material lawsuit, in:

- Acquainting ourselves with the documents relating to the various stages of ongoing cases, including decisions, claims, etc.;
- Obtaining analyses of the various cases from management and legal counsel;
- Assessing the merits of the assumptions made by management in its evaluation of potential risks;
- Evaluating, where applicable, the legitimacy of the decisions to classify certain disputes under contingent liabilities;
- Verifying the information used to measure provisions for risks;
- Appraising the almost unquestionable likelihood that insurance will cover claims, justifying their recognition as accrued income.

STATUTORY AUDITORS' REPORT ON THE **CONSOLIDATED FINANCIAL STATEMENTS**

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ASSESSMENT OF CUSTOMER CREDIT RISK

Description of risk

The Group has a diverse portfolio of customers whose financial positions may be impacted by the cyclical nature of the markets and changing geopolitical environments, which could, in the short term, result in limited liquidity and ultimately affect their ability to make payments.

At 31 December 2017, trade receivables, including receivables from financing activities, represented a gross value of €160.1 million and a net value of €145.3 million, of which €10.6 million was overdue by more than 30 days.

As indicated in Notes 4.6, 5.c) and 14 to the consolidated financial statements, the assessment of customer risk, and consequently the measurement of potential impairment, relies on (i) an analysis of customers' individual financial situations based primarily on past relationships with those customers and the outlook of the markets in which they operate, and (ii) the likelihood that the Group would recover underlying assets in the event of customer default.

Given the materiality of receivables with varying maturities depending on the type of financing and the judgements and assumptions made by management to measure impairment of trade receivables, we deemed the measurement of customer credit risk to be a key audit matter.

How our audit addressed this risk

Our work consisted primarily in:

- Gaining an understanding of the internal control procedures put in place by management applicable to the measurement of customer credit risk;
- Assessing the merits of the assumptions made by management in its measurement of potential customer credit risks including, where applicable, the ability to repossess equipment;
- Verifying the basic data used to measure provisions and for discounting trade receivables when payment deadlines are exceeded by more than one year.

MEASUREMENT OF THE GOODWILL ALLOCATED TO THE "NORTH AMERICA" CGU

Description of risk

At 31 December 2017, goodwill for the North America CGU (cash-generating unit) came to €16,617 thousand gross and €12,448 thousand net, out of a balance sheet total of €435,069 thousand.

The procedures for the impairment tests used are described in Notes 4.1 and 8 to the consolidated financial statements.

The recoverable amount of the North America CGU is determined based on its value in use, which is calculated using the discounted value of cash flows expected over a period of five years from the group of assets allocated to the North America CGU. Forecast data includes assumptions in terms of volume, sale price and production costs and the use of a long-term growth rate.

Given the materiality of goodwill in the consolidated financial statements and the use of assumptions and estimates to assess the recoverable value, we deemed the measurement of goodwill to be a key audit matter.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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How our audit addressed this risk

We examined the methodology used by the Group for performing impairment tests.

Our work consisted primarily in:

- Reconciling the data underlying the North America CGU carrying amount with the consolidated financial statements;
- Verifying, on a sample basis, the mathematical accuracy of the data and reconciling forecast data with the budget approved by management;
- Assessing the operational assumptions made by management to establish cash flow projections, including by comparing them to past performances and market outlook;
- Assessing the discount rate calculations and corroborating certain inputs of this rate with available market data;
- Assessing the sensitivity of the recoverable amount to inputs such as discount rate and the assumptions used.

We also examined the appropriateness of the disclosures provided in Note 8, "Goodwill", to the consolidated financial statements.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Haulotte Group SA by the General Meetings held on 28 May 2015 for BM&A and on 2 October 1998 for PricewaterhouseCoopers Audit.

At 31 December 2017, BM&A and PricewaterhouseCoopers Audit were in the third year and the twentieth year of total uninterrupted engagement and the third year and the twentieth year since the securities of the Group were admitted to trading on a regulated market, respectively.

STATUTORY AUDITORS' REPORT ON THE **CONSOLIDATED FINANCIAL STATEMENTS**

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RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions

STATUTORY AUDITORS' REPORT ON THE **CONSOLIDATED FINANCIAL STATEMENTS**

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may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Lyon, 30 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	BM&A
Natacha Pelisson	Alexis Thura