THE MATERIAL-HANDLING **REFERENCE**

2011 ANNUAL REPORT

MANITOU GROUP

MANITOU

THE MATERIAL-HANDLING REFERENCE

MANITOU GROUP

HISTORY

1958
Creation of the first Manitou rough-terrain forklift based on an idea by Marcel Braud.

1970
The Group begins to expand internationally.

1972
Commercial agreement signed with Toyota for the exclusive distribution of the Japanese company's industrial forklifts in France.

1981
Launch of first Manitou telescopic forklift.

1984
Stock market listing.

1993
Launch of first MRT rotating truck-mounted forklift.

1995
Launch of personnel access-platforms.

1996
ISO 9001 certification obtained.

1998
Marcel Braud appointed Chairman of the Supervisory Board.

2004
Manitou sells its 200,000th forklift world-wide.

2006
Manitou passes the €1 billion sales mark.

2007
Manitou opens an international logistics center and obtains ISO 14001 certification for its Ancenis site.

2008
Takeover of the American company Gehl.

2009
Appointment of Jean-Christophe Giroux as Chairman of the Board.

Change of governance and return to a Board of Directors.

2010
Launch of articulated Gehl and Mustang articulated loaders.

2011
Review of family shareholder structure.

CONTENTS

Institutional Report

GROUP PROFILE

THE MATERIAL-HANDLING **REFERENCE**

Founded by the Braud family 60 years ago, the Manitou Group now has a worldwide presence. Its leadership in material-handling (industrial or all-terrain forklifts, personnel aerial access platforms, compact loaders, warehousing equipment, etc) is built around the following organizational structure:

3 products divisions
Rough Terrain Handling (RTH), Industrial Material Handling (IMH) and Compact Equipment (CE)

4 sales regions
Southern Europe, Northern Europe, the Americas and the rest of the world

3 markets
Construction, Agriculture, Industries

3 trades
Designer, Assembler, Distributor

5 brands
Manitou, Gehl, Mustang, Loc, Edge

2 international logistical centres
of spare parts

SALES
€1.131bn

68% OF SALES ARE MADE INTERNATIONALLY

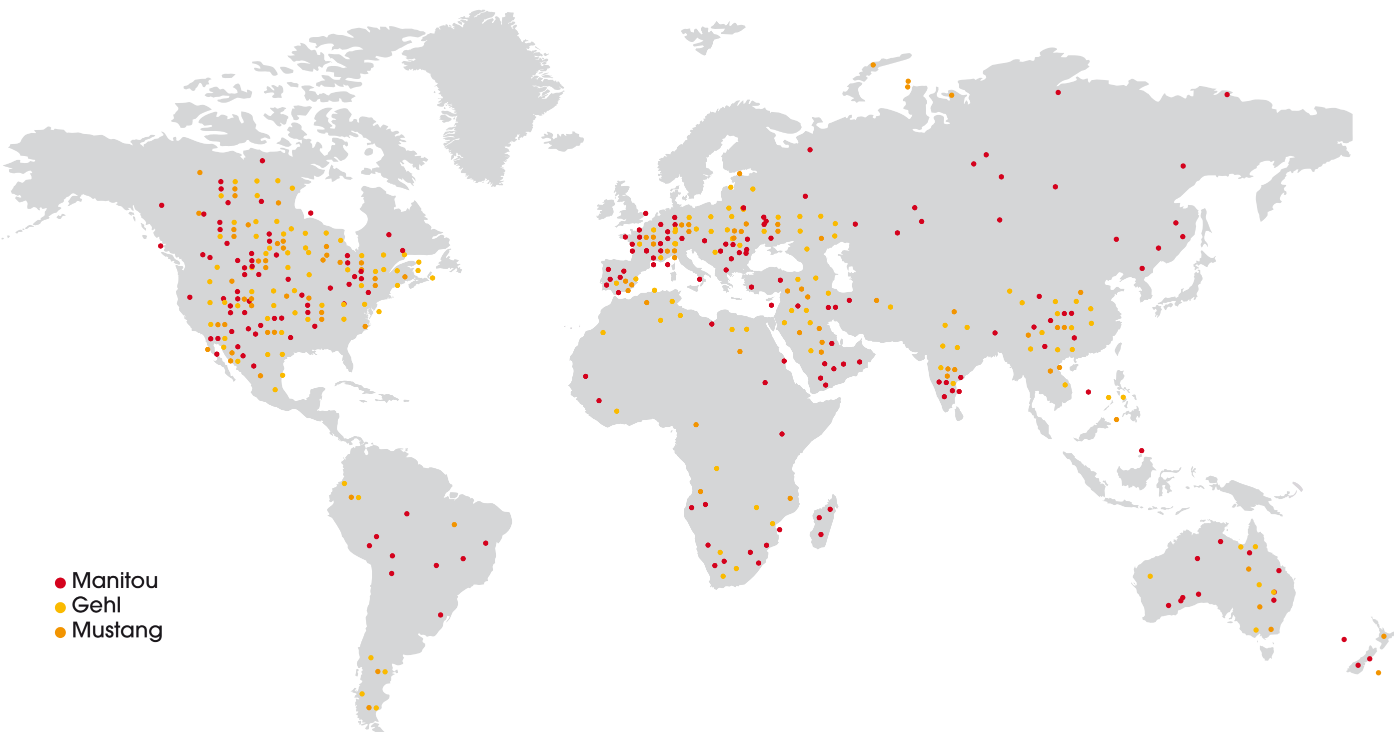
20
subsidiaries in the world

8
production sites

3 061
employees in the world

Manitou is present in 120 countries

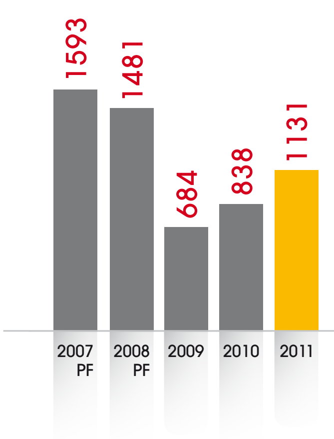
With a network of nearly 1,400 dealers, the Manitou Group distributes its products worldwide under the Manitou, Gehl, Mustang, Edge and Loc brands.



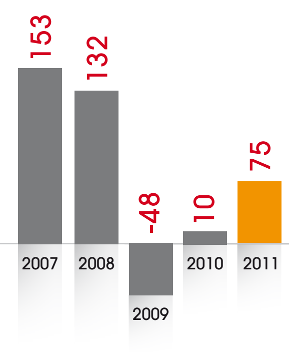
KEY FIGURES

THE YEAR **OF RECOVERY**

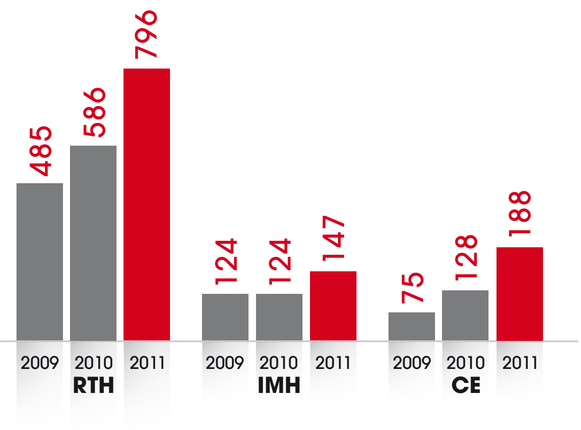
Revenue (proforma with Gehl - in €M)



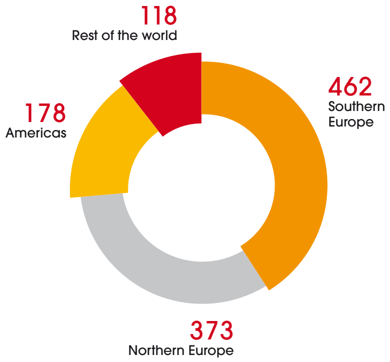
EBITDA (in €M)



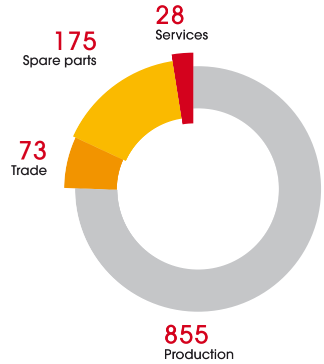
Revenue by division (proforma with Gehl - in €M)



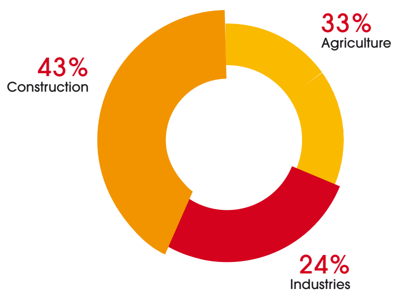
Revenue by geographic region (in €M)



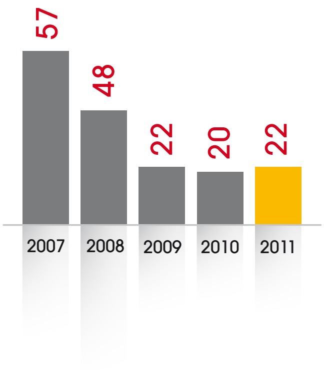
Revenue by nature (in €M)



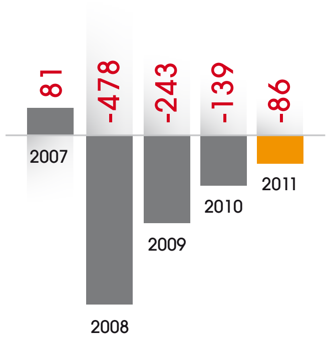
Revenue by market segment



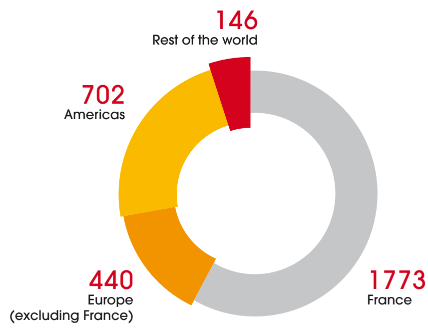
Investments (in €M)



Net (Debt) cash position (in €M)



Workforce by geographical region (in number of people)



> No pessimist ever discovered the secrets of the stars, sailed to an uncharted land, or opened a new doorway for the human spirit.
>
> *Helen Keller*

THE BOARD OF DIRECTORS

1 Serge Ghysdael
2 Sébastien Braud
3 Marcel Braud, Chairman
4 Joël Goulet*
5 Jacqueline Himsworth, Chairwoman
6 Christopher Himsworth
7 Pierre-Henri Ricaud*
8 Dominique Bamas*
9 Gordon Himsworth

* Independent members in accordance with MiddleNext recommendations.

Message from the Chairman of the Board

After three particularly difficult years, we are happy to be able to turn the page and enter a new phase, which should be both less agitated and more ambitious.

In 2011, the group concentrated on restoring its financial health, which had been substantially weakened by the crisis and the general economic climate. At the same time, the company continued to reorganize its different entities, to inject a new sense of purpose into its organizational structure and to revitalize its teams.

Our shareholders did not abandon us during this turbulent economic cycle, maintaining their confidence in both the company and its governing bodies. The members of the Board would like to take this opportunity to thank them. Their loyalty to the Manitou group served as a constant encouragement and we are now happy to be able to offer a dividend payment after three years of necessary financial belt-tightening.

The group is once more moving forward and our markets have rediscovered their past buoyancy. We face the future with optimism with all of our passion intact. It is this same passion that has always been the tireless motor of our success and our history.

Marcel Braud
Chairman of the Board

GOVERNANCE

THE EXECUTIVE COMMITTEE

1 Hervé Saulais, General Secretary
2 Jérôme Tertrais, Human Resources Director
3 Hervé Rochet, Financial Director
4 Jean Louis Hervieu, President of the IMH (Industrial Material Handling) Division
5 Daniel L. Miller, President of the CE (Compact Equipment) Division
6 Jean-Christophe Giroux, President and CEO
7 Eric Lambert, President of the RTH (Rough Terrain Handling) Division
8 Henri Brisse, VP Sales & Marketing

Message from the CEO

After the 2010 rebound, 2011 marked the Group's recovery - perhaps to a level that none of us expected. Despite what were often uncertain market conditions and persistent operational difficulties, business grew by 35% to once more pass the €1 billion sales mark and we posted a €50 million operating profit. Debt also declined again, this time by 38%, and the positive net result enables us to offer a dividend payment.

2011 can be seen therefore as the end of the dark years and the beginning of a new chapter in the Group's history. New expansion in a new spirit, new values, new ambitions; 2012 condenses all these ideas into one word: Refoundation. We are seeking at once to resolve the problems of the past, to fully understand those of the present, and to project ourselves into the future. Despite the complexity of the different projects, it is exhilarating to be taking control of our own destiny, and our teams, stimulated by new leadership, are discovering new reserves of energy and enthusiasm.

The challenges and the stakes are considerable: we must lay the foundations for the success of IMH*, push CE* on to the winner's podium and ensure that RTH* can achieve a meaningful operational performance. But to meet these goals we can count on an unrivalled sales and marketing organization and our unique capacity to confirm our status as THE Material-Handling Reference. I am convinced that 2012 will witness renewed development of our business, a consolidation of our positioning and even greater determination to get better each and every day.

Jean-Christophe Giroux
President and CEO

« A leader needs three qualities in equal measure: the courage to change what needs to be changed, the patience to bear what cannot and the wisdom to be able to tell the two apart at all times. »

Anonymous

*IMH : Industrial Material Handling
**CE : Compact Equipment
***RTH : Rough Terrain Handling

Understand the responsibilities of being a market leader; make leadership a core value for people management.

Appreciate differences in our markets, products and people, recognizing positive ones from negative ones.

Jean-Chistophe Giroux, President and CEO

Looking ahead, we believe we are blessed with a unique business opportunity, and want to reaffirm our positioning as THE Material-Handling Reference. We want to take advantage of all growth opportunities in a developing yet fragmented market and double our business over the next 3-4 years, to top by 35% the peak of our last cycle.

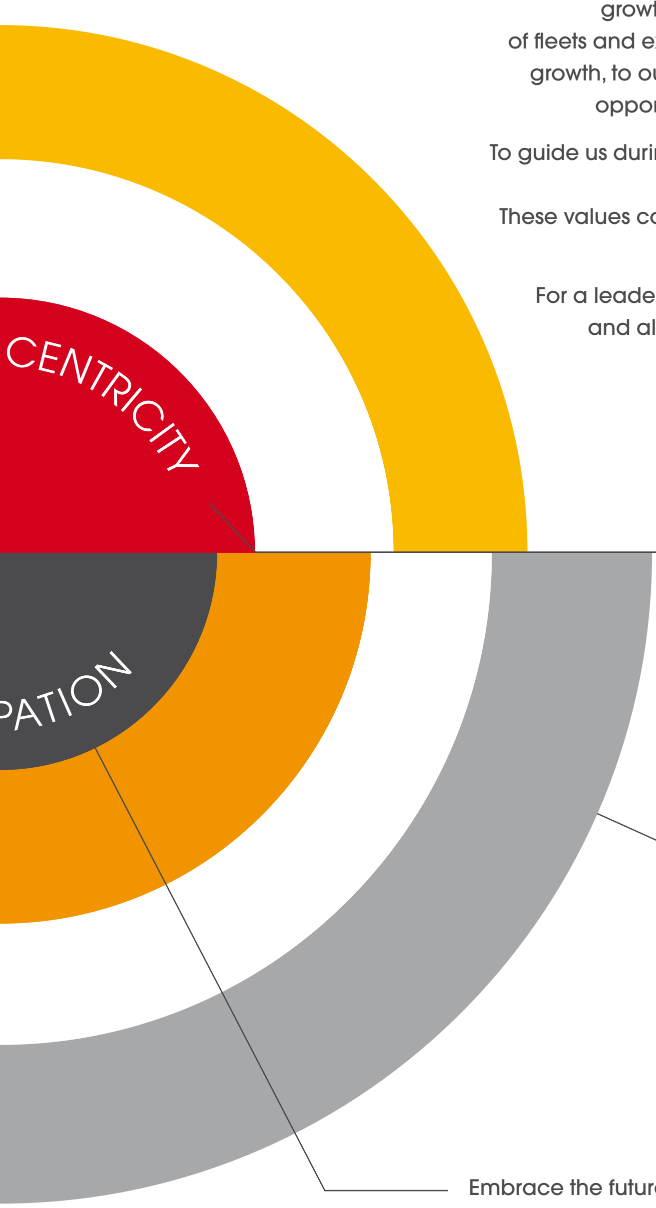
VALUES AND STRATEGY

FIVE VALUES
FOR A NEW AMBITION

On the heels of Manitou Next! and Manitou Up! in respectively 2010 and 2011, Manitou More! in 2012 proclaims our renewed appetite for growth, for progress and for performance, and should enable us to double in size within the next three to four years. Beyond the « natural » growth achieved by the renewal of previously-purchased equipment, the extension of fleets and expanded uses for our equipment and markets, we are also targeting « active » growth, to outpace competitors with innovation and brand image, and « external » growth opportunities with partners that wish to associate themselves with the market leader.

To guide us during this voyage, we have defined 5 new corporate values that will accompany us well beyond 2012, both in terms of attitude and business conduct. These values confirm our commitment to all stakeholders that we will realize our full potential, get over all development barriers, and move market lines.

For a leader, change is not a goal in itself but rather an engine for constant improvement, and also the sign of a return to certain founding principles that had been somewhat neglected. Manitou Group is not a museum but a showroom, for all partners who want to expand with THE Material-Handling Reference.



Diligently focus on customer expectations and consider them as a priority; make sure they prevail over our own internal views.

Enforce superior accountability, seriously recognizing the responsibilities towards our customers, shareholders, and employees.

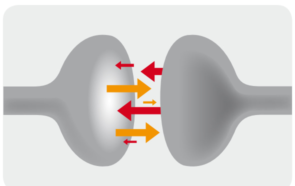
Embrace the future, manage all the changes, imposed or desired; reconcile deadlines and constraints in any action or project.

JANUARY 2011
Manitou Up!

FEBRUARY
Rearrangement of family control


MARCH
ConExpo, Manitou Americas, Corp. Identity

APRIL
Synapse workshops



Launching of Trackloaders in the United-States

MAY
Arrival of Eric Lambert, President RTH

JUNE
Extension of Mercedes Engines partnership

SEPTEMBER
New Beaupréau site for IMH

Arrival of Henri Brisse, VP Sales & Marketing

Presentation of TJ280 (Apex)

ANNUAL REVIEW

2011: AN EVENTFUL YEAR IN A PERSISTENTLY DIFFICULT OPERATIONAL CONTEXT

From Manitou Up! to Manitou More!, we covered a lot of ground in 2011. The year was essentially a recovery period after two difficult years caused by the global economic crisis. It was marked by an overhaul of the group's finances, the consolidation of numerous projects, two major international trade fairs and the completion of the reorganization initiated in 2009. We are now better placed to attack 2012 and to strive towards attaining our new goals!

JANUARY 2012
Manitou More!

OCTOBER
News websites

NOVEMBER
Presentation of MLT840 (Agritechnica)

DECEMBER
New subsidiaries in Brazil and India

DESIGN

ASSEMBLY

DISTRIBUTION

THREE VALUE-CREATING FIELDS OF EXPERTISE

Since its origins, the Manitou Group has built an economic model around three pillars of expertise: design, assembly and distribution. This development strategy has enabled us to focus our efforts on product innovation, the setting-up of a high-performance, flexible industrial infrastructure and the creation of strong networks of independent distributors.

DESIGN

Product innovation is the key to a successful growth strategy

The nurturing of a constant desire to innovate has enabled Manitou to anticipate the demands of the market by designing products that respond perfectly to our clients' needs. Moreover, by optimizing group-wide sourcing of components and selecting the best upstream partners, the group has built a reputation for reliable, high-quality products. The Manitou, Gehl, Mustang, Loc and Edge brands thus benefit from competitive advantages that are appreciated by all users.

Focus 2011

With a view to improving the quality of our equipment, the Group has set up at the Ancenis site an endurance testing facility that simulates the working conditions of our customers. The aim of the facility is to anticipate all possible usage scenarios before new machines move to the manufacturing stage.
The facility is equipped to deal with all the Group's machines.

ASSEMBLY

Industrial facilities combining high performance and flexibility.

In order to be able to adapt to fluctuating demand and the characteristics of each market, the Manitou Group has built an industrial infrastructure around three guiding principles:

- expertise in the manufacture of the core components of each machine: chassis, booms and masts;
- a flexible supply chain ensuring an optimal production process and the use of outsourced staff and components;
- the installation of high-performance assembly systems.

Focus 2011

With a view to clarifying responsibilities, and to enhancing performance measurement and resource management, the RTH division has reorganized around the principle of autonomous Product Units (including for service tools and attachments), thus gaining in visibility, discipline and flexibility.

DISTRIBUTION

Solid networks of independent distributors

Since its beginnings, the Manitou group has sought to build solid networks of local partners. Today, close to 1400 dealers and distributors spread over 120 countries, all specialized in handling equipment, promote the group's brands and share with it the same commitment to quality. The expertise of this network is now universally recognized in all the sectors where Manitou is present. A crucial role of the dealer network is the administration of sales, which enables the movement and prompt delivery of equipment to the four corners of the globe.

By offering, through its network, an integrated service package, from financing to maintenance, the group is responding to the growing demand from its clients for a tailor-made service that enables them to optimize the use of their equipment.

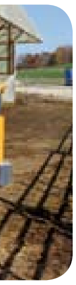
Focus 2011

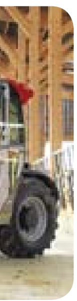
The group has opened two new subsidiaries, one in India and another in Brazil. By continuing to expand both its footprint in high-potential countries and its dealer network, Manitou is laying the foundations for future growth.

CONSTRUCTION

AGRICU

THREE MARKETS AND AN INFINITE NUMBER OF APPLICATIONS





Eric Lambert, President RTH Division (Rough Terrain Handling)

« Although it has been impacted by the crisis, weakened by its own supply chain and undergone numerous normative changes, the RTH Division has achieved remarkable improvements in quality, while simultaneously renewing its product offer. Today, after a far-reaching organizational overhaul, we are ready to pick up the pace of improvement for our industrial performance and to optimize the entire product range. »

SALES

€796m

OR 70%
OF TOTAL SALES
WORFORCE:
1,474 EMPLOYEES

RTH DIVISION

LAYING NEW FOUNDATIONS FOR THE FUTURE

All-terrain handling is the Group's historic activity and remains the core business within the RTH division (Rough Terrain Handling). This develops load handling and people lifting equipment for the construction markets (roofers, carpenters, builders, etc), agriculture (livestock farmers, cereal growers, etc), industries like mining and waste processing, and also for institutional clients (armed forces, the UN, etc). The Manitou Group listens closely to its end-clients and is constantly striving to increase its understanding of their needs and thus to guarantee more reliability and better performance.

The RTH division's core brands are:

- Telehandlers for the construction industry (MTs) and agriculture (MLTs) with a lifting height of 5 to 18 metres and a capacity of 2.3 to 4 tonnes.
- Rotating telehandlers (MRTs) with a lifting height of 14 to 30 metres and a capacity of 4 to 5 tonnes.
- High-tonnage MVT and MHT solutions are particularly suited to mines and quarries, for example.
- All-terrain personnel access platforms, either diesel or electric, include the ATJ aerial work platforms or telescopic TJ, the vertical VJRs and the scissors-based XEDs, ranging in height from 5.70 to 28 metres.

RTH develops and builds these products on the Ancenis, Candé and Laillé sites in France and the Castelfranco site in Italy. Around 130 engineers work in the R&D departments at these different sites on the RTH division's future products.

A look back at 2011 and outlook for 2012

In terms of performance, 2011 was marked by a significant improvement in quality and our successful adaptation to new regulations and motor component shortages.

At the same time, the division underwent a radical overhaul that saw the creation of autonomous Product Units (including for service tools and attachments).

Thus, by clarifying responsibilities, our performance measurement techniques and our cross-divisional expertise we have gained visibility, discipline and flexibility.

We are now well placed to pursue from this year onwards the projects that will lay the foundations for the future and that are essential to improving our overall industrial performance, accelerating innovation and optimizing the product offer in the very near future.

Jean Louis Hervieu,
President of the IMH (Industrial Material Handling) Division

« Confidence in ourselves and enthusiasm to match our ambitions. »

SALES
€147m
OR 13%
OF TOTAL SALES
WORFORCE:
187 EMPLOYEES

IMH DIVISION

AN ORGANIZATION ON THE MOVE

The IMH division (Industrial Material Handling) positions the Group on the world's leading material handling market.

The division develops handling equipment dedicated to industrial applications. It also offers management services for fleets of handling machines, builds masts for Toyota Europe and distributes Toyota equipment in France.

The main product ranges of the IMH Division are:

- Manitou industrial and semi-industrial masted forklifts including electrical telehandlers of 1.5 tonne to 3 tonnes and diesel telehandlers with a lifting capacity ranging from 1.5 tonne to 7 tonnes.
- Toyota masted forklifts both electric and diesel are distributed in France by the Compagnie Française de Manutention (CFM), with a lifting capacity of 1 tonne to 8 tonnes.
- Manitransit truck-mounted forklifts with a lifting capacity of 2.5 tonnes to 2.7 tonnes.
- Manilec warehousing equipment also distributed under the LOC brand, including pallet-trucks, stacking trucks, order preparers, industrial tractors, retractable mast telehandlers, etc.

IMH develops these products (excl. the Toyota equipment) on Beaupréau's site (France - 49). Providing a genuine response to the specificities of material handling on level surfaces and in warehouses, this equipment also benefits from a service offer that runs from financing to maintenance or rental plans.

2011 review and 2012 outlook

For what was supposed to be a transition year, the 2011 results outstripped our expectations. The launch of IMH proved successful and the division is now on a promising trajectory. The inauguration of the division's headquarters in Beaupréau in September is a clear indication of the Group's commitment to having a pole of expertise and industrial facilities that are fully focused on industrial material handling.

Our priority now is to consolidate and accelerate the rate of growth and to exploit all recovery opportunities that might arise.

Despite relatively unfavourable industrial market conditions, we reiterate our confidence in the future growth of the IMH division, based on three main axes of development:

- **The expansion of the product offer with the promising launch of the new MI range in the first quarter of 2012;**
- **The shortening of delivery times in order to enable our networks to gain market share;**
- **Constant attention to product quality and customer satisfaction.**

Daniel L. Miller, President of the CE (Compact Equipment) Division

“The Compact equipment division faced challenge, excitement and achievement throughout 2011 as we successfully launched innovative new products, implemented manufacturing efficiencies, improved global distribution and navigated changing environmental regulations. Our focus continues to be on our global transformation, customer centricity and driving out product costs.”

SALES

€188m

OR 17%
OF TOTAL SALES
WORFORCE:
522 EMPLOYEES

CE DIVISION

PURSUING THE RECOVERY

Formalized by Manitou's acquisition of Gehl in October 2008, the partnership between the two companies was originally based on the complementarity offered by their respective product ranges and networks. In 2009, the activities of Gehl were integrated into the « Compact Equipment » division, as were RTH and IMH, as part of the Group's organizational overhaul.

Beyond product complementarity, numerous synergies that were initiated in 2009 began to bear fruit in 2010 and 2011, both internally (purchasing, R&D, production, etc) and in our dealer networks across all countries.

CE's primary product ranges are:
- Gehl and Mustang skid-steer loaders
- Compact excavators
- Compact loaders
- Articulated loaders
- Telehandlers
- Trackloaders.

These machines are manufactured in the US at the Yankton and Madison plants. Their solidity, ease of use and lifting capacity make them particularly well adapted to the construction and agricultural markets.

2011 review and outlook for 2012

In 2011, numerous projects were successfully completed to accompany a growing global market:

- **The creation of a logistics platform (MILE) handling shipping and invoicing of Gehl and Mustang machines for Europe but also providing technical and marketing support for the sales networks;**
- **The launch of a new range of trackloaders that replace the machines covered by the OEM agreement with Takeuchi;**
- **The launch of the V330 skid-loader;**
- **The pooling of expertise and resources between Gehl, Manitou North America and Manitou Forklifts Canada into a single entity - Manitou Americas - that was unveiled at the Conexpo international trade show in Las Vegas;**
- **The strengthening of the R&D team and the supply chain.**

In a context of renewed financial health thanks to the reimbursement of nearly all our debt and sales growth of 47%, these achievements and the favourable reception by our dealer networks of the new products augur well for a new growth phase that should be confirmed in 2012.

SALES & MARKETING

The Group's structured marketing strategy underlines its ambition to accelerate sales growth across all markets, throughout the world, based on one of the Group's guiding values: « Customer centricity ».

The Sales & Marketing strategy took a fundamental change of direction in 2011, marked by the introduction of a new matrix-based organizational structure, new working procedures between the headquarters and the subsidiaries, the adoption of new, pertinent performance indicators and efforts to optimize sales forecasting and order management.

While the organization underwent an overhaul, the Group's underlying philosophy remained intact. The confidence that Manitou has succeeded in building among its clients represents precious capital that enhances the Group's competitiveness. Manitou's commitment to placing the client at the heart of its business strategy is thus reaffirmed.

In 2012, Sales & Marketing will aim to reinforce Manitou's commitment to its different markets (construction, agriculture, industries) in all three business regions (Southern Europe, Northern Europe, the Americas and APAM*) in order to accelerate sales growth and provide the best possible service to clients.

All the Group's brands are involved in this drive for growth. The biggest challenges of the year will be to ensure the development of the Gehl and Mustang brands in Europe and the rest of the world, and of the Manitou brand itself in the North American market.

*Asia, Pacific, Africa, Middle-East.

COMMERCIAL STRATEGY

« If we take care of our clients, they will repay us a hundredfold. »

Henri Brisse,
VP Sales & Marketing

NEW BUSINESS

New Business: a new team to explore and capture new growth opportunities!

In order to roll back the traditional frontiers of the material-handling sector and to find new target markets, Manitou has set up a dedicated « New Business » team of multi-disciplined specialists charged with exploring, anticipating and developing real handling solutions adapted to specific industrial activities like mining, the environment, armed forces, etc. Tailor-made technical solutions - machines, attachments and services - for demanding users in what are often extreme environments!

NORTHERN EUROPE

In 2011, the markets of Northern Europe showed very positive trends overall:

- activity picked up with rental companies in Germany, the Benelux and the Nordic countries;
- sales grew strongly in Russia and Poland, where agricultural activities are often large-scale, and where the Group made its first inroads into the Russian mining sector;
- sales growth of more than 50% in the UK and Benelux agricultural sectors.

Note the sharp increase in the use of compact materials in Russia and the UK.

SALES

€373m

SOUTHERN EUROPE

This sales region has shown contrasting performances from one country to another.

- the French market saw a solid recovery in its three sectors: a slight slowdown in construction at year-end, but good order intake in agriculture, a sector that remains very dynamic thanks to persistently high prices. Business was also brisk at the rental companies;
- Italy saw a slowdown in the construction sector related in part to concerns about the country's general economic health;
- the Spanish and Portuguese markets have declined due particularly to the construction sector, but also to weak sales in agriculture;
- there was buoyant growth elsewhere too. The Balkan agricultural sector performed well and Turkey in particular enjoyed dynamic activity.

SALES

€462m

4 SALES REGIONS

THE AMERICAS

Markets grew overall, with a positive evolution for equipment sales in 2011:

- in agriculture, where milk prices boosted sales of skid-loaders;
- among large-account clients, which were renewing their rental fleets;
- in the mining, oil and gas sectors in the United States and Latin America.

The North American residential building sector struggled to show a recovery.

Despite signs of a slowdown, the Brazilian economy has bright prospects linked to construction projects triggered by the World Cup and the Olympic Games.

SALES
€178 m

> “My company and staff must be flexible, for this reason I need also very versatile machine.”
>
> *Miroslav Sochorec,*
> *CB s.r.o., Kunovice,*
> *CZ (construction of wooden bridges and other constructions)*
> *Customer, Czech Republic*

SALES
€118 m

ASIA, PACIFIC, AFRICA, MIDDLE-EAST

This vast sales zone includes a number of widely divergent countries. 2011 bore the mark of sustained growth and heavy investment in the mining sector. Asia enjoys bright growth prospects.

Heavy demand for energy resources boosted the mining, oil and gas industries, generating a stronger need for heavy-lifting, high-capacity equipment like the MHT telehandlers, which offer a combination of productivity and safety.

Also worthy of note is the growing use of variable-reach telehandlers in Asia, where the construction sector expanded strongly in 2011.

GENERAL SECRETARIAT: A SUPPORTIVE, SUPERVISORY ROLE

> « Our role is to assist the business without losing sight of best practices. »

Hervé Saulais: General Secretary

The general secretariat contains a polymorphous team, all of them experts in their respective domains: IT systems, legal, auditing, communication, project management and sustainable development. They share a 360° vision of the organization and the mission to facilitate and accompany the group's pursuit of its ambitions. This focus on meeting the group's objectives goes hand in hand with a determination to define, promote and respect best practices. Based on our five core values (Leadership, Customer Centricity, Anticipation, Difference, Accountability), these practices are first applied to our own actions before being applied - with all the consequent benefits - to all the group's activities and partners.

2011 was a year rich in achievements. The activity of our teams is highlighted by numerous initiatives: a new portal for spare parts ordering and the processing of guarantees for our dealers, the launch of two web-sites (one for the group and one for the Manitou brand), the completion of changes to the founding family's controlling shareholding with the merger-absorption of our new holding, the drawing up of potential risks and an active approach to legal protection, as demonstrated by the success or our intangible assets (brands and patents).

After the recovery year of 2011, the general secretariat is focusing its 2012 efforts on several areas: the refoundation of the group through the professionalization of project management, the migration of IT tools, the roll-out of a new corporate identity, the definition of a CSR strategy, contributing to The Festival* etc …

*An international event that brings together our clients, dealers, suppliers and partners as well as the press and the financial community.

GENERAL SECRETARIAT AND FINANCE

FINANCE: STRENGTHENING OUR ABILITY TO ANTICIPATE

2011 was the year that Manitou overhauled its finances, a process that was carried out in advance in order to facilitate the group's restructuring planned for 2012.

Numerous changes were implemented. They include an overhaul of all in-house reporting procedures, the introduction of a new format for the earnings statement that is much more economical and operations-based, a new system for consolidation reporting, the simplification of our legal statutes, a new financial set-up that better corresponds to the latest evolutions within the group, new roles and responsibilities for the finance team and the expansion of financial partnerships aimed at financing sales for our end-customers.

None of these projects could have succeeded with such tight deadlines without the total commitment of a highly motivated, unified team.

Hervé Rochet: Financial Director

> **We must be able to light up the path ahead of us so that we can anticipate and adapt constantly to all evolutions in our business environment.**

THINK GLOBALLY, ACT LOCALLY

In 2011, six major working themes were defined to accompany our drive to change and reorganize:

Attracting new expertise

After two years of crisis, 2011 was marked by intensive recruitment around the world on the back of a strong recovery. Our hiring policy was aimed at attracting new profiles that will enable us to meet the challenges that await us between now and 2015.

Jérôme Tertrais: Human Resources Director

Man is by nature resistant to change… Persuading him is therefore essential, all the more since every man has within him an untapped ability to adapt.

Giving new impetus to staff/management relations

The absorption of three of the Group's French subsidiaries during 2011 brought under the Manitou Group umbrella new staff committees without threatening one of the keys to its past performance: the ability to balance profitability with social cohesion.

Linking pay to performance

2011 saw the extension of a global remuneration policy. The 500 top positions within the Group are assessed for their level of responsibility not only internally, but also based on global benchmarks. The return to profitability also made it possible to reinstate for all staff and in most countries where the Group is present a system of collectively-agreed variable pay scales.

Making internal mobility the heart of our HR strategy

2011 enabled us to exceed our target aimed at ensuring professional and/or geographic mobility for at least 10% of the managers and collaborators who are not directly linked to the production process.

Accompanying change

The policy of using temporary production workers was maintained in 2011, with the aim that they should not exceed 30% of the personnel concerned, while we also rolled out a vast versatility training scheme.

Pursuing internationalization of teams

All organizational procedures now apply across the entire Group, with 40% of personnel being based outside France. Human Resources policy accompanies this internationalization by deploying processes gradually, without losing sight of the need to share and enrich, and take into account local specificities. Think globally, act locally.

HUMAN RESOURCES AND QUALITY

QUALITY: AN EVERYDAY CHALLENGE FOR THE GROUP

Well aware of the need to make quality a core objective, the group took the necessary steps and in 2011, once again began to achieve its former high levels of reliability. This was thanks to:

- The high motivation of teams encouraged by the organizational overhaul;
- Renewed dynamism on the back of the 2010 results;
- The implementation of new quality standards, both in-house and at our suppliers;
- Initiatives targeted at 20 underperforming suppliers in collaboration with our supply chain and purchasing teams;
- Improved processing of internal non-conformity and even more efficient processing of client non-conformity by the Client Satisfaction Committees.

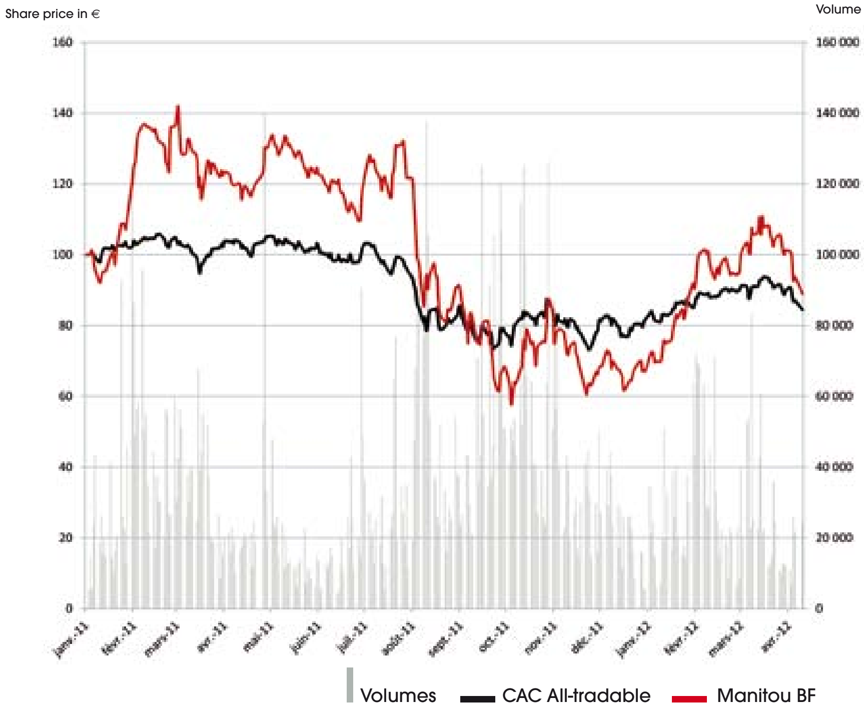
2011 also confirmed the trend towards lower costs related to manufacturer guarantees, which had a positive impact on the Group's results.

Finally, a new phase of growth began at year-end thanks to a refocusing of our structures and missions. This should enable us to consolidate our achievements so far and set new, ambitious objectives both internally and for our suppliers.

At every level of the company, quality remains a daily concern and one that is essential. By constantly adapting our procedures, our controls and our preventive measures, we intend to demonstrate our reliability. Only then can we fully deserve the confidence of our clients and remain THE Material-Handling Reference.

Fernand Mira: VP Quality (2011)

Quality: it's all about teamwork!



Index and volume evolution of Manitou share
between 01.01.2011 and 30.04.2012

Leading shareholders

- Branch of Braud family: 32,16%
- Branch of Himsworth family: 33,20%
- **Braud and Himsworth families: 65,36%**
- **Généval (Groupe Société Générale): 6,26%**
- **Toyota: 2,83%**

The Manitou share is listed on NYSE Euronext Paris

- EUROLIST compartment B
- ISIN Code: FR0000038606

Capital and shareholders

- Capital of € 39,547,824

Stock market indexes

- CAC Mid & Small • CAC Small
- CAC All-Tradable • NEXT 150

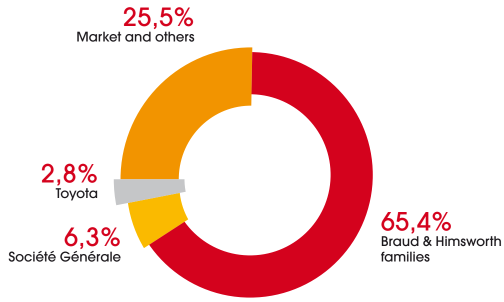
Share management

- Establishment in charge of managing shares: Société Générale Securities Services
- Market-making contract: Portzamparc Société de Bourse SA

Responsible for financial information

- Hervé Rochet - Financial Director

SHAREHOLDERS



MANITOU ON THE STOCK EXCHANGE

SHAREHOLDERS AND SHARE DETAILS

SHARE PRICE EVOLUTION IN €	2007	2008	2009	2010	2011
High	48,70	31,90	12,74	17,69	24,99
Low	29,54	7,50	3,48	8,91	10,01
Year-end price	31,25	8,15	10,38	17,31	11,74
Year change	- 17,8 %	- 73,9 %	+ 27,4 %	+ 66,7 %	- 32,2 %
Annual evolution of Cac Mid & Small	- 2,3 %	- 43,6 %	+ 39,7 %	+ 18 %	- 21,4 %
Market capitalization at 31.12 in millions of €	**1,182**	**308**	**390**	**650**	**464**
Number of shares traded daily	27,077	44,584	45,544	20,731	35,755
Number of shares traded annually	6,904,754	11,413,488	11,659,292	5,348,601	9,189,032
Number of shares at 31.12	37,809,040	37,809,040	37,567,540	37,567,540	39,547,824
Share turnover rate	18,3 %	30,2 %	30,8 %	14,2 %	23,8 %

Analysts covering the Manitou share

CA Chevreux	Christophe Puyo	**Kepler Capital Markets**	Pierre Boucheny
CM-CIC Securities	Christian Auzanneau	**MainFirst Bank AG**	Carole Rozen
Exane BNP Paribas	Laurent Gélébart	**Oddo & Cie**	Emmanuel Matot
Gilbert Dupont	Denise Bouchet	**Portzamparc Société de Bourse**	Laurent Vallée
Goldman Sachs	Benjamin Moore	**Société Générale**	Marie-Line Fort

CONTENTS

Financial report

MANITOU AND THE GROUP

1

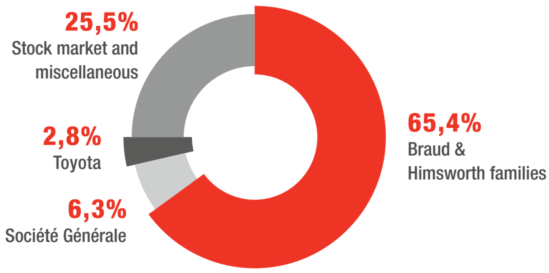
MANITOU GROUP

1.1 KEY FIGURES

MAIN CONSOLIDATED FIGURES

In millions of euros	2010	2011
Sales	838	1,131
Recurring operating income	4	51
Operating income	2	53
Net income attributable to the equity holders of the Parent	(17)	36
Shareholder's equity	333	407
Total balance sheet assets	800	889
Dividend (in euros)	0	0
Cash flow from operating activities	(14)	49
Net financial debt	139	86
Total headcount as at 31 December	2,778	3,064

SHAREHOLDERS' STRUCTURE AS AT 31.12.2011



Market capitalisation as at 31.12.2011: €464m

Share price on 31.12.2011: €11.74

Number of shares: 39,547,824

Indices: CAC MID & SMALL, CAC SMALL, CAC ALL-TRADABLE, CAC ALL-SHARE, NEXT 150

Eligible for DSS long-only (Deferred Settlement Service)

1.2 BACKGROUND AND HIGHLIGHTS

BACKGROUND

1945 "Braud Mécanique Générale" company formed in Ancenis in the Loire Atlantique region.

1958 Development and marketing of first all surface forklift truck and creation of Manitou brand.

1970's

Creation of a distribution subsidiary in the United Kingdom. start of the Group's international expansion in Italy, etc.

Began distributing Toyota industrial forklift trucks in France.

1980's

The Group refocuses its activities on the design and production of handling equipment.

The Group establishes itself in the USA.

1981 Launch of first telescopic forklift for construction.

1984 Manitou BF IPO on the Paris "Second Marché" stock exchange.

1989 Launch of first telescopic forklift for agriculture.

1990's

The Group continues its international expansion (Benelux, Germany, Spain, Portugal, Singapore, South Africa).

1995 Creation in Ancenis of a JV with the Toyota group, intended to assemble the Japanese manufacturer's industrial forklift trucks for the European market.

Launch of the first range of aerial work platforms and all terrain truck-mounted forklifts.

2000's

The Group continues its international expansion: Canada, Australia, China, Poland, Russia, Chile, Romania and India.

Manitou celebrates its 200,000th forklift truck.

2004 Manitou signs a product cross-distribution agreement with Gehl Company in the US and acquires a 14.9% stake in Gehl.

2008 Launch of a public offering for Gehl in order to strengthen the Group's presence in North America and benefit from a portfolio of complementary products. The transaction was announced one week prior to the collapse of Lehman Brothers bank. Gehl became a fully owned subsidiary of Manitou BF as of November 1st 2008.

Manitou celebrates the 50 years of the Manitou forklift truck.

2009 Economic crisis causing a 54% decrease in sales and the beginning of a financial crisis.

Appointment of Jean-Christophe Giroux as Managing Director and the reorganization of the Group into three divisions.

150 Year celebration of the Gehl brand.

2010 23% sales recovery and operating income returns to break even. End of the financial crisis.

2010 A 35% increase in sales and a return to net profitability.

Internal organizations are recast.

Merger with the holding SFERT within the framework of a readjustment of family control.

HIGHLIGHTS 2011

January 2011 Manitou Up! which mobilized the Group around two axes (i) the capturing growth through the creation of new sources of growth and the stimulation of existing markets, and (ii) the ability to deliver growth through an improved forecasting culture and improvements in the predictability of operations.

February Announcement of the reorganization of family control to be finalised in June with the Manitou BF-SFERT merger absorption and the signature of a new shareholders' agreement between the principle shareholders.

March ConExpo, Manitou Americas. End of the "Combination Plan" between the previous Gehl and Manitou organizations in the USA. Creation of Manitou Americas resulting from the merger of Gehl and Manitou North America.

April Synapse workshops. Manitou facilitator strengthening the Group's upstream subsidiary in the Pays de La Loire region in France.

End of the Takeuchi OEM agreement in the United States

May Arrival of Eric Lambert, President of the RTH division.

June Extension of the engine partnership with Mercedes.

September The inauguration of the IMH division's new head office in Beaupréau combining all of its production activities.

Arrival of Henri Brisse, Vice President Sales & Marketing

Presentation of the Group's first telescopic aerial work platform TJ280 (28 meters) at APEX

November New websites: manitou-group.com for the Group and a site for each brand: Manitou, Gehl, Mustang, Edge and Loc.

Introducing of the new agricultural MLT840 telehandler in EuroIIIB at Agritechnica.

December New subsidiaries in Brazil and India.

January 2012 Manitou More! which defines the Group's five values; "Leadership", "Customer Centricity" (focusing on customers), "Anticipation", "Difference" and "Accountability" upon which the Group Manitou based its "THE material handling reference" mission.

1.3 MAIN GROUP BUSINESSES

The Group is organized around three divisions:

– **RTH – Rough Terrain Handling division,** specialising in all terrain handling equipment,

– **IMH – Industrial Material Handling division,** focussing on industrial handling equipment,

– **CE – Compact Equipment division,** specialising in compact equipment.

Each of these divisions is structured around the Company's three areas of expertise as a designer, assembler and distributor of handling products.

Complementary activities such as the sale of spares or attachments and the provision of services like third party fleet management, training, etc., are represented within each division.

DIVISION RTH – ROUGH TERRAIN HANDLING

Equipment for the construction sector

This division's products mainly consist of Manitou masted forklift trucks and "Maniscopic" fixed and rotating telescopic forklift trucks. These trucks work within a height range of between 4 and 30 metres and can lift loads weighing up to five tonnes.

They are mainly used by tradesmen (builders, roofers, etc.) and regional, national and international rental companies working in the residential and nonresidential construction and renovation sectors. These users are looking for straightforward, multi-purpose products whose handling capabilities make them ideal for efficiently distributing materials across sites. A wide range of attachments is available for our telescopic forklift trucks, enabling them to be used for a broad range of applications.

Manitou offers the most complete product range meeting all of these sectors' needs.

The equipment utilisation ratio is of the order of 500 hours a year.

Access platforms

The "Maniaccess" range for personal and material lifting forms part of the RTH division. The Group designs and markets vertical, articulated and scissor access platforms. Platforms are powered by internal combustion for outdoor use and electrically powered for indoor use. A range of "bienergy" articulating aerial work platforms equipped with an internal combustion engine which permits their batteries to be recharged without the need to use on-site transformers.

The vast majority of platforms are marketed through regional, national andinternational rental companies, making this a very cyclical business.

Equipment for the agricultural sector

Equipment made for the agriculture sector is designed to withstand intensive daily use. It consists of five to ten metre telescopic forklift trucks, which can be fitted with a multitude of attachments for carrying out day-to-day tasks (scraping animal houses, cleaning, feeding cattle, silo-unloader, handling straw / hay bales, loading and unloading materials, etc). For example, stockbreeders use telescopic forklift trucks for around 1,500 hours a year, which is more than they use tractors.

Manitou is constantly improving the performance and builds quality of its forklift trucks in order to meet the ever-increasing demands of its customers. Most customers own their own equipment, and are looking for machinery with a high level of comfort on a par with that offered by their tractors and combine harvesters. Equipment intended for agricultural use is therefore equipped with cab suspension, air conditioning and the JSM, a Manitou designed joystick that can be used to control the full range of handling functions with the fingertips.

"Performance" all terrain forklift trucks

Based on its high performance all terrain equipment, the Company offers specialist handling solutions to the environmental, mining and industrial sectors, as well as to institutional customers like armed forces and organizations like the UN, civil protection bodies, etc. The highest performing equipment can lift loads of up to 21 tonnes to a height of ten metres.

IMH DIVISION – INDUSTRIAL MATERIAL HANDLING

Industrial and semi-industrial forklift trucks

The IMH division designs and distributes a wide range of products for use in industrial handling:

– semi-industrial masted forklift trucks for use both in outdoor environments on unstable ground (pavements, gravelled surfaces, etc.) and inside buildings and warehouses,

– industrial forklift trucks powered by internal combustion or electrically powered, and intended for indoor or outdoor use on stable ground. The equipment distributed in France were from Toyota (up to 2012 only) and those distributed internationally were from Manitou.

– truck-mounted forklifts enabling drivers to load, unload and handle cargo.

Depending on their use, forklifts may be powered by internal combustion (diesel or gas) or electrically powered.

Warehousing equipment

Warehousing equipment is intended for warehouse handling activities. A wide range of different variables mean that equipment can be adapted to a range of uses. The IMH division has a high level of expertise in the specific materials sector. It distributes warehousing equipment under the Toyota (France only), Loc and Manilec brands.

Mast manufacture

The mast is the core component of a forklift truck. The wide range of potential uses means the frontal mast of a forklift must be adapted to meet users' needs. The main variables relate to height and lifting capacity.

Masts are manufactured for the Group's internal purposes as well as for Toyota Industrial Equipment, based in Ancenis.

Fleet management

In its desire to meet the operational needs of certain key account customers, the IMH division directly manages the maintenance of some of its own fleets of industrial forklift trucks. The most significant maintenance contracts relate to the maintenance of the handling equipment fleet at the PCA Peugeot Citroën factories in Rennes and Aulnay-sous-Bois in France.

CE DIVISION – COMPACT EQUIPEMENT

The CE division designs, assembles and distributes compact handling equipment. The breadth of its product catalogue means that distributors have access to an attractive and complementary range designed to meet the full scope of end users' needs. All CE division products are marketed under the Gehl and Mustang brands. A full range of attachments is also available under the Edge brand.

Skid steers

Skid steer loaders are highly agile and versatile compact handling products. They are steered by locking the wheels on one side of the loader, giving them a 360° on the spot turning circle. Their small size means they can be used in cluttered environments. These straightforward, robust machines accept multiple attachments, enabling them to be used for a wide range of purposes.

The use of skidsteers is mainly within the construction and agriculture sectors and, to a lesser degree, for manufacturing applications.

Track loaders

Since 2011 the division has developed a range of trackloaders driven by tracks instead of wheels which provides them particular agility on soft surfaces. That type of equipment is mainly used for construction and agriculture.

Telescopic forklift trucks

The Compact Equipment division's range of telescopic forklift trucks consists exclusively of straightforward, robust equipment adapted to the North American market. Customers for such products mainly consist of national and regional rental companies.

Articulated loaders

The articulated loaders designed, assembled and marketed by Gehl are multi-purpose devices which can be used for handling and load recovery activities. The range of products developed by the division is focussed on low-capacity, compact equipment.

Mini excavators

The division distributes a range of mini excavators sourced from a third party supplier. This type of equipment, which is particularly aimed at the public works sector, is maintained as a complement to the division's own product range.

1.4 INFORMATION ABOUT THE MAIN SUBSIDIARIES AND GROUP ORGANIZATION CHART

MAIN GROUP SUBSIDIARIES

Manitou Americas

One Gehl Way

West Bend, Wisconsin 53095, USA

Wholly-owned subsidiary of Manitou BF

Manitou Americas resulted from the merger of Manitou North America Inc. and Gehl Company Inc. at the end of March, 2011.

Business: The distribution of all Group products in the United States and the Compact Equipment products in countries not covered by the Group's sales subsidiaries.

The design and assembly of compact equipment. The company, headquartered in West Bend, Wisconsin, has three production facilities located in Yanktown and Madison, South Dakota and Waco, Texas, as well as a distribution platform for spare parts in Belvidere, Illinois.

IFRS	**2011**	**2011**	**2010**	**2010**
Sales	$283.5M	€203.6M	$156.0M	€117.6M
Net income	$24.2M	€17.4M	$(13.8)M	€(10,4)M
Headcount as at 31.12		701		491

Manitou Costruzioni Industriali Srl

Via Emilia – Cavazzona

41013 Castelfranco – Italy

Wholly-owned subsidiary of Manitou BF

Business: design, assembly and distribution of rough terrain fixed and rotating telescopic forklift trucks, as well as heavy duty forklifts. The company also distributes all the Group's products in Italy.

IFRS	**2011**	**2010**
Sales	€193.3M	€145.5M
Net income	€8.4M	€7.2M
Headcount as at 31.12	235	235

Manitou UK Ltd

Ebblake Industrial Estate

Verwood – Dorset BH 31 6BB – United Kingdom

99.4% owned subsidiary of Manitou BF

Business: The distribution of Group products in the United Kingdom and Ireland.

IFRS	**2011**	**2011**	**2010**	**2010**
Sales	£71,9M	€82.8M	£50.0M	€58.3M
Net income	£1,4M	€1.6M	£0.8M	€0.9M
Headcount as at 31.12		40		40

Compagnie Française de Manutention SAS

510, Boulevard Pierre et Marie Curie

44152 Ancenis Cedex – France

Wholly-owned subsidiary of Manitou BF

Business: Exclusive distribution of Toyota brand industrial forklifts and Toyota and Manitou warehousing equipment in France, and maintenance of a fleet of industrial forklifts for PCA Peugeot Citroën at Rennes and Aulnay sous Bois (from 2010).

IFRS	2011	2010
Sales	€68.4M	€56.7M
Net income	€1.5M	€0.4M
Headcount as at 31.12	127	126

Manitou Deutschland GmbH

Dieselstr. 34

61239 Ober Mörlen – Germany

Wholly-owned subsidiary of Manitou BF

Manitou Deutschland GmbH absorbed Gehl Europe through a merger in late August of 2011. As a consequence, the figures below include the Compact Equipment business in Germany and Austria for a four month period.

Business: Distribution of RTH and IMH division products in Germany and Austria.

IFRS	2011	2010
Sales	€65.4M	€46.9M
Net income	€1.0M	€1.3M
Headcount as at 31.12	28	19

MANITOU GROUP CONSOLIDATION SCOPE AS AT 31.12.2011

PARENT COMPANY

MANITOU BF SA
Share capital 39 547 824 EUR
430, rue de l'Aubinière
44150 ANCENIS, France

SUBSIDIARIES

FULLY CONSOLIDATED SUBSIDIARIES

100%	**COMPAGNIE FRANCAISE DE MANUTENTION** Share capital 1 320 000 EUR 510, bd Pierre et Marie Curie - 44150 ANCENIS, France		
100%	**MANITOU AMERICAS Inc.** Share capital 361 101 000 USD WEST BEND, Wisconsin, United States	100%	**GEHL POWER PRODUCTS, Inc** Share capital 100 USD YANKTON, South-Dakota, United States
		100%	**MUSTANG MANUFACTURING COMPANY, Inc.** Share capital 15 USD OWATONNA, Minnesota, United States
		100%	**COMPACT EQUIPMENT ATTACHMENTS, Inc.** Share capital 1 USD CEDARBURG, Wisconsin, United States
		100%	**GEHL Receivables II, LLC** Share capital 1 000 USD WEST BEND, Wisconsin, United States
		100%	**GEHL Funding, LLC** Share capital 1 000 USD WEST BEND, Wisconsin, United States
100%	**CHARIOTS ELEVATEURS MANITOU CANADA Inc.** Share capital 20 000 CAD MONTREAL, Canada		
100%	**MANITOU COSTRUZIONI INDUSTRIALI Srl** Share capital 5 000 000 EUR CASTELFRANCO EMILIA, Italy	100%	**OMCI ATTACHMENTS Srl** Share capital 50 000 EUR CASTELFRANCO EMILIA, Italy
99,4%	**MANITOU UK Ltd.** Share capital 230 000 GBP VERWOOD, United Kingdom	100%	**PLEDGEMEAD** Share capital 10 000 GBP VERWOOD, United Kingdom
98%	**MANITOU BENELUX SA** Share capital 500 000 EUR PERWEZ, Belgium	100%	**DE LADDERSPECIALIST B.V.** Share capital 117 418 EUR GOES, Netherlands
100%	**MANITOU INTERFACE and LOGISTICS EUROPE** Share capital 500 000 EUR PERWEZ, Belgium		
100%	**MANITOU DEUTSCHLAND GmbH** Share capital 2 750 000 EUR OBER - MÖRLEN, Germany		
100%	**MANITOU PORTUGAL SA** Share capital 600 000 EUR VILLA FRANCA, Portugal	57,0%	**EPL CENTRO** Share capital 50 000 EUR POMBAL, Portugal
100%	**MANITOU MANUTENCION ESPANA SL** Share capital 200 000 EUR MADRID, Spain		
100%	**MANITOU VOSTOK LLC** Share capital 350 000 RUB BELGOROD, Russia		
100%	**MANITOU POLSKA Sp z.o.o.** Share capital 200 000 PLN OBORNIKI, Poland		
100%	**MANITOU SOUTHERN AFRICA PTY Ltd.** Share capital 796 875 ZAR SPARTAN EXTENSION, South Africa		
86%	**MANITOU AUSTRALIA PTY Ltd.** Share capital 400 000 AUD ALEXANDRIA, Australia		
100%	**MANITOU ASIA PTE Ltd.** Share capital 400 000 SGD SINGAPORE		
100%	**MANITOU SOUTH ASIA PTE Ltd.** Share capital 9 400 000 INR GURGAON, India		
100%	**MANITOU CHINA Co Ltd.** Share capital 7 900 000 USD HANGZHOU, China		
99,6%	**MANITOU TR** Share capital 250 000 000 000 TRL ISTAMBUL, Turkey		

ASSOCIATES

49%	**MANITOU FINANCE FRANCE SAS** Share capital 19 600 000 EUR PUTEAUX, France
49%	**MANITOU FINANCE Ltd.** Share capital 2 000 000 GBP BASINGSTOKE, United Kingdom
30,4%	**ALGOMAT** Share capital 20 000 000 DZD ALGER , Algeria
50%	**HANGZHOU MANITOU MACHINERY EQUIPMENT Co Ltd.** Share capital 3 000 000 USD HANGZHOU, China

1.5 PROPERTY, PLANT AND EQUIPMENT

EXISTING PROPERTY, PLANT AND EQUIPMENT

The main wholly owned buildings are:

Country	Location	Approximative surface in square meters	Main functions
France	Ancenis, 44	82,000	Group headquarters, divisional headquarters and research centre for the RTH division. Assembly of telehandlers and masted forklift trucks.
	Ancenis, 44	28,000	Logistics centre for spare parts.
	Candé, 49	9,000	Research and production centre for aerial work platforms.
	Laillé, 35	10,000	Production centre for compact telescopic forklifts.
	Beaupréau, 49	8,000	Divisional headquarters IMH, IMH Research centre, assembly platform for masted forklift trucks, truck mounted forklifts and warehousing equipment.
	La Verrie, 85	5,400	Investment property
Italy	Castelfranco, ER	18,600	Research centre and assembly platform for high capacity and rotating telehandlers.
United States	West Bend, WI	14,000	Headquarters and research centre for the Compact Equipment division.
	Madison, SD	24,000	Production centre for skidsteers.
	Yankton, SD	16,900	Production centre for telehandlers and the compact equipment division.
	Waco, TX	11,600	Assembly site for masted forklift trucks and truck mounted forklifts.

2011 ANNUAL REPORT

MANAGEMENT REPORT

2

MANITOU GROUP

The year 2011 was highlighted by the Group's turnaround despite a difficult operating environment and brings the business halfway between the low point in 2009 (€684 million) and the high point in 2007 (€1,593 million on a proforma basis). Sales grew by 35% as compared to the 2010 period, requiring the intense mobilisation of operating resources. Growth was provided by the three divisions despite continued pressure on supplies and suppliers and the deteriorated business environment in the southern half of Europe. New orders were strong and permitted the backlog to be maintained at a high level throughout the full-year period.

2011 also highlighted the Group's return to profitability with net income of €36 million, as compared to a loss of €17 million in 2010, and the continued reduction of debt.

Finally, the reorganization of family control conducted in June through the merger of Manitou BF with its holding company, SFERT, strengthened the Group both in the sustainability of its shareholder structure through a 6 year shareholder agreement and in its financial structure for which paid-in capital was increased by €41 million and cash by €36 million.

2.1 BUSINESS REVIEW

2.1.1 SALES PERFORMANCE

Business growth in 2011 resulted in an overall improvement in demand for equipment driven by the replacement needs for old equipment and a very favourable agricultural environment supported by historically high commodity prices.

2.1.1.1 CONSOLIDATED SALES

The Group is organized into three product divisions with shared sales forces serving four geographical regions.

SALES PERFORMANCE BY DIVISION AND GEOGRAPHICAL REGION

In millions of euros and as a percentage of total

2010 sales						**2011 sales**				
France	Europe	USA	Other regions	Total	Millions of Euros As a % of total	France	Europe	USA	Other regions	Total
184	302	30	72	586	RTH	255	410	42	89	796
22%	*36%*	*4%*	*9%*	*70%*		*23%*	*36%*	*4%*	*8%*	*70%*
88	24	4	8	124	IMH	108	24	4	11	147
10%	*3%*	*0%*	*1%*	*15%*		*10%*	*2%*	*0%*	*1%*	*13%*
1	34	80	12	128	CE	2	36	132	18	188
0%	*4%*	*10%*	*1%*	*15%*		*0%*	*3%*	*12%*	*2%*	*17%*
272	361	114	92	838	Total	365	470	178	118	1,131
32%	*43%*	*14%*	*11%*	*100%*		*32%*	*42%*	*16%*	*10%*	*100%*

2.1.1.2 SALES PERFORMANCE BY DIVISION

SALES PEFORMANCE – ROUGH TERRAIN HANDLING (RTH) DIVISION

The Rough Terrain Handling (RTH) division sells handling and personnel lifting equipment to the construction, agriculture, industrial (e.g. mining) and environmental sectors, as well as to institutional customers, armed forces, etc. It accounted for 70% of Group sales in 2011 and reported a 36% increase compared to 2010.

The dynamism of the RTH division in 2011 was driven by two growth engines: on one hand, high food prices which stimulated sales in that sector and, on the other hand, significant equipment replacement needs in the construction sector, including clients in the rental business which were particularly quiet since the 2009 crisis.

RTH division: performance in France

In France, the division's sales of €255 million increased by 39% as compared to 2010. The division realized its strongest growth in the construction sector which experienced a very favourable year for residential construction in 2011 and thanks to the continued return of rentals. The agricultural sector also experienced strong growth.

RTH division: European performance

Sales increased by 36% to €410 million. The increase was the liveliest in the agricultural sector, particularly in the northern half of Europe, in Eastern Europe and Russia, as well as in Italy. In construction, the growth varied significantly between the northern half of Europe, whose growth was very strong (Benelux, Scandinavia, Germany) and Southern Europe which was hit by the economic crisis and a profound lack of confidence (Italy, Spain, Portugal).

RTH division: performance in North and South America

The division's business on the American continent mainly consists of the distribution in the US and Canada of masted forklift trucks assembled at the Waco, Texas plant and telescopic forklift trucks imported from Europe. The South American business is focused on the distribution of European telescopic forklift trucks.

Sales of €42 million in 2011 increased by 42% as compared to the prior full-year period.

The Group benefited from the improved economic environment in the U.S. and its further development in South America as a whole where economic growth was buoyant in 2011.

RTH division: performance in the Rest of World

Sales of €89 million increased by 24% as compared to 2010.

The most significant trends were reported in Southeast Asia with constant demand in the construction and mining sectors, as well as in Southern Africa, also in the mining sector.

SALES PERFORMANCE – INDUSTRIAL MATERIAL HANDLING (IMH) DIVISION

The IMH division markets handling and warehousing equipment for industrial applications and management services for handling equipment. It also works as a sub-contractor for masts sold by Toyota. In 2011, it represented 13% of Group sales at €147 million, an increase of 19% compared to 2010 and the first return to growth since the 2008 crisis, despite an environment affected by the reorganization of its plants in France (transfer of the production and warehousing site) and in China (the discontinuation of their own assembly of industrial diesel and gas forklifts).

IMH division: performance in France

Sales of €108 million were recorded, an increase of 23% compared to 2010, spread over three different businesses:

– the distribution of Toyota industrial forklifts, Manitou semi-industrial and truck-mounted forklifts and Toyota and Manitou warehousing equipment recorded a 23% increase in sales during the period;

– the production of masts as a subcontractor on behalf of Toyota increased by 46%;

– finally, service activities, consisting mainly of handling equipment fleet management on behalf of Peugeot Citroën Automobile and short-term rental services, as well as the sales of spare parts, increased by 6%.

IMH division: European performance

Sales of €24 million realized in Europe were down by 4% compared to 2010. The division's European business were both very promising in Eastern Europe and Russia, and somewhat declining in traditional markets and mature countries affected by the economic decline in Southern Europe and the aging of the diesel and gas industrial forklift range whose renewal became effective in February of 2012.

IMH division: performance in North and South America

The division's business mainly consists of the distribution in the US and Canada of masted semi-industrial and truck-mounted forklifts assembled at the Waco, Texas plant and the distribution of Manitou industrial forklifts in South America.

In 2011, sales revenues of €4 million were recorded, an increase of 12% compared to 2010, mainly in the distribution of semi-industrial forklifts in North America and industrial forklifts in South America.

IMH division: performance in the Rest of World

In other regions throughout the world, the division distributes Manitou masted forklifts and industrial forklifts as well as complementary products sourced from third party suppliers. The business is mainly active in Southern Africa and Australia.

Sales of €11 million were recorded, an increase of 39% compared to 2010, mainly through the distribution of industrial and semi industrial forklifts in South-east Asia and Africa.

SALES PERFORMANCE - COMPACT EQUIPMENT DIVISION (CE)

The Compact Equipment division markets compact handling equipment to the construction and agricultural sectors under the Gehl, Mustang and Edge brand names. It includes all of the Gehl businesses acquired by Manitou at the end of 2008. In 2011, with sales of €188 million, the division represented 17% of Group sales and recorded a 47% rebound in business as compared to 2010.

CE division: performance in North and South America

After being impacted by a decline in sales of over 80% in 2008-2009, the CE's business in the Americas continued its recovery (+64% in 2011) towards normal levels. The year 2011 was driven by both a euphoric agricultural sector and the acceleration of replacement requirements for construction equipment at both end-users and rental companies. The division also launched its first line of self-developed track loaders during the year and benefited from the combination of the Gehl and Manitou sales forces which began in late 2010.

CE division: performance in France

The division benefited from the reorganization of the distribution channels performed in 2010 and recorded sales of €2 million, up 122% compared to 2010.

CE division: European performance

The division reported sales of €36 million in 2011, an increase of 5% as compared to 2010. Distribution synergies with dealer networks continued to be very strong throughout the region. On the other hand, business was strongly impacted by the downturn in the Italian market and the discontinuation in the distribution of the range of complementary products in Germany.

CE division: performance in the Rest of World

Sales of €18 million increased by 43% during the year, mainly in Africa and the Middle East.

2.1.2 BREAKDOWN OF SALES BY INDUSTRY SECTORS

The Group designs, assembles and distributes products for the construction, agricultural and industrial markets.

IN THE CONSTRUCTION SECTOR, the market witnessed a continued recovery which began in 2010. The dynamic growth was based more on a gradual return to a normal level of business following the great recession of 2009 than a recovery of the construction sector. Replacement requirements for equipment acquired during the previous cycle in 2003-2008 became more urgent and renewed the deal flow which had almost disappeared as of 2008.

Beyond these structural requirements, the construction business benefited from the strength of residential construction in France, in the northern half of Europe and especially in Germany, where users returned to a cycle of increasing their equipment portfolio.

2011 sales in the construction market represented 43% of total consolidated sales as compared to 45% in 2010.

IN THE AGRICULTURE SECTOR, demand was very strong, driven by structural requirements for the renewal of equipment which is commonly used intensively and an economic environment favourable for investment. Indeed, prices of agricultural commodities such as milk, meat, cereals, etc. reached historical levels and provided an increase in agricultural income throughout all regions but especially in the USA where commodity prices increased by 31% in 2011.

Sales in the agricultural sector represented 33% of total consolidated sales in 2011 versus 31% in 2010.

IN THE INDUSTRIAL SECTOR, where the Group's presence extends across businesses as diverse as manufacturing, the wood industry, waste reprocessing and materials transformation, investments in equipment rebounded.

The industrial sector accounted for 23% of consolidated sales in 2011 as compared to 24% in 2010.

2.2 FINANCIAL INCOME / EXPENSE

2.2.1 CONSOLIDATED INCOME STATEMENT

In millions of euros	2010	2011
Sales	838.3	1.131.1
Gross margin	**122.4**	**173.6**
% of sales	14.6%	15.3%
Recurring operating income	**4.3**	**51.3**
% of sales	0.5%	4.5%
Restructuring & Impairment of assets	(2.2)	1.7
Operating income	**2.0**	**52.9**
% of sales	0.2%	4.7%
Financial income/expense	(12.7)	(9.0)
Share of income from associates	1.1	1.0
Taxes	(7.1)	(8.4)
Net income attributable to the equity holders of the Parent	**(16.7)**	**36.4**

2011 was the year of recovery for the Group, with sales growth of 35% permitting the generation of a 4.0 point lever on income from recurring operations, which increased by €47.0 million reaching a margin of 4.5%. The three divisions reported improved operating income as compared to 2010. Despite the fact that it divided its losses in half in 2011, the IMH division remained only the division in a loss position due to its profound industrial reorganization and an unfavourable business mix.

The restructurings and asset impairments generated non-recurring income of €1.7 million resulting from gains on merged assets net of the €4.3 million associated costs. Those cost included €4.3 million related to the Manitou BF-SFERT merger, from a loss on the impairment of intangible assets of €1 million and from non-recurring restructuring expenses, industrial reorganization expenses and costs related to the termination of an OEM partnership of €1.6 million.

The interest expense burden decreased by 30% over the year, reflecting the Group's continued reduction of debt and the associated improvement in financing terms, including the contractual reduction in the interest rate on the syndicated loan of 150 basis points as of 01.10.2011.

Income from associates mainly consisted of financing companies including Manitou Finance France and Manitou Finance UK and remained stable as compared to the prior full-year period.

Lastly, taxes increased by 18% compared to 2010 and, after taking into account the tax losses carried forward, resulted in a tax rate of 18.7% of income before taxes.

Net income attributable to the Parent Company amounting to €36.4 million highlighted the Group's return to profitability. It represented 99.7% of total net income and a net margin of 3.2%.

2.2.2 INCOME STATEMENT BY DIVISION

In millions of euros	RTH	IMH	CE	2010	RTH	IMH	CE	2011
Sales	**586.5**	**123.8**	**128.1**	**838.3**	**796.3**	**146.9**	**187.9**	**1,131.1**
Gross margin	93.1	14.7	14.6	122.4	124.5	17.3	31.9	173.6
% of sales	15.9%	11.9%	11.4%	14.6%	15.6%	11.8%	17.0%	15.3%
Recurring operating income	**25.8**	**(3.6)**	**(18.0)**	**4.3**	**47.0**	**(1.8)**	**6.1**	**51.3**
% of sales	4.4%	(2.9)%	(14)%	0.5%	5.9%	(1.2)%	3.2%	4.5%
Restructuring costs and impairment	(0.2)	(2.0)	0.0	(2.2)	(0.8)	(0.4)	(1.4)	(2.6)
Badwill from merger (net)								4.3
Operating income	**25.6**	**(5.6)**	**(18.0)**	**2.0**	**46.2**	**(2.2)**	**4.6**	**52.9**

RTH (ROUGH TERRAIN HANDLING) DIVISION INCOME STATEMENT

The division experienced an increase in sales of 36%. The year was highlighted by various stresses in its operating chain with major difficulties in the supply of engines. The disturbances, which were more serious during the beginning of the year, slowed production and limited the leverage effect of the full year period.

Gross margin decreased by 0.3% compared to 2010. The main causes of the decrease were related a less favourable product mix resulting from the drop in the portion of spare part sales, operating disruptions, and price pressures on purchases which were only partially passed on to customers.

The division increased its research efforts which resulted in an increase in development costs of 8.5% before the capitalization of projects and amortisation.

Selling and administrative resources were also strengthened to support the overall business recovery.

Income from recurring operations was thus €47.0 million amounting to a margin of 5.9%, an increase of 1.5 percentage points for the full-year period.

Non-recurring expenses of €0.8 million were related to the impairment of goodwill at DLS in the Netherlands where it was decided to discontinue the regional equipment leasing business.

IMH (INDUSTRIAL MATERIAL HANDLING) DIVISION INCOME STATEMENT

After two consecutive years of flat sales, sales resumed their growth and reached a 19% growth rate as compared to 2010. That recovery took place within the context of a complete overhaul of the division which separated its production activities and headquarters on the Beaupréau site and discontinued the in-house production of internal combustion industrial forklift trucks in China. That business will be outsourced as of 2012 from the Chinese partner Hangcha with which the Group has had a manufacturing partnership since 2006.

Given the more favourable business environment, the division was able to introduce prices increases which improved the margin by 1.4%. This positive impact was nevertheless offset by the trend towards a product mix driven by the growth of the distribution business, while production activities (warehousing and internal combustion industrial forklift trucks) suffered from the impact of the reorganization mentioned above. Despite these disturbances, the division managed to maintain a gross margin of 11.8%, very close to the 2010 rate.

In line with its development objectives, the Division launched an acceleration of its product development plan and increased its R&D capacity through the increase of R&D expenditures before project capitalization and amortization by 38.8%.

After taking into account other selling and administrative expenses, income from recurring operations amounted to a loss of €1.8 million, a decrease of 50% compared to the amount reported in 2010.

The non-recurring expenses reported in the division's income statement were related to costs associated with the completion of the transfer of production in Saint Ouen l'Aumône, France to the Beaupréau site, also in France.

CE (COMPACT EQUIPMENT) DIVISION INCOME STATEMENT

The division continued its recovery with a growth rate of 47%, enabling it to exceed breakeven. The impact of growth on industrial activities was strengthened by the market recovery of internally developed telehandlers in the U.S. and the launch of the first range of internally developed track loaders. The two production sites in Yanktown and Madison thus returned to levels of activity not seen since 2008. Taking advantage of an abrupt increase in the market demand for equipment, the division managed to introduce price increases greater than the impact of increased material costs and improve its gross margins by 5.6% to 17.0%.

The implementation of the "combination plans", aimed at bringing the former Manitou and Gehl teams in the United States and Germany together, permitted the realization of both operating and economic synergies. The favourable environment improved the quality of receivables related to customer sales financing in the United States.

Income from recurring operations was €6.1 million as compared to a loss of €18.0 million in 2010. This spectacular return to profitability permitted the division to generate a net margin of 3.2%.

Non-recurring expenses of €1.4 million were reported in the division's income statement related to the restructuring of the European operations and the termination of the division's OEM agreement with Takeuchi.

2.2.3 FINANCIAL POSITION

Receivables on sales financing for end-users were mainly related to the financing programme for Gehl end-users. These were reported as assets of €32 million (including both the current and the non-current portion), and decreased by 57% over the course of the full-year period as agreements either expired or were repaid in advance. In September of 2010, Gehl entered into a partnership with DLL Financials to put a new sales financing programme in place for end-users. The related receivables are without recourse and therefore not included in the consolidation. That change permits the Group to no longer carry that type of financing on its own balance sheet as of October 1, 2010. The outstanding balance of sales financing receivables will gradually decline in line with the terms on existing contracts or advance repayments. Furthermore, the refinancing of this type of receivable through lending institutions was reduced by 48% during 2011 and represents a remaining balance of €27 million in debt on agreements with limited recourse clauses. The balance of the €32 million in receivables and €27 million in the refinancing of those receivables results in an asset of €5 million in positive future cash flows (assuming no change in doubtful accounts).

The €330 million working capital from operations excluding receivables from sales financing amounted to a 29% increase driven by an increase in sales revenues of 35% and the investment in inventories for the EuroIIIA engines of €34 million. This non-recurring transaction should permit the continued assembly of machines which comply with this standard until the arrival of new EuroIIIB engines which will be gradually introduced in 2012 and 2013. Working capital as a number of days' sales amounted to 105 days in 2011 as compared to 110 days in 2010. Excluding the engines, which were a non-recurring inventory item, the inventory turnover rate would have been 94 days which amounts to a 14% improvement compared to 2010.

Shareholders' equity amounted to €407 million, a 23% increase compared to 2010. The Manitou BF-SFERT merger resulted in an increase of €41 million of shareholder funds. Other variances were mainly the result of the €37 million generated by income for the full-year period and an unfavourable variance in translation adjustments and other gains and losses recorded directly against equity.

2.2.4 INVESTMENTS AND CASH FLOW

Investments in 2011 amounted to €22.1 million compared to €20 million in 2010. They consisted of €6.1 million of capitalized development costs, €3.2 million of infrastructure (including €1.4 million for the extension of the new Beaupréau site), €5.1 million of tooling, €3.9 million of rental fleet equipment and, finally, €3.3 million for other projects.

Over the year, the Group benefited from three distinct sources of positive cash flow:

– €49.4 million generated by the cash flow from operations which, after two years of crisis, became positive;

– €26.4 million generated by a reduction in accounts receivable from end-users. That historical method of financing sales, which was unique to the United States, was replaced in September of 2010 by the securitization of receivables without recourse through a third party financial institution. The write-off of customer accounts dating from before September of 2010 amounted to a decrease in receivables of €51.4 million which simultaneously reduced the refinancing debt related to those receivables by €24.9 million;

– lastly, the exceptional contribution of €36.6 million in cash through the merger of Manitou BF with its holding company SFERT.

The combination of these three cash flow components enabled the Group to finance:

– an increase in working capital from operations (excluding financing receivables and the related refinancing) of €68.9 million, of which, €34 million in inventories of EuroIIIA engines;

– a programme of €19.0 million in operating investments and €3.9 million of investments in rental fleet;

– a reduction in net debt from €138 million in 2010 to €86 million in 2011.

2.2.5 THE MERGER OF MANITOU BF - SFERT

The Extraordinary Shareholders' Meeting in June approved the proposed reorganization of the family ownership structure submitted by Manitou's family shareholders. The comprehensive memo of understanding between the family members permitted the achievement of a merger with Manitou's family holding company (the SFERT) and the signing of a shareholders agreement with terms of 6 years.

These transactions will strengthen Manitou by confirming the continuity of family control on one hand and, on the other, by providing assets of €46.2 million from the SFERT balance sheet. They also contribute to stabilizing the family shareholder structure.

Assets contributed by SFERT consisted of a 42% stake in Manitou BF (those shares being cancelled following the merger), €36.6 million in cash as well as 100% of the equity in Lucas G., a company specializing in breeding equipment.

The accounting treatment at June 9, 2011 related to the merger generated negative goodwill (badwill) of €5.4 million which was recorded in the financial statements as at June 30, 2011. The badwill was mainly due to the difference between the valuation used in the framework of the merger agreement for the Manitou BF shares contributed by SFERT, and the market price of Manitou BF shares on the transaction date. In April of 2011, within the framework of the proposed merger, independent experts valued the Manitou BF share at €24 based on market projections, while the share price of €20.65 at June 9, 2011 was used to record the transaction in compliance with IFRS3.

The merger transaction had a net positive impact on income of €4.3 million in the first half of 2011. That amount corresponds to the negative goodwill of €5.4 million excluding expenses related to the transaction. It has been reported as income in non-recurring items and was not allocated to divisions.

2.2.6 THE PARENT COMPANY - MANITOU BF

FIGURES IN ACCORDANCE WITH IFRS

Sales for the full-year period increased by 42% to €774.9 million and generated net income €29.5 million as compared to a net loss of €2.6 million in 2010.

The year 2011 was also highlighted by major changes in Manitou BF's consolidation scope. The merger with the holding company SFERT associated with the reorganization of family control increased the equity by €46.2 million and cash by €36.5 million. The merger with the subsidiaries Aumont BSBH (January 2011), Compagnie Industrielle de Matériels de Manutention (October 2011) and Manitou Loc Manutention (December 2011) also contributed to simplifying the French legal and operating structures.

The improvement in the financial income combined with the impact of the merger with SFERT led to an increase in equity of €75 million to €421 million and an €18.1 million reduction in net debt.

The merger and acquisitions were all performed using the "pooling of interests" method effective retroactively as of January 1st, 2011 with the advance authorization of French fiscal authorities as having no impact on taxes.

MANITOU BF SALES

Manitou BF realizes 91% of its business through the production and distribution of the RTH division's products, with the remaining 9% based on the IMH division's products. The RTH division's business grew by 43% and the IMH division's by 28%. The marketing of the CE division's products by Manitou BF, which began in 2010, was strengthened with sales increasing from €0.4 million in 2010 to €2.9 million in 2011. Sales revenues by geographic region increased by 39% in France, 43% in Europe, 54% in the Americas and 41% in other regions. Sales of spare parts and attachments totalled €124.5 million, an increase of 11% during the full-year period.

MANITOU BF INCOME

The gross profit margin decreased by 1.5 percentage points to 27.8%. That change was due to increases in material prices only partially passed on to customers, as well as an unfavourable change in the product mix caused by a decrease in the relative portion of spare parts as compared to sales of equipment.

Changes on all income and expense items were impacted by the merger of Manitou BF with three of its subsidiaries during the year. After adjusting for those changes in consolidation scope, the operating expenses were driven by the strong growth in business and by the reinforcement of resources and skills.

Operating income was reported at €11.8 million, an increase of 129% as compared to 2010.

Financial income / expense evolved from a net financial expense of €12 million in 2010 to net financial income of €21.4 million in 2011. The improvement was due to an increase in dividend income as well as a decrease in financing costs (due to a decrease in net debt and a reduction in interest rates), those items being partially offset by the recording of losses on merged assets of €3.2M.

After taking into account exceptional items of €1.5 million and taxes of €5.1 million, net income was €29.5 million as compared to a loss of €2.6 million in 2010.

As of 2011, the expenses related to profit sharing are reported as salary expense, not as the line item "employee profit sharing". It should be noted that expenses related to employee profit sharing were €3.5 million in 2010 and €3.1 million in 2011.

FIGURES IN ACCORDANCE WITH IFRS

Under IFRS, Manitou BF's main income statement indicators consisted of sales of €771.7 million, net recurring operating income of +€7.7 million and net income of +€34.7 million.

2.2.7 BUSINESS AND RESULTS OF MAIN ASSOCIATES

MANITOU FINANCE FRANCE

This company, which is 49% owned by Manitou BF and 51% by BNP Paribas Leasing Group, is aimed at offering financing, leasing and long-term rental solutions to end-users of Manitou and Toyota products in France.

In 2011, the entity generated financing of €55.9 million an increase of 13% compared to 2010. Net income amounted to €1.4 million which resulted in €0.7 million of income reported using the equity method.

MANITOU FINANCE LTD

This company, which is 49% owned by Manitou BF and 51% by BNP Paribas Leasing Group, is aimed at offering financing, leasing and long-term rental solutions to end-users of Manitou products in the UK as well as providing inventory financing solutions to dealerships. The partnership broadened the scope of its activities during the year to better serve dealers by applying its own dedicated sales resources and including several other manufacturers in the programme.

Medium term financing generated thus increased from 7.1 million in 2010 to €42.6 million in 2011. Total net income after taxes of €0.8 million resulted in net income of €0.4 million being reported in the Group's financial statement using the equity method.

2.2.8 OTHER INFORMATION RELATED TO THE 2011 FINANCIAL PERIOD

SIMPLIFICATION OF THE GROUP'S ORGANIZATIONS

The Group recast its legal and operational organizations to improve the sharing of its resources and production assets:

January 2011: Merger of Aumont BSBH with Manitou BF
March 2011: Merger of Gehl and Manitou Americas and a change of name for the new entity to Manitou Americas
June 2011: Merger of Manitou BF and its holding company SFERT
August 2011: Merger of Manitou Deutschland and Gehl Europe
October 2011: Merger of Manitou BF and CIMM
December 2011: Merger of Manitou BF and MLM

MANITOU SOUTHERN AFRICA SHAREHOLDERS' AGREEMENT

During the first half of 2011, the minority shareholder of Manitou Southern Africa informed Manitou BF of its wish to exercise its minority put option. Manitou BF acquired the 20% equity investment held by the minority in July of 2011 and now owns 100% of Manitou Southern Africa.

STATUS OF IT PROJECTS IN PROCESS

In 2011, the Group modernised its financial and operating reporting tools which led to the overhaul of internal and external business reports and management accounting evolving from the presentation of financial statement items by nature to the their presentation by function.

NON-DEDUCTIBLE EXPENSES REFERRED TO BY ARTICLES 39-4 AND 39-5 OF THE FRENCH GENERAL TAX CODE

In accordance with the provisions of Article 223 quater of the French General Tax Code, the financial statements for the year ended included the amount of €365,377 corresponding to the amortisation and depreciation of the portion of directors' attendance fees that cannot be deducted for tax purposes.

INFORMATION ON MANITOU BF'S SUPPLIER PAYMENT TERMS

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, you are informed that the balance of supplier payables as at the end of the year just ended may be broken down by maturity date as follows:

In thousands of euros	**Balance at 31.12.2010**	**Balance at 31.12.2011**
Payable within 30 days	33,808	60,761
Payable within 45 days		
Payable within 60 days	37,010	42,503
Payable within over 60 days	4,778	4,595

INFORMATION ON ACCOUNTING STANDARDS AND CONSOLIDATION METHODS

The Group's consolidated financial statements for the year ended 31.12.2011 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted within the European Union.

The Group's production of its financial statements for the year ended December 31, 2011 was performed according to IFRS and using the same accounting principles as for the 2010 financial statements.

With the exception of Manitou Finance Ltd, Manitou Finance France SAS, Algomat and Hangzhou Manitou Machinery Equipment, which were reported using the equity method, all companies were fully consolidated.

2.2.9 CHANGES IN THE PRESENTATION OF THE FINANCIAL STATEMENTS

OBJECTIVES OF THE CHANGES

The Group's organization into three divisions announced in March 2009 led Manitou to reconfigure all of its management systems and reporting in order to:

– have available source information structured by division,

– make the financial statements easily readable, less expensive and familiar to the operating personnel,

– manage a single reference for performance measurement,

– make financial information more accessible to foreign managers and investors.

Group management wanted to change the financial statements from a presentation by nature to a presentation by function in order to better fulfil all of these criteria.

EXPLANATION OF REPORTING LINE ITEMS

SALES

Sales mainly consist of the sales of new handling equipment assembled within the Group or acquired from third parties, of spare parts and attachments, of sub-contracts for industrial forklift truck masts, of equipment rentals, of equipment park management services and of other miscellaneous services.

COST OF SALES

The cost of sales consists of the cost of goods and services sold which include the cost of materials and components, labour directly attributable to the goods or services, as well as all related operating costs of the production and logistics activities. Also included in the cost of sales are the depreciation and amortization of intangibles, equipment and materials allocated to production activities, the costs of contractual guarantees and provisions for the impairment of inventories.

GROSS MARGIN

Gross margin on cost of sales is the difference between sales and the cost of sales.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses consist of personnel expenses for persons assigned to the innovation, development, design, prototyping and improvement of products. The businesses frequently use external services as well as dedicated equipment and materials for which the depreciation is allocated to the function.

Research and development activities that meet the criteria of feasibility and innovation can be capitalized as an intangible asset and subsequently amortized as a cost of sales. Those expenses not meeting the capitalization criteria are recorded directly as expenses.

SALES AND MARKETING EXPENSES

Selling expenses consist primarily of personnel expenses and costs related to missions assigned to sales development, coordination of dealer networks, marketing and technical service. Sales commissions, advertising expense, trade shows, insurance expense, sales guarantees, travel expenses and the amortization of associated infrastructure are also included on this line item.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly consist of personnel expense and the costs associated with the support functions (Human Resources, Finance, the General Secretary function, etc.). The amortization of the infrastructure associated with these functions is also included.

NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses include the following items:

– any impairment recorded,

– restructuring costs,

– other transactions on consolidated shares.

OPERATING INCOME

Operating income includes all recurring and non-recurring items described in the prior section. It remains comparable to operating income as previously reported by the Group.

FINANCING RECEIVABLES

Sales financing receivables are made up of financing provided to end-users to purchase Group products. These customers are either large accounts or, most often, Manitou dealer customers. The terms of financing may go up to 60 months.

Funding for equipment purchases on the company's own balance sheet was mainly performed by Gehl prior to its acquisition by Manitou. Since September of 2010, this method of financing has been replaced by a partnership with a third party financial institution. The new partnership, which excludes any investment by Manitou or recourse on accounts financed, no longer has any impact on the Group balance sheet and income statement. The residual portion of the remaining receivables mainly consists of accounts put in place by Gehl prior to September 2010.

FINANCIAL INDICATORS

NET DEBT

Net debt is the difference between the sum of current and non-current financial liabilities and current assets including cash and cash equivalents.

EBITDA

Operating income +/- increases - reversals of amortisation and write-offs for impairment.

GEARING

The financial ratio measuring the net debt divided by shareholders' equity.

LEVERAGE

A ratio which is calculated by dividing the amount of net debt at the end of the period by the rolling 12 month EBITDA. It permits the reporting of the debt amount as the number of years EBITDA.

WORKING CAPITAL FROM OPERATIONS

Inventories and work in progress + Customer receivables - Accounts payable - Other current liabilities.

Working capital from operations excludes sales financing receivables which do not change proportionally with operating activity.

COMPARABILITY OF DATA

The changes to the presentation of the financial statements have no impact on certain income statement aggregates which remain totally identical to the definitions previously used. The following are the line items referred to:

- Sales
- Net operating income from ordinary activities
- Operating income
- Financial income/expense
- Taxes
- Minority interests
- Net income
- Net income attributable to the equity holders of the Parent

THE REVIEW AND APPROVAL OF CHANGES

The proposed changes in the presentation of the financial statements were piloted by the Finance Department. The specifications were approved in advance by the General Management and the Audit committee.

The entire project was also conducted in close cooperation with the independent auditors and led to a review of the specifications and new procedures, as well as specific work to review the new consolidation tool and reformat the 2010 financial statements using the new presentation.

2.2.10 2012 OUTLOOK

Manitou confirms its outlook of 10 to 15% sales growth in 2012, with 15% in the first half. Operating income should improve to 5.5% and permit a 50% growth rate in earnings per share.

2.3 RESEARCH AND DEVELOPMENT

INFORMATION ON RESEARCH AND DEVELOPMENT

In accordance with its strategy, the Group continues to invest in innovation and product improvements. Its development teams are spread across six design departments, and represent more than 7% of Group headcount. Development projects relate, on the one hand, to technical innovation and the development of new concepts, and on the other hand, to the development of existing ranges in order to prepare for regulatory changes.

Key future regulatory changes are as follows:

– As of 2012: phased switch to either Euro III B or interim Tier IV standards on polluting emissions, with implementation dates linked to engine power.

– As of 2014: phased switch to either Euro IV or Tier 4 standards on polluting emissions, with implementation dates linked to engine power.

The switch to new standards on polluting emissions is combined with flexibility clauses enabling manufacturers to put together a quota of machines with engines meeting the old standards. Quotas are determined on the basis of the average engine sizes of the same type sold over the previous three years.

Constraints associated with switching to the new standards mean that the Group will need to create inventories of old engines so as to better manage the transition period.

DEVELOPMENT EXPENSES OVER TIME

	2010		2011	
In millions of euros and as a % of sales for the year	Amount	% of sales	Amount	% of sales
Capitalised expenditures	3.6	0.4%	4.8	0.4%
Uncapitalised expenditures and amortisation expense	12.7	1.5%	11.8	1.0%
Total	**16.3**	**1.9%**	**16.6**	**1.5%**

INFORMATION ON PATENTS AND LICENCES

The Group holds a collection of patents protecting the innovations applied within its various design departments.

A total of 63 patents remained valid at the end the 2011 financial period. In addition, 2 new patent applications filed in 2010 and 7 filed in 2011 are still pending with patent authorities.

2.4 POST-CLOSING EVENTS

CHANGES IN THE PARTNERSHIP WITH TOYOTA

Toyota Material Handling Europe and Manitou announced in January of 2012 that they have mutually decided to not renew their exclusive distribution agreement for industrial handling equipment under the Toyota brand name in France with effect on January 1, 2013. The two groups consider that their "business model" is no longer suited to the market's development and would each like to put in place separate and more clearly defined brand strategies which are applicable to the whole of Europe. The Group would like to market a line of industrial products under a single Manitou brand name. The launch of that line is planned for early February 2012 internationally and during 2013 in France.

The businesses of both groups will continue as normal until December 31, 2012 and no impact should be felt neither at their level nor at the level of dealers or customers.

NEW PARTNERSHIP WITH YANMAR

In January of 2012, Manitou announced a new partnership with Yanmar, a world leader in construction equipment. Under a cross agreement targeting the United States, Manitou Americas will distribute Yanmar's compact excavators under the Gehl and Mustang brand names, while Yanmar Americas will distribute Compact Equipment skidsteers under its brand name. This partnership also strengthens the existing technical collaboration of both organizations in terms of engines.

2.5 EXTRAORDINARY EVENTS

The events in Japan exposed the Group to the risk of supply disruptions which could have directly or indirectly affected 25% of Group sales.

The adaptability of Japanese companies finally permitted limiting the impact to strains on the logistics of certain supplies, notably engines, however ultimately did not have any material impact on the Group in 2011.

RISK FACTORS AND RISK MANAGEMENT

3

MANITOU GROUP

The chapter "Risk factors and risk management" is an integral part of note 7.9 of the Notes to the consolidated financial statements.

The Company has carried out a review of risks that could have a material adverse impact on its business, financial position or performance (or its ability to achieve its objectives). It does not believe there to be any material risks other than those presented here.

3.1 FINANCIAL RISKS

The Finance Departments of the Parent Company and of each subsidiary are responsible for assessing, controlling and overseeing risks. All strategic decisions related to the policy for hedging the Group's financial risks are managed by the Finance Department within the framework of a Financial Risk Management committee.

Note 7.9 of the Notes to the consolidated financial statements refers to the paragraph above on financial risks.

3.1.1 LIQUIDITY RISK

The Finance Department is responsible for the Group's financing and liquidity at the lowest possible cost. Long-term financing facilities are essentially concentrated at the Parent Company.

The Manitou Group has lines of credit available, mainly within Manitou BF. These facilities amounted to €132 million at 31.12.2011, of which €16 million were used at 31.12.2011. The credit agreement between Manitou BF and the bank consortium includes borrowing clauses with covenants based on ratios or "Material Adverse Change" or "Event of Default" which could restrict the ability to use these facilities or affect their expiry dates. The contracts include "negative pledge" clauses relating to assets not provided as security and accompanied by an exemption threshold. The use of certain facilities is contingent upon cross guarantees being put in place with creditors.

Financing by Manitou BF to its subsidiary Manitou Americas is limited to a ceiling amount of $45 million.

ASSETS AND LIABILITIES ASSOCIATED WITH FINANCING ACTIVITIES: MATURITY SCHEDULE AS AT 31 DECEMBER

Facilitiy *In millions*	**Beneficiaries**	Maturity date	Amount in local currency	Amount in euros	Used as of 31.12.11	Less than 1 year	1 to 5 years	Over 5 years
Term Loan A	Manitou BF	Sept. 13	84	84	84	28	56	
Revolving facility B	Manitou BF	Sept. 13	40	40				
Revolving facility C *	Manitou BF	Sept. 13	45	35				
Multicurrency ($/€)								
Limited Recourse	Manitou Americas		35	27	27	23	4	
Other	Misc.	-		57	8	8		
Group Total				**243**	**119**	**59**	**60**	

* $45M or the euros equivalent

The bank margin applied fluctuates from 70 to 300 basis points for the lines A and B and from 65 to 250 basis points for the line C, based on the level of the leverage ratio ranging from 0.5 to 3.5.

SUMMARY OF CONDITIONS ATTACHED TO BORROWING FACILITIES

Facility	Signatory	Main contractual clauses		
		H2 2011	H1 2012	> H2 2012
Facility A / B	Manitou BF	Gearing < 1 Excess Cash Flow Cap on investments Cap on acquisitions Not available to Manitou Americas Leverage < 4,2	Gearing < 1 Excess Cash Flow Cap on investments Cap on acquisitions Not available to Manitou Americas Leverage <3	Gearing < 1 Excess Cash Flow Cap on investments Cap on acquisitions Not available to Manitou Americas Leverage <2,5
Facility C	Manitou BF	Idem A et B Receivables cross guarantee covering Manitou BF receivables Manitou Americas funding ≤ $45m	Idem A et B Receivables cross guarantee covering Manitou BF receivables Manitou Americas funding ≤ $45m	Idem A et B Receivables cross guarantee covering Manitou BF receivables Manitou Americas funding ≤ $45m

Note 7.6 “Current and non-current financial liabilities” in the notes to the consolidated financial statements provides a detailed breakdown of all Group debts.

3.1.2 INTEREST RATE RISK

The Group’s interest rate management policy is overseen and controlled by the Parent Company’s Finance Department with the aim of protecting future cash flows and reducing the volatility of financial charges. The Group uses the different instruments available in the market, in particular interest rate swaps.

The main sources of interest rate risk exposure for Manitou BF and its subsidiaries and associates are:

CREDIT FACILITIES

The Group has financial debt contracted for the acquisition of Gehl and to finance its operations. These commitments are based on floating interest rates. The risk of changes in interest rates has been partly hedged using various instruments (floating/fixed interest rate swaps and floating/floating interest rate swaps).

It cannot be ruled out that interest rates on the unhedged portion of borrowings could increase in the future. This could have a negative impact on the Manitou Group’s net income and financial situation.

TABLE OF HEDGING COVERAGE AND SENSITIVITY OF ACQUISITION DEBT

Hedging on acquisition debt	Hedging rates			Impact of a +/- change 0,5% interest rate*
	Fixed coverage	Cap	Total	
31.12.2011	52%	34%	86%	€0.2M
31.12.2012	72%	28%	100%	€0.1M
31.12.2013	0%	0%	0%	€0.1M

* based on the Euribor 1 month rate of 1,024% and on the Euribor 3 months rate of 1,356% effective at December 31, 2011

SALES FINANCING

This activity is carried out through Gehl Company and the joint-ventures Manitou Finance Ltd. and Manitou Finance France SAS and remains particularly sensitive to changes in financing and refinancing rates. The main risk linked to this activity lies in the capacity to match the financing and refinancing rates.

3.1.3 EXCHANGE RATE RISK

The Group seeks to minimise each entity's foreign exchange risk relative to its functional currency. The finance departments of the Parent Company and the subsidiaries provide hedging on significant cash flows in the amount of their net currency exposure and after consideration of purchases made in foreign currency.

In 2011, the Manitou Group invoiced approximately 29% of its sales in foreign currencies, mainly in US dollars (14.5%), Pound sterling (7.1%), South African rands (2.6%) and Australian dollars (2.8%), the other currencies being Singapore dollars, Chinese yuans and Russian rubles. In 2011, exchange rate hedges mainly consisted of forward purchases on dollars and forward sales on Pound sterling and Australian dollars.

A significant change in exchange rates could affect the Manitou Group's results through the impact from the conversion of the currencies it generates as well as the impact of pressure it might place on sales prices in certain geographic regions.

A sensitivity analysis was performed based on outstanding receivables, debt, cash and cash equivalents and financial assets available for sale as of 31.12.2011 for the major currencies used by the Group within the framework of its business.

The sensitivity amounted to a variance of plus or minus 5% on the value of the currencies concerned as compared to their rates at the year-end closing date.

In millions of euros	USD/EUR	GBP/EUR	AUD/EUR
	+5%	+5%	+5%
Sales financing receivables	(207)	705	793
Debt	108	(177)	(2)
Cash and cash equivalents	323	(34)	
Impact on earnings	**224**	**494**	**791**

3.1.4 CREDIT RISK

Credit risk is the risk that a counterpart might default on its contractual commitments or the risk related to the collection of receivables.

The Group is exposed to credit risks in the framework of its operating and financing activities. Its maximum exposure to credit risk is represented by the value of financial assets as reported in the balance sheet and detailed below.

In millions of euros	**2010**	**2011**
Sales financing receivables	73	32
Trade and related receivables	188	239
Other receivables	30	34
Cash and cash equivalents	54	43
Total	**345**	**348**

MANAGEMENT OF CREDIT RISK ARISING FROM SALES FINANCING RECEIVABLES FROM END USERS (MANITOU AMERICAS)

This risk is managed by Manitou Americas' cash management department, which is independent of the company's sales department. Procedures are in place defining the department's operating methods, valuation rules and levels of delegated authority. The financing of Manitou Americas' sales has been outsourced to a partner bank as of September 2010. Receivables reported as assets on Manitou Americas' balance sheet are only related to contracts existing prior to that date and are gradually declining as they reach their due dates. Nevertheless, the Group reserves the possibility of realizing refinancing transactions on receivables with recourse.

The management of bad debts is subject to strict procedures and files are individually monitored. The objective of that procedure is to permit repayment of the unpaid amounts or quickly recover the associated equipment through amicable or legal means.

CREDIT RISK MANAGEMENT

Customer risk is managed by each entity's finance department. The largest of these departments have dedicated credit management teams. Each entity puts in place management procedures, measurement instruments and impairment rules in relation to its customer receivables. The most sensitive cases are monitored and handled in conjunction with the Parent Company's credit management department.

In most entities, credit risk is partly or fully covered by credit insurance. Credit risk may also be offset or limited using specific guarantees or security.

You are also reminded that the Group has a highly fragmented customer base, with no single customer representing more than 1.8% of total consolidated sales.

The Finance Department also assures that counterparty collection risks are spread over leading financial institutions.

3.1.5 RISK ON EMPLOYEE BENEFITS

The Group offers certain employees defined benefit plans: severance pay at retirement, service awards, pension and retirement plans for certain employees, executive retirement plans for certain managers in the U.S. and post-employment health services and life insurance.

These defined benefit assets are most often partially covered by funds paid to insurance companies that invest in various instruments such as stocks, bonds, real estate or other. Unfavourable changes in the value of plan assets expose the Group to having to make additional payments to meet the minimum coverage requirements of some plans or to respect its commitments

3.2 OPERATIONAL RISKS

The Group is exposed to risks linked to the existence of economic cycles in its various markets, risks associated with an increase in the price of commodities, components and energy, and risks associated with customers in respect of that portion of its receivables not covered by credit insurance.

3.2.1 SUPPLIER RISKS

The Group specialises in the design and assembly of handling equipment. Purchases of commodities and components, which represent around 70% of Group sales, have a preponderant impact on the Group's industrial expertise and profitability.

Limitations in the capacity of certain suppliers' production facilities, or their lack of sufficient resources to finance their development or to overcome any volatility in their business, represent risks for the Parent Company and its subsidiaries.

The management of supplier risk is organised around the following key activities:

– mapping suppliers to measure their criticality,

– a classification of their performance in order to identify the most critical and define action plans for each of them.

– financial grading of key suppliers based on analysis of financial information,

– completion of monitoring audits by the purchasing and quality departments to check available capacity and suppliers' ability to meet the Group's needs in terms of quality, costs and timescales,

– a plan to substitute or double up on the most sensitive supplies.

3.2.2 RISKS RELATED TO RAW MATERIAL AND COMPONENT PRICES

As the cost of commodities and components represents a preponderant proportion of the product costs of the equipment it manufactures, the Group is significantly exposed to fluctuations in its purchasing costs. Any significant and lasting increase in the cost of obtaining supplies of commodities and components could be a burden on the company's profitability.

The Group does not make use of commodity hedging instruments for the following reasons:

A finished product consists of between 1,500 to 2,000 basic components. The portion of added value provided by suppliers in the unit value of each component varies greatly depending on the level of processing integrated into each article.

This very diffuse spectrum, which is associated with change order clauses or the renegotiation of purchase prices by suppliers, influences the relationship between purchase price changes as compared to changes in commodity prices.

Changes in technical standards require meeting technical developments according to a schedule specified by law (for example: new lower emission engines). Delays in the deliveries by suppliers of certain components which comply with new regulations could lead Manitou to discontinuing the products affected by the new standards in the applicable territories.

3.2.3 INDUSTRIAL AND ENVIRONMENTAL RISKS

The main industrial risks are mainly limited to those that could result from fire or explosion at a specific site. The Group has ten production or assembly sites throughout the world, specialized by product range, and two central distribution platforms for spare parts. Its main production units are the Ancenis site in France, the Castelfranco site in Italy and the Yankton and Madison sites in the United States. The centre is located in Ancenis at multiple buildings, some of which are separated by nearly a kilometre.

Significant resources have been put in place at the main manufacturing sites and the Spare Parts Logistics Centre to guard against these risks and contain their immediate effects.

Environmental Management of the Ancenis site was defined by a prefectural decree in 2008. It is also stated that the storage and management of hazardous materials is generally to be performed with third party service providers which specialize in that field.

PRODUCT QUALITY RISK

The equipment manufactured by the Group uses complex technologies such as on-board hydraulics and electronics. To control the quality and reliability of their manufactured goods, the Group's main plants are endowed with an ISO 9001 - certified quality insurance system that ensures the quality and reliability of the manufactured equipment.

For new products, a product approval plan was implemented to control the quality of components and ensure compliance with reliability and safety specifications.

The plan to strengthen the quality of the RTH division's products, which began in 2009, led to an increase in the level of requirements on suppliers as well as on production and assembly teams.

Despite the substantial resources implemented, the Group cannot guarantee that there will be no delays or errors of designs or industrial development or assembly faults in existing or future ranges. Should these occur, they would affect the Group's net profit and financial position.

DEPENDENCE UPON THE EFFECTIVE OPERATION OF IT SYSTEMS

Most functions and organizational processes are based on tools, software and technical infrastructure interconnected between various sites. The main risks are the interruption of computer services, confidentiality and data integrity, and the Group's ability to manage the implementation of its new IT systems.

The Group is gradually implementing common tools within the various entities.

3.2.4 BUSINESS RISKS

RISK OF THE NON-RENEWAL OF A MAJOR CONTRACT

At December 31, 2011, the Group had a major contract outstanding which, if not renewed upon expiry, could impact the Group's financial position and operating income.

The contract, which is related to the sub-contracting of mast assembly on behalf of Toyota Industrial Equipment, represented sales of €20.0 million in 2011. The assembly contract, which has been in effect since 1995, was renewed in July of 2007 to cover the entire production life of the Toyota Tonero line of trucks. Although we make no assessment on the expected life of the Tonero, the life of the previous line was about 6 to 7 years.

COUNTRY RISK

The Manitou Group markets its products in more than 120 countries through a network of independent dealers. An economic, financial, banking or political crisis could have a negative impact on the Group's financial situation and operating income.

3.2.5 LEGAL RISK

REGULATIONS AND THE REGULATORY ENVIRONMENT

The Group designs, assembles and distributes high technology products that meet the standards set by administrative authorities as well as national and supranational organizations.

Changes in standards and regulations permanently undermine equipment design and require initiating significant investments related to product development.

LITIGATION RISK

Several Group companies are currently involved in disputes or legal proceedings. To the best of its current knowledge, the Group believes that its provisions are sufficient to cover the current risks.

3.3 OTHER RISKS

TAX RISK

Manitou BF and its subsidiaries prepare their tax returns with the help of chartered accountants or tax consultants. However, these methods do not provide an absolute guarantee that there will be no risk of tax adjustments, particularly in relation to the technical interpretation of certain tax exemption criteria and rules.

DEPENDENCE ON PERSONS IN KEY POSITIONS AND QUALIFIED PERSONNEL

The Group's success is in large part dependent upon the on-going contribution of its Board of directors, its Executive committee and the Company's teams of experts.

If one or more members of the Board of directors or the Executive committee or highly qualified personnel were to leave, this could have a negative impact on the Group's business. In order to limit this risk, the Group operates an employee policy aimed at retaining, developing and promoting qualified staff.

3.4 INSURANCE COVERAGE

The Group takes out public liability and property damage insurance with top tier insurers. The Group has increased the coordination of insurance policies by the Parent Company in order to optimise premiums and improve the level of coverage obtained. In particular, the Group has had a "master" public liability policy covering virtually all subsidiaries, including Manitou Americas. This master policy operates as a backup for cover provided under locally-obtained policies.

At the time of signing this report, the amount of public liability coverage was €30 million per claim per policy year. Property damage policies are usually of the "all risks with exceptions" type and for amounts corresponding to the risks identified.

The Group takes out other insurance policies, in particular to cover credit risk, the vehicle fleet and personnel.

SUSTAINABLE DEVELOPMENT

4

MANITOU GROUP

4.1 SUSTAINABLE DEVELOPMENT FOR MANITOU

THE CREATION OF A SUSTAINABLE DEVELOPMENT FUNCTION

Driven by management's will and closely tied to the stakes of the new growth cycle, a management position for sustainable development was created and filled in February of 2012. The sustainable development function reports directly to the General Secretary, on one hand, to ensure its impartiality and independence vis-à-vis the operating functions and, on the other, to ensure the transversal nature of the function throughout the entire Group.

THE SUSTAINABLE DEVELOPMENT FUNCTION'S MISSION

The sustainable development function will be responsible for assisting senior management in clarifying its objectives and strategy for corporate, social, environmental and economic issues. On the basis of that strategy, it will define the action plans and key performance indicators.

4.2 ENVIRONMENTAL INFORMATION

INFORMATION ON ENVIRONMENTAL POLICY

In accordance with Article R 225-105 of the Commercial Code supplemented by the decrees and orders of the applications dated 20.02.2002 and 30.04.2002, the Manitou Group disclosed "information on how the Company takes the environmental consequences of its business into account".

Manitou BF has been ISO 14001 certified since June of 2007 with respect to its manufacturing activities at the Ancenis site. The objective is to extend this certification to other French sites starting in 2012 and to foreign sites starting in 2014.

The environmental policy sets objectives for continuous improvements such as the reduction of industrial waste, the management of risks related to accidental pollution, reduced energy and water consumption, staff training and expanding the range of suppliers either certified or committed to obtaining certification.

AUTHORISATION OF CLASSIFIED FACILITIES

The Ancenis site is a classified installation subject to authorisation under "Installations Classified for Environmental Protection".

The sensitivity analysis of the area and the major impacts on the site's environment reveal a high level of sensitivity of the water, given the proximity of rivers, marshes and the importance of impervious surfaces, and a highly sensitive indigenous environment resulting from being surrounded by nature zones of ecological interest, flora and fauna as well as an important area for bird conservation. The sites activities also show a moderate to high sensitivity to noise due to the proximity of urban areas. An action plan was drawn up to limit the effects of each activity on the sensitive issues.

THE INTEGRATION OF ENVIRONMENTAL POLICY INTO PRODUCTS

Having equipped in a range of dual engine (electric and diesel) aerial work platforms (Maniaccess Bi-Energy) in 2008, the dual energy concept was expanded in 2011 with rotating telehandler equipment (MRT 2150 Bi-Energy). The rotating telehandler equipment can thus use its internal combustion energy source to move and position itself at its work sites. Once in place, the machine uses its electrical energy source to carry out handling operations.

4.3 EMPLOYEE INFORMATION

4.3.1 INFORMATION ON EMPLOYEE POLICY

In accordance with Article R 225-104 of the French Commercial Code, Manitou Group discloses “the manner in which the Company deals with the social and environmental consequences of its business”. Unless otherwise indicated, the reporting scope is the entire Group.

4.3.2 EMPLOYEE HEADCOUNT, DISTRIBUTION AND TRENDS

At December 31, 2011, the number of employees within the Group, including the Parent Company and its subsidiaries was 3,061 persons, an increase of 283 positions compared to December of 2010. The increase in the workforce was mainly concentrated in France and the United States. The decline noted in Europe and the Rest of World regions corresponds respectively to the reorganization the CE division’s operations in Europe (merger of the Gehl Europe and Manitou Deutschland legal entities and the establishment of an import platform in Belgium) and the discontinuation of the production activities at Manitou China which is now fully dedicated to marketing activities in China.

THE BREAKDOWN OF STAFF AT 31.12 BY COMPANY AND REGION REPORTED THE FOLLOWING TRENDS:

	2010	%	2011	%	Variation	Var. %
France	1,607	58%	1,773	58%	166	10%
Europe	448	16%	440	14%	(8)	(2)%
Americas	561	20%	702	23%	141	25%
Rest of the world	162	6%	146	5%	(16)	(10)%
Total employees	**2,778**	**100%**	**3,061**	**100%**	**283**	**10%**
Temporary employees	**326**	**12%**	**376**	**14%**	**50**	**15%**
Total employees & temporaries	**3,104**		**3,437**		**333**	**11%**

THE BREAKDOWN OF EMPLOYEES AT 31.12 BY CONTRACT TYPE AND PROFESSIONAL CATEGORY SHOWED THE FOLLOWING TRENDS:

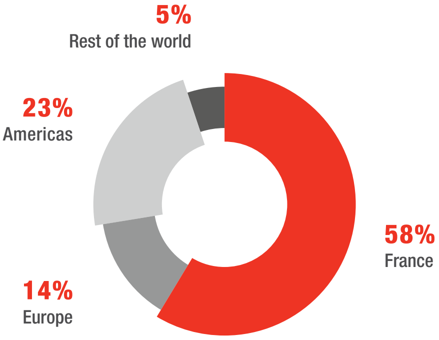
	2010				2011				Change	
	Headcount	Temporaries	Total	%	Headcount	Temporaries	Total	%	Change	% Change
Operators	1,218	295	1,513	44%	1,408	330	1,738	46%	225	15%
Direct production workers	**1,218**	**295**	**1,513**	**44%**	**1,408**	**330**	**1,738**	**46%**	**225**	**15%**
Operators	90	1	91	3%	99	4	103	3%	12	13%
Employees	246	5	251	9%	262	3	265	9%	14	6%
Managers	87	1	88	3%	108		108	4%	20	23%
Indirect production workers	**423**	**7**	**430**	**15%**	**469**	**7**	**476**	**15%**	**46**	**11%**
Operators	82	1	83	3%	83	7	90	3%	7	8%
Employees	603	21	624	22%	617	31	648	20%	24	4%
Managers	452	2	454	16%	484	1	485	16%	31	7%
Non-production workers	**1,137**	**24**	**1,161**	**41%**	**1,184**	**39**	**1,223**	**39%**	**62**	**5%**
Operators	1,390	297	1,687	50%	1,590	341	1,931	52%	244	14%
Employees	849	26	875	31%	879	34	913	29%	38	4%
Managers	539	3	542	19%	592	1	593	19%	51	9%
Total	**2,778**	**326**	**3,104**	**100%**	**3,061**	**376**	**3,437**	**100%**	**333**	**11%**

CHANGES IN THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES AT 31.12

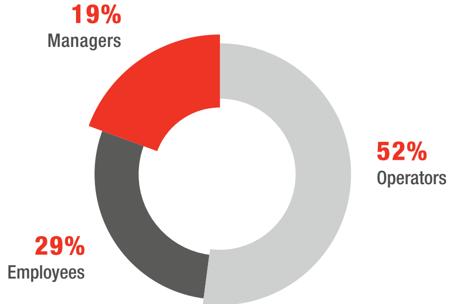
Full-time equivalent	2010	2011	Change
Permanent contracts	2,365	2,948	583
Temporary contracts	326	376	50
Total full-time equivalent	**2,691**	**3,324**	**633**

BREAKDOWN OF STAFF

Permanent employees by region



Permanent and temporary employees



4.3.3 WORKING ARRANGEMENTS, WORKING TIME AND ABSENTEEISM

WORKING ARRANGEMENTS AND WORKING TIME

Employees' working arrangements at the 8 manufacturing sites and all commercial companies comply with the legal framework on working time, which vary from country to country.

In a standardised economic environment, full-time staff in France not working shifts work 1,607 hours a year.

Since 2009, changes in the economic environment led the Group to significantly reduce operating hours at its manufacturing sites in order to adjust production levels to market demand. Shutdown periods were organized on a country-by-country basis in line with local legislation. In 2010, the sites gradually returned to full time operation in line with the improvements in the level of business activity.

4.3.4 COMPENSATION POLICY AND GENDER EQUALITY

COMPENSATION POLICY

In 2011, personnel costs represented 13.8% of the Group's sales, with a total of €156 million, of which €38 million corresponding to employer's social welfare contributions.

The distribution of personnel expenses within the entire Group is as follows:

In € thousands and as a %	31.12.2011		31.12.2010	
Salaries, bonuses and commissions	(109,182)	70%	(88,023)	67%
Profit-sharing	(3,950)	3%	(4,236)	3%
Employee benefits	(4,960)	3%	(2,056)	2%
Social charges and payroll taxes	(38,119)	24%	(35,733)	28%
Personnel expenses	**(156,211)**	**100%**	**(130,049)**	**100%**

The Group aims at positioning its compensation in a competitive manner by seeking the best balance between employee satisfaction and economic performance. As compensation levels have a direct impact on the production costs of products, the key issue is their careful management. The Group's compensation policy is based upon a long-term approach taking into account the responsibilities assumed and individual performance to achieve common objectives.

The Group has a comprehensive system for the classification and structuring of executive compensation (grading). This mechanism ensures the consistency of compensation and career management plans within the management population. The split of compensation between the fixed and variable components has been defined for each grade and compensation levels are systematically compared with external statistics per country. The comparative analysis permits the steering of compensation policy and career plans.

In 2011, the criteria for setting variable objectives, which were completely redone in 2010, were implemented in a harmonized and systematic way among management personnel from both a geographical point of view and from an eligibility perspective.

GENDER EQUALITY (PARENT COMPANY)

At 12.31.2011, women made up 16.28% of the company's workforce. The differences in average wages for women relative to men were as follows:

As a %	2011	2010
Production staff and equivalent	(6.17)%	(7.8)%
Supervisory staff	n.a.	n.a.
Office and technical staff	(3.72)%	(5.7)%
Management and equivalent	(21.92)%	(21.5)%

The negative difference is attributable to the length of service, and accordingly the levels of experience and responsibility, which is lower for women than for men. The compensation policy is strictly identical for men and for women in all staff categories.

4.3.5 LABOUR RELATIONS AND COLLECTIVE AGREEMENTS

Main agreements entered into within French companies:

– An agreement on the salary and employment policy and the organization of working time and employment covering the 2011 and 2012 periods for management and non-management employees.

– An amendment to the profit-sharing agreement defining the method to allocate funding (operating and financial indicators) for 2011.

– Supplementary agreement to the agreement on the development of worker skills and apprenticeships within the company which was accompanied by an update of job classifications for production staff. This agreement defines and clarifies the rules for the career trends of production employees.

– Agreement on the establishment of new representative institutions (March 2011). Within the framework of the Corporate and Industrial Organization project, the French production subsidiaries have become Manitou company establishments. Thus, the agreement contains the rules governing the Central Works committee, established in 2011, and sets out principles relating to employee negotiations within the company and its establishments.

– Amendment to the agreement on retirement savings dated March 21, 2008. The company decided to bring into question the tool selected in March of 2008 and replace it with an Article 83 Plan as of July 1, 2011, following the modernization of that "Article 83" Plan by the pension reform law dated November 10, 2010.

– Agreement on patentable inventions, through which the company, sensitive to adjusting its practices to the regulatory framework, and in order to simplify and clarify the rules related to industrial property, develops and recognizes innovation by patenting.

– Agreement on methodology to prevent of psychosocial risks (September 2011) which underlines the importance the Group attaches to the Health and Safety of Manitou employees and the prevention of occupational hazards. The agreement is to include the prevention of psychosocial risks in Manitou's overall prevention policy and in compliance with the regulations in force.

Significant efforts were made during the year to maintain a dialogue with employees and create the optimum conditions for the success of the projects.

An agreement on long term part time employment was signed with the Government to improve compensation paid to employees temporarily laid off from the Group's French companies. This agreement also stipulated that the paid vacation entitlements would be maintained and the use of vacation days accrued by each employee would be managed more flexibly.

In addition, there are numerous information and consultation channels which can be used to further communication within the Group. These include company magazines, daily, weekly and monthly team meetings, and meetings with employee representatives and company managers.

The establishment of a Central Works Council in 2011 contributed to this development. Meetings take place quarterly and have the objective of addressing issues common to two or more Manitou sites.

4.3.6 HUMAN RESOURCES DEVELOPMENT AND TRAINING (PARENT COMPANY)

The Company continues to develop the skills of its staff. During the period, efforts were focused on four priority subject matters:

– The year 2011 permitted the completion of training to support the roll-out of the new ERP which took place in 2009.

– A special effort was made during the year 2011 to professionalise our logistics teams, the objective being to develop new skills especially with our approach towards critical suppliers. This training should enable us to improve our delivery dates and fully ensure our order volumes.

– The continuation of training related to qualification skills such as the “Joint Qualification Certificate of Metallurgy” (or “CQPM” in French) initiated in late 2009 was completed end of the first half of 2011. That project permitted the company to provide 11 days of training to 833 employees (workers and supervisors).

– In 2011, the company put in place a multi-purpose workshop training course which involved 15% of our operators. That training should permit us greater flexibility in production resources to cope with volume changes

4.3.7 HEALTH AND SAFETY

The Group continued the action already undertaken to improve staff safety and the comfort and efficiency of workstations.

Within the Parent Company, the main focus was placed on the training, information and awareness of employees. The prevention of occupational hazards has also been pursued in order to identify the risks nearest the operators and render them responsible for their own safety. The Group continued the training of internal trainers as well as on the job training.

4.3.8 SUB CONTRACTING (PARENT COMPANY)

Subcontracted services linked to industrial production accounted for 5.7%, on average, of the production workforce in 2011 as compared to 5.5% in 2010.

4.4 ECONOMIC INFORMATION

4.4.1 ECONOMIC AND SOCIAL IMPACT OF THE BUSINESS ON THE TERRITORY

SYNAPSE PROJECT

Operational and financial difficulties encountered by suppliers since the 2009 crisis have increased Manitou's exposure to the risk of dependence vis-à-vis its suppliers. The main difficulties are concentrated in France. In this context, Manitou initiated the "Synapse" plan in collaboration with the administrative, financial and economic authorities of the Pays de la Loire region in France in order to strengthen the handling industry sector revolving around the Group's French production sites. The operation's objective is to help suppliers identify ways to strengthen their financial position as well as diversify their economic development: the search for new markets, product diversification, etc.

ACTION PLAN FOR EMPLOYMENT

Manitou BF in 2011 adheres to the employment charter put in place by the Pays de la Loire region in France with the main stakeholders in the Ancenis area for the development of an action plan covering four areas: economic, skills, reclassification, orientation. This project combines economic stakeholders in the Ancenis area, social partners, elected officials of the Ancenis region's community of municipalities, federal services, etc.

4.4.2 SUPPLIERS AND SUBCONTRACTING

MONITORING SUPPLIER PERFORMANCE

The purchasing functions of the RTH-IMH division have launched the environmental performance monitoring of their suppliers as well as an objective to broaden the list of certified suppliers.

CHARTER OF GOOD PRACTICES FOR SUBCONTRACTING

In 2010, Manitou signed the charter of subcontracting initiated by the French Ministry of the Economy and credit mediation. It lists 10 commitments related to responsible purchasing: ensure financial fairness towards suppliers, promote collaboration between major contractors and key suppliers, reduce the risk of reciprocal dependence, implicate major clients in their industry, acknowledge the total cost of the purchase, include environmental considerations, ensure the company's territorial responsibilities purchasing: a function and a process, a procurement function responsible for guiding overall supplier relations and defining a coherent compensation policy for purchasers.

4.4.3 RELATIONSHIP WITH STAKEHOLDERS

The Group has several centres dedicated to training its customers in the use and maintenance of its products.

The worldwide training centre for the RTH-IMH divisions is based in Ancenis. Local centres have also been structured in some distribution subsidiaries.

CORPORATE GOVERNANCE

5

MANITOU GROUP

5.1 GOVERNANCE IN 2011

In its meeting of August 31, 2010, the Manitou Board of directors decided to adhere to the "MiddleNext" code of corporate governance for midcaps which was released in December of 2009, for which the guidelines (recommendations and issues to monitor) better correspond to its profile than the AFEP/MEDEF code, to which the Company has adhered up to now.

A precise organization of the Board of directors

All of the Board of director's working procedures have been defined in detail by internal rules which foresee the Board's organization around four specific committees:

– the Strategic committee

– the Compensation committee

– the Audit committee

– the Development committee

Operational organization of the Group in three divisions

The Group has been organized around three divisions to better apprehend the specificities of the markets in which they each operate.

– "RTH – Rough Terrain Handling" division, which specialises in all terrain handling equipment.

– "IMH – Industrial Material Handling" division, which is focussed on industrial handling equipment.

– "CE – Compact Equipment" division, specialising in compact equipment.

5.1.1 ACTIVITIES OF THE BOARD OF DIRECTORS AND ITS SPECIALISED COMMITTEES

The activities of the Board and its committees are detailed in the Chairman's report on internal control.

5.1.2 5.1.2 BOARD OF DIRECTORS OF MANITOU BF

At the distribution date.

The Company is administered by a nine-member Board of directors. Each director is appointed for a four-year term. The Board of directors appoints from among its members a Chairman of the Board of directors, who must be a natural person.

MARCEL BRAUD

Nationality: French

- Chairman of the Board of directors (non-executive)
- Chairman of the Strategic committee
- Chairman of the Development committee

Other offices held in Group companies:

- Co-manager of HB-Braud Holding (France)

JACQUELINE HIMSWORTH

Nationality: French

- Vice Chairman of the Board of directors
- Chairman of the Audit committee
- Member of the Development committee

Other offices held in Group companies:

- Manager of Ancemat, an association

Other offices held in non-Group companies:

- Manager of Tamecna

GORDON HIMSWORTH

Nationality: British

- Member of the Board of directors
- Member of the Strategic committee
- Substitute member of the Development committee

Other offices held in Group companies:

- Director of Pledgemead Ltd. (United-Kingdom)
- Director of Manitou Finance Ltd. (United-Kingdom)

Other offices held in non-Group companies:

- Chairman and CEO of SAEMIA SA (France)
- Manager of "6 rue Poupard Davyl" Ancenis SCI (France)

SÉBASTIEN BRAUD

Nationality: French

- Member of the Board of directors
- Member of the Strategic committee
- Substitute member of the Development committee

Other offices held in non-Group companies:

- Chairman of Actiman SAS

CHRISTOPHER HIMSWORTH

Nationality: French

- Member of the Board of directors
- Member of the Compensation committee
- Substitute member of the Strategic committee

Other offices held in non-Group companies:

- Manager of Menskin SARL (France)
- Manager of Trinity Group SPRL
- Manager of Alliantmar SCI

JOËL GOULET

Nationality: French

- Member of the Board of directors as an independent director
- Chairman of the Compensation committee
- Member of the Strategic committee

Other offices held in non-Group companies:

- Chairman of the Supervisory Board HMY International (France)
- Manager A.R.S. Consulting
- Board member of Shanghai Yongguang Commercial Equipment Co Ltd (China)
- Board member of de Sichuan Yongguang Commercial Equipment Co Ltd (China)
- Member of the Supervisory Board of Financière Groupe Pommier
- Member of the Financial Monitoring committee of Financière Groupe Pommier

SERGE GHYSDAEL

Nationality: Belgium

- Member of the Board of directors
- Member of the Compensation committee

Other offices held in non-Group companies:

- Director of Equicom SA (Luxembourg)

DOMINIQUE BAMAS

Nationality: French

- Member of the Board of directors as an independent director
- Member of the Audit committee

Other offices held in non-Group companies:

- Manager of Upsides Dirigeant Conseil

PIERRE-HENRI RICAUD

Nationality: French

- Member of the Board of directors as an independent director
- Substitute member of the Compensation committee
- Member of the Audit committee

Other offices held in non-Group companies:

- Managing director of the Financial and Strategic Consulting Firm Pragma
- Director of Segula Technologies
- Director of Recaero SA (since May 2011)
- Manager of Fortum France SNC (since June 2011)

5.1.3 INDEPENDENCE OF BOARD MEMBERS

The Group adhered to the MiddleNext code of corporate governance. The independence of board members is assessed as according to the criteria of that code of governance.

5.1.4 EVALUATION OF THE BOARD OF DIRECTORS AND OF THE SPECIALISED COMMITTEES

The Board performed an internal evaluation of its operation. Each director and the Chief Executive presented their assessment on the basis of a questionnaire structured on the MiddleNext governance code and discussed in the Board meeting of January 10, 2011.

The assessment focused on the functioning of the Board and its committees regarding their preparation, conduct and follow-up.

These contributions have been analysed and summarized by an independent Board member, identifying the strengths and weaknesses as well as the progress. That report was deliberated during the Board meeting dated March 30, 2011.

5.1.5 EXECUTIVE MANAGEMENT

JEAN-CHRISTOPHE GIROUX

Nationality: French

- President and Chief Executive Officer of Manitou BF

Other offices held in Group companies:

- Representative of Manitou BF, Chairman of CFM SAS (France)
- Chairman of Chariots Elévateurs Manitou Canada Inc. (Canada)
- Chairman of Manitou Americas (USA)
- Director of Manitou Costruzioni Industriali Srl (Italy)
- Director of Manitou Australia (Australia)

5.1.6 OTHER INFORMATION REGARDING THE EXECUTIVE MANAGERS

The following information is also specified:

Jacqueline Himsworth, Marcel Braud, Gordon Himsworth, Sebastien Braud and Christopher Himsworth are all related by family ties.

It is specified that Sebastien Braud is the Chairman of Actiman SAS, a Manitou Group dealer.

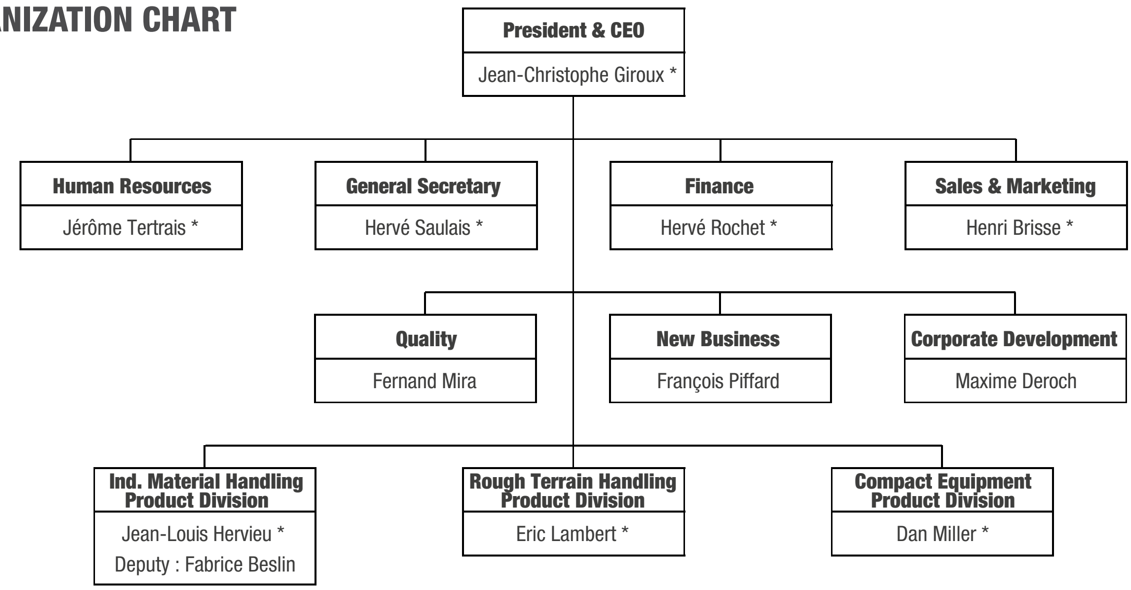
5.2 MANAGEMENT BODIES AT 07.03.2012

GROUP EXECUTIVE COMMITTEE (8 MEMBERS)

The Executive committee is composed of 8 members: President & Chief Executive Officer, President, Rough Terrain Handling division, President, Industrial Material Handling division, President, Compact Equipment division, Vice President Sales & Marketing, Chief Financial Officer, General Secretary, Director of Human Resources.

The Executive committee meets once a week and several times a year during seminars.

GROUP ORGANIZATION CHART



* Member of Manitou Executive Committee (ComEx)

Each product division has its own specialised management bodies that are each organised and function in their own way.

5.3 COMPENSATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

5.3.1 EXECUTIVE COMPENSATION

COMPENSATION OF CORPORATE OFFICERS

In compliance to the provisions of Article L.225-102-1 paragraph 2 of the French Commercial Code, details of the total compensation and benefits-inkind paid to each corporate officer during the year are provided below.

In accordance with the MiddleNext code, the level of executive compensation is based on the seven following principles : completness, balance, benchmarks, consistency, readability, measurement and transparency.

Table 1: Summary of compensation and stock options allocated to each corporate officer

Jean Christophe Giroux *President and Chief Executive Officer since December 17, 2009* *(President of the Executive committee from June 2, 2009 to December 17, 2009)* *in €*	**2010**	**2011**
Performance-based compensation (detailed in table 2)	805,538	762,258
Value of options granted during the financial year (detailed in table 4)	178,777	241,040
Value of performance shares granted during the financial year (detailed in table 6)		
Total	**984,315**	**1,003,298**
NB : Jean Christophe Giroux joined Manitou on June 2, 2009		

Table 2: Compensation of each executive corporate officer

	2010		2011	
Jean Christophe Giroux *President and Chief Executive Officer* *in €*	Amounts due	Amounts paid	Amounts due	Amounts paid
- Director's fee	360,000	360,000	360,000	360,000
- Fixed salary				
- Variable salary	316,800	120,000	312,000	316,800
- Variable substitute compensation	122,334	92,456	83,694	148,700
- Attendance fees				
- Benefits in kind	6,404	6,404	6,564	6,564
Total	**805,538**	**578,860**	**762,258**	**832,064**

5.3.2 COMPENSATION OF EXECUTIVES AND CORPORATE OFFICERS

COMPENSATION OF CORPORATE OFFICERS

Table 3: Attendance fees and other compensation received by board members

Members of the Board		Fees paid in 2010 related to 2009	Fees paid in 2010 related to 2010	Fees paid in 2011 related to 2010	Fees paid in 2011 related to 2011
Marcel Braud	Attendance fees Manitou BF	20,160	29,250	9,750	22,500
	Compensation Manitou BF		115,000		143,374
	Compensation SFERT		104,000		42,400
	Other compensation				58,527
Jacqueline Himsworth	Attendance fees Manitou BF	18,368	108,000		105,000
	Compensation Manitou BF				
	Compensation SFERT		104,000		77,333
	Other compensation	457	457		457
Gordon Himsworth	Attendance fees Manitou BF	18,368	20,250	18,750	29,250
	Other compensation	457	457		457
Sébastien Braud	Attendance fees Manitou BF	18,368	20,250	18,750	29,250
	Other compensation				
Joël Goulet	Attendance fees Manitou BF	18,368	24,750	20,250	36,000
	Other compensation				
Serge Ghysdael	Attendance fees Manitou BF				
	Other compensation				
Dominique Bamas	Attendance fees Manitou BF	10,715	13,500	16,500	22,500
	Other compensation				
Christopher Himsworth	Attendance fees Manitou BF		18,000	27,000	29,250
	Other compensation				
Pierre-Henri Ricaud	Attendance fees Manitou BF		24,750	29,250	40,500
	Other compensation				
Total		**105,261**	**582,664**	**140,250**	**636,798**
Total Manitou BF only		104,347	373,750	140,250	457,624
Of which, attendance fees		104,347	258,750	140,250	314,250
Of which, compensation			115,000		143,374

As of 2010, payments for fees attributed through attendance tokens are now paid quarterly instead of annually.

Table 4: Share subscription or purchase options allocated during the year to each corporate officer by the issuer or by any other Group Company

In accordance with the approval provided by the Combined Ordinary and Extraordinary Shareholders' Meetings of December 17, 2009 and June 11, 2011, a stock option attribution plan was granted on May 19, 2010 and July 26, 2011.

This option attribution plan was valued at its fair value at the attribution date in the consolidated financial statements. The main criteria for the valuation and recording of rights associated with this new plan are detailed in note 13.4 of the company's notes to the financial statements.

Options allocated to each executive corporate officer during the year by the issuer or any other Group company	N° and date of plan	Type of option	Value of options using the valuation method used for the consolidated financial statements (IFRS2)	Number of options allocated	Strike price	Exercise period
Jean Christophe Giroux	Plan dated 19.05.2010	Subscribed	€178,777	68,400	€13.16	8 years
	Plan dated 26.07.2011	Subscribed	€241,040	41,920	€24.00	8 years

One quarter of the options are vested on each anniversary of the date granted subject to a condition of presence, a condition of an annual increase in the share price on the anniversary date and a rate of return on the shares which is defined as based on income per share on a fully diluted basis.

Table 5: Share subscription or purchase options exercised during the year by each corporate officer

Pursuant to Article 223-26 of the AMF regulations, the following transactions involving Manitou BF shares were carried out by members of the management or supervisory bodies during the year (number of shares):

Options exercised by executive corporate officers	N° and date of plan	Number of options exercised during the year	Strike price
NONE			

Table 6: Performance shares allocated to each corporate officer

Performance shares allocated to each executive corporate officer during the year by the issuer or any other Group company	N° and date of plan	Number of shares allocated during the year	Value of shares using the valuation method used for the consolidated financial statements	Acquisition date	Availability date
NONE					

Table 7: Performance shares unblocked for each corporate officer

Performance shares unblocked for each executive corporate officer	N° and date of plan	Number of shares unblocked during the year	Acquisition terms and conditions
NONE			

OTHER REGULATORY INFORMATION

Executive corporate officer	Work contract		Supplementary pension scheme		Compensation or benefits due on termination of office or change of function		Indemnity relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean Christophe Giroux President of the Executive committee Date term started: 02.06.2009 Date term expired: 17.12.2009		X		X	X		X	
Jean Christophe Giroux President & Chief Executive Officer Date term started: 17.12.2009 Date term expired: 17.12.2013		X		X	X		X	

Non compete clause of Jean-Christophe Giroux

Jean-Christophe Giroux is obliged to refrain from competing with the Group in France, the UK and Germany during the 12 months following the end of his term of office. In return, he will be paid a monthly stipend for a period of one year following the termination of his term of office, equal to 50% of the fixed monthly compensation he received during the last month prior to the termination of his term of office. The company reserves the right to waive the non-compete clause in writing before the end of his term of office or at the latest within fifteen days after its termination, which action shall relieve the company of its stipend-payment obligation as provided for above. The stipend mentioned above is compliant with the agreements referred to in Articles L.225-90-1 and subsequent of the French Commercial Code.

Compensation of Jean-Christophe Giroux

– On June 2, 2009, and subject to the authorization of the company's Shareholders' Meeting, the Supervisory Board granted Jean-Christophe Giroux, for a period of three consecutive years and, for each of them, on the condition of achieving the performance criteria defined by the Board of directors, financial instruments providing access to Manitou's capital (such as free shares, stock options or a combination of the two in a ratio of four stock options for each free share), with the understanding that this annual allotment will be valued at €225,000.

– On June 2, 2009, the Supervisory Board granted Jean-Christophe Giroux gross annual variable compensation equal to a maximum of 66.67% of the gross fixed compensation paid during the year. Minimum variable compensation in the form of a bonus of €90,000, gross, related to 2009 is guaranteed under the condition of continued employment at the end of the financial year. For 2010 and subsequent years, the variable compensation is based on several quantitative and qualitative criteria of which the type, weight, and objectives have been quantified by the Board of directors.

All conditions related to Jean-Christophe Giroux's compensation package were adopted at the time of his appointment by the Supervisory Board on June 2, 2009 and approved by the Shareholders' Meeting of June 4, 2009. Those conditions were reiterated by the Board of directors on December 17, 2009 and approved by the Shareholders' Meeting of June 24, 2010, when the legal form of the company was changed.

Capping the gross annual variable compensation to 66.67% of gross annual variable compensation paid during the reference year was cancelled the Board of directors decision on January 31, 2012.

– On June 2, 2009, the Supervisory Board, referring to the AFEP-MEDEF recommendations of October 2008 and the provisions of Article L.225-90-1 of the French Commercial Code, set the severance package of Jean-Christophe Giroux at two years of annual fixed and variable compensation if termination occurs during the first 18 months of his term of office, and at one year of annual fixed and variable compensation should his termination occur after those 18 months have passed. This severance indemnity would be payable only in the event of non-renewal, of revocation of his appointment for any reason other than gross or wilful misconduct, or forced departure following a change of company control.

The payment of this indemnity is contingent upon the recognition by the Board of the payment of at least 50% of variable compensation at least once during the previous two full year periods, or the latest full year period closed. The conditions and benefits related to Jean-Christophe Giroux were approved at the Shareholders' Meeting of June 4, 2009 and reiterated at the Shareholders' Meeting of June 24, 2010.

ADDITIONAL INFORMATION ON THE COMPENSATION OF THE CORPORATE OFFICER

The variable portion of compensation paid in 2011 was based on the achievement of objectives related to sales revenue, income from continued operations for the 2010 period and the change in Group debt.

Moreover, in 2011, Jean-Christophe Giroux received variable compensation which replaced the attribution of stock options that would have been granted to him for fulfilling his mandate during his first year of activity and that the company could not respect. In order to fulfil the company's commitment, the Board of directors meeting on 24.06.2010 decided to authorize the granting of variable compensation, for which the conditions are similar to the conditions defined for the stock options and, if those conditions are fulfilled, the amount of which is indexed to the value of shares on the bonus payment date, in order to permit him to receive an amount equal to the benefit had he received shares. The allocation of such compensation shall be spread over a period of four years, as was the attribution of the stock options it replaces. That amount is reported in the table detailing Jean-Christophe Giroux's compensation under the title variable substitute compensation (valued on the basis of the last 20 days of Manitou share prices as at 31.12.2011).

5.4 AUDITORS

5.4.1 STATUTORY AUDITORS

Deloitte & Associés, member of the Rennes Regional Company of Statutory auditors, represented by Mr Thierry de Gennes, Partner,

Impasse Augustin Fresnel – 44801 Saint-Herblain

Appointed on 07.06.2007.

Expiry of term of office: the Shareholders' Meeting called to rule on the financial statements for the year ended 31.12.2012

RSM SECOVEC, member of the Rennes Regional Company of Statutory auditors, represented by Mr Jean-Michel Picaud, Partner,

213, route de Rennes, BP 60277 – 44702 Orvault Cedex

Appointed on 07.06.2007.

Expiry of term of office: the Shareholders' Meeting called to rule on the financial statements for the year ended 31.12.2012

5.4.2 ALTERNATE AUDITORS

Alain Pons, alternate auditor for Deloitte & Associés, member of the Versailles Regional Company of Statutory auditors,

Appointed on 07.06.2007.

Expiry of term of office: the Shareholders' Meeting called to rule on the financial statements for the year ended 31.12.2012

Patrick Messus, alternate auditor for RSM SECOVEC, member of the Rennes Regional Company of Statutory auditors,

Appointed on 07.06.2007.

Expiry of term of office: the Shareholders' Meeting called to rule on the financial statements for the year ended 31.12.2012

5.4.3 FEES PAID TO THE STATUTORY AUDITORS AND THEIR NETWORK

The fees incurred in 2011 by Manitou BF and its fully consolidated subsidiaries for the assignments entrusted to the college of Statutory auditors, their respective networks and their colleagues, are detailed in note 20 of the notes to consolidated financial statements.

5.5 OTHER INFORMATION

INFORMATION REGARDING THE GROUP'S INTERNAL CONTROL SYSTEM

Information regarding the Group's internal control system is included in the report of the Chairman of the Board of directors on the functioning of the Board and internal control.

INFORMATION REGARDING THE WORKS COUNCIL

The information contained in this report and the individual Parent Company and consolidated financial statements of Manitou BF have been submitted to the works council for review, as required by law.

MANITOU AND ITS SHAREHOLDERS

6

MANITOU GROUP

6.1 GENERAL INFORMATION CONCERNING THE ISSUER

NAME

Manitou BF

REGISTERED OFFICE

430, rue de l'Aubinière
BP 10 249
44158 Ancenis Cedex – France

Telephone + 33 (0)2 40 09 10 11

LEGAL FORM

French limited liability corporation with a Board of directors and governed by the provisions of the French Commercial Code and the decree of 24.07.1966 relating to trading companies.

DURATION OF THE COMPANY

The company was formed on 23.09.1957 and registered with the Nantes business registry on the same date. The company's duration was set at 99 years starting from 03.06.1980.

CORPORATE PURPOSE

The Company's purpose in France and all other countries covers:

All industrial and commercial operations relating to:

– the operation of any industrial and commercial establishments with the aim of representation, concession, manufacture, purchase, sale, rent, import or export of any civil engineering and lifting equipment, as well as any agricultural or industrial equipment and spare parts that are directly or indirectly related;

– the creation, acquisition, renting, leasing, installation or operation of any establishments or plants;

– the purchase, acquisition, operation or sale of any processes or patents concerning these activities;

– the Company's direct or indirect participation in all commercial, industrial or financing operations that may relate to the corporate purpose, notably involving the formation of new companies, limited partnership contributions, mergers, alliances or joint-ventures, or otherwise;

– and more generally, all financial, commercial, industrial or civil operations or operations involving moveable or immovable property that may be directly or indirectly related to one of the specified purposes, or to any other similar or related purpose.

REGISTRY NUMBER AND APE CODE

RCS number and APE code:

857 802 508 RCS Nantes

Code APE 292 D – NAF 2822Z

FINANCIAL YEAR

The financial year covers a period of 12 months starting on 1 January and ending on 31 December of each year.

STATUTORY ALLOCATION OF PROFIT

Net income for the year as recorded in the annual financial statements, after deducting overheads and other social security charges, all asset depreciation and amortisation and all provisions for commercial or industrial risks, constitutes the net profit.

The distributable profit corresponds to the net profit for the year less any prior-year losses and amounts to be taken to reserves pursuant to the law or to the company's articles of association plus any profits brought forward.

The Shareholders' Meeting may resolve to distribute amounts taken from available reserves; in this case, the decision expressly indicates the specific reserve accounts from which these amounts are to be deducted.

Apart from the case of a capital reduction, no distribution can be made to shareholders when the net assets are, or would become as a result of such distribution, less than the amount of the capital plus reserves that the law or articles of association prevent from being distributed.

6.2 GENERAL INFORMATION ON THE SHARE CAPITAL OF MANITOU BF

6.2.1 SHARE CAPITAL

At 31.12.2011, the share capital amounted to €39,547,824 and consisted of 37,547,824 shares with a par value of €1 each. All shares were fully paid-up and all shares ranked pari-passu.

6.2.2 NON-REPRESENTATIVE SHARE CAPITAL

At December 31, 2011, a capital increase of 1,125 stock options exercised during 2011 period was awaiting assessment by the Manitou BF Board of directors.

6.2.3 CHANGES IN SHARE CAPITAL

The General Shareholders' Meeting dated June 9, 2011 approved the merger of Manitou BF with the holding SFERT and, as a result, the change in share capital as follows:

Capital before merger	€37,567,540
Increase as paid-in-capital from the SFERT contributions	€17,782,040
Cancellation of the Manitou BF shares contributed by SFERT	€15,801,756
Post transaction capital	€39,547,824

The net outcome of the Manitou BF - SFERT merger was thus the creation of 1,980,284 new ordinary shares at a par value of €1.

An E document describing the modalities of this transaction and approved by the AMF was publically disclosed on May 2, 2011 at www.manitou-group.com in the investor relations section.

Summary of authority and powers on changes in capital granted by the shareholders' Meeting

Date	Type	Object	Validity	Use made of this authority during the year
17.12.2009	Delegation of authority	Allocate free grants of existing shares or shares to be issued to Group employees and corporate officers, or certain among them, in an amount not to exceed 2% of the company's capital and charged on an overall ceiling of €8 million.	30 months	Unused and cancelled by the ESM of 09.06.2011
24.06.2010	Delegation of authority	Reduce share capital by cancelling treasury shares in an amount up to 10% of the company's total capital.	30 months	Unused and cancelled by the ESM of 09.06.2011
24.06.2010	Delegation of authority	Grant options to subscribe or purchase shares in an amount up to 450,000 shares and charged to an overall ceiling of €8 million.	30 months	Unused and cancelled by the ESM of 09.06.2011
09.06.2011	Delegation of authority	To decide to increase the company's share capital by issuing – without pre-emptive subscription rights – shares and/or securities giving access to the company's share capital and/or securities entitling the holder to a distribution of debt securities and charged to an overall ceiling of €8 million.	26 months	Unused
09.06.2011	Delegation of authority	To decide to increase the company's share capital by issuing – without pre-emptive subscription rights – shares and/or securities giving access to the company's share capital and/or securities entitling the holder to a distribution of debt securities and charged to an overall ceiling of €8 million.	26 months	Unused
09.06.2011	Delegation of authority	Decide on capital increases through the capitalisation of premiums, reserves, earnings or other and charged to an overall ceiling of €8 million.	26 months	Unused
09.06.2011	Delegation of power	To potentially issue shares or securities giving access to the company's share capital without pre-emptive subscription rights in consideration of in-kind contributions concerning shares or securities giving access to the company's share capital limited to 10% of share capital charged to an overall ceiling of €8 million.	26 months	Unused
09.06.2011	Delegation of authority	Grant options to subscribe or purchase shares in an amount up to 450,000 shares and charged to an overall ceiling of €8 million.	26 months	Attributed to plan of 255,650 stock options on 26.07.2011.

Distribution of capital and voting rights at 31.12.2011

	2011 % of share capital	2011 % of voting rights
Braud and Himsworth Families	65.36%	65.83%
Braud family branch (1)	32.16%	32.39%
Himsworth family branch (2)	7. 35%	7.41%
Ancemat (3)	5.12%	5.16%
Wecanrent (3)	5.18%	5.22%
Coliphin Invest (3)	5.18%	5.22%
Trinity Group (3)	5.18%	5.22%
Sonafina (3)	5.18%	5.22%
Généval (Société Générale Group)	6.26%	6.30%
Toyota	2.83%	2.85%
Treasury shares	0.70%	-
Employee share ownership	0.82%	0.83%
Other	24.02%	24.19%
Total	**100.00%**	**100.00%**

(1) The Braud family branch consists of: Marcel Braud, Lilianne Braud-Orhon, Marcel-Claude Braud, Sébastien Braud, Emilie Braud-Fischel, Catherine Braud, Valerie Braud Walsh and the company HB Holding Braud.

(2) The Himsworth family branch consists of: Jacqueline Himsworth, Gordon Himsworth, Dominique Himsworth, Virginie Himsworth, Christopher Himsworth, David Himsworth, and the company Ancemat.

(3) Companies owned by Himsworth family members.

6.2.4 OWNERSHIP AND CONTROL

Manitou is controlled by the Braud and Himsworth families who together hold 65.36% of share capital. The Manitou Board of directors includes three independent directors out of a total of nine Directors in the spirit of the MiddleNext code of corporate governance, and the functions of the Chief Executive Officer are separated from those of the Chairman of the Board of directors and performed by Jean-Christophe Giroux who is independent of the Braud and Himsworth families.

6.2.5 INFORMATION RELATED TO COLLECTIVE COMMITMENTS FOR THE RETENTION OF MANITOU SHARES

Summary of authority and powers regarding changes in capital granted by the Shareholders' Meeting.

Signature date	Type of commitment	Number of shares: Percentage of share capital and voting rights	Term	Shareholder signatories
28.11.2011	Collective agreement to retain shares under Article 787 B of the French General Tax Code	12,719,721 shares representing 32.163% of share capital and voting rights	Minimum of two years from the registration of the commitment, automatically renewed for two years by tacit agreement	Braud family branch (1)
28.11.2011	Collective agreement to retain shares under Article 885 I Bis of the French General Tax Code	A total of 12,719,721 shares representing 32.163% of share capital and voting rights	Minimum of two years from the registration of the commitment, automatically renewed for a period of 12 months by tacit agreement	Braud family branch
29.06.11	Collective agreement to retain shares under Article 787 B of the French General Tax Code	8,200,005 shares representing 20.73% of share capital and voting rights	2 year term from July 1st 2011 (Registered on June 29, date of Board meeting acknowledging the capital reduction on July 1st 2011)	- Himswort Family branch (2) with the exception of the Company Ancemat -The company Wecanrent - The company Coliphin Invest -The company Trinity Group -The company Sonafina - M. Braud - Marcel Claude Braud - Sébastien Braud
20.12.2011	Collective agreement to retain shares under Article 885 I bis of the French General Tax Code	10,250,009 shares representing 25.92% of share capital and voting rights	Effective December 31, 2011 for a two year period	- Himswort Family branch (2) - The company Wecanrent - The company Coliphin Invest - The company Trinity Group - The company Sonafina - M. Braud - Marcel Claude Braud - Sébastien Braud
20.12.2011	Collective agreement to retain shares under Article 885 I bis of the French General Tax Code	9,455,008 shares representing 23.91% of share capital and voting rights	For a two year period as of December 22, 2011 (registration date)	- Himsworth family branch with the exception of the Company Ancemat - The company Wecanrent - The company Coliphin Invest - The company Trinity Group - The company Sonafina - M. Braud - Marcel Claude Braud - Sébastien Braud

(1) The Braud family branch consists of: Marcel Braud, Lilianne Braud-Orhon, Marcel-Claude Braud, Sébastien Braud, Emilie Braud-Fischel, Catherine Braud, Valerie Braud Walsh and the company HB Holding Braud.

(2) The Himsworth family branch consists of: Jacqueline Himsworth, Gordon Himsworth, Dominique Himsworth, Virginie Himsworth, Christopher Himsworth, David Himsworth, and the company Ancemat.

6.2.6 THE EXISTENCE OF AGREEMENTS FOR WHICH THE IMPLEMENTATION COULD RESULT IN A CHANGE IN CONTROL

None

6.2.7 OWNERSHIP THRESHOLDS

Under Article L. 233-7 of the French Commercial Code, any person or entity, acting alone or with others, who has just obtained a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30% 33.33%, 50%, 66.66%, 90% or 95% of share capital and voting rights of the company, must inform the company and the French market authority, the AMF, with a letter indicating the total number of shares and voting rights held within five trading days of crossing the threshold. Threshold crossings reported to the AMF are publically disclosed by the AMF. This information is also transmitted within the same time frame and under the same conditions whenever the equity investment or voting rights fall below the thresholds referred to above. If not declared according to regulations, the shares exceeding the fraction that should have been declared in accordance with the legal provisions mentioned above are denied voting rights at any Shareholders' Meeting held up the completion of two periods following the date of the correcting declaration.

Article 9 of Manitou's corporate statutes further provides that any person or entity that, either directly or indirectly and either alone or with others, crosses (either upwards or downwards), the threshold of 2.5% of the capital or voting rights of the company (or any multiple of that threshold) must notify the company by registered letter with confirmation of receipt, within fifteen days of crossing that threshold, specifying their identity as well as the persons acting together with them. This requirement also applies to shares held in accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code, for the total of all shares held in a custodian account to which that holder is registered.

In case of non-compliance with the requirement to disclose statutory thresholds, the sanctions provided for in Article L. 233-14 of the French Commercial Code shall apply, provided that such request, submitted by one or more shareholders holding at least 3% of the capital or voting rights, is recorded in the minutes of the Shareholders' Meeting.

6.2.8 DIVIDEND DISTRIBUTION POLICY

The Board will propose a dividend payment of €0.30 per share to the Shareholders' Meeting for the approval of the full-year 2011 financial statements.

6.2.9 HISTORICAL DIVIDEND INFORMATION

In accordance with Article 243 bis of the French General Tax Code, the amounts of dividends distributed during the last three years and the corresponding tax credits in euros are reported below:

Full-year period	Number of shares	Net dividend
2008	37,809,040	0
2009	37,567,540	0
2010	37,567,540	0

6.3 PUBLICLY AVAILABLE DOCUMENTS

Legal documents relating to the company may be reviewed at the registered office, 430 rue de l'Aubinière, 44150 Ancenis and on the Manitou website at www.manitou-group.com, including:

– Manitou's corporate charter and statutes;

– all reports, correspondence and other documents, historical financial information;

– Manitou's historical financial information and those of its subsidiaries for each of the two fiscal periods preceding the disclosure of this document.

6.4 MANITOU SHARE DATA

SHARE LISTING

Manitou's shares have been listed since April 1984.
Manitou's shares are listed in section B of Euronext Paris.

CODE ET TICKERS DE L'ACTION

ISIN Code: FR0000038606
MNO: MTU
REUTERS Code: MANP.PA
BLOOMBERG Code: MTU.FP

Indices up to March 21, 2011	Indices as of March 21, 2011
SBF 250	CAC ALL-TRADABLE
NEXT 150	NEXT 150
CAC ALL SHARES	CAC ALL SHARES
CAC MID & SMALL 190	CAC MID & SMALL
CAC MID 100	CAC SMALL
CAC INDUSTRIALS	CAC INDUSTRIALS
CAC IND. ENGIN.	CAC IND. ENGIN.

Eligibility of Manitou shares for the DSS (Stock exchange orders with Deferred Settlement Service) Long only.

SHARE PRICE PERFORMANCE AND TRADING VOLUMES

Month	Volume	Highest €	Lowest €	Month end	Market Capitalisation (M€)
January **2010**	422,838	11.10	10.07	10.30	387
February	195,872	10.15	9.00	9.45	355
March	421,540	10.43	9.21	10.99	413
April	908,697	13.86	11.91	13.39	503
May	626,910	13.45	11.38	12.85	483
June	249,532	13.40	12.17	12.37	465
July	285,031	13.07	11.53	13.10	492
August	298,059	12.80	11.62	12.24	460
September	317,490	12.29	11.76	12.05	453
October	568,304	15.15	11.76	15.29	574
November	334,706	15.61	13.90	15.05	565
December 2010	719,622	17.50	14.92	17.50	657
Total / Highest / Lowest	**5,348,601**	**17.50**	**9.00**		
January **2011**	611,148	21.07	16.03	20.99	789
February	912,754	24.99	20.90	23.85	896
March	799,990	24.97	20.03	21.40	804
April	526,879	23.33	20.17	22.83	858
May	354,930	23.60	21.15	21.79	819
June	443,578	21.80	19.00	20.95	787
July	560,344	23.29	19.80	21.28	841
August	1,215,325	22.27	13.85	15.98	632
September	1,259,236	16.00	10.50	11.95	472
October	1,235,401	15.50	10.01	14.61	577
November	794,530	14.27	10.45	11.93	472
Decembre 2011	474,917	12.93	10.75	11.74	464
Total / Highest / Lowest	**9,189,032**	**24.99**	**10.01**		

Source NYSE Euronext

ADDITIONAL INFORMATION

7

MANITOU GROUP

7.1 STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I hereby affirm that, to the best of my knowledge, the financial statements have been prepared in accordance with all applicable accounting standards and present a true and fair view of the assets, liabilities, financial position and performance of Manitou BF and all the companies included in its consolidation scope, and that the accompanying management report presents an accurate picture of the trends in its businesses, the results and the financial position of the company and all the companies included in the consolidation scope as well as a description of the main risks and uncertainties they face.

Ancenis, March 29, 2012

Jean-Christophe Giroux

President and Chief Executive Officer

7.2 CHAIRMAN OF THE BOARD'S REPORT IN ACCORDANCE WITH ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

To the Shareholders:

In accordance to article 117 of the Financial Security Act of August 1, 2003 and in application of the provisions of article L.225-37 of the French Commercial Code, I hereby present to you, in my capacity as Chairman of the Board of directors, the report on the corporate governance, internal control and risk management procedures:

This report was prepared with the assistance of the Audit committee and the head of internal audit and control, and approved by the Board of directors on March 7, 2012.

7.2.1 CORPORATE GOVERNANCE

Since the month of August 2010, the company has used the "MiddleNext" corporate governance code for mid-caps as a reference. This code was published in December of 2009 and is available on the website www.middlenext.com.

The company's governance complies with all of the MiddleNext's code recommendations. In addition, the Board took note of the items presented under the heading "points of vigilance" which are essential provisions of the code.

At its meeting of December 17, 2009, the Shareholders' Meeting adopted a mode of governance with a separation of functions between a non-executive Chairman of the Board of directors and a Chief Executive Officer, the only executive corporate officer. This report details the three major powers of the governance as defined by the MiddleNext code.

7.2.1.1 THE EXECUTIVE POWER: "CHIEF EXECUTIVE OFFICER"

The executive powers of the company are held by the Chief Executive Officer, a position provided for in the corporate by-laws and for which the powers are specified by the Board's internal regulations.

Thus, the Board's internal regulations provide that: "The CEO is responsible for implementing Group strategy, whose medium-term objectives are defined in a strategic plan, proposed by the Chief Executive, reviewed by the Strategic committee, and approved by the Board. Using the same methods, the Chief Executive Officer also proposes an annual budget for the upcoming full-year period as derived from the strategic plan."

Moreover, the limitations on the powers of the Chief Executive Officer are provided in the Board's internal regulations and all transactions for which the Board's prior approval must be obtained are detailed.

The Chief Executive Officer does not cumulate an employment contract with the corporate office and the total of all fixed and variable compensation components, including severance indemnities, pension and stock option grants are described in Chapter 5 of the management report relating to corporate governance. All of these items have been voted by the Board of directors based on the recommendations of the Compensation committee and are included in a good governance process in accordance with recommendations R1 to R5 of the MiddleNext code.

7.2.1.2 THE SUPERVISORY POWER: "THE BOARD OF DIRECTORS"

Composition of the board of directors

The Board of directors was appointed by the Extraordinary Shareholders' Meeting of December 17, 2009 and is composed of nine members. The term of office, as provided for in the by-laws, is four years.

The Board of directors includes one woman among its members, thereby complying with the law No. 2011-103 of January 27 2011, known as the Copé Zimmermann law, related to the equal representation of men and women on boards of directors and supervisory committees and to equal employment rights.

In addition, three members of the Board of directors meet the independence criteria. The criteria evaluated in order to justify the independent nature are provided in recommendation R8 of the MiddleNext code. This independence is characterized by the lack of significant financial, contractual or family relations which might impair the independence of their judgement.

The composition of the Board of directors did not change during the year 2011:

- Marcel Braud, Chairman
- Jacqueline Himsworth, Vice-Chairwoman
- Sebastian Braud,
- Serge Ghysdael,
- Gordon Himsworth,
- Christopher Himsworth,
- Joël Goulet, Independent member,
- Dominique Bamas, Independent member,
- Pierre-Henri Ricaud, Independent member.

Operation of the board of directors

At its meeting of December 17, 2009, the Board of directors unanimously adopted undisclosed internal regulations which define the methods of its organization and operation. These regulations include the mission and operation of the Board of directors and its specialized committees which have been established in accordance with the legal and statutory provisions. The regulations also clarify the roles and powers of the Chairman and Executive Management and the duties of each director. As such, it includes a corporate directors' charter detailing the rights and requirements to which the Manitou directors are committed in the on-going concern for good corporate governance. These principles revolve around the duties of diligence, independence, transparency and confidentiality.

During the year 2011, the Board of directors met 13 times. Throughout the year, the Group's business, strategic orientation and projects in process are reviewed. The proposed merger of Manitou by its holding company, the SFERT, especially occupied the Board during the first half-year.

A working group composed of all directors met in two plenary sessions on August 31 and September 19, concerning the Group's Medium Term Plan. The summary of the working group's work was entrusted to an independent board member who produced a framework document of the Medium Term Plan using the working group's strategic direction and financial indicators over a long-term period. This report was presented to the company's executive management and, in turn, at the meeting dated December 2, 2011, the Chief Executive Officer presented a Three Year Group Business Plan to the Board.

Board meetings were convened by the Chairman and held at the headquarters or, in exceptional circumstances, via a secure telephone line. The Board meeting of December 2, 2011 was held on the premises of the Italian subsidiary MCI Castelfranco (Italy).

Each Board member and each employee representative convened was sent all documents and information prescribed by law and necessary to achieve their mission in sufficient time prior to the meetings.

The minutes to the Board meetings are systematically written and submitted to each member for approval. The average attendance rate at Board meetings in 2011 was 95%.

The Statutory auditors were invited to the Board meetings related to the review of the half-year and annual financial statements in accordance with Article L.823.17 of the French Commercial Code

The directors are compensated in the form of tokens whose distribution is decided by the Board based on the opinion of the Compensation committee, according to the directors' attendance and the time they devote to their activities, including their participation in specialized committees The Chairman of the Board receives special compensation under article L.225-47 of the French Commercial Code, presence tokens, and, as of the merger of SFERT by Manitou BF, compensation from an employment contract. The details for the total of all compensation are provided in Chapter 5 of the management report on corporate governance.

In accordance with its internal regulations pursuant to recommendation R15 of the MiddleNext code, the Board conducted an internal assessment of its operation. Each Board member and the Chief Executive presented their assessment on the basis of a questionnaire structured on the MiddleNext governance code and discussed in the board meeting of January 10, 2011.

The assessment focused on the board's operations and its committees with respect to their preparation, conduct and follow-up.

These contributions have been analysed and summarized by an independent board member, identifying strengths and weaknesses as well as areas for improvement. The report was presented to the Board which was able to discuss the matter at its meeting on March 30, 2011. It is being followed up by the implementation of an action plan.

Specialized committees

The Board of directors includes four specialized committees responsible for examining matters within the scope of their assignment and submitting their views and recommendations to the Board.

The Audit committee

The Audit committee consists of Jacqueline Himsworth, Chairwoman, Pierre-Henri Ricaud and Dominique Bamas. Dominique Bamas was appointed a permanent member of the Audit committee by the Board's decision dated September 19, 2011. He was previously a member of the Audit committee as an alternate.

Pierre-Henri Ricaud and Dominique Bamas, independent board members, are considered to have specific skills in finance or accounting. These skills are assessed based on their professional experience.

The primary responsibilities of the Audit committee are to ensure:

– the accuracy and fair presentation of the financial statements and all financial disclosures,
– the quality of internal control and risk management procedures,
– the independence of the Statutory auditors.

In 2011, the Audit committee met six times. Each meeting has been the subject of a report and the Audit committee has intervened regularly with the Board to provide its recommendations and conclusions. The Audit committee's interventions are systematically included in the minutes of the Board meetings.

During 2011, the Audit committee met in the presence of the Statutory auditors before the full-year and half-year closings. It has reviewed all of the internal audit reports, the tools and internal control procedures in place and the update of the risk map presented by the head of audit and internal control. During its meetings, it has met regularly with the Financial Director, mainly related to financial and tax issues.

It should be noted that that the Audit committee placed reliance upon the report on the Audit committee published by the AMF on July 22, 2010 entitled: "Report of the working group on the Audit committee." The Audit committee, at its meeting on June 1, 2011, discussed its mission and its operation in relation to the report. The rare cases of non-compliance were able to be addressed during the year, allowing the Audit committee to be in compliance with all recommendations of the report as of the year-end closing date.

The Compensation committee

The Compensation committee consists of Joel Goulet, Chairman, Serge Ghysdael and Christopher Himsworth. Pierre-Henri Ricaud serves as an alternate member of the committee.

The main functions of the committee are to prepare the Board's work related to compensation:

– for Board members, by making proposals regarding the allocation of presence tokens in accordance with the criteria contained in the internal regulations, and the compensation awarded to any Board members who may have been assigned ad-hoc assignments;

– for the Chief Executive Officer by making recommendations regarding his complete compensation, pension and health insurance schemes, benefits in-kind and other rights;

- by proposing rules concerning variable compensation that are consistent with the Group's strategy and all associated assessment methods, and overseeing their application;
- by ensuring compliance with the company's requirements to fully disclose all such compensation, most notably in the annual report;
- by proposing a general policy for the granting of long-term instruments, taking into account the methods authorised by law and their consequences.

More broadly, the committee is kept up-to-date at least once a year on the compensation policy in force within the Group for the various employee categories.

The Compensation committee met four times during the year 2011 and its work has been the subject of reports to the Board of directors.

The Strategic committee

The Strategic committee consists of Marcel Braud, Chairman, Sébastien Braud, Gordon Himsworth, and Joël Goulet. Christopher Himsworth serves as an alternate member of the Committee.

Its main functions are to assist the Board in developing the strategy. It prepares the Board's work related to the strategic plan, any proposed strategic alliances, technological cooperation, industrial partnership, diversification, or other events affecting the business portfolio, and any major investments or divestments.

The Strategic committee met twice in 2011, each time in the presence of the Chief Executive Officer.

The Development committee

The Development committee consists of Marcel Braud and Jacqueline Himsworth. Sebastian Braud and Gordon Himsworth serve as alternate members of the Committee.

The Development committee's objective is to access the status of the business and projects in process and to act as a liaison for the entire Board and regularly provide them with information. It meets as specifically needed, which has not been the case in 2011, the issues having being treated in Board meetings.

7.2.1.3 THE SOVEREIGN POWER: "THE SHAREHOLDERS' MEETING"

Shareholders' Meetings are convened as provided for by law. They are held at the headquarters or at any other location specified in the notice. The terms for shareholder participation in the Shareholders' Meeting, defined in Article 20 of the corporate statues, do not include any specific provisions.

Information concerning the capital of the company is detailed in Chapter 6 of the management report entitled "Manitou and its shareholders."

During the year 2011, the company experienced a reorganization of the family control through a merger by Manitou of its holding company, the SFERT, and by signing a global shareholders agreement. These transactions were communicated to the markets on February 9, 2011 for the proposal, and adopted by vote in their final form at the Extraordinary Shareholders' Meeting held June 9, 2011. An E document describing the modalities of this transaction, approved by the AMF was publically disclosed on May 2, 2011.

The details of these transactions are described in chapter 2 of the management report.

7.2.2 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Pursuant to the AMF's recommendation on July 22, 2010 related to "Risk management and internal control systems", it should be noted that, in writing this report the company placed reliance on the framework and general principles of the AMF which were supplemented by its implementation guide for small and mid-caps.

In accordance with the AMF recommendation No. 2010-15 of December 7, 2010[2], the report's layout corresponds to the reference layout in order to ensure readability.

7.2.2.1 INTERNAL CONTROL OBJECTIVES

The internal controls procedures used at Group companies are aimed at ensuring:

– compliance with laws and regulations,

– the application of internal instructions and guidelines established by Executive Management,

– the effective functioning of processes, especially those intended to protect assets,

– the reliability of financial information,

– and, in general, the systems which contribute to the management of the businesses, the efficiency of operations and the efficient use of resources.

(2) The AMF's supplementary report on corporate governance, executive compensation and internal controls for small and mid-cap companies with reference to the MiddleNext corporate code governance.

Like any control system, these procedures cannot provide an absolute guarantee that all risks are covered. These procedures are, above all, intended to reduce their probability and potential impact through the launching of appropriate actions.

In addition to the internal control objectives mentioned above, the Manitou Group's internal control is based upon a Code of Ethics put in place in January of 2010. It provides the framework of reference guidelines for honest and responsible business behaviour based on both the collective principles which the Group has imposed upon itself as an institution and the individual behaviour to be respected by each employee.

7.2.2.2 ORGANIZATION

The internal control system is based on a clearly defined organization which was introduced in August of 2009 and which is split into three product divisions, four sales regions and the support functions. The Executive committee, whose composition is described in detail in this management report, meets every week with the Chief Executive Officer. The Presidents of the product divisions are supported by a Steering committee which brings together all of the operating functions in their division.

This organization provides a framework which, through quarterly "Business Reviews", permits the control of the businesses and the achievement of objectives for each product division and sales region.

In October of 2011, the RTH division was reorganized with the establishment of "Product Units" that are responsible for complete product lines. These Product Units correspond to the division's production sites: Ancenis and Candé in France, Castelfranco in Italy, Waco, Texas in the United States, and the Product Units "Spare parts" and "Attachments".

As of November 2011, all Group Sales and Marketing functions have been consolidated into a single function for which the manager has joined the Executive committee. Sales and Marketing management is organized around four sales regions, five support functions and two focus teams.

In addition, the Group places reliance upon a manual for decision making and responsibility which is applicable to all Group companies and covers the following areas:

– legal and regulatory requirements, including health, safety and environmental protection,
– financial transactions, including off-balance sheet commitments,
– the budgeting process,
– sales and marketing,
– purchasing,
– the management of land, building and equipment,
– human resources.

The internal control function is led by the manager of internal control and auditing who reports, hierarchically, to the General Secretary of the Group and, functionally, to the Audit committee, which underlines the independence implicit to the function.

7.2.2.3 THE DISTRIBUTION OF INFORMATION

The internal distribution of information which is relevant, reliable and timely permits everyone to fulfil their responsibilities.

The budget process and the production of accounting and financial information are both structured and structuring processes which permit the organization and sharing of information and strategic objectives within the Group.

Budget process

The budget process takes place in the fourth quarter of the financial year in process in order to provide a sufficient level of visibility of the business for the year and improved reliability on budget projections made for the upcoming year. The business assumptions are consolidated and reviewed by Sales & Marketing management on the basis of information provided by each of the Group's sales subsidiaries.

Sales objectives are then shared with the Presidents of each product division in order to optimally adjust production to demand (production capacity control, taking into account the normative constraints - procurement, accordance with product launches). Finally, business assumptions are validated by the entire Executive committee.

Based on the assumptions made and guidance provided by management, all Group legal entities create a preliminary budget which is reviewed by the relevant financial and operational management.

The Group performs a consolidation by division which is reported to each division President and the Executive committee. The Executive committee shall decide as to priorities and objectives by division prior to submission to the Board for approval.

Production of accounting and financial information

In 2011, the group changed the presentation of its financial statements, evolving from the reporting of expenses by nature to the reporting of expenses by function in order to provide a more effective overview of the financial statements.

A specific migration draft of the financial statement format was carried out in 2011 based on a revision of the financial manual and the implementation of new consolidation software.

To ensure the control of these changes, the new financial manual was reviewed with the Audit committee and the Statutory auditors. Moreover, the 2010 financial statements were restated according to the new presentation. The new consolidation tool and the reformatting of the consolidated financial statements at June 30 and December 31, 2010 have been reviewed by the primary Statutory auditors supported by the local auditors.

The consolidation packages for the full-year and interim periods are prepared by the subsidiaries in accordance with the Manitou Group financial manual and transmitted to the consolidation department of the Parent Company.

The 2011 Parent and Group financial statements were prepared by the Financial Management with the assistance of a chartered accountant. They were reviewed by the Director of Finance and the Chief Executive Officer and approved by the Board of directors.

The consolidated financial statements and those of the Parent Company and the French subsidiaries have all been audited by the Group's Statutory auditors. Each foreign subsidiary was audited in its own country. All of the financial statements and local auditors' comments were sent to the Group's Statutory auditors and reviewed with the Financial Management.

The interim financial statements, prepared in accordance with IAS 34, are also subject to a limited review by the Statutory auditors.

The Statutory auditors presented the summary of their findings to the Audit committee on March 5, 2012. The Board of directors met on March 7, 2012 to approve Manitou's Parent Company and consolidated financial statements as at December 31, 2011.

7.2.2.4 RISK MANAGEMENT

The risk management process within the Manitou Group has been reinforced through an update of the risk map at year-end 2010.

That exercise, which was performed with the support of a consulting firm, permitted the 25 executives in the most significant positions within Group to consider the key risks facing the entire Group as well as those more specific to their businesses. Its objective is to identify key risks, the degree to which they're controlled and to access their potential impact on the Group's financial position or image.

The risk map is shared with the external auditors and reviewed by the Audit committee.

Following the risk mapping work, a piloting mechanism for controlling risk management was introduced in early 2011. The first step of that mechanism was the identification of risk coverage carried by members of the Executive committee for the 11 significant risks. These action plans were reviewed by the Audit committee which made a specific communication to the Board relating to the mapping process and risk management. The review of the correct implementation of these action plans will be the object of an ad-hoc mission during the year 2012.

The main risks to which the Manitou Group is exposed are provided in detail in the chapter "Risk factors and risk management" of the management report.

7.2.2.5 CONTROL ACTIVITIES

Internal audits are conducted according to an audit plan which is established by the Audit committee.

Five internal audits were performed in 2011:

– the human resources management process in RTH Division,

– the industrial purchasing process in the RTH Division,

– in the South African subsidiary, Manitou Southern Africa. That mission was performed by the Price Waterhouse Coopers teams on the internal control processes,

– in the Russian subsidiary, Manitou Vostok, on the administrative, financial and sales processes,

– in the Australian subsidiary, Manitou Australia, on the administrative, financial and sales processes.

The findings of each audit were submitted to the Audit committee and Executive Management. The reports, which contain recommendations and related action plans, are sent to the departments concerned, to Executive Management, to the Statutory auditors and to the Chairman of the Board.

Moreover, the specific monitoring of recommendations made in the audit reports during the last four years were reiterated during the year 2011 and presented to the Audit committee, permitting it to monitor the progress on the implementation of internal controls and their efficiency. It appears that, as of the review date, 75% of the recommendations originating from an action plan had been implemented.

The work performed by the internal audit department is coordinated with that of the Statutory auditors by:

– regular exchanges between the manager of auditing and internal Control and the Statutory auditors,

– the distribution of the annual audit plan and, subsequently, each audit report issued,

– the participation of the manager of auditing and internal control in the Statutory auditors' closing audit discussions (accounting closings and procedural reviews).

Marcel Braud

Chairman of the Board of directors

7.3 STATUTORY AUDITORS' REPORT, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF MANITOU BF YEAR ENDED 31 DECEMBER 2011
PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

This is a free translation into English of the Statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory auditors of Manitou BF and in accordance with Article L.225-235 of French Commercial Code (Code de Commerce), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code (Code de Commerce) for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of the French Commercial Code (Code de Commerce), particularly in terms of corporate governance.

It is our responsibility:

– to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and

– to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code (Code de Commerce), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

7.3.1 INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

– obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;

– obtaining an understanding of the work involved in the preparation of this information and the existing documentation;

– determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code (Code de Commerce).

7.3.2 OTHER DISCLOSURES

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code (Code de Commerce).

The Statutory auditors
French original signed by

RSM Secovec	**Deloitte & Associés**
Jean-Michel Picaud	Thierry de Gennes

FINANCIAL STATEMENTS

8

MANITOU GROUP

8.1 CONSOLIDATED FINANCIAL STATEMENTS

8.1.1 STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME SATEMENT

In € thousands	Notes	31.12.2010	31.12.2011
Sales	Note 18	838,309	1,131,145
Costs of goods & services sold		(715,896)	(957,532)
Research & development costs		(16,460)	(16,596)
Selling, marketing and service expenses		(63,797)	(61,634)
Administrative expenses		(40,074)	(42,528)
Other operating income and expenses	Note 23	2,168	(1,594)
RECURRING OPERATING INCOME		**4,250**	**51,262**
Impairment of assets		0	(981)
Other non-recurring income and expenses		(2,241)	2,655
OPERATING INCOME		**2,009**	**52,935**
Financial income		8,445	9,527
Financial expenses		(21,101)	(18,555)
Net financial expenses	Note 24	**(12,656)**	**(9,027)**
Share of profits of associates	Note 6	1,097	962
CONSOLIDATED INCOME (LOSS) BEFORE TAX		**(9,550)**	**44,870**
Income tax	Note 17	(7,115)	(8,361)
NET INCOME (LOSS)		**(16,664)**	**36,509**
Attributable to equity holders of the Parent		**(16,681)**	**36,408**
Attributable to minority interests		**17**	**101**

Earnings per share (in euros)

Net income (loss) attributable to the equity holders of the Parent	**(0.45)**	**0.95**
Diluted earnings per share	**(0.45)**	**0.94**

OTHER COMPONENTS OF COMPREHENSIVE INCOME AND EXPENSE & COMPREHENSIVE INCOME

In € thousands	31.12.2010	31.12.2011
INCOME (LOSS) FOR THE YEAR	**(16,664)**	**36,509**
Adjustments in the fair value of available-for-sale financial assets	0	50
Of which booked to equity		
Of which transferred to income of the year		
Translation differences arising on foreign activities	12,040	2,559
Group share	11,962	2,540
Minority interests	78	19
Actuarial gains (losses) on defined benefits plans	(658)	(5,736)
Group share	(658)	(5,733)
Minority interests	0	(3)
Interest rates hedging instruments	906	(358)
Group share	906	(358)
Minority interests	0	0
TOTAL GAINS & LOSSES BOOKED IN EQUITY	**12,288**	**(3,485)**
TOTAL INCOME & EXPENSE FOR THE PERIOD	**(4,376)**	**33,025**
Attributable to the equity holders of the Parent	(4,471)	32,907
Attributable to minority interests	95	118

The other components of comprehensive income and loss are presented net of associated taxes.

8.1.2 STATEMENT OF FINANCIAL POSITION

ASSETS

In € thousands	Notes	31.12.2010	Net Amount 31.12.2011
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	Note 4	150,042	138,176
INVESTMENT PROPERTY			3,752
GOODWILL	Note 3	1,257	294
INTANGIBLE ASSETS	Note 3	31,757	32,646
INVESTMENTS IN ASSOCIATES	Note 6	19,355	19,672
NON-CURRENT FINANCE CONTRACT RECEIVABLES	Note 10	18,335	8,732
DEFERRED TAX ASSETS	Note 17	5,966	4,911
NON-CURRENT FINANCIAL ASSETS	Note 7	714	5,505
OTHER NON-CURRENT ASSETS		3,776	2,648
		231,201	**216,335**
CURRENT ASSETS			
INVENTORIES & WORK IN PROGRESS	Note 8	221,037	307,872
TRADE RECEIVABLES	Note 9	187,763	238,830
NON-CURRENT FINANCE CONTRACT RECEIVABLES	Note 10	54,196	22,808
OTHER RECEIVABLES			
Current income tax	Note 17	26,187	26,031
Other receivables	Note 12	25,379	31,029
CURRENT FINANCIAL ASSETS	Note 7	364	3,181
CASH AND CASH EQUIVALENTS	Note 7	54,105	42,680
		569,031	**672,431**
TOTAL ASSETS		**800,233**	**888,767**

LIABILITIES AND EQUITY

In € thousands	Notes	31.12.2010	Net Amount 31.12.2011
Share capital	Note 13	37,568	39,549
Share premiums		439	44,645
Treasury shares		(9,679)	(9,243)
Consolidated reserves		333,830	306,068
Translation differences		(12,817)	(10,274)
Net profit (loss) – Group share		(16,681)	36,408
SHAREHOLDER'S EQUITY		**332,659**	**407,153**
MINORITY INTERESTS		**177**	**101**
TOTAL EQUITY		**332,836**	**407,255**
NON CURRENT LIABILITIES			
NON-CURRENT PROVISIONS	Note 14	30,635	35,938
OTHER NON-CURRENT LIABILITIES		1,159	1,309
DEFERRED TAX LIABILITIES	Note 17	14,423	9,007
NON-CURRENT FINANCIAL LIABILITIES			
Loans and other financial liabilities	Note 7	104,245	65,444
		150,461	**111,698**
CURRENT LIABILITIES			
CURRENT PROVISIONS	Note 14	20,051	27,914
TRADE ACCOUNTS PAYABLE	Note 16	140,263	203,444
OTHER CURRENT LIABILITIES			
Current income tax	Note 17	6,826	4,857
Other liabilities	Note 16	60,680	67,671
CURRENT FINANCIAL LIABILITIES	Note 7	89,116	65,928
		316,936	**369,814**
TOTAL LIABILITIES		**800,233**	**888,767**

8.1.3 SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY

In € thousands	Share capital	Share pre-miums	Treasury shares	Reserves	Group net profit	Translation differences	Reva-luation surplus	TOTAL SHARE-HOLDERS' EQUITY (Group share)	Minority interests	TOTAL EQUITY
Balance at 31.12.2009	**37,568**	**439**	**(14,439)**	**465,592**	**(131,320)**	**(24,776)**	**908**	**333,973**	**331**	**334,304**
Income for the year 2009				(131,320)	131,320			0		0
Income at 31.12.2010					(16,681)			(16,681)	17	(16,664)
Dividends									(120)	(120)
Change in translation differences						11,962		11,962	78	12,040
Valuation differences under IFRS				1,171				1,171		1,171
Treasury shares			4,760	(1,858)				2,902		2,902
Actuarial (gain) losses on employee benefits				(658)				(658)		(658)
Change in consolidation scope & other				(22)				(22)	(77)	(99)
Shareholders' agreements				12				12	(52)	(40)
Balance at 31.12.2010	**37,568**	**439**	**(9,679)**	**332,917**	**(16,681)**	**(12,814)**	**908**	**332,659**	**177**	**332,836**
Income for the year 2010				(16,681)	16,681					
Income at 31.12.2011					36,408			36,408	101	36,509
SFERT merger	1,980	44,192		(5,285)				40,887		40,887
Dividends									(47)	(47)
Change in translation differences						2,540		2,540	19	2,559
Valuation differences under IFRS				(59)				(59)	(146)	(205)
Treasury shares			436					436		436
Actuarial (gain) losses on employee benefits				(5,733)				(5,733)	(3)	(5,736)
Change in consolidation scope & other	1	14						15	0	15
Shareholders' agreements										
Balance at 31.12.2011	**39,549,**	**44,645**	**(9,243)**	**305,160**	**36,408**	**(10,274)**	**908**	**407,153**	**101**	**407,255**

A merger through the absorption by Manitou of its family holding company (SFERT) was approved at the Extraordinary Shareholders' Meeting of 9 June 2011. This reorganization of the family concert and simplification of the Manitou control structure contributes to the stability of the family shareholder group.

This also has the effect of strengthening Manitou by providing €46.2 million of net assets at the date of the transaction, consisting primarily of the following:

– €36.6 million in liquid assets (cash and cash equivalents),
– €5.1 million in AFS securities,
– €4.0 million in investment property.

Given the parity used in the merger agreement and the price of the Manitou BF shares at the time of the transaction, the Group's financial statements reported negative goodwill of €5.4 million at 31.12.2011 (other non-recurring operating income and expenses).

8.1.4 CASH FLOW STATEMENT

In € thousands		31.12.2010	31.12.2011
INCOME (LOSS) FOR THE YEAR		**(16,664)**	**36,509**
Less share of profits of associates		(1,097)	(962)
Elimination of income and expense with no effect on operating cash flow and not linked to operating activities			
+	Amortisation and depreciation	32,825	30,546
-	Provisions and impairment	(23,232)	(2,891)
-	Change in deferred taxes	104	(4,901)
+/-	Income (loss) from non-current asset disposal	384	(216)
-	Change in capitalized leased machines	(7,160)	(3,895)
+/-	Other	381	(4,753)
EARNINGS BEFORE DEPRECIATION AND AMORTISATION		**(14,459)**	**49,438**
Changes in cash flows from operating activities			
+/-	Change in inventories	17,957	(83,012)
+/-	Change in trade receivables	(28,484)	(47,211)
+/-	Change in finance contracts receivables	66,355	51,351
+/-	Change in other operating receivables	(11,303)	(5,705)
+/-	Change in trade accounts payable	60,206	62,830
+/-	Change in other operating liabilities	14,160	7,430
+/-	Change in taxes payable and receivable	10,177	(3,246)
+/-	Change in liabilities linked to finance contracts receivables	(30,487)	(24,923)
CASH FLOW FROM OPERATING ACTIVITIES		**84,122**	**6,952**
Changes in cash flows from investing activities			
+	Proceeds from sale of property, plant and equipment	705	387
+	Proceeds from sale of long-term investments	11,497	43
-	Purchase of intangible assets, property, plant and equipment (excl. rental fleet)	(13,410)	(18,178)
-	Decrease (increase) of other financial assets	0	(2,107)
-	Acquisition of subsidiairies or minority interests	(1,337)	0
-	Increase in capital of associates	(2,967)	0
+	Dividends received from associates	0	847
CASH FLOW FROM INVESTING ACTIVITIES		**(5,512)**	**(19,008)**
Changes in cash flows from financing activities			
+	Increase in capital	0	15
-	Decrease in capital	0	0
-	Merger	0	36,584
-	Dividends paid	(120)	(47)
+/-	Purchase / Sale of treasury shares	1,927	469
+/-	Change in financial liabilities	(101,568)	(41,862)
+/-	Other	(64)	(2,401)
CASH FLOW FROM FINANCING ACTIVITIES		**(99,825)**	**(7,241)**
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND BANK OVERDRAFTS		**(21,215)**	**(19,297)**
Cash, cash equivalents and bank overdrafts at beginning of the year		72,060	52,778
Exchange gains (losses) on cash and bank overdrafts		1,934	736
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF THE YEAR		**52,778**	**34,216**
CURRENT FINANCIAL ASSETS (REMINDER)		**364**	**3,181**

RECLASSIFICATIONS IN THE CASH FLOW STATEMENT

Certain reclassifications have been made in the cash flow statement as of 31.12.2010. The primary impacts were the following:

Rental fleet investments:

Equipment capitalised for rental were reclassified from the cash flows from investing activities to the cash flows from operating activities under the line item "changes in capitalized leased machines" (impact as at 31.12.2010, €- 7,160 thousand).

Changes in taxes payable and receivable:

Changes in taxes payable and receivable were recorded on a separate line item within the changes in working capital in the amount of €10,177 thousand as of 31.12.2010.

8.1.5 INFORMATION ON OPERATING SEGMENTS

The Group is organised into three divisions:

- **Rough Terrain Handling division** (RTH): assembly and distribution of rough terrain handling equipment.
- **Industrial Material Handling division** (IMH): assembly and distribution of industrial handling and warehousing equipment.
- **Compact Equipment division** (CE): assembly and distribution of compact equipment.

Income and expenses relating to the merger with SFERT that occurred on 09.06.2011 have not been allocated to the various divisions and are included in the "Other" column.

Assets, cash flows and liabilities are not allocated to the individual divisions, as the operating segment information used by the Group's management does not include those items.

INCOME STATEMENT BY DIVISION

31.12.2011 *In € thousands*	**RTH** Rough Terrain Handling	**IMH** Industrial Material Handling	**CE** Compact Equipment	**Other**	**Total**
Sales	796,303	146,938	187,904		1,131,145
Cost of goods & services sold	(671,828)	(129,668)	(156,036)		(957,532)
Research and development costs	(10,494)	(2,517)	(3,585)		(16,596)
Selling, marketing and service expenses	(42,682)	(9,224)	(9,728)		(61,634)
Administrative expenses	(23,501)	(7,443)	(11,584)		(42,528)
Other operating income and expense	(810)	121	(905)		(1,594)
RECURRING OPERATING INCOME (LOSS)	**46,987**	**(1,793)**	**6,067**		**51,262**
Impairment of assets	(964)		(17)		(981)
Other non-recurring income and expense	209	(397)	(1,415)	4,257	2,655
OPERATING INCOME	**46,232**	**(2,189)**	**4,635**	**4,257**	**52,935**

31.12.2010 *In € thousands*	**RTH** Rough Terrain Handling	**IMH** Industrial Material Handling	**CE** Compact Equipment	**Other**	**Total**
Sales	586,474	123,765	128,070		838,309
Cost of goods & services sold	(493,334)	(109,059)	(113,504)		(715,896)
Research and development costs	(11,905)	(1,432)	(3,123)		(16,460)
Selling, marketing and service expenses	(39,164)	(8,472)	(16,161)		(63,797)
Administrative expenses	(19,654)	(7,974)	(12,446)		(40,074)
Other operating income and expense	3,391	(396)	(827)		2,168
RECURRING OPERATING INCOME (LOSS)	**25,809**	**(3,568)**	**(17,990)**		**4,250**
Impairment of assets					
Other non-recurring income and expense	(210)	(2,031)			(2,241)
OPERATING INCOME	**25,599**	**(5,599)**	**(17,990)**		**2,009**

SALES BY DIVISION AND GEOGRAPHIC REGION

31.12.2011

In € thousands	France	Europe	Americas	Rest of the world	Total
RTH	255,412	409,771	42,069	89,051	796,303
IMH	108,001	23,585	4,263	11,089	146,938
CE	2,074	36,286	131,778	17,766	187,904
Total	**365,487**	**469,642**	**178,110**	**117,906**	**1,131,145**

31.12.2010

In € thousands	France	Europe	Americas	Rest of the world	Total
RTH	183,679	301,522	29,609	71,639	586,450
IMH	87,544	24,496	3,824	7,925	123,789
CE	933	34,498	80,186	12,452	128,070
Total	**272,156**	**360,517**	**113,620**	**92,016**	**838,309**

8.1.6 MANITOU GROUP CONSOLIDATION SCOPE AS AT 31.12.2011

PARENT COMPANY

MANITOU BF SA
Share capital 39 547 824 EUR
430, rue de l'Aubinière
44150 ANCENIS, France

SUBSIDIARIES

FULLY CONSOLIDATED SUBSIDIARIES

100%	**COMPAGNIE FRANCAISE DE MANUTENTION** Share capital 1 320 000 EUR 510, bd Pierre et Marie Curie - 44150 ANCENIS, France		
100%	**MANITOU AMERICAS Inc.** Share capital 361 101 000 USD WEST BEND, Wisconsin, United States	100%	**GEHL POWER PRODUCTS, Inc** Share capital 100 USD YANKTON, South-Dakota, United States
		100%	**MUSTANG MANUFACTURING COMPANY, Inc.** Share capital 15 USD OWATONNA, Minnesota, United States
		100%	**COMPACT EQUIPMENT ATTACHMENTS, Inc.** Share capital 1 USD CEDARBURG, Wisconsin, United States
		100%	**GEHL Receivables II, LLC** Share capital 1 000 USD WEST BEND, Wisconsin, United States
		100%	**GEHL Funding, LLC** Share capital 1 000 USD WEST BEND, Wisconsin, United States
100%	**CHARIOTS ELEVATEURS MANITOU CANADA Inc.** Share capital 20 000 CAD MONTREAL, Canada		
100%	**MANITOU COSTRUZIONI INDUSTRIALI Srl** Share capital 5 000 000 EUR CASTELFRANCO EMILIA, Italy	100%	**OMCI ATTACHMENTS Srl** Share capital 50 000 EUR CASTELFRANCO EMILIA, Italy
99,4%	**MANITOU UK Ltd.** Share capital 230 000 GBP VERWOOD, United Kingdom	100%	**PLEDGEMEAD** Share capital 10 000 GBP VERWOOD, United Kingdom
98%	**MANITOU BENELUX SA** Share capital 500 000 EUR PERWEZ, Belgium	100%	**DE LADDERSPECIALIST B.V.** Share capital 117 418 EUR GOES, Netherlands
100%	**MANITOU INTERFACE and LOGISTICS EUROPE** Share capital 500 000 EUR PERWEZ, Belgium		
100%	**MANITOU DEUTSCHLAND GmbH** Share capital 2 750 000 EUR OBER - MÖRLEN, Germany		
100%	**MANITOU PORTUGAL SA** Share capital 600 000 EUR VILLA FRANCA, Portugal	57,0%	**EPL CENTRO** Share capital 50 000 EUR POMBAL, Portugal
100%	**MANITOU MANUTENCION ESPANA SL** Share capital 200 000 EUR MADRID, Spain		
100%	**MANITOU VOSTOK LLC** Share capital 350 000 RUB BELGOROD, Russia		
100%	**MANITOU POLSKA Sp z.o.o.** Share capital 200 000 PLN OBORNIKI, Poland		
100%	**MANITOU SOUTHERN AFRICA PTY Ltd.** Share capital 796 875 ZAR SPARTAN EXTENSION, South Africa		
86%	**MANITOU AUSTRALIA PTY Ltd.** Share capital 400 000 AUD ALEXANDRIA, Australia		
100%	**MANITOU ASIA PTE Ltd.** Share capital 400 000 SGD SINGAPORE		
100%	**MANITOU SOUTH ASIA PTE Ltd.** Share capital 9 400 000 INR GURGAON, India		
100%	**MANITOU CHINA Co Ltd.** Share capital 7 900 000 USD HANGZHOU, China		
99,6%	**MANITOU TR** Share capital 250 000 000 000 TRL ISTAMBUL, Turkey		

ASSOCIATES

49%	**MANITOU FINANCE FRANCE SAS** Share capital 19 600 000 EUR PUTEAUX, France
49%	**MANITOU FINANCE Ltd.** Share capital 2 000 000 GBP BASINGSTOKE, United Kingdom
30,4%	**ALGOMAT** Share capital 20 000 000 DZD ALGER , Algeria
50%	**HANGZHOU MANITOU MACHINERY EQUIPMENT Co Ltd.** Share capital 3 000 000 USD HANGZHOU, China

8.1.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

COMPANY IDENTITY

Manitou BF SA is a French public limited company (Société Anonyme) with a Board of directors, with capital of €39,547,824 consisting of 39,547,824 fully paid shares with a par value of €1 per share. The shares, which had been listed in compartment A of NYSE Euronext Paris, have been listed in compartment B since 21.01.2009.

The Parent Company's registered office, which is also the Group's main production site, is located at:

430 rue de l'Aubinière - BP 10249 - 44158 - Ancenis Cedex France.

The Company is registered with the Nantes trade and companies registry under number: **857 802 508 RCS Nantes - SIRET: 857 802 508 00047 APE code: 292 D - NAF code: 2822Z.**

SHARES AND CAPITAL

The Company's shares are listed in compartiment B of Euronext Paris. At 31.12.2011, the free float consisted of 13,697,984 shares corresponding to 34.64% of the share capital.

APPROVAL OF THE FINANCIAL STATEMENTS

The Manitou Group's consolidated financial statements were approved by the Board of directors on 07.03.2012.

CHANGES IN THE CONSOLIDATION SCOPE

On June 9, 2011 Manitou BF merged with its Parent Company SFERT (see Note 2).

During the first half of 2011, the Group also continued it's restructuring:

– Aumont BSBH, CIMM and MLM were merged in Manitou BF,

– Manitou North America was absorbed by Manitou Americas (formerly Gehl).

In the framework of the Compact Equipment division's European reorganization, part of the Gehl Europe business was transferred to a new entity created by the Group, Manitou Interface and Logistics Europe (MILE). At the same time, Gehl Europe was absorbed by Manitou Deutschland.

The Group also created a distribution subsidiary in India in the second half of 2011, Manitou South Asia PTE Ltd.

NOTE 1: ACCOUNTING PRINCIPLES

▸ NOTE 1.1 - STANDARDS AND INTERPRETATIONS APPLIED

Manitou Group financial statements for the year ended 31.12.2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union on the date of preparation.

NEW STANDARDS FOR WHICH IMPLEMENTATION IS REQUIRED FOR THE 2011 FINANCIAL STATEMENTS

The following standards, interpretations and amendments applicable to periods beginning on or after January 1, 2011 and published in the Official Journal on the half year closing date have also been applied for the first time at December 31, 2011:

– annual Improvements to IFRS in 2010,

– revised IAS 24 "Related Party Disclosures",

– the amendment to IFRIC 14 related to "the limit on a defined benefit asset, minimum funding requirements and their interaction (IAS 19)",

– IFRIC 19 interpretation, "Extinguishing financial liabilities with equity instruments".

The initial application of these standards, amendments and interpretations had no material impact on the financial statements at December 31, 2011.

NEW TEXTS ADOPTED BY THE EUROPEAN UNION APPLICABLE IN ADVANCE

The Manitou Group has not applied any standard or interpretation in advance.

▸ NOTE 1.2 - VALUATION RULES

The consolidated financial statements have been prepared under the historical cost convention, except for some categories of assets and liabilities that are measured at fair value in accordance with IFRS. These categories of assets and liabilities are detailed in the notes below.

The preparation of the financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense as well as some of the information disclosed in the notes to the financial statements. Estimates and assumptions are reviewed regularly to take into account past experience and other considerations that could influence the amounts reported in the financial statements. The Audit committee also exercised its best judgment when applying the Group accounting methods.

The main items affected by estimates and assumptions are as follows:

– recoverable amount and useful life of intangible assets and property, plant and equipment (see notes 1.6 to 1.8),

– provisions, notably in respect of warranty obligations and litigation (see note 1.16),

– post-employment benefits (see note 1.17),

– valuation of stock-options (see note 1.15),

– shareholders' agreements with minority shareholders (see note 1.12),

– fair value of sales financing receivables (see note 1.11).

▸ NOTE 1.3 - CONSOLIDATION METHODS

Manitou BF and the companies over which Manitou BF directly or indirectly exercises exclusive control (the subsidiaries) are fully consolidated.

The companies in which Manitou BF directly or indirectly exercises significant influence (associates) are consolidated using the equity accounting method The Manitou Group has opted for the consolidation of companies under joint control (joint ventures). With the exception of Manitou Finance France SAS, Manitou Finance Ltd., Algomat, and of Hangzhou Manitou Machinery Equipment Co Ltd, which are equity accounted, all companies where fully consolidated.

The financial statements of all the companies were consolidated on the basis of financial statements for the year ended 31.12.2011.

Manitou Group does not have any special purpose entities. No deconsolidation structure was put in place in 2011, or in the preceding years.

▸ NOTE 1.4 - FINANCIAL STATEMENT PRESENTATION INCOME STATEMENT BY FUNCTION

The Group's organization into three divisions announced in March of 2009 led Manitou to reconfigure all of its management and reporting systems in order to:

– have source information structured by division available,

– make the financial statements more easily readable, less expensive and familiar to the operating personnel,

– manage a single reference for performance measurement,

– make financial information more accessible to foreign managers and investors.

Group management wanted to change the financial statements from a presentation by nature to a presentation by function in order to better fulfil all of these criteria.

The changes to the presentation of the financial statements have no impact on certain income statement aggregates which remain totally identical to the definitions previously used. The following are the line items referred to:

– sales
– recurring operating income
– operating income
– financial income/expense
– taxes
– share of profits from associates
– net income
– net income attributable to equity owners of the Parent

DEFINITION OF THE MAIN LINE ITEMS OF THE INCOME STATEMENT BY FUNCTION

Sales

Sales mainly consist of the sales of new handling equipment assembled within the Group or acquired from third parties, of spare parts and attachments, of sub-contracts for industrial forklift truck masts, of equipment rentals, of equipment park management services and of other miscellaneous services.

Cost of goods and services sold

Cost of sales consist of the cost of goods and services sold which include the cost of materials and components, labour directly attributable to the goods or services, as well as all related operating costs of the production and logistics activities. Also included in the cost of sales are the depreciation and amortization of intangibles, equipment and materials allocated to production activities, the costs of contractual guarantees and provisions for the impairment of inventories.

Gross margin

Gross margin on cost of sales is the difference between sales and the cost of sales.

Research and development expense

Research and development expense consists of personnel expenses for persons assigned to the innovation, development, design, prototyping and improvement of products. The businesses frequently use external services as well as dedicated equipment and materials for which their depreciation is allocated to the function.

Research and development activities that meet the criteria of feasibility and innovation can be capitalized as an intangible asset and subsequently amortized as a cost of sales. Those expenses not meeting the capitalization criteria are recorded directly as expenses.

Sales and marketing expenses

Selling expenses consist primarily of personnel expenses and costs related to missions assigned to sales development, coordination of dealer networks, marketing and technical service. Sales commissions, advertising expense, trade shows, insurance expense, sales guarantees, travel expenses and the amortization of associated infrastructure are also included on this line item.

Administrative expenses

Administrative expenses mainly consist of personnel expense and the costs associated with the support functions (Human Resources, Finance, the General Secretary, etc.). The amortization of the infrastructure associated with these functions is also included.

Non-recurring income / expenses

The non-recurring income and expenses include the following items:

– any impairment recorded,

– restructuring costs,

– other transactions on consolidated shares.

NOTE 1.5 - FOREIGN CURRENCY TRANSLATION

TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The financial statements of Group companies whose functional currency is different from the reporting currency are translated as follows:

– assets and liabilities: at the exchange rate prevailing on each balance sheet date,

– income and expenses in the income statement: at the average exchange rate for the period.

Any associated translation differences are recognised as a separate component in shareholders' equity.

On consolidation, exchange gains or losses on net investments in foreign activities are recognised in shareholders' equity. When a foreign entity is sold, these translation differences are recognised in the income statement in gains and losses on disposal.

Any goodwill and fair value adjustments arising on the acquisition of a foreign activity are treated as assets and liabilities of the foreign activity and are translated at the closing exchange rate.

No Manitou Group company conducts its activities in a hyperinflationary economy.

TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

Transactions denominated in a currency other than the reporting currency are translated using the exchange rate prevailing on the transaction date.

At each balance sheet date, assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. Any translation differences are recognised through the income statement with the exception of translation differences arising on available for sale financial assets and net investments in foreign companies.

The amounts recognised in the income statement are recorded in:

– financial income or expense in the case of translation differences on financial transactions,

– other operating income and expense in the case of translation differences on other transactions.

NOTE 1.6 - BUSINESS COMBINATION AND GOODWILLS

Identifiable assets acquired, identifiable liabilities and contingent liabilities assumed during a business combination are initially measured at their fair value on the acquisition date in accordance with the recommendations of IFRS 3 (Revised).

The amount by which the acquisition cost exceeds the fair value of the share of assets acquired and liabilities assumed is recognised as goodwill.

Goodwill is not amortised. It is tested for impairment at least once a year and more frequently if there is any evidence of impairment (see Note 1.9).

Goodwill arising on the acquisition of shareholdings in associates is included in the value of these equity interests in the balance sheet.

NOTE 1.7 - INTANGIBLE ASSETS

DEVELOPMENT COSTS are recognised as an asset when all the following criteria are met:

– the product or process is clearly identified and the costs attributable to this product or process can be separately identified and accurately measured;

– the product or process constitutes a new item or a substantial improvement to an existing product or process;

– the technical feasibility of making the product or process available for use can be demonstrated;

– the company has the intention of producing and marketing the product or process or using it itself;

– there is a market for the product or process or, if it is to be used internally, its usefulness to the company can be demonstrated;

– adequate resources exist and are available.

These costs comprise notably the payroll costs of staff assigned directly to the projects, the share of overheads dedicated to the development activity and the costs of external research and prototypes.

Development costs incurred as from the date that the decision is taken to develop and industrialise the product or process through to testing and manufacturing phases on a pilot basis are recognised as intangible assets. Amortisation of this asset begins once the development has been completed and the asset is ready to be brought into service.

Costs incurred in the context of implementing an integrated information system (ERP) are recognised as an asset for the part relating to the detailed design of the project and to programming, testing and documentation when there is a probability that the future economic benefits attributable to the asset will benefit the entity and if the cost of the asset can be accurately measured and monitored.

Costs relating to preliminary studies, functional analysis and user training are expensed in the period in which they are incurred.

MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION: IAS 38 offers the possibility of revaluing all or some of the intangible assets after the transition date. The Group decided not to use this option.

AMORTISATION is calculated based on the estimated useful life of the assets using the straight-line method. The basis for amortisation corresponds to the difference between the cost of the asset and its residual value, considered to be zero for amortisable assets. The main amortisation periods are as follows:

– business goodwill: 5 years,

– patents: 5 years,

– software: 3 years,

– complex information systems - ERP: 7 years,

– development costs: 5 years.

NOTE 1.8 - PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

The gross value of property, plant and equipment corresponds to the historical acquisition or production cost.

As regards the component-based approach, the Group currently applies the following principles:

– with regard to buildings, these have been split into “construction” (outer walls and roof) and “technical facilities” (partition walls, electrical and compressed air installations, etc.), which are depreciated over different periods (20 to 30 years for construction components and 10 years for technical facilities);

– as regards industrial equipment and other property, plant and equipment with a significant unit value (more than €50 thousand), depending on the nature of the components and the useful life of each, those components whose unit value is more than 15% of the total value of the asset are recorded separately so that a different depreciation period can be applied.

DEPRECIATION is based on the estimated useful life of each category of assets and is calculated using the straight-line method. The basis for depreciation corresponds to the difference between the cost of the asset and its residual value, considered to be zero for depreciable assets. The main depreciation periods are as follows:

– constructions: 20 to 30 years depending on the quality of the buildings,

– site installations and facilities: 10 years,

– industrial equipment: 3 to 7 years depending on the type of equipment,

– industrial tools and moulds: 3 years,

– vehicles: 4 years for light vehicles, 5 years for large commercial vehicles,

– office and computer equipment: between 3 and 5 years depending on the type of equipment,

– office furniture: 10 years.

LEASED EQUIPMENT

– Equipment on finance leasing contracts to Group companies is capitalized when the unit value exceeds €15 thousand.

– Equipment on finance leasing contracts to customers is not capitalised, whether it concerns equipment previously capitalised or subject to a finance or operating lease. These assets are presented as receivables for an amount equal to the net investment in the lease.

– Equipment on operating leasing contracts to customers is recognised in the appropriate asset category within property, plant and equipment.

NOTE 1.9 - IMPAIRMENT OF NON-CURRENT ASSETS

Assets with no set useful life, such as goodwill, are not amortised and are tested annually for impairment. Amortised assets are examined at the end of each financial year in order to identify any signs of impairment.

Whenever there is any sign of internal or external loss of value, the recoverable value of the asset is measured at the level of asset group (Cash Generating Unit) to which it belongs. The Cash Generating Units correspond to coherent subsets that generate independent cash flows.

At the level of Manitou Group, the main Cash Generating Units correspond to the following units: manufacture and sale of handling equipment, manufacture of masts, the Group Spare Parts Centre and the financing of sales of handling equipment to end-customers. The Cash Generating Units are integrated within the operating segments defined by the Group.

The recoverable value of a group of assets corresponds to the higher of its fair value after deducting any disposal costs and its value in use. The value in use corresponds to the expected discounted future cash-flows generated by utilisation of the Cash Generating Unit in question.

Estimated cash-flows are taken from the five-year plans approved by the Group Management. The underlying assumptions used to prepare these plans notably include trends in the markets in which the Cash Generating Units operate, trends in the selling prices for the Group's products and in the purchase prices of materials and components. The discount rate corresponds to the weighted average cost of capital established by the Group, 10% in 2011, which may be supplemented by a risk premium for markets outside Europe and the United States.

When the recoverable value is less than the carrying amount, an impairment amount is recognised in operating income with a corresponding deduction from the value of the asset or group of assets concerned.

▸ NOTE 1.10 - INVENTORIES

The methods used for valuing inventories and calculating inventory writedowns comply with IAS 2. Inventories have been valued on the following bases:

- goods for resale: valued at the weighted average purchase price,
- raw materials: valued at the weighted average purchase price,
- semi-finished goods, work-in-progress and finished goods: valued at the actual production cost (actual cost of raw materials, machines and labour).

Work in progress and finished goods are valued on the basis of a normal level of activity.

Provisions for impairment of inventories have been recognised when the value of goods and merchandise has fallen below their cost price.

▸ NOTE 1.11 - MEASUREMENT AND RECOGNITION OF FINANCIAL ASSETS

1.11.1 - Sales financing receivables

Sales financing receivables are measured at amortised cost by applying the effective interest rate method. If there is objective evidence of a loss in value, impairment is recognised in profit and loss. The amount of the loss has been reported in the income statement.

1.11.2 - Available-for-sale securities

Shares in companies that Manitou Group does not control or does not have significant influence over are classified as "available-for-sale securities". These securities are valued at their fair value at the balance sheet date and any changes in fair value are recognised in consolidated reserves.

Impairment is recognised through profit and loss when there is an objective indication of loss of value. A significant or lasting fall in the fair value of these securities to below their historical cost constitutes an objective sign of impairment.

1.11.3 - Cash and cash equivalents

"Cash and cash equivalents" comprises cash, bank deposits and veryshort-term investments with capital guarantees. All these items are stated at fair value with any resultant gain or loss being recognised in the income statement.

1.11.4 - Short term financial assets

Short-term financial assets are stated at fair value with any resultant gain or loss being recognised in the income statement.

▸ NOTE 1.12 - MEASUREMENT AND RECOGNITION OF FINANCIAL LIABILITIES

1.12.1 - Borrowings and other financial liabilities

Borrowings are initially recorded at their fair value, net of any directly attributable transaction costs. At each balance sheet date, these borrowings are measured at amortised cost using the effective interest rate method. Financial expenses thus comprise interest as well as a portion of the costs incurred over the term of the borrowing.

1.12.2 - Valuation of shareholders' agreements (minority put options)

Manitou BF SA has entered into agreements setting out the terms and conditions for the purchase of shares held by the minority shareholders in fully-consolidated subsidiaries. In the absence of a specific standard or interpretation, the fair value of the commitment given to the minority shareholders is recognised as a financial liability with a corresponding deduction from minority interests and, for any amount in excess of the value of minority interests, from the Group share of shareholders' equity.

The change in the financial liability relating to the movement from one financial year to another in the fair value of the commitment given to the minority shareholders is also recognised as a financial liability with a corresponding deduction from minority interests and, for any amount in excess of the amount of minority interests, from the Group share of shareholders' equity.

▸ NOTE 1.13 - DERIVATIVES FINANCIAL INSTRUMENTS AND HEDGES

1.13.1 - Measurement

Derivatives are initially recognised at fair value on the date that the derivative agreement is entered into. They are subsequently remeasured at fair value at each balance sheet date.

The fair value of options and forward contracts on foreign exchange is estimated based on market conditions. Those related to interest rate derivatives reflect amounts the Group would receive or pay to settle contracts outstanding as of the closing date.

1.13.2 - Documentation

On inception of the transaction, the Group documents the relationship between the hedging instrument and the item hedged, along with its hedging policy. The Group also documents its assessment of the effectiveness of the hedging relationship on inception of each transaction and at each balance sheet date on both an historical and forecast basis.

1.13.3 - Recognition

The method used to recognise the profit or loss arising on the remeasurement at fair value depends on whether or not the derivative is designated as a hedging instrument and, where applicable, the nature of the item being hedged.

All derivatives used by the Group are designated as cash flow hedging instruments. Consequently:

RECOGNITION OF HEDGES

– The effective portion of changes in the fair value of derivatives meeting the criteria for cash flow hedges is recorded in equity. The cumulative amounts recognised in equity are recycled in the income statement when the hedged item affects profit or loss.

– The ineffective portion of changes in fair value is recorded directly in the income statement

CLASSIFICATION IN THE INCOME STATEMENT

– The gain or loss relating to the ineffective portion or the effective portion recycled in gain or loss on forward currency transactions is recorded in "Other operating income and expense" (hedging of operating cash flows).

– The gain or loss relating to the ineffective portion or the effective portion recycled resulting from swaps or interest rate caps is recorded as financial gains or losses in the income statement.

▸ NOTE 1.14 - TREASURY SHARES

Treasury shares held by the Group are recorded at their purchase price against shareholders' equity, regardless of their future allocation (IAS 32).

When these shares are sold, the sale price is recognised directly as an increase in the Group share of equity and, when the proceeds are received, in cash and cash equivalents. As such, no profit or loss is recognised in the income statement for the year.

▸ NOTE 1.15 - STOCK OPTIONS

1.15.1 - Manitou BF stock options

In accordance with IFRS 2, stock options granted to employees, directors and officers of the Group after 07.11.2002 have been measured at their fair value at the grant date, defined as the date on which the Board of directors (or the Executive Board for years prior to 2009) agrees to grant the options to the employees or directors and officers concerned. Stock-options have been valued using a binomial model based on the following assumptions measured at the allocation date of each stock-option plan:

– exercise price,

– share price on the allocation date,

– estimated life,

– risk-free rate, which corresponds to the estimated life of the options (zero coupon, long-term government bond),

– estimated volatility,

– dividend payout rate per share.

These assumptions are described in Note 13.4 to the consolidated financial statements.

The stock-options' fair value, as calculated above, is recognized on a straight-line basis over the whole vesting period (4 years).

1.15.2 - Option granted to purchase shares in an unlisted company which includes a clause for their repurchase by Manitou BF SA

The stock option plan which included a clause for the repurchase by Manitou BF of shares held ended during the 2011 period, the beneficiary having exercised his option.

The relevant shares are not treated as minority interests in accordance with IFRS 2 as the exercise of this option did not generate a change in the percentage of ownership.

▸ NOTE 1.16 - PROVISIONS

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recorded whenever the Group has a present obligation to a third party that is likely or certain to result in an outflow of resources in favour of this third party with no expected inflow for at least an equivalent amount.

WARRANTIES

A provision is recorded to cover the estimated cost of the warranty on equipment and spare parts when it is sold to the networks or to end-customers. It covers the contractual guarantee as well as any possible extension after examination on a case-by-case basis. The provision is calculated based on projections using historical statistical data.

A provision may also be recorded in the case of recall of specific equipment to correct a significant or dangerous dysfunction. In such cases, the provision is calculated by applying the unit cost of upgrading the installed base of equipment in question.

RESTRUCTURING MEASURES / TERMINATION BENEFITS

The estimated cost of restructuring measures and termination benefits is recognised as a provision when such measures have been covered in a detailed plan and have been announced or work has started on their implementation.

NOTE 1.17 - EMPLOYEE BENEFITS

The Group has a number of defined contribution and defined benefit pension plans.

– The **defined contribution plans** relate to post-employment benefit schemes in respect of which the Group pays contributions to an independent entity. The Group has no legal or implied obligation to pay additional contributions if the plan assets are not enough to pay the benefits due in respect of past service. The contributions are charged to personnel costs in the year in which they are paid.

– The commitments relating to **defined benefit plans** and their costs are calculated according to IAS 19 using the projected unit credit method. The benefit commitments are valued based on specific demographic and economic assumptions for each entity. They are discounted to their present value using a discount rate based on interest rates of first-grade bonds. The categories of defined benefit plans in existence within Manitou Group and the main assumptions used are described in Note 15 to the consolidated financial statements.

Actuarial gains and losses generated by revisions made to assumptions used are recognised in reserves at 31.12.2011 (SORIE method).

The net expense for the full-year period is the sum of several components: the costs of services rendered, the cost related to unwinding their capitalization, the expected return on plan assets and, if applicable, the cost of past services.

NOTE 1.18 - INCOME TAXES

In accordance with IAS 12 "Income taxes", deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability and its tax value, using the liability method. Deferred tax assets and liabilities are systematically recognised. Deferred tax assets are amortised according to the probability of them being realised in the future.

Within a given tax entity, deferred tax assets and liabilities are offset when the entity is legally entitled to offset its current tax assets and liabilities.

The 2010 Finance Act eliminated the French local business tax (taxe professionelle) as from 2010 and replaced it with two new contributions:

– the Corporate Real Estate Levy (Cotisation Foncière des Entreprises, or CFE), based on the land rental values included in the current business tax;

– the Corporate Value-Added Levy (Cotisation sur la Valeur Ajoutée des Entreprises, or CVAE), based on the added value resulting from the Parent Company financial statements.

Following the tax change mentioned above, the Group reviewed the accounting treatment for tax in France under IFRS, taking account the latest available analyses of the accounting treatment for taxes and duties, including those provided by the IFRIC.

The Group considered that the tax change mentioned above led in reality to the local business tax being replaced by two new different types of contributions:

– the CFE, which is based on property rental values and which may, where appropriate, be capped at a percentage of added value, has significant similarities with the business tax and, like the latter, is recognised as an operating expense;

– the CVAE, which according to Group's analysis meets the definition of an income tax as set out in IAS 12.2 ("Taxes Due on the Basis of Taxable Profits"). For the purposes of its analysis, the company took account notably of IFRIC's decisions to reject the addition of the topic to its agenda in March 2006 and May 2009 on the question of the scope of IAS 12 "Income Taxes". The IFRIC noted that to fall within the scope of IAS 12, a tax must be calculated on the basis of a net amount equal to income less expenses, and that this net amount may be different from the reported net profit. The Group found that CVAE met the conditions mentioned in this conclusion, since added value is the intermediate result that is systematically used, under French tax rules, as the calculation basis for the amount of CVAE due.

The Group also considered that the CVAE shared similarities with certain other taxes and duties abroad, such as the Italian IRAP, already analysed by the issuers concerned as falling within the scope of IAS 12. In accordance with the provisions of IAS 12, the total amount of current and deferred expenses related to the CVAE is reported as "Taxes" in the income statement.

NOTE 1.19 - TREATMENT OF SUBSIDIES

State subsidies are recognised when there is reasonable assurance that such subsidies will be received and that the Group will be in a position to comply with the conditions for the granting of such subsidies.

Subsidies relating to depreciable assets are initially recognized as a liability in the balance sheet and transferred to the income statement in proportion to the depreciation of these assets.

The research tax credit is recorded as an operating grant, in operating income for the period.

NOTE 1.20 - OPERATING SEGMENT DATA

The Group is organized into 3 operating divisions :

Rough Terrain Handling (RTH) assembly and distribution of rough terrain handling equipment

Industrial Material Handling (IMH) assembly and distribution of industrial handling and warehousing equipment.

Compact Equipment (CE) assembly and distribution of compact equipment.

In accordance with IFRS 8, the information by operating segments is prepared on the basis of the operational reports submitted to the Group's management. This information is prepared in accordance with the IFRS applicable to consolidated financial statements. They include notably the following items:

– sales,

– operating income,

which are the performance indicators used for the divisions.

▸ NOTE 1.21 - SALES

Sales include all revenues from sales of products manufactured within the Group, as well as from trading activities and the provision of services. Sales are stated net of value added tax, returned goods, discounts and rebates and after elimination of intra-Group sales.

Sales of products are recognised when the risks and rewards associated with the products are transferred to the buyer, i.e. when these are made available to the distribution network in the case of independent dealers or on delivery to the customer in the case of direct sales. The margin is recognized immediately.

▸ NOTE 1.22 - CALCULATION OF EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by adjusting the profit attributable to ordinary shareholders of Manitou BF and the weighted average number of ordinary shares in issue to take into account all the potentially dilutive ordinary shares.

NOTE 2: CHANGES IN CONSOLIDATION SCOPE

A merger through the absorption of the SFERT (Manitou's family holding company) by Manitou was approved at the Extraordinary Shareholders' Meeting of 9 June, 2011. This reorganization of the family concert and simplification of the Manitou control structure contributes to the stability of the family shareholder group.

The transaction also has the effect of strengthening Manitou by providing €46.2 million of net assets at the transaction date which can be broken down as follows:

– €36.6 million in liquid assets (cash and cash equivalents),

– €5.1 million in marketable securities (available for sale),

– €4.0 million in investment properties.

Given the parity used in the merger agreement and the price of the Manitou BF shares at the time of the transaction, the Group's financial statements reported negative goodwill of €5.4 million at 31.12.2011 (other non-recurring operating income and expense).

During the first half of 2011, the Group also continued it's restructuring:

– BSBH Aumont, CIMM and MLM were merged in Manitou BF,

– Manitou North America was absorbed by Manitou Americas (formerly Gehl).

These internal restructurings have no impact on the Group's consolidation scope.

In the framework of the Compact Equipment division's European reorganization, part of the Gehl Europe business was transferred to a new entity created by the Group, Manitou Interface and Logistics Europe (MILE). At the same time, Gehl Europe was absorbed by Manitou Deutschland.

The Group also created a subsidiary in India in the second half of 2011, Manitou South Asia PTE Ltd.

Finally, in the first half of 2011, CFM divested its 38.7% investment in the rental company Actis.

NOTE 3: GOODWILL AND INTANGIBLE ASSETS

▸ NOTE 3.1 - CHANGE IN CARRYING AMOUNT

						Gross value
In € thousands	**31.12.2010**	Addition	Disposal	Change in scope & other	Translation difference	**31.12.2011**
Goodwill	**61,580**			**(3)**	**2,110**	**63,687**
Development costs	27,233	4,814	(16)	218	148	32,397
Trademarks	23,949				783	24,731
Other intangible assets	54,735	1,912		77	916	57,640
Total intangible assets	**105,917**	**6,726**	**(16)**	**77**	**1,847**	**114,551**

						Depreciation and impairment
In € thousands	**31.12.2010**	Increase	Decrease	Change in scope & other	Translation difference	**31.12.2011**
Goodwill	**(60,323)**	**(964)**		**3**	**(2,109)**	**(63,393)**
Development costs	(9,177)	(3,009)	16	(189)	(25)	(12,385)
Trademarks	(23,949)				(783)	(24,731)
Other intangible assets	(41,033)	(3,104)		188	(839)	(44,788)
Total intangible assets	**(74,159)**	**(6,114)**	**16**	**(1)**	**(1,646)**	**(81,904)**

		Net value
In € thousands	**31.12.2010**	**31.12.2011**
Goodwill	**1,257**	**294**
Development costs	18,058	20,012
Trademarks		
Other intangible assets	13,700	12,852
Total intangible assets	**31,757**	**32,646**

The primary intangible investments in 2011 were related to development costs.

No impairment losses or reversals on the amortization of intangible assets were recognized in 2011 (see Note 5).

Impairment losses on intangible assets excluding goodwill at 31.12.2011 were as follows:

In € thousands	**31.12.2011**
Development costs	(272)
Trademarks	(24,731)
Other intangible assets	(24,024)
Total intangible assets	**(49,028)**

▸ NOTE 3.2 - BREAKDOWN OF GOODWILLS AS AT 31.12.2011

		Net value
In € thousands	**31.12.2010**	**31.12.2011**
Manitou Portugal SA	71	71
DLS	964	
OMCI	174	174
Other	48	49
Total	**1,257**	**294**

▸ NOTE 3.3 - IMPAIRMENT OF GOODWILL

Goodwill recorded at the time of the DLS acquisition was written off during the period, the Group having decided to discontinue the regional rental business initially purchased.

The primary criteria used in preparing impairment tests are detailed in note 5.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Gross value

In € thousands	**31.12.2010**	Addition	Disposal	Change in scope & other	Translation difference	**31.12.2011**
Land	23,380	422		11	106	23,919
Buildings	122,983	691	(77)	1,632	890	126,120
Plant and equipment	130,592	4,937	(518)	(3,615)	984	132,380
Other property, plant and equipment	55,791	6,710	(534)	(3,081)	219	59,104
Amounts paid in advance	803	2,169		(1,948)	14	1,038
Total	**333,548**	**14,928**	**(1,129)**	**(7,001)**	**2,215**	**342,561**

Depreciation and impairment

In € thousands	**31.12.2010**	Increase	Decrease	Change in scope & other	Translation difference	**31.12.2011**
Land	(4,862)	(410)		(1)	(17)	(5,289)
Buildings	(54,297)	(5,270)	77	(28)	(345)	(59,863)
Plant and equipment	(88,614)	(12,259)	506	1,829	(661)	(99,198)
Other property, plant and equipment	(35,734)	(6,368)	389	1,890	(212)	(40,034)
Amounts paid in advance						
Total	**(183,506)**	**(24,307)**	**972**	**3,691**	**(1,235)**	**(204,385)**

Net value

In € thousands	**31.12.2010**	**31.12.2011**
Land	18,518	18,630
Buildings	68,686	66,256
Plant and equipment	41,978	33,181
Other property, plant and equipment	20,057	19,070
Amounts paid in advance	803	1,038
Total	**150,042**	**138,176**

Investments in 2011 mainly consisted of €3.2 million for infrastructure (of which €1.4 million for the extension of the new Beaupréau site), €5.1 million for industrial tooling, €3.9 million for rental fleet equipment and, finally, €3.3 million for other projects.

NOTE 5: IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

The Group performed impairment tests as at December 31, 2011 that did not lead to additional write-offs for impairment nor the reversal of impairment as at December 31, 2011.

Impairment test of the CGU Compact Equipment

The net value of the Cash Generating Unit "Compact Equipment" at December 31, 2011 was compared to probable future cash flows. In cases where the amount recoverable was below the net asset value of the CGU under review, an impairment loss was recorded against operating income and as a decrease of the asset value or the value of the group of assets concerned. When the recoverable amount represented by the future cash flows was below the fair value of the assets or the groups of asset concerned, they were maintained at their fair value. In assessing the fair value of tangible assets, the Group places reliance upon internal and external estimates.

As stated in note 1.9, the following criteria were used to determine the most likely future cash flows:

– the discount rate used was the weighted average cost of capital, which is equal to 10% as at 31.12.2011 versus 9.7% at 31.12.2010

– the perpetual growth rate is 2% as of the sixth year.

The main assumptions used for determining the weighted average cost of capital are:

	31.12.2011	31.12.2010 (reference)
Risk-free rate	3,11%	3,60%
Risk premium	7,77%	5,80%
Tax rate	34,43%	34,43%
Pre-tax interest rates	Euribor 3M + 250bps	Euribor 3M + 300bps

Cash flows calculated on this basis amounted to between €123 and €153 million based on gross margin assumptions retained for a total net value of the CGU of €139 million. The sensitivity of cash flows to changes in discount rates and growth assumptions is detailed in the table below.

In € thousands	Cash flow impact
Discount rate for cash flow of +0.5%	(10,5)
Growth rate to infinity -0.5%	(7,8)
Rate of operating profit on the ending value -0.5%	(10,1)

Because the amount of any impairment losses recorded is limited to the fair value of assets that make up the CGU under consideration, changes in assumptions would have no impact on the impairment amount recorded.

NOTE 6: INVESTMENTS IN ASSOCIATES

NOTE 6.1 - CHANGE IN EQUITY INTERESTS

In € thousands	**31.12.2010**	Share of earnings	Dividends	Change	Translation difference	**31.12.2011**
Manitou Finance France SAS	14,581	700				15,281
Manitou Finance Ltd.	2,454	378	(847)		56	2,041
Algomat	246				5	251
Actis Location	46			(46)		
Hangzhou Manitou Machinery Equipment	2,028	(116)		0	187	2,098
Total	**19,355**	**962**	**(847)**	**(47)**	**248**	**19,672**

NOTE 6.2 - SHARE OF EARNINGS AND EQUITY OF ASSOCIATES

	Earnings		**Equity**	
In € thousands	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
TIE SA		70		
Manitou Finance France SAS	700	920	2 710	2,010
Manitou Finance Ltd.	378	230	559	972
Algomat		31	177	172
Actis Location		2		20
Hangzhou Manitou Machinery Equipment	(116)	(156)	846	807
Total	**962**	**1,097**	**4,293**	**3,981**

NOTE 6.3 - SIGNIFICANT FINANCIAL INFORMATION BY COMPANY

31.12.2011

In € thousands	Activity	Sales	Net income	Total assets	Net assets	Percent ownership
Manitou Finance France SAS	Financing	10,560	1,429	170,221	31,186	49.0%
Manitou Finance Ltd.	Financing	1,741	772	12,939	4,166	49.0%
Hangzhou Manitou Machinery Equipment	Production	3,193	(233)	5,119	4,197	50.0%

31.12.2010

In € thousands	Activity	Sales	Net income	Total assets	Net assets	Percent ownership
TIE SA	Production	58,402	352	82,963	58,250	
Manitou Finance France SAS	Financing	10,270	1,878	175,420	29,757	49.0%
Manitou Finance Ltd.	Financing	1,998	469	22,677	5,007	49.0%
Algomat	Distribution	102	102	2,060	809	30.4%
Actis Location	Distribution	293	5	245	119	38.7%
Hangzhou Manitou Machinery Equipment	Production	1,802	(312)	4,469	4,057	50.0%

NOTE 7: FINANCIAL INSTRUMENTS

▸ NOTE 7.1 - RECONCILIATION OF BALANCE-SHEET LINES - ASSETS

In € thousands	Available for sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	31.12.2011
Non-current financial assets (Note 7.2)	4,613	28	864	5,505
Current financial assets (Note 7.3)		2,709	472	3,181
Cash and cash equivalents (Note 7.4)			42,680	42,680
Finance contracts receivable - non-current (Note 10)		8,732		8,732
Other non-current assets		2,648		2,648
Trade receivables (Note 9)		238,830		238,830
Finance contracts receivable – current (Note 10)		22,808		22,808
Other current receivables (Note 12)		31,029		31,029
Total	**4,613**	**306,784**	**44,016**	**355,412**

In € thousands	Available for sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	31.12.2010
Non-current financial assets (Note 7.2)	14		700	714
Current financial assets (Note 7.3)			364	364
Cash and cash equivalents (Note 7.4)			54,105	54,105
Finance contracts receivable - non-current (Note 10)		18,335		18,335
Other non-current assets		3,776		3,776
Trade receivables (Note 9)		187,763		187,763
Finance contracts receivable – current (Note 10)		54,196		54,196
Other current receivables (Note 12)		25,379		25,379
Total	**14**	**289,449**	**55,169**	**344,632**

▸ NOTE 7.2 - NON-CURRENT FINANCIAL ASSETS

							Gross value
In € thousands	**31.12.2010**	Change	Fair value	Recycled	Translation difference	Change in scope & other	**31.12.2011**
Available-for-sale shares:							
- Other shares	14	205	(659)			5,053	4,613
Other non-current financial assets	700	159			32	0	892
Total	**714**	**364**	**(659)**		**32**	**5,053**	**5,505**

The companies SAVIM (75% of which was acquired in 2011) and Lucas G (previously 100% owned by SFERT) were classified as financial assets available for sale at December 31, 2011.

NOTE 7.3 - CURRENT FINANCIAL ASSETS

Marketable investment securities were valued at fair value as at 31.12.2011

		Net value
In € thousands	**31.12.2011**	**31.12.2010**
Loans and pre-payments	2,709	
Miscellaneous	472	364
Total	**3,181**	**364**

NOTE 7.4 - CASH AND CASH EQUIVALENTS

		Net value
In € thousands	**31.12.2011**	**31.12.2010**
Cash and cash equivalents	41,488	32,172
Term deposits and other	522	
Money market instruments and other	670	21,933
Total	**42,680**	**54,105**

NOTE 7.5 - RECONCILIATION OF BALANCE-SHEET LINES - LIABILITIES

At 31.12.2011, the various categories of financial liabilities were as shown in the table below. They are described in Note 7.6 below.

In € thousands	**31.12.2011**	**31.12.2010**
Non-current financial liabilities (Note 7.6)	65,444	104,245
Other non-current liabilities	1,309	1,159
Current financial liabilities (Note 7.6)	65,928	89,116
Trade payable (Note 16)	203,444	140,263
Other current liabilities (Note 16)	67,671	60,680
Total	**403,796**	**395,462**

▸ NOTE 7.6 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

The valuation and accounting principles are described in note 1.12.

		Current
In € thousands	**31.12.2011**	**31.12.2010**
Short-term financing and bank overdrafts	8,465	2,688
Bank loans	27,975	37,173
Financing lease liabilities	3,570	4,274
Liabilities related to receivables securitised with recourse (note 10)	23,289	41,490
Liabilities related to foreign exchange derivatives	1,860	
Other borrowings	282	937
TOTAL	65,440	86,562
Shareholder agreements and stock option plan liabilities (cash-settled)	488	2,554
Total	**65,928**	**89,116**

				Non-current
In € thousands	**31.12.2011**	One to five years	Over five years	**31.12.2010**
Bank loans	56,332	56,332		84,310
Financing lease liabilities	3,982	3,982		6,499
Liabilities related to receivables securitised with recourse (note 10)	3 456	3,456		10,372
Liabilities related to foreign exchange derivatives	1,673	1,673		2,788
Other borrowings	1	1		276
TOTAL	65,444	65,444		104,245
Shareholder agreements and stock option plan liabilities (cash-settled)				
Total	**65,444**	**65,444**		**104,245**

Bank borrowings mainly include a syndicated amortisable term loan with an initial value of €210 million, set up to finance the acquisition of Gehl and recorded for an amortised cost of €84 million (€28 million in short-term financial debt and €56 million in medium- and long-term financial debt) as at 31.12.2011.

7.6.1 Features of the main bank borrowings

31.12.2011

In € thousands	Current	Non-current	Currency	Expiry date	Effective rate
Syndicated loan - France (1)	27,531	56,332	EUR	T3/2013	5.75%
Syndicated loan - France (1)			USD	T3/2013	
Limited recourse sales	23,289	3,456	USD	variable	5.67%

31.12.2010

In € thousands	Current	Non-current	Currency	Expiry date	Effective rate
Syndicated loan - France (1)	25,941	84,310	EUR	T3/2013	5.71%
Syndicated loan - France (1)	7,484		USD	T1/2011	2.76%
Limited recourse sales	41,490	10,372	USD	variable	5.76%

The bank borrowings include primarily:

(1) A €210 million syndicated amortising term loan set up to finance the acquisition of Gehl.

This credit agreement relates to a loan of €210 million initially and payable on a linear basis over a five year period, a revolving line of credit for €40 million, plus a multi-currency line of credit for USD45 million or the equivalent in euros with a secured guarantee against the company's accounts receivables.

The credit agreement is subject to the following covenants:

– gearing ratio (net debt(1)/equity) of less than one over the life of the credit;

– decreasing leverage ratio (EBITDA (2)/net debt), applicable as of 30.06.2011, (<6 at 30.06.2011, 4.2 at 31.12.2011, between 3 and 2.5 afterwards)

At December 31, 2011, the ratio of net debt to equity (gearing) amounted to 20.9% according to the credit agreement criteria and leverage stood at 1.15.

(1) Under the terms of the loan agreement, net debt and shareholders' equity have been restated for impacts related to the shareholder agreements.

(2) EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation.

7.6.2 Amounts due to financial institutions

Amounts due to financial institutions can be analysed as follows:

	31.12.2011		31.12.2010	
In € thousands	Amount authorised	Amount used	Amount authorised	Amount used
Short-term financing and bank overdrafts	58,507	8,465	47,357	2,688
Finance lease liabilities	7,552	7,552	10,773	10,773
Other bank borrowings				
- Term loan	87,309	87,309	122,080	120,196
- Revolving loan	64,345		73,851	7,671

▸ NOTE 7.7 - DERIVATIVES

Manitou Group decided to manage the interest rate risk on the Gehl acquisition borrowing (€210 million repayable at variable Euribor from 04.09.2008 to 04.09.2013) so as to lock in as much as possible of its financial expenses. As part of this policy, the Group entered into interest rate swaps and caps.

These derivatives are designated as cash flow hedges and were considered to be highly effective as at 31.12.2011.

			31.12.2011
In € thousands	Fixed rate paid (average)	Notional	Fair value at 31.12.2011
Less than 1 year	2.78%	75,000	
1 to 2 years			
2 to 5 years			
Total notional amount at 31.12.11		**75,000**	**(1,673)**

			31.12.2010
In € thousands	Fixed rate paid (average)	Notional	Fair value at 31.12.2010
Less than 1 year	2.96%	56,000	
1 to 2 years	3.74%	30,000	
2 to 5 years			
Total notional amount at 31.12.11		**86,000**	**2,818**

At December 31, 2011, the Group held forward sales contacts to hedge future cash flows of British sterling, Australian dollars and South African rand denominated in euros in the amount of €69 million. It also held forward purchase contacts to hedge future cash flows of US dollars in euro in the amount of €5 million.

These hedges are considered efficient in the spirit of IFRS. The change in the fair value of these instruments is therefore recorded as a liability of €1.9 million with €1.7 million recorded against equity and the value of the forward points itself being recognized in financial income/expense as a loss of €0.2 million.

▸ NOTE 7.8 - ANALYSIS OF SENSITIVITY TO EXCHANGE RATE MOVEMENTS

Sensitivity to exchange rate movements was determined based on receivables, liabilities, cash and available-for-sale financial assets as at 31.12.2011 for the main currencies in which the Group operates.

Sensitivity corresponds to an increase or decrease of more than 5% in the exchange rates concerned relative to the year-end exchange rate.

	USD/EUR	GBP/EUR	AUD/EUR
In € thousands	+5%	+5%	+5%
Receivables	(207)	705	793
Liabilities	108	(177)	(2)
Cash and cash equivalents	323	(34)	
Effect on income	**224**	**494**	**791**

▸ NOTE 7.9 - FINANCIAL RISK MANAGEMENT

Information relating to financial risk management is provided in paragraph 3.1 of the management report.

NOTE 8: INVENTORIES

Gross value

In € thousands	**31.12.2010**	Reclass/ scope	Movements	Translation difference	**31.12.2011**
Raw materials	85,635	34	53,658	1,072	140,399
Work in progress	21,021		3,906	3	24,930
Finished goods	73,231	2,229	19,611	7	95,078
Goods	62,243	1,031	5,837	215	69,327
Total	**242,130**	**3,295**	**83,012**	**1,298**	**329,734**

Provision

In € thousands	**31.12.2010**	Reclass/ scope	Movements	Translation difference	**31.12.2011**
Raw materials	(9,632)		(1,289)	(112)	(11,032)
Work in progress	(163)		12	(2)	(152)
Finished goods	(965)	(748)	308	(40)	(1,444)
Goods	(10,334)	748	294	59	(9,233)
Total	**(21,093)**	**0**	**(676)**	**(94)**	**(21,862)**

Net value

In € thousands	**31.12.2010**	Reclass/ scope	Movements	Translation difference	**31.12.2011**
Raw materials	76,003	34	52,368	960	129,367
Work in progress	20,858		3,918	1	24,778
Finished goods	72,266	1,481	19,919	(32)	93,634
Goods	51,909	1,779	6,131	274	60,094
Total	**221,037**	**3,295**	**82,336**	**1,203**	**307,872**

The reclassifications primarily relate to the leased equipment capitalised which are transferred to inventory at the end of the lease to be sold as used equipment.

NOTE 9: TRADE RECEIVABLES

In € thousands		**31.12.2010**	Reclass/ scope	Movements	Translation difference	**31.12.2011**
CURRENT						
Trade receivables - Gross	(Note 11)	203,292		48,297	2,215	253,804
Trade receivables - impairment	(Note 11)	(15,529)	736	73	(254)	(14,973)
Trade receivables - Net		187,763	736	48,370	1,961	238,830
NON-CURRENT						
Trade receivables - Gross		3,524		(1,123)		2,401
Trade receivables - impairment						
Trade receivables - Net		3,524		(1,123)		2,401
Total		**191,287**	**736**	**47,247**	**1,961**	**241,231**

Outside the American and British market, the Group generally uses credit insurance or factoring to protect its trade receivables. In certain cases, based on the Group's knowledge of the customer, the amount due from a given customer may be higher than the amount covered.

In the American market and in accordance with sector practices, Manitou Americas has stock financing agreements, known as floor plans, with its distributors for periods of up to nine months. Under these floor plans, the distributors must make payment for the machines as soon as they are sold to the endcustomer and no later than on conclusion of the stock financing agreement. Distributors do not have any right to return the machines to inventories.

Past-due receivables are monitored on an individual basis. The criteria for impairment are mainly assessed customer by customer based on the age of receivables. Each entity performs that analysis based on the specificities of its markets.

Amounts recorded in respect of the creation and reversal of impairment provisions on trade receivables are included in the line item "Provisions" in the income statement.

Losses related to the write-off of customer receivables amounted to €1.4 million for the full-year 2011 period and were reported as "sales, marketing and service expense" in the income statement. These losses are partially offset by the reversal of depreciation recorded on the same line.

NOTE 10: SALES FINANCING RECEIVABLES

This line comprises receivables for financing granted to end-customers, either in the form of sales under finance leases or, in the case of Manitou Americas, end-customer sales financing.

In € thousands		31.12.2010	Reclass/ scope in	Movements	Translation difference	31.12.2011
Gross						
Finance lease assets	(Note 11)	4,660	0	(387)	(282)	**3,991**
Financing granted to end customers	(Note 11)	91,942		(50,978)	(859)	**40,105**
Sales Financing receivables - Gross		**96,602**	**0**	**(51,351)**	**(1,141)**	**44,096**
Impairment						
Finance lease assets	(Note 11)	(14)	0	13	0	
Financing granted to end customers	(Note 11)	(24,057)		11,421	79	**(12,557)**
Sales Financing receivables - Impairment		**(24,071)**	**0**	**11,434**	**80**	**(12,557)**
Net						
Finance lease assets		4,646	0	(374)	(282)	**3,991**
Financing granted to end customers		67,885		(39,557)	(780)	**27,548**
Sales Financing receivables - Net		**72,531**	**0**	**(39,930)**	**(1,061)**	**31,539**
Of which						
Non-current		**18,335**		**(9,224)**	**(379)**	**8,732**
Current		**54,196**		**(30,706)**	**(682)**	**22,808**

The financing granted to end customers are mainly related to Manitou Americas and include €24 million of receivables sold with limited recourse which were not removed from the balance sheet at 31.12.2011. The amount reported as a liability attributable to these sales with limited recourse transactions is mentioned in note 7.6.

At 31.12.2011, an impairment test was performed on receivables related to financing granted to end customers. The criteria for impairment are based on a customer by customer review for the most material receivables (the term material is partly defined based on the amounts and partly based on late payments). In addition, a write-off allowance amount is calculated based on historical statistical data for customers not analysed on a one-by-one basis. Losses recorded in the 2011 period related to the financing granted to end customer receivables amounted to €9.4 million and were covered by the reversal of provisions for impairment.

The aging of the non-current receivables related to Financing granted to end customers is as follows:

In € thousands	31.12.2011	1 to 2 years	3 to 5 years	Over 5 years
Finance lease assets - Net	2,598	1,487	1,052	59
Financing granted to end customers - Net	6,133	5,694	439	
Receivables on financing granted to end customers - non-current portion	**8,732**	**7,181**	**1,491**	**59**

NOTE 11: FINANCIAL ASSETS – ANALYSIS OF OVERDUE RECEIVABLES AND IMPAIRMENT

▸ NOTE 11.1 - ANALYSIS OF OVERDUE RECEIVABLES AND RELATED PROVISIONS FOR IMPAIRMENT

In € thousands	Not due	< 30 days overdue	31 - 90 days overdue	91 -120 days overdue	> 120 days overdue	31.12.2011 TOTAL
Trade receivables	203,355	16,137	12,482	3,730	18,100	253,804
Provisions for impairment on trade receivables	(2,074)	(119)	(135)	(516)	(12,129)	(14,973)
Trade receivables - net	**201,280**	**16,019**	**12,347**	**3,214**	**5,971**	**238,830**
Receivables on financing granted to end customers	15,415	3,291	2,447	213	8,229	29,594
Impairment - Receivables on financing granted to end customers	(903)	(322)	(445)	(39)	(6,470)	(8,179)
Receivables on financing granted to end customers - Net	**14,513**	**2,969**	**2,002**	**173**	**1,759**	**21,415**
Receivables on financing leases	1,393					1,393
Impairment on financing leases						
Receivables on financing leases - Net	**1,393**					**1,393**
Total	**217,186**	**18,987**	**14,348**	**3,387**	**7,730**	**261,638**

▸ NOTE 11.2 - CHANGES IN IMPAIRMENT ON FINANCIAL ASSETS

In € thousands	**31.12.2010**	Increases	Reversals used	Reversals not used	Reclass/ other	Translation diff	**31.12.2011**
Provisions for impairment on trade receivables	(15,529)	(647)	718	2	736	(254)	(14,973)
Impairment - Receivables on financing granted to end customers	(24,057)		9,381	2,040		79	(12,557)
Of which							
- Current	(16,715)						(8,179)
- Non-current	(7,342)						(4,377)
Impairment on financing leases	(14)		13		0	0	

The improvement in the sales of and the market for used equipment in the U.S. led Manitou Americas to reverse a portion of its provision for impairment on receivables from end-customer financing (€2 million unused at December 31, 2011).

NOTE 12: OTHER CURRENT RECEIVABLES

In € thousands	**31.12.2010**	Reclass/ scope in	Movements	Translation diff	**31.12.2011**
Tax and social security receivables	13,248	(38)	5,825	(28)	19,007
Other receivables	5,430	48	887	12	6,377
Prepayments to suppliers	809	(15)	1,273	(9)	2,058
Prepaid expenses and accrued income	5,892	(1)	(2,263)	(41)	3,587
Total	**25,379**	**(6)**	**5,721**	**(65)**	**31,029**

NOTE 13: SHARE CAPITAL

▸ NOTE 13.1 - SHARE CAPITAL

In consideration for SFERT's net contribution (see Note 2), 17,782,040 new Manitou shares with a par value of €1 per share, fully paid, were created by Manitou in the form of a capital increase. These new shares were attributed to SFERT shareholders at a rate of 45.83 Manitou shares for 1 SFERT share. The assets transferred by the company absorbed (SFERT) included 15,801,756 shares of the absorbing company. Manitou, the absorbing company, having no intension of holding the shares, immediately reduced its capital by €15,801,756, so that, following the transaction, Manitou's capital was brought to €39,547,824.

Corporate share capital at December 31, 2011 thereby consists of 39,547,824 shares and 1,125 shares to be created following the exercise of stock options which took place in the second half of 2011.

▸ NOTE 13.2 - PROPOSED DIVIDEND

The Board of directors proposes the distribution of a dividend of €0.30 per share.

▸ NOTE 13.3 - TREASURY SHARES

Number of shares	**31.12.2010**	% of share capital	**31.12.2011**	% of share capital
Held at opening (share repurchase programme)			**311,000**	
Shares purchased (Ordinary Shareholders' Meeting of 01.06.2006)				
Shares sold	(151,500)		(33,000)	
Share purchase options exercised				
Capital reduction through the cancellation of treasury shares (Combined Shareholders' Meeting of 04.06.2009)				
Held at closing (share repurchase programme)	**311,000**	0.82%	**278,000**	0.70%
Hedging of purchase options				
Liquidity contract	31,624		33,237	
Treasury shares – Total	**342,624**	0.91%	**311,237**	0.79%

The cost of the shares purchased and the proceeds from the shares sold were respectively recognized as a reduction or increase in net equity.

Dividends are not attributed to treasury shares.

▸ NOTE 13.4 - STOCK PURCHASE OPTIONS FOR CERTAIN EMPLOYEES

In accordance to the authorization provided by the Shareholders Meeting of June 9, 2010, a stock option plan was granted on July 26, 2011.

In accordance with the principles set out in Note 1.15 in the Notes to the financial statements, the stock option plan was valued at its fair value at the grant date. The main criteria for the valuation and recording of the rights related to this new plan are as follows:

– A vesting period of 4 years from the date that shares are granted (purchase per one fourth)

– The condition of physical presence,

– Internal conditions: Earnings per share (EPS) must be at least equal to €0.30 (thirty cents) for 2011 income, to €0.60 (sixty cents) for 2012 income, to €1.20 (one euro and twenty cents) for 2013 income and, to €1.35 (one euro and 35 cents) for 2014 income.

– External conditions: If the change in share price is less than 5% at each anniversary date of the date granted, no options for that portion is vested;

– Share price at the grant date: €23.10;

– Exercise price of the options: Price set at €24 in accordance with plan rules.

– Volatility: Volatility observed over a 5 year period;

– Expected dividends over a 4 year period;

– Rate: Risk-free rate defined at the plan's grant date for a maturity of 1 to 5 years.

The initial valuation of the plan at the grant date amounted to €1,424 thousand. The cost recorded related to the plan amounted to €365 thousand at December 31, 2010.

The 255,650 options granted under this plan have been considered to be dilutive at December 31, 2011 given the conditions upon which they have been attributed.

13.4.1 CHARACTERISTICS

The main characteristics of the share purchase option plans are as follows:

Characteristics	Plan type	Maturity date	Expiry date	Number of beneficiaries (initial)	Average exercice price (in €)	**Number of options granted**
Plan of 20.09.2004	Purchase	20.09.2008	19.09.2012	16	22.06	13,500
Plan of 13.12.2004	Purchase	13.12.2004	13.12.2012	16	22.66	40,500
Plan of 05.09.2005	Purchase	06.09.2009	05.09.2013	15	32.56	30,500
Plan of 19.12.2005	Purchase	20.09.2009	19.12.2013	15	31.88	30,500
Plan of 10.07.2006	Purchase	11.07.2010	10.07.2014	16	32.76	44,000
Plan of 21.08.2006	Purchase	22.08.2010	21.08.2014	5	30.95	5,000
Plan of 26.04.2007	Purchase	27.04.2011	26.04.2015	16	39.80	30,500
Plan of 10.10.2007	Purchase	11.10.2011	10.10.2015	16	36.55	16,500
Plan of 19.05.2010	Subscription	20.05.2014	19.05.2018	43	13.60	261,550
Plan of 26.07.2011	Subscription	26.07.2015	26.07.2019	58	24.00	247,060
Options granted						**719,610**
Options expired – available shares				4		67,000
Unallocated shares						
Total shares held						**278,000**

13.4.2 Change in the number of valid options

Units	**Number of options at 31.12.2010**	Options granted	Options exercised	Options expired	**Number of options at 31.12.2011**
Plan of 14.06.2003	29,000		(25,000)	(4,000)	
Plan of 05.08.2003	8,000		(8,000)		
Plan of 20.09.2004	17,000			(3,500)	13,500
Plan of 13.12.2004	51,000			(10,500)	40,500
Plan of 05.09.2005	38,500			(8,000)	30,500
Plan of 19.12.2005	38,500			(8,000)	30,500
Plan of 10.07.2006	54,000			(10,000)	44,000
Plan of 21.08.2006	5,000				5,000
Plan of 26.04.2007	38,000			(7,500)	30,500
Plan of 10.10.2007	19,000			(2,500)	16,500
Plan of 19.05.2010	314,200		(1,125)	(51,525)	261,550
Plan of 26.07.2011		255,650		(8,590)	247,060
Total	**612,200**	**255,650**	**(34,125)**	**(114,115)**	**719,610**
Weighted average price in the period			22.85 €		

13.4.3 Valuation of options plans

In accordance with the accounting principles set out in Note 1.15, at 31.12.2011 stock-option plans were valued at their fair value.

In € thousands	Plans 2011	Plans 2010	Plans 2007	Plans 2006	Plans 2005	Plans 2004	**TOTAL**
Initial value (after deduction of expired options)	1,434	696	565	586	635	630	**4,546**
2011 expense	(325)	(223)	247				**(301)**

The expense for the period is recorded as personnel expenses.

Assumptions

The main assumptions used for valuing and accounting for stock-option plans are as follows:

– exercise price: the price fixed by the plan's rules, i.e. the average price of Manitou shares over the 20 trading days immediately prior to the allocation date, discounted by 5%;

– volatility: historical volatility of the Manitou share over three years for all plans,

– dividend payout rate: average payout rate over the three years preceding the allocation date;

– estimated life of the option: 5 years;

– interest rate: risk-free rate over the life of the option measured on the grant date of each plan;

– vesting period: the vesting period is four years for all existing plans.

NOTE 14: PROVISIONS

▸ NOTE 14.1 - BREAKDOWN OF PROVISIONS

In € thousands	**31.12.2011**	Of which, less than one year	Of which, greater than one year
Provisions - Excluding post-employment benefits			
Warranty provisions	24,124	19,627	4,497
Provisions for restructuring	239	196	43
Provisions for other risks	10,234	7,825	2,409
	34,597	27,648	6,949
Post-employment benefits (Note 15)	29,255	266	28,989
Total	**63,852**	**27,914**	**35,938**

In € thousands	31.12.2010	Of which, less than one year	Of which, greater than one year
Provisions - Excluding post-employment benefits			
Warranty provisions	15,719	12,940	2,779
Provisions for restructuring	2,174	1,915	259
Provisions for other risks	9,489	3,846	5,643
	27,382	18,700	8,681
Post-employment benefits (Note 15)	23,303	1,350	21,953
Total	**50,684**	**20,050**	**30,634**

▸ NOTE 14.2 - CHANGES IN PROVISIONS - EXCLUDING POST-EMPLOYMENT BENEFITS

In € thousands	**31.12.2010**	Increases	Provisions applied	Provisions reversed (un-used)	Reclass./ Changes in scope	Translation differences	**31.12.2011**
Warranty provisions	15,718	16,022	(6,091)	(1,689)		163	24,124
Provisions for restructuring	2,174	196	(1,982)	(170)	21		239
Provisions for other risks	9,489	5,097	(1,973)	(1,577)	(971)	169	10,234
	27,382	21,315	(10,045)	(3,436)	(950)	332	**34,597**

Warranties

Amounts recorded when creating or reversing provisions for warranties are included in “Cost of goods and services sold” within the income statement as are the actual warranty expenses.

Miscellaneous risks

Miscellaneous risks mainly concern commercial, employee or tax litigation.

NOTE 15: POST-EMPLOYMENT BENEFITS

NOTE 15.1 - DEFINITION

Defined benefit plans that result in the recognition of a provision relate to:

– retirement or severance indemnities,

– other long-term benefits such as long-service awards,

– plans providing pensions and other retirement benefits for certain employees,

– a supplementary pension plan for certain management staff in the United States,

– a plan providing post-employment medical assistance and life insurance.

These defined benefit plans are for the most part covered by funds paid to insurance companies, valued at their fair value on the balance-sheet date.

The value of these funds is deducted from post-employment obligations valued in accordance with IAS 19.

NOTE 15.2 - MEASUREMENT

15.2.1 Main assumptions used

31.12.2011

	France	United-Kingdom	Italy	United-States
Salaries increases	4.00%	n/a	n/a	4.44%
Pension increases	n/a	5.00%	n/a	n/a
Financial discount rate	5.40%	4.90%	5.40%	4.20%
Expected rate of return on assets	3.80%	5.00%	n/a	7.47%

31.12.2010

	France	United-Kingdom	Italy	United-States
Salaries increases	4.00%	n/a	n/a	4.04%
Pension increases	n/a	3.35%	n/a	n/a
Financial discount rate	5.25%	5.50%	5.25%	5.00%
Expected rate of return on assets	4.00%	5.84%	n/a	6.56%

A change of -0.5% in the discount rate would have the following impact on the actuarial liability (DBO) and the cost of an additional year (SC):

In € thousands	DBO	SC
Europe (inc. France)	848	66
United-Kingdom	1,048	NA
United States	2,565	142
Total	**4,461**	**208**

Assumptions in respect of salary increases correspond for each country to the sum of expected inflation and forecast individual salary increases. The staff turnover and life expectancy rates used take into account the specific features of each country and each company.

The staff turnover rate used varies according to the status and age of the persons concerned.

The rate used to discount obligations is determined based on the market rate for premium corporate bonds at the balance-sheet date.

The healthcare inflation rate used was 7.5% at 31.12.2011. A 1% change in healthcare inflation would have an impact of €98 thousand on the actuarial liability (DBO) and of €24 thousand on the cost of an additional year (SC).

For the calculation of retirement indemnities in France, the valuation is based on the employee's voluntary departure, which means that the obligation thus calculated includes social security charges. The rate of social security charges used for the valuation of the 2011 obligation ranged from 47% to 51% depending on the entity and the professional category concerned.

The retirement age used for calculation of retirement indemnities and supplementary pensions was determined based on the applicable legislation in each country.

15.2.2 Composition of plan assets (as a %)

As at 31.12.2011, the composition of plan assets was as follows:

			31.12.2011
	France	United-Kingdom	United States
Equity	15%	58%	69%
Bonds	5%	41%	28%
Property	80%		
Other		1%	3%
Total	**100%**	**100%**	**100%**

			31.12.2010
	France	United-Kingdom	United States
Equity	15%	63%	73%
Bonds	5%	12%	12%
Property	80%	25%	3%
Other			12%
Total	**100%**	**100%**	**100%**

15.2.3 Reconciliation of balance-sheet lines

31.12.2011

In € thousands	France IFC	France Other	United Kingdoom	Other Europe	United States	Total
Present value of the obligation	9,807	609	10,899	821	50,629	72,765
Fair value of the financial assets	6,628		9,592		25,466	41,686
Past services cost	1,963				(2)	1,961
(Provisions) Net assets recognised in balance sheet	(1,216)	(609)	(1,307)	(821)	(25,165)	(29,118)
				Of which:	Provisions	(29,255)
					Assets	137

31.12.2010

In € thousands	France IFC	France Other	United Kingdoom	Other Europe	United States	Total
Present value of the obligation	8,779	569	8,712	945	48,149	67,154
Fair value of the financial assets	6,416		8,698		26,817	41,931
Past services cost	2,065					2,065
(Provisions) Net assets recognised in balance sheet	(298)	(569)	(14)	(945)	(21,332)	(23,158)
				Of which:	Provisions	(23,303)
					Assets	145

15.2.4 Change in obligations and plan assets during the year

In € thousands		France	United Kingdom	Other Europe	United States	31.12.2011 Total
Obligation						
	Opening	9,348	8,712	945	48,149	67,154
Current service cost		626			187	813
Interest cost		521	479	38	2,225	3,263
Benefits paid		(53)	(194)	(146)	(2,991)	(3,384)
Liquidation/curtailment					(1,391)	(1,391)
Past services cost		3	1,116			1,119
Scope entry						
Actuarial (gains) losses		(29)	448	(16)	2,812	3,215
Adjustment for translation differences			338		1,638	1,976
	Closing	10,416	10,899	821	50,629	72,765
Plan assets						
	Opening	6,416	8,698		26,817	41,931
Employer contribution			576		2,876	3,452
Benefits paid			(194)		(2,991)	(3,185)
Actual return on assets		212	223		(1,034)	(599)
Scope entry						
Liquidation					(922)	(922)
Adjustment for translation differences			289		720	1,009
	Closing	6,628	9,592		25,466	41,686
Reconciliation of provision						
	Opening	(867)	(14)	(945)	(21,332)	(23,158)
Charge for the year		(949)	(1,217)	(38)	(273)	(2,477)
Employer contribution			576		2,331	2,907
Benefits paid		53		146	545	744
SORIE		(61)	(604)	16	(5,519)	(6,168)
Scope entry						
Adjustment for translation differences			(48)		(917)	(965)
	Closing	(1,825)	(1,307)	(821)	(25,165)	(29,118)

						31.12.2010
In € thousands		France	United Kingdom	Other Europe	United States	Total
Obligation						
	Opening	7,135	7,687	896	46,577	62,295
Current service cost		2,622	(64)	25	260	2,843
Interest cost		397	465	35	2,606	3,503
Benefits paid		(37)	(139)	(77)	(3,195)	(3,448)
Liquidation/curtailment		(258)			(4,703)	(4,961)
Scope entry						
Actuarial (gains) losses		(511)	521	66	2,948	3,024
Adjustment for translation differences			242		3,656	3,898
	Closing	9,348	8,712	945	48,149	67,154
Plan assets						
	Opening	6,202	7,201		20,874	34,276
Employer contribution		13	583		8,845	9,441
Benefits paid			(139)		(3,195)	(3,334)
Actual return on assets		201	829		3,398	4,428
Scope entry						
Liquidation					(4,703)	(4,703)
Adjustment for translation differences			224		1,598	1,822
	Closing	6,416	8,698		26,817	41,931
Reconciliation of provision						
	Opening	(934)	(486)	(896)	(25,703)	(28,019)
Charge for the year		(453)	23	(60)	(1,354)	(1,844)
Employer contribution		13	583		8,548	9,144
Benefits paid		37		77	297	411
SORIE		470	(117)	(66)	(1,034)	(747)
Scope entry						
Adjustment for translation differences			(17)		(2,086)	(2,103)
	Closing	(868)	(14)	(945)	(21,332)	(23,158)

The main changes which took place during the year were as follows.

United States:

Following the reorganization in the United States, the existing pension plan at Manitou North America has been frozen. The impact of that freeze was treated as a reduction with a positive impact of €0.6 million at December 31, 2011.

UK:

The review of the existing trustee agreement at Manitou UK by new lawyers revealed a lack of clarity in the agreement's outline with respect to the rate used in the valuation of pensions. As a result, the valuation rate required change and has been brought to 5% per year. The impact of that change was an increase in the pension liability of €1.1 million at December 31, 2011 all of which has been recorded against income as related to prior years' services.

15.2.5 Breakdown of expense for the year

In € thousands	France	United Kingdom	Other Europe	United States	31.12.2011 Total
Methodological adjustments					
Current service cost	626			188	814
Interest cost	521	479	38	2,226	3,264
Expected return on assets	(258)	(379)		(1,673)	(2,310)
Amortisation of actuarial gains and losses	(44)				(44)
Past services costs	104	1,116		2	1,222
Curtailments				(469)	(469)
Net charge	949	1,216	38	274	2,477

In € thousands	France	United Kingdom	Other Europe	United States	31.12.2010 Total
Methodological adjustments					
Current service cost	516	(64)		232	684
Interest cost	397	465	60	2,607	3,529
Expected return on assets	(262)	(424)		(1,485)	(2,171)
Amortisation of actuarial gains and losses	19				19
Past services costs	42				42
Curtailments	(258)				(258)
Net charge	454	(23)	60	1,354	1,845

NOTE 16: OTHER CURRENT LIABILITIES

In € thousands	**31.12.2010**	Changes in scope & other	Movements	Translation diff	**31.12.2011**
Trade payable & related liabilities	**140,263**	**52**	**62,373**	**757**	**203,444**
Tax and social security liabilities	38,770	(1,343)	10,041	233	47,701
Other operating liabilities	18,854	918	(3,234)	(299)	16,240
Deferred income	3,057		549	123	3,730
Other liabilities	**60,681**	**(425)**	**7,357**	**58**	**67,671**
TOTAL CURRENT LIABILITIES	**200,944**	**(373)**	**69,729**	**815**	**271,115**

NOTE 17: INCOME TAXES

▸ NOTE 17.1 - BALANCE-SHEET MOVEMENTS

In € thousands	**31.12.2010**	Result	Payment	Translation difference	Changes in scope & other (1)	**31.12.2011**
Current tax						
Assets	26,187					26,031
Liabilities	6,826					4,857
Total	**19,360**	**(13,265)**	**16,511**	**(55)**	**(1,377)**	**21,175**
Deferred tax						
Assets	5,966					4,911
Liabilities	14,423					9,007
Total	**(8,457)**	**4,904**	**0**	**(109)**	**(434)**	**(4,097)**

(1) Other changes in deferred and current taxes can be broken down as follows:

In € thousands	**31.12.2011**	**31.12.2010**
Taxes on cancellation / sale of treasury shares	(11)	975
Deferred tax recognised in consolidated reserves - SORIE	408	87
Deferred taxes booked in equity - Interest rate hedging instruments	231	(476)
Scope entry	(135)	
Other (of which reclassified to tax audit and risks)	(2,304)	(63)
Total	**(1,811)**	**523**

▸ NOTE 17.2 - TAX RECOGNISED IN THE INCOME STATEMENT

Tax expenses recognised in the income statement comprise:

In € thousands	**31.12.2011**	**31.12.2010**
Current tax	(13,265)	7,011
Deferred tax for the period	(1,699)	(1,470)
Change in deferred tax rates	178	(12)
Impairment losses (+) and capitalization of unrecognized losses (-)	6,425	1,586
Total deferred tax	4,904	104
Total	**(8,361)**	**7,115**

– The current tax charge corresponds to income tax due to the various tax authorities in respect of the financial year. These amounts are determined based on the tax rates and laws applicable in each of the countries concerned.

– The deferred tax charge is calculated using the method described in Note 1.18

▸ NOTE 17.3 - RECONCILIATION OF THE THEORETICAL TAX CHARGE AND THE ACTUAL TAX CHARGE

In € thousands	**31.12.2011**	**31.12.2010**
Income before tax of fully consolidated companies	43,908	(10,647)
Tax rate in France	36.10%	34.44%
Theoretical tax charge for the year	15,851	(3,667)
Other taxes	1,955	1,475
Impairment of assets		
Permanent differences	(1,119)	739
Increase / reduction in tax ratse (current and deferred)	(174)	
Non capitalised loss carryforwards	7,166	7,984
Differences in tax rates in foreign countries and other	(986)	583
Total - Income tax	**8,361**	**7,115**

Manitou BF has been subject to a tax audit since mid-2010 related to the 2007, 2008 and 2009 fiscal periods for which a report has been provided as at December 31, 2011.

The adjustments related to 2007 which have been accepted by the company, or which appear to be likely, resulted in the recording of a provision against operating income from continued operations and an additional tax expense which was reported in the line item “other taxes”. Adjustments requested for the years 2008 and 2009 and accepted by the company have also been fully provisioned as of December 31, 2011.

▸ NOTE 17.4 - DEFERRED TAX BASIS

Deferred taxes recorded arose from the following temporary differences:

In € thousands - Assets / (Liabilities)	**Temporary differences as at 31.12.2011**	**Deferred taxes as at 31.12.2011**	**Temporary differences as at 31.12.2010**	**Deferred taxes as at 31.12.2010**
Intangible assets	72	25	(426)	(146)
Property, plant and equipment	(36,494)	(12,256)	(36,055)	(12,121)
Finance leases	(11,616)	(3,653)	(12,032)	(3,824)
Employee profit sharing	27,844	9,628	27,913	9,756
Provisions	19,428	6,489	12,095	4,055
Inventories	2,738	395	9,799	3,065
Other	113	(188)	(4,686)	(1,663)
Sub total	2,085	440	(3,392)	(879)
Tax credits				474
Tax losses carried forward		14,641		14,458
Unrecognised deferred tax assets		(19,178)		(22,510)
Total		**(4,097)**		**(8,457)**

The tax loss carry forwards of the French entities absorbed by Manitou resulted in a differed tax asset. Manitou BF had already received the approval of French fiscal authorities regarding the application of those tax loss carry forwards by the absorbing company.

Deferred tax assets which were originally not recognized mainly concern Manitou Americas for which their application has been previously limited to the amount of taxable temporary differences against which the loss carry forwards could be offset.

NOTE 18: BREAKDOWN OF SALES BY NATURE, DIVISION AND GEOGRAPHIC REGION

Sales by division			**31.12.2011**
In € thousands	Sales of goods	Sales of services	**Total**
Rough Terrain Handling (RTH)	789,817	6,486	**796,303**
Industrial Material Handling (IMH)	133,879	13,060	**146,938**
Compact Equipment (CE)	187,606	297	**187,904**
Total	**1,111,302**	**19,843**	**1,131,145**

Sales by geographic region			**31.12.2011**
In € thousands	Sales of goods	Sales of services	**Total**
France	352,546	12,941	**365,487**
Rest of Europe	466,093	3,549	**469,642**
Americas	177,893	217	**178,110**
Rest of world	114,770	3,136	**117,906**
Total	**1,111,302**	**19,843**	**1,131,145**

Sales by division and geographic area (current scope)					**31.12.2011**
In € thousands	France	Europe	Americas	Rest of the world	**Total**
RTH	255,412	409,771	42,069	89,051	**796,303**
IMH	108,001	23,585	4,263	11,089	**146,938**
CE	2,074	36,286	131,778	17,766	**187,904**
Total	**365,487**	**469,642**	**178,110**	**117,906**	**1,131,145**

					31.12.2010
In € thousands	France	Europe	Americas	Rest of the world	**Total**
RTH	183,679	301,522	29,609	71,639	**586,450**
IMH	87,544	24,496	3,824	7,925	**123,789**
CE	933	34,498	80,186	12,452	**128,070**
Total	**272,156**	**360,517**	**113,620**	**92,016**	**838,309**

The Group's customer base is very dispersed, the largest customer representing no more than 1.6% of total sales.

NOTE 19: RESTRUCTURING COSTS

In € thousands	31.12.2011	31.12.2010
Personnel costs related to restructuring	(2,331)	(1,022)
Other external costs related to restructuring	(538)	(825)
Addition to provision for restructuring costs	1,918	(353)
Total	**(951)**	**(2,200)**

Restructuring costs recorded in 2011 mainly concern the transfer of the warehousing activity of MLM near Paris, France, to the Beaupréau, France site, as well as the transfer of the Compact Equipment activity from Germany to Belgium.

NOTE 20: AUDITOR 'S FEES

	DELOITTE & ASSOCIÉS				**RSM SECOVEC & and members of the RSM international network**				**Other**				**Total**	
	Amount		%		Amount		%		Amount		%		Amount	
In € thousands	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Audit														
– Audit and certification of company and consolidated financial statements														
- Parent Company	189	181	30%	26%	189	173	63%	64%					378	353
- Fully consolidated subsidiaries	419	498	66%	71%	87	98	29%	36%	46	85	85%	93%	552	681
– Other audits and services directly linked to the duties of the Statutory auditors														
- Parent Company	25		4%		25		8%						50	
- Fully consolidated subsidiaries		19		3%					8	6	15%	7%	8	25
Sub total	**633**	**697**	100%	100%	**301**	**271**	100%	100%	**54**	**91**	100%	100%	**988**	**1,059**
Other services provided by the audit firms to fully consolidated subsidiaries														
Total	**633**	**697**			**301**	**271**			**54**	**91**			**988**	**1,059**

The Company believes that the information provided for by Article 222-8 of the AMF's general regulations and instruction no. 2006-10 will comply with the provisions introduced by decree no. 2008-1487 dated 30.12.2008.

NOTE 21: RECURRING OPERATING EXPENSE BY NATURE

In € thousands	31.12.2011	31.12.2010
Material purchases	(752,737)	(549,074)
Direct and indirect labour	(98,645)	(78,136)
Depreciation, amortisation and impairment	(24,476)	(26,928)
Other	(81,674)	(61,757)
Cost of goods and services sold	**(957,532)**	**(715,896)**
External expenses	(50,262)	(45,030)
Personnel expense	(67,281)	(61,390)
Net depreciation / amortization expense (non-production)	(6,069)	(6,089)
Other	1,262	(5,653)
Other expenses from continuing operations	**(122,351)**	**(118,163)**
TOTAL RECURRING OPERATING EXPENSE BY NATURE	**(1,079,883)**	**(834,059)**

NOTE 22: BREAKDOWN OF PERSONNEL EXPENSES

In € thousands	31.12.2011	31.12.2010
Salaries, bonuses and commissions	(109,182)	(88,023
Profit-sharing	(3,950)	(4,236)
Employee benefits	(4,960)	(2,056)
Social charges and payroll taxes	(38,119)	(35,733)
Personnel expense excluding interim employees and reinvoicing	**(156,211)**	**(130,049)**
Interim & other	(13,494)	(8,235)
Total	**(169,705)**	**(138,284)**

NOTE 23: OTHER OPERATING INCOME AND EXPENSE

In € thousands	Net 31.12.2011	31.12.2010
Gains on disposals of assets	216	12
Exchange rate gains	691	48
Other income	1,401	2,633
Other expenses	(3,192)	(5,537)
Movements in provisions	(710)	5,012
Total	**(1,594)**	**2,168**

Other operating income and expenses include expenses relating to product litigation and tax penalties as well as €1.2 million of past service costs relating to the adjustment in the discount rate used in the valuation of pension liabilities in the UK.

NOTE 24: FINANCIAL INCOME AND CHARGES

In € thousands	31.12.2011	31.12.2010
Financial asset income	3,522	137
Interest rate swap	705	566
Other income	5,300	7,742
Total Income	**9,527**	**8,445**
Interest expenses on bank borrowings and other financial liabilities	(10,235)	(15,399)
Interest rate swap	(2,299)	(4,039)
Inefficient portion of exchange rate hedges	(156)	
Other charges	(5,865)	(1,663)
Total Charges	**(18,555)**	**(21,101)**

NOTE 25: RESEARCH AND DEVELOPMENT COSTS

Pursuant to IAS 38, all research costs, together with study and development costs other than those described in Note 1.7, are expensed during the year in which they are incurred. These costs amounted to €16.6 million in 2011 compared with €16,5 million in 2010.

NOTE 26: OFF BALANCE SHEET COMMITMENTS

In € thousands	31.12.2011	31.12.2010
Agreements, security deposits, pledges (1)	18,147	11,899
Financial commitments (including forward sales)	74,676	27,963
Commitments on equipment returns (2)	16,975	25,674
Other commitments	241	

(1) The financing of Manitou Americas put in place by drawing on the Manitou BF line of credit was secured against accounts receivable. As no line has been drawn for this purpose, the amount of the guarantee is void at December 31, 2011 (€7.5 million at 31.12.2010).

(2) Commitments related to product returns are valued based on the contractually defined repurchase amounts. It should be noted that market value of the related equipment is generally greater than the repurchase amount.

NOTE 27: RISK MANAGEMENT

The Manitou Group's risk management policy is described in the Management Report under "Risk factors and risk management".

NOTE 28: INFORMATION RELATING TO INDIVIDUAL STAFF TRAINING RIGHTS (DROIT INDIVIDUEL A LA FORMATION)

In 2011, costs arising from individual rights to training were borne by the Group as part of the training programme when agreed between the employer and employee.

No provision was raised for training requests in respect of individual staff training rights that had not given rise to an agreement as at 31.12.2011 and which were attributable to the Company's legal obligation in terms of on-going professional training.

The individual rights of French employees that had not requested training totalled 157,381 hours as at 31.12.2011.

NOTE 29: EMPLOYEES AS AT 31 DECEMBER

	2011	2010
Manitou BF SA	1,649	1,282
Compagnie Française de Manutention	127	126
Cie Industrielle de Matériels de Manutention		61
MLM		70
Aumont-BSBH		72
France	**1,776**	**1,611**
Manitou UK Ltd.	40	40
Manitou Costruzioni Industriali Srl.	235	235
OMCI Attachments Srl.	10	10
Manitou Benelux SA	19	19
MILE	2	
DLS	7	7
Manitou Portugal SA	49	50
EPL Centro	8	9
Manitou Deutschland GmbH	28	19
Gehl Europe		27
Manitou Manutencion Espana SL	9	7
Manitou Vostok	21	15
Manitou Polska	11	9
Europe	439	447
Manitou Americas (Gehl 2010)	701	491
Manitou North America Inc.		65
Chariots Élévateurs Manitou Canada Inc.		3
Americas	**701**	**559**
Manitou Southern Africa PTY Ltd.	62	47
Manitou Australia PTY Ltd.	8	8
Manitou Asia PTE Ltd.	32	28
Manitou China	43	78
Reste of the world	**145**	**161**
Total Group	**3,061**	**2,778**

NOTE 30: TRANSACTIONS WITH RELATED PARTIES

▸ NOTE 30.1 - TRANSACTIONS WITH ASSOCIATES

	2011		2010	
In € thousands	Expense	Income	Expense	Income
Toyota industrial Equipment SA			145	7,254
Manitou Finance France SAS	482		388	1
Manitou Finance Ltd	819	85,603	349	46,039
Algomat		2,949		2,652
Actis location			19	190
Hangzhou Manitou Machinery Equipment Co Ltd	2,244	813	163	447

▸ NOTE 30.2 - TRANSACTIONS WITH THE PARENT COMPANY

	2011			2010		
In € thousands	Expenses	Income	Purchases of Shares	Expenses	Income	Purchases of Shares
SFERT	None	None	None	None	None	None

During the period between the beginning of the year and the date of the merger with Manitou BF, no transactions took place between the Group and SFERT.

▸ NOTE 30.3 - TRANSACTIONS WITH INDIVIDUAL PERSONS

	2011			2010		
In € thousands	2011 interest	Balance as at 31.12.11	Purchase price	2010 Interest	Balance as at 31.12.2010	Purchase price
Current accounts with associates:						
Monsieur Marcel Braud						
Madame Jacqueline Himsworth	16	108		13	430	
Purchases of shares in associates:						
Monsieur Marcel Braud						76
Marcel-Claude Braud						12
Bruno Fille						3

NOTE 30.4 - COMPENSATION AND OTHER BENEFITS PAID TO CORPORATE OFFICERS

Total remuneration and benefits-in-kind paid to corporate officers:

2011

In € thousands	Salaries	Mandates	Additional payments	Options granted	Value of options granted	Options exercised	Provisions in the balance sheet and commitments
Non-executive corporate officers	323	314					
Executive corporate officers	402	360		41,920	241	0	
Members of the Executive committee who are not corporate officers	1,490		282	82,700	475		1,165

2010

In € thousands	Salaries	Mandates	Additional payments	Options granted	Value of options granted	Options exercised	Provisions in the balance sheet and commitments
Non-executive corporate officers	323	400					
Executive corporate officers	445	360	784	68,400	179		
Members of the Executive committee who are not corporate officers	1,095			92,300	241		966

NOTE 31: POST-CLOSING EVENTS

CHANGES IN THE PARTNERSHIP WITH TOYOTA

Toyota Material Handling Europe and Manitou announced in January of 2012 that they have mutually decided to not renew their exclusive distribution agreement for industrial handling equipment under the Toyota brand name in France with effect on January 1, 2013. The two groups consider that their "business model" is no longer suited to the market's development and would each like to put in place separate and more clearly defined brand strategies which are applicable to the whole of Europe. The Group would like to market a line of industrial products under a single Manitou brand name. The launch of that line is planned for early February 2012 internationally and during 2013 in France.

The businesses of both groups will continue as normal until December 31, 2012 and no impact should be felt neither at their level nor at the level of dealers or customers.

NEW PARTNERSHIP WITH YANMAR

In January of 2012, Manitou announced a new partnership with Yanmar, a world leader in construction equipment. Under a cross agreement targeting the United States, Manitou Americas will distribute Yanmar's compact excavators under the Gehl and Mustang brand names, while Yanmar Americas will distribute Compact Equipment skidsteers under its brand name. This partnership also strengthens the existing technical collaboration of both organizations in terms of engines.

8.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2011

This is a free translation into English of the Statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

– the audit of the accompanying consolidated financial statements of Manitou BF Group;

– the justification of our assessments;

– the specific verification required by law.

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

8.2.1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the following matters:

– The Note 1.4 to the consolidated financial statements regarding the change in profit & loss table presentation embedding the evolution from a profit & loss by nature to a profit & loss by destination and the definition of the main items of the profit & loss by destination,

– The Note 2 to the consolidated financial statements regarding the related consequences of the merger between Manitou BF and its former holding company SFERT.

8.2.2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

When closing the accounts, the Manitou Group was required to make estimates and formulate assumptions, notably as regarding the value of certain assets and liabilities and income and expense items (note 1.6, 1.9 and 5 of the notes to the financial statements). We reviewed the appropriateness of the information provided in the notes to the financial statements and, notably, the valuation and depreciation and impairment methods for non-current assets.

We also reviewed the consistency of the assumptions used by management, how these were reflected in the figures and the documentation available, all of which formed the basis for our assessment of the reasonableness of the estimates made.

Note 1.16 of the notes to the consolidated financial statements presents the fact that your Group sets aside provisions with respect to guarantees provided to customers. Our procedures consisted of assessing the information and assumptions determined by management on which such accounting estimates are based, in reviewing, on a test basis, the Group's calculations and in comparing the accounting estimates of prior periods with the corresponding actual data. On these bases, we assessed the reasonableness of such estimates.

Accounting principles

We have reviewed the method used to capitalise development costs and to amortise such expenses and test their recoverable amount, and are satisfied that note 1.7 of the notes to the consolidated financial statements provides appropriate disclosure in this respect.

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

8.2.3 SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Orvault and Nantes, March 29, 2012
The Statutory auditors
French original signed by

RSM Secovec	**Deloitte & Associés**
Jean-Michel Picaud	Thierry de Gennes

8.3 PARENT COMPANY FINANCIAL STATEMENTS

8.3.1 INCOME STATEMENT

In € thousands	Notes	31.12.2011	31.12.2010
Operating revenue (1):			
Sales of goods purchased		305,059	234,465
Sales of manufactured goods		461,107	304,792
Sales of services		8,700	5,700
Net sales	Note 18	**774,866**	**544,957**
Production taken to inventory and capitalised		19,448	8,516
Writeback of provisions, charges transferred		21,200	28,458
Other income		1,868	2,571
TOTAL		**817,382**	**584,502**
Operating expenses (2):			
Purchase of goods and inventory movement (goods for resale)		578,536	393,737
Other purchase and external charges		96,659	86,749
Taxes on other than income		8,407	6,674
Wages and social security charges		81,684	59,767
Depreciation and provisions		29,847	27,807
Provisions for contingencies and charges		9,113	3,366
Other expenses		1,325	1,251
TOTAL		**805,571**	**579,351**
OPERATING INCOME		**11,811**	**5,151**
Financial income (3)		42,414	25,024
Financial expense (4)		21,054	36,983
FINANCIAL RESULT	Note 19	**21,360**	**(11,959)**
INCOME FROM ORDINARY ACTIVITIES before tax		**33,171**	**(6,808)**
Non-recurring income		12,096	24,709
Non-recurring expenses		10,603	18,223
NET NON-RECURRING INCOME (LOSS)	Note 20	**1,493**	**6,486**
Employee profit sharing			3,538
Income tax	Note 21	5,148	(1,229)
NET INCOME		**29,516**	**(2,631)**
(1) Of which revenues relating to prior years			
(2) Of which expenses relating to prior years			
(3) Of which income from transactions with related parties		28,352	21,111
(4) Of which expenses on transactions with related parties		389	223

8.3.2 CASH FLOW STATEMENT

In € thousands		31.12.2011	31.12.2010
NET PROFIT		**29,516**	**(2,631)**
Elimination of charges and income not related to operations and not affecting cash flow			
+	Depreciations, amortisation and provisions (1)	21,548	46,059
-	Write-back of depreciation, amortisation and provisions (1)	(5,991)	(3,197)
-	Income from asset disposals	(3,093)	(11,813)
+	Net book value of asset disposals	2,037	4,189
-	Investment subsidies recognised in the income statement	(16)	(3)
-	Income / (Losses) related to merger transactions	4,530	(552)
EARNINGS BEFORE DEPRECIATION AND AMORTIZATION		**48,531**	**32,052**
Impact of changes in cash position on operating receivables			
+/-	Change in inventories	(48,729)	(5,954)
+/-	Change in trade receivables	(55,118)	(30,940)
+/-	Change in other operating receivables	17,464	(22,376)
+/-	Change in trade accounts payable	41,354	44,035
+/-	Changes in other operating liabilities	(16,352)	29,538
CASH FLOW FROM OPERATING ACTIVITIES		**(12,850)**	**(46,355)**
Impact of charges in cash position on investing activities			
+	Disposals of intangible assets, property, plant and equipment	3,070	316
+	Disposals of long-term investments	23	11,497
-	Acquisition of intangible assets, property, plant and equipment	(11,001)	(6,800)
-	Acquisition of long-term investments	(12,677)	(5,016)
+/-	Changes in liabilities towards suppliers of non-current assets	(437)	(554)
+/-	Change in cash balance related to mergers	0	(75)
CASH FLOW FROM INVESTING ACTIVITIES		**(21,022)**	**(632)**
Impact of changes in cash position on financing activities			
+	Increase in share capital	15	
-	Decrease in share capital	0	
-	Merger	35,359	
-	Dividends paid during the period		
+	Increase in borrowings	170	15,083
-	Repayment of borrowings	(37,166)	(68,013)
+/-	Changes in capital called but not paid in		
CASH FLOW FROM FINANCING ACTIVITIES		**(1,622)**	**(52,930)**
	Opening cash balance	33,710	40,917
	Closing cash balance	(1,784)	33,710
CHANGE IN CASH POSITION		**(35,494)**	**(7,207)**
(1) Excluding current assets		0	

8.3.3 BALANCE SHEET

ASSETS

In € thousands	Notes	31.12.2011 Gross	31.12.2011 Amortisation Deprec.	31.12.2011 Net	31.12.2010 Net
NON-CURRENT ASSETS					
INTANGIBLE ASSETS (1)	Note 2	53,452	24,311	29,141	24,441
PROPERTY, PLANT AND EQUIPMENT	Note 3	193,545	130,814	62,731	58,099
FINANCIAL ASSETS (2)	Note 4	363,807	94,457	269,350	261,574
		610,804	**249,582**	**361,222**	**344,114**
CURRENT ASSETS					
INVENTORIES AND WORK IN PROGRESS	Note 6	175,639	15,577	160,062	97,720
ADVANCE PAYMENTS		38		38	36
OPERATING RECEIVABLES (3)	Note 7	220,340	261	220,079	177,734
CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES	Note 9	11,482	6,140	5,342	34,313
ADJUSTMENST ACCOUNTS	Note 15	1,398		1,398	1,571
		408,897	**21,978**	**386,919**	**311,374**
Unrealised foreign exchange loss	Note 16	**340**		**340**	**397**
TOTAL		**1,020,041**	**271,560**	**748,481**	**655,885**
(1) Of which, lease rights					
(2) Of which due in less than one year				839	751
(3) Of which due in more than one year				0	0

LIABILITIES

In € thousands	Notes	31.12.2011 Net	31.12.2010 Net
SHAREHOLDERS' EQUITY	Note 10		
Share capital	Note 10	39,549	37,568
Additional paid-in capital		43,667	439
Revaluation reserve (4)	Note 17	908	908
Reserves and retained earnings		279,537	282,958
Net income for the year		29,516	(2,631)
Investment subsidies		158	80
Regulated provisions		28,064	27,233
		421,399	**346,555**
PROVISIONS FOR CONTINGENCIES AND CHARGES	Note 11	17,318	14,482
LIABILITIES (1)			
FINANCIAL LIABILITIES (2)	Note 12	116,640	163,772
CURRENT LIABILITIES	Note 12		
Trade accounts payable		148,888	98,104
Tax and social security liabilities		32,807	22,543
Other operating liabilities		8,992	7,864
OTHER LIABILITIES	Note 12	717	1,266
ADJUSTMENT ACCOUNTS	Note 15	0	0
		308,044	**293,549**
Unrealised foreign exchange gains	Note 16	**1,720**	**1,299**
TOTAL		**748,481**	**655,885**
(1) Of which due in more than one year		58,467	88,804
Of which due in less than one year		249,577	204,746
(2) Of which short-term bank loans and overdrafts		7,126	603
(3) Of which, subordinated loans			
(4) Of which valuation differences		0	0

8.3.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

GENERAL INFORMATION

COMPANY IDENTITY

Manitou BF is a French limited company (Société Anonyme) governed by a Board of directors. It has share capital of €39,547,824 made up of 39,547,824 fully paid-up shares with a par value of €1 each.

The Parent Company's registered office, which is also the Group's main production site, is located at:

430 rue de l'Aubinière - BP 10249 - 44158 - Ancenis Cedex France.

The Company is registered with the Nantes trade and companies registry under number:

857 802 508 RCS Nantes - SIRET: 857 802 508 00047
Code APE: 292 D - Code NAF: 2822Z.

PREPARATION OF THE FINANCIAL STATEMENT

The accounts of Manitou BF were approved by the Board on 07.03.2012.

COMMENTS ON THE NOTES TO THE BALANCE SHEET

The notes to the balance sheet (before affectation) feature:

Total assets of €748,481 thousand

The income statement showing:

- total income of €871,891 thousand,
- total charges of €842,375 thousand,
- net income of €29,516 thousand.

The year under review began on 01.01.2011, ended on 31.12.2011 and consisted of 12 months. The following notes (and tables) form an integral part of the financial statements.

HIGHLIGHTS OF THE YEAR

During the 2011 period, Manitou BF, the sole shareholder, decided upon the dissolution without liquidation of its subsidiaries, Aumont BSBH, CIMM and MLM, effective retroactively on a fiscal basis as of January 1, 2011. The related asset transfers took place on January 31, October 31 and December 30th, respectively. The assets and liabilities of Aumont BSBH, CIMM and MLM were recorded in the accounting records of Manitou BF at their book value. These dissolution and asset absorption transactions were subject to the special tax treatment provided for in article 210 A of the French General Tax Code.

On June 9, 2011, following a merger transaction, Manitou BF absorbed SFERT, the parent. That transaction resulted in an increase in shareholders' equity as well as asset transfers. The main assets contributions consisted of land and a building with a net value of €4,031 thousand, the shares of Lucas G with a net value of €4,841 thousand and cash or cash equivalents amounting to €36,242 thousand.

In 2011, two new subsidiaries were opened, one in Belgium and the other in India. The Belgian company MILE is a logistics platform in Europe for the distribution of equipment manufactured by Manitou Americas. The Indian company, Manitou South Asia, was created to develop the sales activities in that region.

Manitou BF received the shares of Gehl Europe which was later absorbed by Manitou Deutschland.

Moreover, Manitou BF purchased the shares of Manitou Southern Africa held by minority shareholders, thereby increasing its ownership to 100%.

Manitou BF subscribed to the capital increase of its Chinese subsidiary, Manitou China which is 100% owned.

NOTE ON THE GOING CONCERN PRINCIPLE

Manitou BF's financial statements were prepared in application of the going concern assumption, based on the following assumption for 2011: forecast growth of 10-15% of Group sales compared to 2010.

NOTE 1: ACCOUNTING PRINCIPLES

▸ NOTE 1.1 – GENERAL PRINCIPLES

The balance sheet and income statement have been prepared in accordance with French law and generally accepted accounting principles in France.

The basic valuation method used is the historical cost method. However, an adjustment was made in 1976 relating to property, plant and equipment, intangible assets and long-term equity interests.

A number of points that could have a material impact are described below.

NOTE 1.2 - CHANGE OF ACCOUNTING METHODS

No change in methods occurred during the year.

NOTE 1.3 - NON CURRENT ASSETS

DEVELOPMENT COSTS

Pursuant to Article 311-3-1 of the French General Chart of Accounts (PCG) created by Article 2-6 of CRC 2004-06, the development costs incurred by the Company in 2010, relating to clearly identifiable individual projects with a serious chance of technical and commercial success have been capitalised, since the conditions for capitalisation specified by the PCG have been met. As this is a tax-preferred method, the Company opted for this accounting treatment in 2005.

All research, analysis and development costs other than those described above are expensed in the period in which they are incurred.

COMPUTER SOFTWARE

This concerns notably costs incurred in the context of implementing an ERP system for the part relating to the detailed design of the project, programming, testing and documentation.

Costs relating to preliminary studies, functional analysis and user training are expensed in the period in which they are incurred.

DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

In accordance with French accounting regulations CRC 2002-10 (as amended by CRC 2003-07) and CRC 2003-06, the accounting methods used for intangible assets and property, plant and equipment (excluding development costs) are as follows:

– the basis for depreciation corresponds to the difference between the cost of the assets and its residual value, considered to be zero for depreciable assets,

– depreciation periods have been adapted according to the estimated useful life of each category of goods and calculated using the straight-line method,

The main depreciation periods are as follows:

- goodwill: 5 years,
- patents: 5 years,
- software: 3 and 7 years for the ERP system,
- development costs: 5 years,
- constructions: 20 to 30 years depending on the quality of the buildings,
- site installations and facilities: 10 years,
- technical facilities: 10 years,
- industrial equipment: between 3 and 7 years depending on the type of equipment
- industrial tools and moulds: 3 years,
- vehicles: 4 years for light vehicles, 5 years for large commercial vehicles,
- office and computer equipment: between 3 and 5 years depending on the type of equipment,
- office furniture: 10 years.

The difference between tax amortisation as calculated using the reducing balance method and using the straight-line method based on the estimated useful life is recorded in regulated provisions (excess tax depreciation). For development costs, as stipulated in the regulations, excess tax depreciation is recorded as from the date that the item is initially recognised as an asset.

IMPAIRMENT OF ASSETS

Intangible assets and property, plant and equipment must be tested for impairment as soon as there is evidence of a loss in value.

When there is evidence of a loss in value, an impairment test is carried out. The carrying amount, which is assessed based on the market and the usefulness of the asset to the Company, is determined by comparing the market value with the value in use.

NOTE 1.4 INVESTMENTS

In order to harmonise the presentation of shareholders' equity in the Parent Company and the consolidated financial statements, in conformity with Article 3 of the Law of 03.01.1985 and Article 11 of the Decree of 17.02.1986, the Company has opted since the 1990 financial statements to state investments in companies over which it exercises exclusive control on the basis of the share of equity that these securities represent, which is determined under the accounting rules applied in the consolidated financial statements.

In accordance with Article 332-4 of the French Chart of Accounts, if at the year-end date the overall value of equity-accounted securities is less than the acquisition cost, the overall portfolio is written down.

A provision for total portfolio risk is also raised if the total value on an equity-accounted basis is negative. Acquisition costs are capitalised. In accordance with the prevailing tax laws, these acquisition costs are amortised on a straight-line basis over five years.

NOTE 1.5 - TREASURY SHARES

Manitou BF shares are recognised, on the day they are delivered, at their acquisition cost excluding transaction costs.

Own shares are recorded in "Marketable securities" when these securities are intended to be used in stock-option plans and in "Other long-term investments" in all other cases.

For the plans deemed to be exercisable (market value of the Company's shares is higher than the option exercise price) for which an outflow of resources is probable, the corresponding shares are classified in a specific account within "marketable securities".

When the market value of Manitou shares falls below their acquisition price, an impairment write-down is recorded for the amount of the difference. No impairment is recorded for shares classified in long-term investments, which are intended to be cancelled, or for shares classified in the specific sub-account of marketable securities (plans deemed to be exercisable). These latter shares are included when calculating the liability determined as explained above.

In accordance with the opinion of the French National Accounting Council dated 06.11.2008 and Regulation 2008 - 15 of the French Accounting Regulation committee published on 30.12.2008, the charge relating to stock-option plans for Manitou BF shares is amortised on a straight-line basis over the vesting period applicable to employees. It is recognised in the income statement within "Wages and social security" with a corresponding entry in "Provisions for charges" in the balance sheet.

For stock purchase plans, this charge corresponds to the difference between the portfolio value, net of impairment, of the shares allocated to these plans, and the corresponding exercise price if this is lower. For stock-option plans based on performance, it corresponds to the portfolio value of the shares allocated to these plans.

▸ NOTE 1.6 - INVENTORIES

Valuation

– Goods for resale: valued at the weighted average cost.

– Raw materials: valued at the weighted average cost.

– Semi-finished goods, work in progress and finished goods: valued at production cost (actual cost of raw materials, machines and labour).

Impairment

– Goods for resale: as in previous years, impairment is calculated statistically based on inventory turnover and probable loss of value.

– Raw materials: as in previous years, impairment is recognised for slowmoving items.

– Finished goods: impairment is calculated on an item-by-item basis and concerns mainly second-hand, demonstration, depot and low-turnover equipment, with impairment rates being determined by product group.

▸ NOTE 1.7 - RECEIVABLES AND LIABILITIES

Receivables and liabilities are recorded at their nominal value. An impairment provision is recognised when their recoverable value, measured on a caseby-case basis, falls below their carrying amount.

▸ NOTE 1.8 - PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions for contingencies and charges are raised when the Company has an obligation to a third party and it is probable or certain that it will face an outflow of resources to this third party with no corresponding benefit to the Company.

These provisions are estimated by taking into consideration the most likely assumptions on the balance sheet date.

▸ NOTE 1.9 - POST-EMPLOYEMENT COMMITMENTS

The commitment is calculated in accordance with the French National Accounting Council recommendation 2003-R-01 of 10.04.2003 implementing the provisions of IAS19. The calculation method used is the projected unit credit method, sometimes known as the method involving the distribution of benefits pro rata to length of service.

Post-employment commitments are measured by taking into account demographic and economic assumptions. They are discounted to their present value by applying a discount rate based on the interest rates paid on first-grade bonds. The categories of defined benefits plans used within Manitou BF, together with the main assumptions used, are described in Note 11 to the financial statements.

▸ NOTE 1.10 - LONG-SERVICE AWARD

In 2011, as in the previous year, this commitment was calculated in accordance with the French National Accounting Council recommendation 2003-R-01 of 01.04.2003 implementing the provisions of IAS 19.

▸ NOTE 1.11 - TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling on the transaction date. At the balance sheet date, receivables and liabilities are translated at the closing exchange rate. The difference resulting from the recalculation of receivables and liabilities at the closing exchange rate is recognised in the balance sheet in translation differences. A provision is booked for any unrealised foreign exchange losses.

NOTE 2: INTANGIBLE ASSETS

Gross value

In € thousands	**31.12.2010**	Acquisitions	Mergers	Reclassi-fication	Disposals	**31.12.2011**
Research and development costs (1)	8,542		2,096			10,638
Concessions, patents, licences	22,141	420	365	2,729		25,655
Goodwill	1,559		3,362			4,921
Other intangible assets	0					0
Intangible assets in progress (2)	10,294	4,326	347	(2,729)		12,238
Advance payments	0					0
Total	**42,536**	**4,746**	**6,170**	**0**	**0**	**53,452**

Amortisation

In € thousands	**31.12.2010**	Provisions	Mergers	Other decreases	**31.12.2011**
Research and development costs	4,703	1,716	1,455		7,874
Concessions, patents, licences	11,973	2,557	343		14,873
Goodwill	1,419		145		1,564
Other intangible assets	0				0
Intangible assets in progress	0				0
Advance payments	0				0
Total	**18,095**	**4,273**	**1,943**	**0**	**24,311**

Net amount

In € thousands	**31.12.2010**	**31.12.2011**
Research and development costs	3,839	2,764
Concessions, patents, licences	10,168	10,782
Goodwill	140	3,357
Other intangible assets	0	0
Intangible assets in progress	10,294	12,238
Advance payments	0	0
Total	**24,441**	**29,141**

Research and development costs

Development costs incurred directly by the company and capitalised in 2011 amounted to €3,447 thousand. Development costs related to mergers amounted to €2,443 thousand, thus bringing total development costs capitalised as of 31.12.2011 to €22,876 thousand. That amount has been allocated to projects in process for €12,238 thousand and completed projects for €10,638 thousand.

All expenses related to research, technical analysis and development, other than those described above, were recorded as expenses in 2011 for the amount of €8,187 thousand versus €9,656 thousand during the 2010 period.

Other intangible assets in process

This item includes only development costs.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Gross amount

In € thousands	**31.12.2010**	Acquisitions	Mergers	Reclassi-fication	Disposals	**31.12.2011**
Land	8,935	422	3,278	13		12,647
Building	32,434	225	10,237	693		43,589
Site facilities and installations	23,570	431	4,634	692	3	29,324
Technical facilities, plant & equipment	87,026	2,027	9,287	166	4,239	94,267
Other property, plant & equipment	10,953	682	968		65	12,538
Property, plant and equipment in progress	218	2,469	57	(1,564)		1,180
Total	**163,136**	**6,255**	**28,461**	**0**	**4,307**	**193,545**

Depreciation

In € thousands	**31.12.2010**	Provisions	Mergers	Other decreases	**31.12.2011**
Land	4,083	299	569		4,951
Building	14,399	1,780	3,083		19,262
Site facilities and installations	15,490	1,497	3,474	3	20,458
Technical facilities, plant & equipment	61,318	7,376	8,566	2,241	75,019
Other property, plant & equipment	9,747	572	854	49	11,124
Total	**105,037**	**11,524**	**16,546**	**2,293**	**130,814**

Net amount

In € thousands	**31.12.2010**	**31.12.2011**
Land	4,852	7,696
Building	18,035	24,327
Site facilities and installations	8,080	8,866
Technical facilities, plant & equipment	25,708	19,249
Other property, plant & equipment	1,206	1,413
Property, plant and equipment in progress	218	1,180
Total	**58,099**	**62,731**

The primary investments in 2011 were related to an extension of the building at the Beaupréau site for €1,518 thousand, as well as installations and industrial equipment of €2,716 thousand, mainly related to tooling.

NOTE 4: LONG-TERM INVESTMENTS

In € thousands	**31.12.2010**	Revaluation	Acquisitions	Mergers	Disposals	Gross amount **31.12.2011**
Equity interest	15,598		195	7,797	23	23,567
Receivables related to LT share investments	0					0
Investments (Equity method) (1)	337,041	0	12,418	(10,097)		339,362
Loans	0		14	28	0	42
Other long-term investments	751		50	35	0	836
Total	**353,390**	**0**	**12,677**	**(2,237)**	**23**	**363,807**

(1) Information on equity investments (movements in 2011)

COMPANY	**31.12.2010**	Acquisitions 2010	Disposals	Mergers	**31.12.2011**
CFM	1,716				1,716
CIM	1,789			1,789	0
MLM	6,911			6,911	0
Aumont-BSBH	1,396			1,396	0
Manitou UK Ltd	598				598
Manitou North America	4,967			(4,967)	9,934
MCI	34,461				34,461
Manitou Benelux	631				631
Manitou Asia	1,309				1,309
Manitou TR	811				811
Manitou Portugal	2,963				2,963
Manitou Deutschland	801	7,911			8,712
Manitou Southern Africa	208	2,011			2,219
Chariots Elevateurs Manitou Canada	13				13
Manitou Australia	358				358
Manitou China	3,840	1,865			5,705
Manitou Manutencion Espana	200				200
Manitou Vostok	10				10
Manitou Polska	53				53
Manitou Americas	274,006			4,967	278,973
Manitou Interface Logistic Europe		495			495
Manitou South Asia Private Ltd		136			136
Total	**337,041**	**12,418**	**0**	**10,097**	**339,362**

The company acquired the shares of Gehl Europe from Manitou Americas (previously Gehl) and merged Gehl Europe with Manitou Deutschland in the second half of the year. During the year, Manitou BF also subscribed to the capital increase of its subsidiary Manitou China and created Manitou Interface Logistics Europe (Compact Equipment business development in Europe) and Manitou South Asia Private Ltd. (for the Group's business development in India).

Finally, the minority shareholder of Manitou Southern Africa exercised its minority put in July of 2011. The company is now 100% owned by Manitou BF.

In € thousands	**31.12.2010**	Increases	Mergers	Reversals	**Impairment 31.12.2011**
Investments in associates (2)	91,816			918	90,898
Other equity		595	2,956		3,551
Other financial assets		8			8
Total	**91,816**	**603**	**2,956**	**918**	**94,457**

(2) At the end of the full-year period, the aggregate value of investments reported using the equity method was lower than their purchase price. In compliance to Article 332-4 of the French generally accepted accounting principles (PCG), the reversal of a provision of €918 thousand was recorded during the 2011 period bringing the total provision to €90,898 thousand at December 31, 2011.

NOTE 5: EQUITY-ACCOUNTED INVESTMENTS (IN € THOUSANDS)

	31.12.2010				**31.12.2011**			
COMPANY	% held	Book value (acq. cost or value revised 1976)	Value (IFRS)	Value difference (IFRS)	% held	Book value (acq. cost or value revised 1976)	Value (IFRS)	Value difference (IFRS)
CFM	100.00%	1,716	23,530	21,814	100.00%	1,716	25,052	23,336
CIMM	100.00%	1,789	3,503	1,714	100.00%	0	0	0
MLM	100.00%	6,912	(2,599)	(9,511)	100.00%	0	0	0
Aumont-BSBH	100.00%	1,396	2,836	1,440	100.00%	0	0	0
Manitou UK Ltd.	99.42%	598	9,137	8,539	99.42%	598	6,464	5,866
Manitou North America Inc.	100.00%	4,967	18,440	13,473	100.00%	0	0	0
Manitou Costruzioni Industriali	100.00%	34,460	66,239	31,779	100.00%	34,460	63,272	28,812
Manitou Benelux SA	98.00%	631	7,741	7,110	98.00%	631	6,700	6,069
Manitou Asia Pte Ltd.	100.00%	1,310	4,725	3,415	100.00%	1,310	4,898	3,588
Manitou TR	99.64%	811	20	(791)	99.64%	811	21	(790)
Manitou Portugal	100.00%	2,963	8,549	5,586	100.00%	2,963	7,737	4,774
Manitou Deutschland GmbH	100.00%	800	2,369	1,569	100.00%	8,712	10,370	1,658
Manitou Southern Africa Pty Ltd.	94.12%	208	11,103	10,895	100.00%	2,219	11,187	8,968
Chariots Elevateurs Manitou Canada Inc.	100.00%	13	97	84	100.00%	13	107	94
Manitou Australia Pty Ltd.	86.00%	357	2,158	1,801	86.00%	358	2,996	2,638
Manitou China	100.00%	3,840	77	(3,763)	100.00%	5,705	3,196	(2,509)
Manitou Manutencion Espana S.L.	100.00%	200	311	111	100.00%	200	375	175
Manitou Vostok	100.00%	10	292	282	100.00%	10	597	587
Manitou Polska	100.00%	53	129	76	100.00%	53	140	87
Manitou Americas	100.00%	274,006	86,568	(187,438)	100.00%	278,973	104,951	(174,022)
Manitou Interface Logistic Europe					99.00%	495	264	(231)
Manitou South Asia Private Ltd					100.00%	137	137	0
Total		**337,040**	**245,225**	**(91,815)**		**339,362**	**248,464**	**(90,898)**

NOTE 6: INVENTORIES

			31.12.2010			31.12.2011
In € thousands	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	33,221	4,393	28,828	73,430	6,634	66,796
Work in progress	12,586		12,586	15,794		15,794
Finished goods	21,013	392	20,621	35,972	550	35,422
Goods purchased for resale	43,288	7,604	35,684	50,443	8,393	42,050
Total	**110,108**	**12,389**	**97,719**	**175,639**	**15,577**	**160,062**

NOTE 7: OPERATING RECEIVABLE

			Gross			Impairment
In € thousands	31.12.2010	Movements 2011	31.12.2011	31.12.2010	Movements 2011	31.12.2011
Trade and related receivables	108,032	56,763	164,795	286	(25)	261
Other receivables	9,620	4,655	14,275	0		0
Sundry debtors	60,368	(19,098)	41,270	0		0
Capital called and not paid in	0		0	0		0
Total	**178,020**	**42,320**	**220,340**	**286**	**(25)**	**261**

		Net
In € thousands	31.12.2010	31.12.2011
Trade and related receivables (1)	107,746	164,534
Other receivables	9,620	14,275
Sundry debtors	60,368	41,270
Capital called and not paid in	0	0
Total	**177,734**	**220,079**
(1) of which commercial paper	604	2,153

NOTE 8: BREAKDOWN OF RECEIVABLES

In € thousands	Gross	Due in less than 1 year	Due in less 1 to 5 yearS	Due in more than 5 years
Non-current				
Receivables linked to equity interests (1)	0			
Loans (1) (2)	42	13	29	
Other long-term investments	792	792		
Current				
Doubtful debtors	835	835		
Other trade receivables	163,960	163,960		
Personnel and related receivables	50	50		
Social security and related receivables	56	56		
Income tax	25,406	25,406		
Value added tax	11,693	11,693		
Sundry	117	117		
Group and associates (2)	14,360	14,360		
Other debtors	3,863	3,863		
Prepaid expenses	1,398	1,398		
Total	**222,572**	**222,542**	**29**	**0**
(1) Loans granted during the year	46			
(1) Loans repaid during the year	4			
(2) Loans granted to associates	0			

NOTE 9: CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

Marketable securities were valued at their market value on 31 December.

Units in money market funds were marked to market by a buy/sell transaction at the year end and accrued interest on other investments was recognised at the balance sheet date.

In € thousands	**2010**	**2011**
- Money market securities (valued at the 31.12.2011, purchase value at that date)	21,933	669
- Listed company shares	0	736
- Provision for impairment on shares	0	-582
- Treasury shares (1)	9,260	8,844
- Provision for impairment on treasury shares (1)	(4,194)	(5,557)
TOTAL VALUE OF INVESTMENT SECURITIES	**26,999**	**4,110**
- Cash and cash equivalents	7,314	1,232
TOTAL VALUE OF INVESTMENT SECURITIES	**34,313**	**5,342**

(1) Own shares

During 2011, the company sold 33,000 shares for the total amount of €415 thousand. That transaction resulted in a capital gain of €30 thousand.

At December 31, 2011, own shares held by the Company to cover stock options (278,000) are included in marketable securities at their purchase price value of €8,844 thousand, or an average price of €31.81 per share.

At December 31, 2011, the market value of these shares was €11.82 for an exercise price between €13 and €39 and the plans were considered to be unlikely to be exercised.

Accordingly, the treasury shares held were the subject of a write-off for impairment of €5,557 thousand at 31.12.2011 (difference between purchase price and market value of shares at December 31, 2011).

For the 2011 period, a provision for impairment totalling €1.363 thousand was reported as a non-recurring income/expense.

NOTE 10: SHAREHOLDERS' EQUITY

▸ NOTE 10.1 - CHANGES IN SHAREHOLDERS' EQUITY

In € thousands	Capital	Prem-iums	Valuation diffe-rences	Legal reserve	Other reserves	Retained earnings	Income for the period	Grants and regulated provisions	Total share-holders' equity
31.12.2010	**37,567**	**439**	**908**	**3,781**	**338,154**	**(58,977)**	**(2,631)**	**27,313**	**346,554**
Capital increase (1)	1,982	43,228							45,210
2010 Income						(2,631)	2,631		0
Dividends									0
2011 Income							29,516		29,516
Changes in the value of minority interests									0
Change in investment subsidies					(94)			78	(16)
Change in the provision for investments					0			(78)	(78)
Change in the allowance for price increases								(613)	(613)
Change in accelerated depreciation for the year					(695)			1,521	826
31.12.2011	**39,549**	**43,667**	**908**	**3,781**	**337,365**	**(61,608)**	**29,516**	**28,221**	**421,399**

(1) The SFERT merger generated an increase in shareholders' equity of €45,210 thousand.

▸ NOTE 10.2 - BREAKDOWN OF PAID-IN-CAPITAL

	Par value	**Number of shares**	**Amount**
Paid-in-capital at the beginning of period	€1.00	37,567,540	€37,567,540
Capital increase	€1.00	1,980,284	€1,980,284
Stock options	€1.00	1,125	€1,125
PAR VALUE OF PAID-IN-CAPITAL AT 31.12.2011	**€1.00**	**39,548,949**	**€39,548,949**

NOTE 11: PROVISIONS

In € thousands	31.12.2010	Increase	Mergers	Release Used	Not used	31.12.2011
Regulated provisions						
Provisions for price increases	1,542			613		929
Exceptional amortisation	25,613	5,148	756	4,382		27,136
Other regulated provisions	78			78		0
Total	**27,233**	**5,148**	**756**	**5,074**	**0**	**28,064**
Provisions for contingencies and charges						
Disputes	5,114	1,505	53	2,993	100	3,579
Warranties granted to customers (1)	7,332	7,729	397	3,791	1,002	10,665
Foreign exchange losses	397	340	0	397		340
Other employee benefits (2)	480	37	49			566
Other provisions for risks (3)	1,070		211	67	171	1,043
Post-employment and similar obligations (4)	88	856	215	36		1,123
Total	**14,481**	**10,467**	**926**	**7,284**	**1,273**	**17,317**
Provisions for impairment and depreciation						
Property, plant & equipment	1					1
Equity interests	91,816	595	2,956	918		94,449
Inventories and work in progress	12,389	14,029	2,115	12,955		15,578
Trade accounts	286	20	24	69		261
Other (5)	4,194	1,548	977	571		6,148
Total	**108,686**	**16,192**	**6,072**	**14,513**	**0**	**116,437**
OVERALL TOTAL	**150,400**	**31,807**	**7,754**	**26,871**	**1,273**	**161,818**

Of which provisions and provisions reversed:	Additions	Recoveries
- operating	23,162	18,033
- financial	935	1,886
- exceptional	7,710	8,225

(1) Warranties

A provision is set aside to cover the estimated cost of warranties on machinery and spare parts at the time they are sold to either the networks or end customers. It covers the contractual warranty and any extension, after the risk is assessed either on a case by case basis or within the framework of campaigns. A statistical technique is employed to calculate the provision.

(2) Pensions and related obligations

This item corresponds to the accrual for long service awards.

(3) Other provisions for contingencies

This item includes a €811 thousand contingency provision on the shares of Manitou TR and a €239 thousand provision for charges to cover costs related to voluntary departures of employees under the terms of the agreements signed with the social partners.

(4) Provisions for pension obligations

Provisions for pension obligations were measured in accordance with the principles described in note 1.9. The following actuarial assumptions were used to calculate these commitments:

		2010	2011
Retirement age	- managers	62/67 years	62/67 years
	- other employees	62/67 years	62/67 years
		Gradual increase in the number of years subscribed to reach 42 years in 2016	Gradual increase in the number of years subscribed to reach 42 years in 2016
Annual rate of salary increase		4.00%	4.00%
Discount rate		5.25%	5.40%
Return on plan assets		4.00%	4.00%
Mortality tables		TGH05/TGF05	TGH05/TGF05
Employee turnover:	- managers	2.50%	2.50%
	- other employees	1.00%	1.00%

All actuarial gains and losses were recorded to the income statement.

The provision for retirement indemnities changed as follows:

In € thousands	2010	2011
Commitment - End of period	7,378	9,224
Plan assets at end of period	5,586	6,388
Financial position	(1,792)	(2,836)
Prior service costs (change in collective convention 08.2010) (1)	1,787	1,850
(Provision) / prepaid amount	(5)	(986)

At December 31, 2011, that amount consisted of €1,123 thousand recorded as a liability and €137 thousand recorded as an asset or a net balance of €986 thousand.

Analysis of the impact on results recorded in the financial statements in 2010 and 2011:

In € thousands	**31.12.2010**	**31.12.2011**
- Methodological adjustment		
- Service cost	363	502
- Discount cost	300	441
- Expected return on plan assets	(228)	(234)
- Curtailment	0	(36)
- Past services cost (1)	35	57
Subtotal	470	730
Transfer acquisition	0	0
Actuarial (profit) or loss calculated	(402)	90
Total	**68**	**820**

(5) Other

Impairment of treasury shares (see note 9)

NOTE 12: BREAKDOWN OF LIABILITIES

In € thousands	Total	Less than 1 year	1 to 5 years	More than 5 years
Bank loans and borrowings (1)	94,161	35,695	58,466	
Other loans and borrowings	108	108		
Trade accounts payable and related payables	148,888	148,888		
Personnel and related liabilities	13,970	13,970		
Social security and related liabilities	9,980	9,980		
Income tax	0	0		
Value added tax	166	166		
Other duties and taxes	8,691	8,691		
Due to suppliers of non-current assets	503	503		
Group and associates	22,370	22,370		
Other liabilities	9,207	9,207		
Deferred income	0	0		
Total	**308,044**	**249,578**	**58,466**	**0**
(1) Loans subscribed during the year	0			
(1) Loans repaid during the year	29,350			

Bank borrowings mainly include:

(1) - A €210 million syndicated amortising term loan put in place to finance the Gehl acquisition.
This credit agreement was originally related to a loan of €210 million payable on a linear basis over a five year period, a revolving line of credit for €40 million, plus a multi-currency line of credit for USD45 million or the equivalent in euros with a secured guarantee against the company's accounts receivables.

The contract is subject to the following restrictive covenants:

- A gearing ratio (net debt(1)/equity) of less than one over the life of the loan.
- A decreasing leverage ratio (EBITDA(2) / net debt) as of 30.06.2011 (<6 at 30.06.2011, 4.2 at 31.12.2011, between 3 and 2.5 afterwards).

At December 31, 2011, the ratio of net debt to equity (gearing) amounted to 20.9% according to the credit agreement criteria and the leverage amounted to 1.15.

(1) Under the terms of the loan agreement, net debt and shareholders' equity have been restated for impacts related to the shareholder agreements.

(2) EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation.

NOTE 13: INFORMATION RELATED TO ASSOCIATES

In € thousands	**31.12.2010**	**31.12.2011**
Investments in associates (1)	337,041	339,362
Receivables from associates		
Other equity investments	15,575	23,544
Customer accounts receivable and related	40,427	71,371
Other receivables	38,502	14,973
Supplier accounts payable and related	20,944	25,195
Debt on fixed assets		
Other liabilities	38,706	23,039
Interest expense and related	223	389
Income from associates	20,718	27,770
Other financial income	393	583
(1) Of which, valuation changes recorded using the equity method:	0	0

No transactions were made outside of normal market conditions.

NOTE 14: ACCRUED INCOME AND ACCRUED EXPENSES

NOTE 14.1 - ACCRUED INCOME

In € thousands	**31.12.2010**	**31.12.2011**
Receivables from associates	0	0
Other long-term investments	0	0
Trade and related receivables	248	585
Other receivables	3,064	2,412
Cash and cash equivalents	1	3

NOTE 14.2 - ACCRUED EXPENSES

In € thousands	**31.12.2010**	**31.12.2011**
Bank loans and borrowings	0	175
Other loans and borrowings		
Trade and other accounts payable	22,937	40,417
Tax and social security liabilities	18,018	26,001
Due to suppliers of non-current assets	181	121
Other liabilities	7,209	9,195

NOTE 15: DEFERRED INCOME AND PREPAID EXPENSES

In € thousands	Expense	Income
Operating expense / Income	1,398	0
Financial expense / Income		
Non-recurring expense / Income		
Total	**1,398**	**0**

NOTE 16: TRANSLATION DIFFERENCES ON LIABILITIES AND RECEIVABLES DENOMINATED IN FOREIGN CURRENCY

In € thousands	**Assets (1)**	**Liabilities**
Borrowings and financial debt	214	286
Trade debtors	7	1,405
Trade creditors	119	29
Total	**340**	**1,720**

(1) Covered by a provision amounting to €340 thousand

NOTE 17: VALUATION DIFFERENCES

In € thousands	**31.12.2010**	**31.12.2011**
Assets		
Land	354	354
Shareholdings	554	554
Total	**908**	**908**
Liabilities		
Revaluation reserve (1976)	908	908
Other differences (equity valuation differences)	0	0
Total	**908**	**908**

NOTE 18: BREAKDOWN OF SALES

In € thousands	**2010**	**2011**
A - By activity		
Production (Manitou BF)	308,149	466,772
Spare parts trading	112,427	125,134
Equipment trading	124,381	182,960
Total	**544,957**	**774,866**
B - By geographic region		
France	211,456	293,420
Export	333,501	481,446
Total	**544,957**	**774,866**

NOTE 19: FINANCIAL INCOME / EXPENSE

In € thousands	**Expenses**	**Income**
Income from securities (1)		28,607
Foreign exchange gains		5,627
Merger premium (2)		3,735
Other income		4,445
Interest on borrowings	4,147	
Exchange rate losses	5,152	
Losses on merger (3)	6,943	
Other expenses	4,812	
Total	**21,054**	**42,414**

(1) Of which, €7,911 thousand against the acquisition of the Gehl Europe shares from Manitou Americas.

(2) The merger transactions made with Aumont BSBH and CIMM resulted in the recognition of merger premiums of €1,229 thousand and €2,506 thousand respectively.

(3) The merger with MLM resulted in the recognition of losses on merger of €11,498 thousand which, on one hand, included a negative technical asset adjustment of €4,555 thousand and, on the other, a negative adjustment of €6,943 thousand recorded as a financial expense.

NOTE 20: EXCEPTIONAL ITEMS

In € thousands	**Expenses**	**Income**
Proceeds from the sale of fixed assets (1)		3,070
Reversals of provisions on treasury shares		0
Reversals of write-offs		4,382
Income related to tax audit (Note 21)		3,013
Misc.		1,631
Net expense on fixed assets disposals (1)	2,014	
Write-offs	5,148	
Expenses related to tax audit (Note 21)	1,442	
Misc.	1,999	
Total	**10,603**	**12,096**

(1) Forklift rentals

NOTE 21: INCOME TAX

▸ NOTE 21.1 - BREAKDOWN OF INCOME TAX

In € thousands	Income before tax	Tax	Income after tax
Recurring income (1)	33,171	1,706	31,465
Non recurring income	1,493	(271)	1,764
Tax arrears (2)	0	3,713	(3,713)
Net income	34,664	5,148	29,516

(1) Aumont BSBH and MLM had tax losses carried forward of €963 thousand and €9,317 thousand, respectively.
As a result of the mergers with both companies and following the approval by the tax authorities, these loss carry forwards were transferred to Manitou BF, effective retroactively as of January 1, 2011.
A portion of these tax losses were offset against taxable income in 2011 in the amount of €4,632 thousand for a total tax of €1,690 thousand.
After accounting for the mergers and calculating the 2011 tax, the tax asset carry-back at December 31, 2011 was €24,572 thousand versus €23,096 thousand at December 31, 2010.

Manitou BF has been subject to a tax audit since mid-2010 related to the 2007, 2008 and 2009 fiscal periods. That audit was completed at December 31, 2011. At the end of 2010, the company received a notification related to the 2007 fiscal period and, at the end of 2011, a notification related to the 2008 and 2009 fiscal periods. The adjustments accepted by the company following discussions with tax authorities resulted in the recording of provisions of an exceptional nature or tax arrears(2).

▸ NOTE 21.2 - RESEARCH TAX CREDITS

The amount of research tax credits recorded in 2011 was €250 thousand.

▸ NOTE 21.3 - INCREASES AND REDUCTIONS OF FUTURE TAX LIABILITIES

In € thousands	**AMOUNT**	
TYPES OF TEMPORARY DIFFERENCES		
INCREASES		
Regulated provisions as at 31.12.2011	28,064	
Other exceptional tax assessments		
Total	**28,064**	
21.3 - INCREASE IN FUTURE TAX LIABILITIES		**9,771**
REDUCTIONS		
Provisions which were non-deductible during the year recorded	5,264	
Other (1)	2,021	
Total	**7,285**	
REDUCTIONS IN FUTURE TAX LIABILITIES		**2,630**

(1) After allocation of a portion of the tax loss carry forwards amounting to €4,632 thousand, the outstanding balance of tax losses to be attributed at 31.12.2011 is €5,598 thousand thus providing a reduction in future tax liabilities of €2,021 thousand.

NOTE 22: FINANCE LEASES

There were no property finance leases as at 31.12.2011.

NOTE 23: COMMITMENTS GIVEN

In € thousands	**31.12.2011**
Discounted bills not yet due	,
Guarantees, surety and pledges	12,479
Mortgages	
Shareholders' agreements	488
Forward currency sales	74,578
Interest rate swaps	282,000
Commitments to repurchase equipment (1)	11,870

(1) Commitments to repurchase equipment are valued based on the agreed contractual repurchase prices.

Note that the market value of said equipment is usually higher than the repurchase value

NOTE 24: IMPACT OF EXCESS TAX DEPRECIATION

In € thousands	31.12.2011
INCOME FOR THE YEAR	**29,516**
Income tax	5,147
INCOME BEFORE TAX	**34,663**
Change in regulated provisions	2,075
Other tax deductibles	
INCOME BEFORE TAX, EXCLUDING IMPACT OF EXCEPTIONAL TAX ITEMS	**36,738**

NOTE 25: AVERAGE NUMBER OF EMPLOYEES

Employees	2010	2011
Management staff	216	258
Technical and supervisory staff	33	50
Office workers	280	354
Production workers	685	815
Total	**1,214**	**1,477**

NOTE 26: INFORMATION RELATING TO INDIVIDUAL STAFF TRAINING RIGHTS (D.I.F.)

In 2011, costs arising from individual rights to training were borne by the Company as part of the training programme when agreed between the employer and employee.

For information, the individual rights of all employees that had not requested training totalled 146,665 hours at 31.12.2011.

NOTE 27: INFORMATION RELATING TO COMPENSATION PAID TO CORPORATE OFFICERS

All compensations and benefits-in-kind paid to corporate officers in 2011 are shown in the following table:

In € thousands or number of shares	Wages	Directors' fees	Additional payments	Stock-options granted	Stock-options exercised	Other provisions and commitments
Non executive corporate officers	143	314				
Executive corporate officers	402	360	0	41,920	0	0

NOTE 28: INFORMATION RELATING TO THE STATUTORY AUDITORS' FEES

The Company believes that the information provided for by Article 222-8 of the AMF's general regulations and instructions no. 2006-10, and provided in the notes to the consolidated financial statements, will comply with the provisions introduced by Decree no. 2008-1487 dated 30.12.2008.

NOTE 29: POST-CLOSING EVENTS

There were no material post-closing events.

TABLE OF SUBSIDIARIES AND AFFILIATES ON DECEMBER 31, 2011

As for the valuation of investments in associates (notes a.2.2 and b.4), the consolidated financial statements were established according to IFRS. The values presented in this table were also calculated on the basis of the new IFRS.

COMPANY	Capital	Reserves and retained earnings before appro-priation	% of capital held	**BOK VALUE OF SHARES HELD**			Loans and advances granted and not yet repaid	Guaran-tees given	Sales before tax	Profit or Loss (-)	Dividends received
In € thousands or other currency units				Gross	Net	Accounted for by the equity method					
I - Detailled information											
A - SUBSIDIARIES (At least 50 % owned)											
	EUR	EUR		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
CFM	1,320	23,732	100.00%	1,716	1,716	25,052	1,120		68,407	1,481	
MCI	5,000	61,599	100.00%	34,460	34,460	63,272			193,348	8,381	12,000
Manitou Benelux SA	500	7,281	98.00%	631	631	6,700			66,898	1,047	1,176
Manitou Portugal	600	7,096	100.00%	2,963	2,963	7,737			10,268	427	1,200
Manitou Deutschland GmbH	2,750	7,620	100.00%	8,712	8,712	10,370			65,359	982	1,400
Manitou Manutencion Espana SL	200	175	100.00%	200	200	375			1,210	64	
Manitou Interface Logistic Europe	500	(199)	99.00%	495	495	264			10,516	(236)	
Lucas G	1,000		100.00%	7,790	4,239		2,709		19,900	(759)	
SAVIM	290		66.00%	178	178						
	GBP	GBP							GBP	GBP	
Manitou UK Ltd	230	5,998	99.42%	598	598	6,464	2		71,850	1,409	3,984
	USD	USD							USD	USD	
Manitou Americas Inc	361,165	(225,385)	100.00%	278,973	278,973	104,951	10,465		283,459	24,156	7,912
	SGD	SGD							SGD	SGD	
Manitou Asia Pte Ltd	400	7,838	100.00%	1,310	1,310	4,898			21,098	317	98
	TRL	TRL							TRL	TRL	
Manitou TR	250	(199)	99.64%	811	0	21			0	0	
	ZAR	ZAR							ZAR	ZAR	
Manitou Southern Africa Ltd	938	116,335	100.00%	2,219	2,219	11,187			302,813	18,860	
	CAD	CAD							CAD	CAD	
Chariots Elev. Manitou Canada Inc	20	122	100.00%	13	13	107	64		487	13	
	AUD	AUD							AUD	AUD	
Manitou Australia Pty Ltd	400	4,032	86.00%	358	358	2,996			26,950	450	
	CNY	CNY							CNY	CNY	
Manitou China Ltd	59,938	(33,863)	100.00%	5,705	5,705	3,196			74,073	9,322	
	RUB	RUB							RUB	RUB	
Manitou Vostok	338	24,580	100.00%	10	10	597			353,637	13,014	
	PLN	PLN							PLN	PLN	
Manitou Polska	200	424	100.00%	53	53	140			4,456	109	
	INR	INR							INR	INR	
Manitou South Asia Private Ltd	9,400	0	100.00%	137	137	137			0	0	
B - EQUITY INTERESTS (10 to 50 %)											
	EUR	EUR							EUR	EUR	
Manitou Finance France SAS	25,656	5,530	49.00%	12,571	9,604				10,560	1,429	
	GBP	GBP							GBP	GBP	
Manitou Finance Ltd	2,000	1,480	49.00%	1,482	1,482				1,511	670	847
	DZD	DZD							DZD	DZD	
Algomat	20,000	60,423	30.40%	74	74				0	0	
	CNY	CNY							CNY	CNY	
Hangzhou Manitou Machinery Equipment	27,880	6,360	50.00%	1,448	1,448				28,722	(2,096)	
I I - General information											
A - SUBSIDIARIES not listed in paragraph I	None										
B - EQUITY INTERESTS not listed in paragraph I	None										

INVENTORY OF INVESTMENT SECURITIES

COMPANY *In number of shares or in € thousands*	Type / par value	Currency	Number of units or shares	Initial book value in euros	Equity value in euro
CFM	Shares / 20	EUR	6,600	1,716	25,052
Manitou Finance France SAS	Shares / 1000	EUR	12,571	12,571	12,571
Manitou UK Ltd.	Shares / 1	GBP	228,670	598	6,464
MCI	Shares / 1	EUR	5,000,000	34,460	63,272
Manitou Benelux SA	Units / 500	EUR	980	631	6,700
Manitou Asia Pte Ltd.	Shares / 1	SGD	400,000	1,310	4,898
Manitou TR	Shares / 10 000 000	TRL	24,910	811	21
Manitou Portugal	Shares / 5	EUR	120,000	2,963	7,737
Manitou Deutschland GmbH	Shares / 800 000	EUR	1	8,712	10,370
Manitou Southern Africa Pty Ltd.	Units / 1	ZAR	937,500	2,219	11,187
Manitou Finance Ltd.	Units / 1	GBP	980,000	1,482	1,482
Algomat	Shares / 1 000	DZD	6,080	74	74
Chariots Elev. Manitou Canada Inc.	Shares / 1	CAD	20,000	13	107
Manitou Americas	Shares / 361 101	USD	1	278,973	104,951
Manitou Australia Pty Ltd.	Shares / 1	AUD	344,000	358	2,996
Manitou China				5,705	3,196
Manitou Manutencion Espana S.L.	Shares / 1	EUR	200,000	200	375
Hangzhou Manitou Machinery Equipment				1,448	1,448
Manitou Vostok	Shares / 1			10	597
Manitou Polska	Units / 1	PLN	400	53	140
Manitou Interface Logistic Europe	Shares / 500	EUR	495	495	264
Manitou South Asia Private Ltd	Shares / 10	INR	939,999	137	137
Lucas G	Shares / 42	EUR	23,800	7,790	7,790
SAVIM	Shares / 15	EUR	12,540	178	178
Total				**362,907**	**272,007**

FIVE-YEAR FINANCIAL SUMMARY

Information *In €*	2007	2008	2009	2010	2011
I - AT 31 DECEMBER					
a) Share capital	37,809,040	37,809,040	37,564,540	37,564,540	39,548,949
b) Number of ordinary shares in issue	37,809,040	37,809,040	37,564,540	37,564,540	39,548,949
c) Number of convertible bonds					
II - RESULTS OF OPERATIONS					
a) Sales	1,041,265,194	1,036,837,302	433,075,596	544,957,041	774,866,291
b) Income before tax, amortisation, depreciation, provisions and employee profit sharing	131,304,463	93,037,984	(26,803,644)	26,250,478	54,125,075
c) Income tax	23,617,005	10,019,107	(20,460,145)	(1,228,671)	5,147,938
d) Income after tax, depreciation, amortisation, provisions and employee profit sharing	83,062,211	40,801,349	(99,348,904)	(2,631,409)	29,516,469
e) Dividends paid	39,699,492	0	0	0	0
III - PER SHARE DATA					
a) Income after tax, but before amortisation, depreciation, provisions and profit sharing	2,85	2,20	(0,17)	0,73	1,24
b) income after tax, amortisation, depreciation, provisions and profit sharing	2,20	1,08	(2,64)	(0,07)	0,75
c) Dividend paid per share	1,05				
IV - EMPLOYEE DATA					
a) Number of employees	1,367	1,458	1,323	1,214	1,477
b) Salaries and wages	45,311,254	48,557,081	41,126,453	41,987,074	58,211,261
c) Social security and benefits	18,822,484	20,043,791	16,621,998	17,779,581	23,472,392

8.4 THE STATUTORY AUDITORS' REPORT

8.4.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY – YEAR ENDED 31 DECEMBER 2011

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 users. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders. 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,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

– the audit of the accompanying financial statements of Manitou BF;

– the justification of our assessments;

– the specific procedures and disclosures required by law.

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

8.4.1.1 OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the note 'Faits marquants de l'exercice' and to the notes 10 and 19 to the financial statements regarding the different mergers which occurred during the year and their related consequences on financial statements as of 31 December 2011.

8.4.1.2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Acounting estimates

– Note 1.4 presents the procedures used to measure the value of the Company's equity interests. Because of the mandatory application of IFRS for the preparation of the Group's consolidated financial statements, the equity used to value investments in associates in the Parent Company financial statements is calculated in application of these same standards.

– Note 11 discloses the fact that your company sets aside provisions in respect of guarantees given to customers. In particular, our work consisted of assessing the information and assumptions determined by management on which such accounting estimates are based, in reviewing, on a test basis, the company's calculations and in comparing the accounting estimates of prior periods with the corresponding actual data.

On these bases, we assessed the reasonableness of such estimates.

Accounting principles

As part of our assessment of the accounting principles applied by your company, we have also reviewed the methods used to capitalize development costs and to amortize such expenses and test their recoverable amount, and are satisfied that note 1.3 provides appropriate disclosure in this respect.

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

8.4.1.3 SPECIFIC PROCEDURES AND DISCLOSURES

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

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

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

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

Orvault and Nantes, March 29, 2012
The Statutory auditors
French original signed by

RSM Secovec	Deloitte & Associés
Jean-Michel Picaud	Thierry de Gennes

8.4.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED PARTY AGREEMENTS AND COMMITMENTS
SHAREHOLDERS' MEETING HELD TO APPROVE THE FINANCIAL SATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

This is a free translation into English of the auditors' special report on related party agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on related party agreements and commitments should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory auditors of your company, we hereby report to you on related party agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements and commitments already authorized by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

8.4.2.1 AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

8.4.2.2 AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments authorized in previous years and having continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments authorized in previous years have had continuing effect during the year.

AGREEMENT WITH MS. JACQUELINE HIMSWORTH, Vice-Chairman of the Board of directors

Current account

Ms. Jacqueline Himsworth's current account totaled €108,047 (inclusive of interest, net of deductions) as of 31 December 2011. This account bore interest at 3.99%. The amount of interest assumed by your Company in this respect totaled €15,814 in 2011.

CREDIT AGREEMENT WITH GENEVAL, SOCIÉTÉ GÉNÉRALE GROUP, a Manitou BF shareholder

On 4 September 2008, your Company entered into a credit agreement with Société Générale in an Agent capacity (within the meaning of said agreement), and with other banks and credit institutions. This agreement provides for three credit lines:

– A €210,000,000 borrowing facility over 5 years;

– Two revolving credit facilities in the amount of €40,000,000 and $45,000,000 respectively.

The agreement was amended on 21 October 2008; 26 February 2009; 23 July 2009 and 16 September 2010.

The outstanding balance of the borrowing facility stood at €86,865,090 as of 31 December 2011.

The balance of the drawn-down revolving credit facility was nil as of 31 December 2011 (vs. a €7,483,909 balance as of 31 December 2010).

The amount of interest assumed under the 2011 €210,000,000 borrowing facility totaled €4,136,097 and interest under the revolving credit totaled €12,149.

The covenants contained in this agreement are as follows:

– Gearing ratio (net indebtedness/equity) below one over the term of the credit facility;

– Leverage ratio (EBITDA/net indebtedness) on a sliding scale as from 30 June 2011 (< 6 as of 30 June 2011, 4.2 as of 31 December 2011 and between 3 and 2.5 beyond).

AGREEMENTS WITH LUCAS G

Lucas G, a wholly-owned company of SFERT, a Manitou BF shareholder up to June 9, 2011, is now a wholly-owned subsidiary of Manitou BF.

At its 24 June 2010 meeting, your Board of directors authorized the following cooperation projects between your Company and Lucas G:

Distribution by Manitou BF of the articulated loaders manufactured by Lucas G

The distribution agreement, entered into on 1 November 2010, is an exclusive cross-licensing agreement whereby Lucas G grants Manitou BF an exclusive worldwide right to distribute these products, Manitou BF being prohibited from procuring such products to any third party or producing them on its own. The agreement is entered into for a term of 3 years and became effective in 2011.

Supply by Lucas G of a range of accessories (attachments) to Manitou BF

The products concerned are buckets and dippers for agricultural and construction purposes. This project had not started as of the date of this report and, accordingly, has not had continuing effect over 2011.

Orvault and Nantes, March 29, 2012
The Statutory auditors
French original signed by

RSM Secovec	**Deloitte & Associés**
Jean-Michel Picaud	Thierry de Gennes

Manitou BF

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