JEAN-MICHEL BLOCH

ERNST & YOUNG Audit

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it 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 audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*
*This report also includes information relating to the specific verification of information given in the group's management report.*
*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

# ALTRAD INVESTMENT AUTHORITY - A.I.A.

Year ended August 31, 2013

## Statutory auditors' report
## on the consolidated financial statements

JEAN-MICHEL BLOCH
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Statutory auditor
Member of the Compagnie
régionale de Lyon

ERNST & YOUNG Audit
1025, rue Henri Becquerel
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34961 Montpellier Cedex 02
S.A.S. with variable share capital

Statutory auditor
Member of the Compagnie
régionale de Versailles

# ALTRAD INVESTMENT AUTHORITY - A.I.A.

Year ended August 31, 2013

## Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Articles of Incorporation, we hereby report to you, for the year ended August 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Altrad Investment Authority (A.I.A);
- the justification of our assessments;
- the specific verification required by law.

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

### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall 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 August 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in the following notes to the consolidated financial statements:

- Note 3 "Scope of consolidation" to the consolidated financial statements regarding the acquisition by your group during the period of Jalmat Group, as well as Atika and Bragagnolo companies, and the provisional allocation of the fair values of assets, liabilities and contingent liabilities of these companies. This allocation will be finalized during the financial year ending August 31, 2014, and will then give rise, if necessary, to retrospective adjustments in the comparative 2013 accounts.

- Note 1 "Significant matters of the financial year" and Note 2.6 "Restructuring costs and treatment of idle capacity" to the consolidated financial statements regarding the global cost of idle capacity and restructuring costs classified on a separate line in the operating income.

## II. 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:

- Note 2.6 "Restructuring costs and treatment of idle capacity" to the consolidated financial statements sets out the accounting rules and methods for the recognition and presentation of the global cost of idle capacity and restructuring costs. As part of our assessment of the accounting principles applied by the Group, we reviewed the assumptions used to calculate these costs of idle capacity and restructuring costs, and we ensured that Notes 1 " Significant matters of the financial year " and 2.6 " Restructuring costs and treatment of idle capacity " to the consolidated financial statements provide appropriate information.

- The group performs annual impairment tests of assets with an indefinite useful life (goodwill and other intangible assets not subject to amortization), and also assesses whether there is any indication of impairment of tangible and intangible assets subject to amortization, according to methods described in Note 2.6 (paragraphs "Business Combinations and Goodwill" and "Impairment of assets") to the consolidated financial statements. We reviewed the implementation modalities of such impairment tests and the estimates and assumptions used, and verified that the Notes 2.6 "Business Combinations and Goodwill" and "Impairment of assets" and 4.1 "Goodwill" to the consolidated financial statements provide appropriate information.

- As indicated in Note 2.6 to the consolidated financial statements under "Provisions for other liabilities", your group records provisions to cover liabilities and charges. The nature of such provisions included in the line item "Other provisions" is detailed in Note 4.12 "Provisions for liabilities and charges and employee benefits" to the consolidated financial statements. Based on our procedures performed and information available to date, we have verified the appropriateness of the methods and data used to determine such provisions. We have carried out an assessment of the reasonableness of these estimates.

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

## III. Specific 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.

Caluire-et-Cuire and Montpellier, February 10th 2014

The statutory auditors

*French original signed by*

Jean-Michel BLOCH

ERNST & YOUNG Audit

Marie-Thérèse Mercier

# Altrad Group

**Altrad Investment Authority, SAS**
**16, avenue de la Gardie**
**34 510 FLORENSAC**

## CONSOLIDATED FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED AUGUST 31, 2013

# Consolidated statement of profit or loss
## for the year ended 31 August 2013

| (in thousands of euros) | August 31st, 2013 | August 31st, 2012 |
|---|---|---|
| Revenue from current activities | 710 039 | 604 955 |
| Other operating income | 4 242 | 5 905 |
| Cost of raw materials and merchandises | (280 478) | (253 611) |
| Personnel costs | (230 957) | (190 957) |
| General expenses | (119 187) | (96 917) |
| Depreciations and amortizations | (32 964) | (20 881) |
| Other revenue and expenses | 4 262 | 411 |
| **Operating profit before restructuring and underactivity cost** | **54 958** | **48 905** |
| Restructuring and underactivity costs | (8 826) | (5 335) |
| **Operating profit** | **46 132** | **43 570** |
| Income from cash and cash equivalents | 1 046 | 1 788 |
| Cost of gross financial debt | (7 443) | (6 324) |
| **Cost of net financiel debt** | **(6 397)** | **(4 536)** |
| Other financial products (of which exchange gains) | 2 101 | 2 079 |
| Other financial expenses (of which exchange losses) | (2 631) | (1 107) |
| **Profit before tax** | **39 205** | **40 007** |
| Income tax expense (including deferred tax) | (9 787) | (11 353) |
| **Profit for the year from continuing operations** | **29 418** | **28 653** |
| Profit/(loss) after tax for the year from discontinued operations | - | - |
| **Profit for the year** | **29 418** | **28 653** |
| **Profit for the year - Attributable to equity holders of the parent** | **28 256** | **27 884** |
| **Profit for the year - Attributable to non-controlling interests** | **1 160** | **770** |
| **Profit for the year attributable to ordinary equity holders of the parent** | **8,37 €** | **8,26 €** |
| **Profit from continuing operations attributable to ordinary equity holders of the parent** | **8,37 €** | **8,26 €** |

# Consolidated statement of other comprehensive income
## for the year ended 31 August 2013

| (in thousands of euros) | August 31st, 2013 | August 31st, 2012 |
|---|---|---|
| **Net profit** | **29 418** | **28 653** |
| Exchange differences on translation of foreign operations | -6 313 | 5 012 |
| Net gain on hedge of a net investment - gross value | 2 463 | 1 110 |
| Net gain on hedge of a net investment - tax effect | -848 | -382 |
| Net other comprehensive loss to be reclassified to profit or loss in subsequent periods | -4 698 | 5 740 |
| **Total comprehensive income for the year, net of tax** | **24 718** | **34 393** |
| Attributable to: | | |
| Equity holders of the parent | 24 117 | 33 393 |
| Non-controlling interests | 601 | 1 001 |

# Consolidated statement of financial position
## as at 31 August 2013

| ASSETS (in thousands of euros) | Notes | August 31st, 2013 | | | August 31st, 2012 |
|---|---|---|---|---|---|
| | | Gross value | Depreciation Impairment | Net book value | Net book value |
| Intangible assets | 4.2 | 54 025 | (4 064) | 49 961 | 44 082 |
| Goodwill | 4.1 | 105 371 | (1 690) | 103 681 | 82 629 |
| Property, plant and equipment | 4.2 | 321 626 | (169 607) | 152 019 | 128 634 |
| Non-current financial assets and other non-current assets | 4.3 | 3 276 | (17) | 3 259 | 1 991 |
| Deferred tax assets | 4.4 | 9 096 | | 9 096 | 6 515 |
| **Non-current assets** | | **493 394** | **(175 378)** | **318 016** | **263 850** |
| Inventories | 4.5 | 99 898 | (3 363) | 96 535 | 80 563 |
| Trade receivables | 4.5 | 181 298 | (13 760) | 167 538 | 145 621 |
| Other receivables | 4.5 | 26 063 | (1 284) | 24 779 | 21 479 |
| Income tax receivable | 4.5 | 343 | | 343 | 2 303 |
| Cash and short-term deposits | 4.6 | 126 343 | | 126 343 | 117 347 |
| **Current assets** | | **433 945** | **(18 407)** | **415 538** | **367 313** |
| Assets held for distribution | 4.9 | 1 519 | | 1 519 | 1 534 |
| **Total assets** | | **928 857** | **(193 785)** | **735 072** | **632 697** |

| EQUITY & LIABILITIES (in thousands of euros) | Notes | August 31st, 2013 | August 31st, 2012 |
|---|---|---|---|
| Issued capital and other capital reserves | | 171 477 | 147 703 |
| Profit for the period | | 28 256 | 27 885 |
| Foreign currency translation reserve | | (2 499) | 3 255 |
| Non-controlling interests | | 7 470 | 6 989 |
| **Total equity** | 4.10 | **204 705** | **185 832** |
| Interest-bearing loans and borrowings, non-current | 4.6 | 154 873 | 86 961 |
| Reserve for risks and social engagement, non-current | 4.11 | 22 108 | 21 757 |
| Other non-current liabilities | | 1 509 | 36 596 |
| Deferred tax liabilities | 4.4 | 16 471 | 15 337 |
| **Non-current liabilities** | | **194 961** | **160 651** |
| Interest-bearing loans and borrowings, current | 4.6 | 52 378 | 64 241 |
| Reserve for risks and social engagement, current | 4.11 | 10 082 | 5 904 |
| Trade and other payables | 4.12 | 185 920 | 133 155 |
| Income tax payable | 4.12 | 7 736 | 3 124 |
| Other liabilities | 4.12 | 79 290 | 79 791 |
| **Current liabilities** | | **335 406** | **286 214** |
| **Total equity and liabilities** | | **735 072** | **632 697** |

# Consolidated statement of changes in equity
## for the year ended 31 August 2013

| (in thousands of euros) | Issued capital | Other capital reserves | Foreign currency translation reserve | Retained earnings | Attributable to the equity holders of the parent | Non controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity as at August 31st, 2011** | **337 593** | **16 972** | **-1 526** | **-206 445** | **146 594** | **400** | **146 994** |
| Cash dividends | | | | - | - | - | - |
| Change in perimeter | | | | -1 145 | -1 145 | 5 588 | 4 443 |
| Profit for the period | | | | 27 884 | 27 884 | 770 | 28 653 |
| Other comprehensive income | | | 4 781 | 728 | 5 509 | 231 | 5 740 |
| *Total other comprehensive income* | | | *4 781* | *28 612* | 33 393 | *1 001* | *34 393* |
| **Equity as at August 31st, 2012** | **337 593** | **16 972** | **3 255** | **-178 978** | **178 843** | **6 989** | **185 832** |
| Cash dividends | | | | -5 227 | -5 227 | - | -5 227 |
| Change in perimeter | | | | -609 | -609 | -66 | -675 |
| Profit for the period | | | | 28 256 | 28 256 | 1 160 | 29 418 |
| Other comprehensive income | | | -5 754 | 1 615 | -4 139 | -559 | -4 698 |
| *Total other comprehensive income* | | | *-5 754* | *29 871* | 24 117 | *601* | 24 718 |
| Other | | | | 109 | 109 | -54 | 55 |
| **Equity as at August 31st, 2013** | **337 593** | **16 972** | **-2 499** | **-154 834** | **197 235** | **7 470** | **204 705** |

# Consolidated statement of cash flows
## for the year ended 31 August 2013

| ALTRAD GROUP 2013 | Note | August 31st, 2013 | August 31st, 2012 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net Profit - Attributable to equity holders of the parent** | | **28 256** | **27 884** |
| Non-controlling interests | | 1 160 | 770 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | 22 191 | 20 587 |
| Changes in fair value of derivative instruments | | - | - 385 |
| Gain / (Loss) on disposal of property, plant and equipment | | - 1 510 | - 1 706 |
| Deferred tax | **4.4** | 247 | 4 382 |
| **Self-financing capacity** | | **50 344** | **51 532** |
| Current income tax | **4.4** | 9 857 | 10 172 |
| Income tax paid | | - 10 062 | - 15 225 |
| Cost of net financiel debt | | 6 397 | 4 536 |
| **Working capital adjustments** | | **- 1 072** | **- 11 755** |
| **Net cash flows from operating activities** | | **55 464** | **39 260** |
| **Investing activities** | | | |
| Purchase of intangible assets | **4.2** | - 272 | - 633 |
| Purchase of property, plant and equipment | **4.2** | - 39 058 | - 36 598 |
| Proceeds from sale of property, plant and equipment and intangible assets | **4.2** | 1 368 | 4 720 |
| Purchase of financial assets | **4.3** | - 420 | - |
| Proceeds from sale of financial assets | **4.3** | 22 | 64 |
| Acquisition of a subsidiary, net of cash acquired | **3** | - 29 669 | - 57 764 |
| **Net cash flows used in investing activities** | | **- 68 029** | **- 90 211** |
| **Financing activities** | | | |
| Dividends paid to equity holders of the parent | **4.11** | - 5 227 | - |
| Dividends paid to non-controlling interests | **4.11** | - 54 | - 50 |
| Interest paid | **4.6** | - 6 580 | - 4 320 |
| Change in factor financing | **4.5** | - 6 722 | - 6 760 |
| Proceeds from borrowings | **4.6** | 79 200 | 67 800 |
| Repayment of borrowings | **4.6** | - 42 227 | - 42 851 |
| **Net cash flows from/(used in) financing activities** | | **18 390** | **13 819** |
| **Net increase in cash and cash equivalents** | | **5 825** | **- 37 132** |
| Net foreign exchange difference | | - 1 208 | - 843 |
| **Cash and cash equivalents at opening** | | **111 068** | **149 043** |
| | | | |
| **Cash and cash equivalents at closing** | | **115 685** | **111 068** |

# Altrad Group

Altrad Investment Authority, SAS
16, avenue de la Gardie
34 510 FLORENSAC

# CONSOLIDATED FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED AUGUST 31, 2013

# ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED ON 31/08/2013

The consolidated financial statements of the Altrad Group were approved by the Chairman of Altrad Investment Authority on February 7, 2014. They will be submitted for the shareholders' approval at the Annual General Meeting of February 25, 2014.

The following explanatory notes accompany the presentation of the financial statements and are an integral part thereof.

The simplified joint-stock company (*société par actions simplifiée*) Altrad Investment Authority (A.I.A.) is subject to the legal obligation of consolidation in accordance with the Law of January 3, 1985.

The Altrad Group specialises in the manufacture and sale of scaffolding, cement mixers, wheelbarrows and more generally tubular products, and renting equipment, with or without services, in the building and industry sectors.

## Note 1 – Significant events during the financial year:

**Merger of Holding companies**
The legal restructuring of the two "operational" and "financial" main holding companies resulted in the merger of Altrad SA into Altrad Investment Authority SAS following the vote of the General Meeting of August 30, 2013. It was inspired by the desire to strengthen and secure governance and was carried out on the basis of book values, with retroactive effect from September 1, 2012.

**External growth**
In a favourable climate for acquisitions, the Altrad Group was able to continue its development policy, mainly through external growth. It completed three operations this year:

In September 2012, **the "rental" division** was consolidated through the acquisition of 60% of the Jalmat Group, which specialises in the rental and installation of shoring and **the "cement mixers" division** was expanded by the acquisition of 80% of the German company ATIKA.

In October 2012, **the "wheelbarrow" division** was expanded by the acquisition of 80% of the Italian company Altrad Bragagnolo to enable synergies with Altrad Italy.

Additional information concerning these entries into the consolidation scope are provided in Note 3 - Scope of consolidation below.

**Restructuring and utilisation of industrial sites**
As in the previous year, the consolidated financial statements were approved according to the following option, i.e. the costs arising from the restructuring of industrial sites and under-activity costs were identified for each entity and isolated on a separate line in the income statement "restructuring costs and total cost of under-activity" for a total amount of 8,826 K€. 3 types of costs are identified:

- ✓ Costs incurred to adapt the structure of the group to the current level of economic activity totalled 4,066 K€ and correspond to redundancy costs and restructuring costs.

- ✓ Despite the restructuring operations carried out in several phases during the last four years, the Group has experienced periods of under-activity that it has restated. The total cost of under-activity not absorbed given the level of activity of the financial year compared to a standard level was calculated for each entity, and presented on the line "restructuring costs and total cost of under-activity" for an amount of 4,760 K€.
  Furthermore, the production cost of inventories of manufactured products at the balance sheet date was also restated for the share of unabsorbed fixed costs. It was excluded from the production cost and recognised in expenses for the year for an amount of 84 K€ under "Costs of raw materials & consumed goods".

**Note 2 - Accounting principles and methods**

**2.1 - Accounting standards**

The consolidated financial statements for the financial year ended August 31, 2013 have been prepared in accordance with the IFRS repository (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board) and whose adoption regulation was published in the Official Bulletin of the European Union on August 31, 2013. The IFRS repository includes the IFRS standards, IAS (International Accounting Standards) and their interpretations (IFRIC and SIC).

The website of the European Commission on which this repository is available is the following:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The accounting methods presented below have been applied consistently for all periods presented in the consolidated financial statements, after taking into account, or with the exception of the new standards and interpretations described below.

- New standards and interpretations applicable for the year ended August 31, 2013

The accounting principles applied are consistent with those used in preparing the consolidated financial statements for the year ended August 31, 2012, with the exception of the following new standards and interpretations:

The following new standards, amendments and interpretations became mandatorily applicable for the Altrad Group as of September 1, 2012:

- amendment to IAS 1 on the presentation of gains and losses recognised in equity in the Statement of comprehensive income; the impact of this amendment is included in the consolidated statement of comprehensive income presented above.

These principles do not differ from the IFRS as issued by the IASB to the extent that the application of the following standards and interpretations, mandatory for financial years beginning September 1, 2012 according to the IASB, but for subsequent mandatory application according to the European Union or not yet endorsed, would have no impact on these Group financial statements:

- amendment to IFRS 1 - Severe hyperinflation and firm implementation dates for early adopters
- amendment to IAS 12 "Income taxes": Recovery of underlying assets, concerning deferred taxes relating to investment property and non-depreciable assets recognised at fair value.

The following standards, amendments and interpretations that will apply to the Altrad Group from September 1, 2013 or subsequently and whose effects are still being analysed, have not given rise to an early application for the year ended August 31, 2013:

- revised standard IAS 19 "Employee benefits" which introduced several changes to the accounting of post-employment benefits, and in particular the immediate recognition of all actuarial gains and losses in non-recyclable equity, while they are currently recognised in the profit and loss account in the Altrad Group.
- standard IFRS 13 "Fair value measurement", which establishes the rules for determining fair value and disclosures to be provided in the annex, when it is used, but does not change the circumstances in which fair value is used.
- amendment to IFRS 7 "Off-setting financial assets and liabilities", which requires new disclosures to be provided in the annex to help users of financial statements to assess the current or potential impact of financial assets or liabilities netting agreements on the financial position.
- amendment to IAS 32 "Financial instruments - presentation: offsetting financial assets and financial liabilities" which clarifies the concept of "legal right to offset".
- IFRS 10 redefining the concept of control over an entity.
- IFRS 11: it provides that jointly owned shareholdings are consolidated using the equity method and removes the option of consolidating them using the proportional integration method, as previously provided by IAS 31. As the Group does not currently hold any jointly owned shareholding, the application of this standard should have a limited impact on the Group's consolidated financial statements.
- IFRS 12 supplementing the information required in the annex to the consolidated financial statements on the determination of the consolidation scope and minority interests.

- amendment to IFRS 10, 11, 12 on transitional provisions.
- revision of IAS 27 "Individual financial statements".
- revision of IAS 28 "Investments in associates and joint ventures".
- improvement of IFRS (2009-2011), specifying in particular the minimum information to be provided in terms of comparative information and the accounting classification of maintenance equipment and spare parts in fixed assets or inventories.
- IFRIC20 "Stripping costs incurred during the production phase of an open pit mine".
- Amendment to IFRS 1 "Government loans".
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities.
- Amendment to IAS 36 "Recoverable amount disclosures for non-financial assets"
- Amendment to IAS 39 "Novation of derivatives and continuation of hedge accounting".

The annual consolidated financial statements of the Altrad Group do not take into account:

- Draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;
- new standards, amendments to existing standards and interpretations issued by the IASB but not yet approved by the European Accounting Regulation Committee on the date of the annual consolidated financial statements (in particular IFRS 9 Financial Instruments and IFRIC 21 Duties or taxes).

**2.2- Options adopted by the Altrad Group upon first-time adoption of IFRS**

Within the framework of the first-time adoption of IFRS on the financial statements at 31/08/2008, the Altrad Group chose the following options:

- measurement of property, plant and equipment and intangible assets: the option to measure these assets at fair value on the transition date was not adopted;
- business combinations prior to September 1, 2006 have not been restated;
- conversion of the accounts of foreign subsidiaries: translation reserves relating to the consolidation of subsidiaries in foreign currencies were cancelled on September 1, 2006 and offset against retained earnings.

**2.3- Options adopted by the Altrad Group when the IFRS provide for measurement or recognition options**

Some IFRS standards provide for options concerning the measurement and recognition of assets and liabilities. The Group has therefore chosen:

- Measurement of property, plant and equipment and intangible assets (IAS38 and 16): fixed assets are measured at their depreciated historical cost. Therefore, no annual revaluation of property, plant and equipment and intangible assets is planned.
- Inventories are recognised according to the "First in, first out" method (IAS 2).

**Treatment of put options on minority interests within the framework of business combinations:** The Group opted, as of the takeover, for the recognition of a liability in the consolidated balance sheet in return for the non-recognition of minority interests (applicable in particular to the subsidiaries IRBAL, Altrad Limex, Poujaud Altrad, Atika, Bragagnolo and Jalmat).

**2.4 - Reclassifications performed on the balance sheet and consolidated income statement initially published for the financial year ended August 31, 2012**

**Definitive allocation of the SERVINDUSTRIA goodwill**
The acquisition of 99.90 % of SERVINDUSTRIA by the Spanish subsidiary ALTRAD RODISOLA was carried out in September 2011. The SERVINDUSTRIA securities were then acquired for a value of 2,497 K€.

At the closing on 31/08/2012, the Altrad Group had not finalised the evaluation of fair values of assets and liabilities acquired, in accordance with the allocation period granted by IFRS 3 and had estimated a provisional goodwill of 3,196 K€.

At the 2013 close, the final goodwill amounted to 2,298 K€; it includes the cost of restructuring which, after negotiations with the seller, could be charged to the purchase price for an amount of 898 K€.

**Definitive allocation of the POUJAUD goodwill**
In November 2011, ALTRAD SA created the subsidiary POUJAUD ALTRAD with a capital of 80,961 K€, 55% owned, to acquire the POUJAUD Group.

At the closing on 31/08/2012, the Altrad Group had not finalised the evaluation of fair values of assets and liabilities acquired, in accordance with the allocation period granted by IFRS 3. Therefore, a goodwill of 42,261 K€ was recognised taking into account the restatement of the purchase option for the 45% minority interest, provided for in the shareholders' agreement, consisting in recording a liability in the consolidated balance sheet (37,193 K€) in return for a percentage holding of 100%.

At 31/08/2013, the finalisation of the evaluation of fair values of assets and liabilities acquired resulted in a final goodwill of 26,914 K€:

*In K€*

| **Provisional goodwill** | **42,261** |
|---|---|
| Adjustment of the purchase price (1) | -11,193 |
| GARONNE price supplement (2) | 250 |
| Correction opening balance sheet (3) | 7,476 |
| POUJAUD and COMI brands (4) | -15,200 |
| Deferred tax (5) | 3,320 |
| **Final goodwill** | **26,914** |

(1) In January 2013, the minority shareholder exercised its right of withdrawal, as provided for in the shareholders' agreement. The redemption value of the securities gave rise to negotiations which ended on October 15, 2013. They resulted in a price reduction of 11,193 K€ thus reducing the liability in the consolidated balance sheet to 26,000 K€ at August 31, 2013, compared to 37,193 K€ for the previous year.

(2) The price supplement paid for the acquisition of the GARONNE securities corresponds to the receivables collected by GARONNE relating to invoices issued before the acquisition and concerning the business not taken over (roofing services).

(3) The corrections to the balance sheet result from:
    - identified risks that were not anticipated in the reference accounts on the acquisition date, including a tax risk for 4.3 M€, an URSSAF risk for 0.7 M€ and a labour dispute risk for 0.3 M€
    - adjustments to expenses for 2.1 M€, triggered by an event prior to the consolidation

(4) The brand was valued using the royalty method, based on a royalty rate of 2%, a discount rate of 10% and an indefinite life. Therefore, it is not amortised and is subject each year to an impairment test.

(5) As it is a permanent difference, the provision for tax risks has no deferred tax impact.

**Definitive allocation of the GENERATION goodwill**
At the end of March 2012, ALTRAD SA acquired 80% of the shares of the GENERATION Group for an amount of 26.7 M£.
At the closing on 31/08/2012, the Altrad Group had not finalised the evaluation of fair values of assets and liabilities acquired, in accordance with the allocation period granted by IFRS 3 and had estimated a provisional goodwill of 14,228 K€.

At 31/08/2013, the finalisation of the evaluation of fair values of assets and liabilities acquired resulted in a final goodwill of 5,659 K€:

*In K€*

| **Provisional goodwill** | **14,228** |
|---|---|
| GENERATION brand (1) | -11,066 |
| Deferred tax | 2,656 |
| **Final goodwill** | **5,818** |
| Translation adjustment | -159 |
| **Final goodwill at August 31, 2013** | **5,659** |

(1) The brand was valued using the royalty method, based on a royalty rate of 2%, a discount rate of 10% and an indefinite life. Therefore, it is not amortised and is subject each year to an impairment test.

**Definitive allocation of the MTD goodwill**
At the end of March 2012, ALTRAD NSG acquired 100% of MTD for an amount of 3 M£ and a price supplement of 0.5 M£.

At the closing on 31/08/2012, the Altrad Group had not finalised the evaluation of fair values of assets and liabilities acquired, in accordance with the allocation period granted by IFRS 3 and had estimated a provisional goodwill of 2,871 K€.

At 31/08/2013, the finalisation of the evaluation of fair values of assets and liabilities acquired resulted in a final goodwill of 576 K€:

*In K€*

| **Provisional goodwill** | **2,871** |
|---|---|
| MTD brand (1) | -2,138 |
| Deferred tax | 513 |
| Price supplement (2) | -440 |
| **Final goodwill** | **806** |
| Translation adjustment | -230 |
| **Final goodwill at August 31, 2013** | **576** |

(1) The brand was valued using the royalty method, based on a royalty rate of 2%, a discount rate of 10% and an indefinite life. Therefore, it is not amortised and is subject each year to an impairment test.

(2) Price supplement not paid, in accordance with the conditions of the deed of purchase

The comparative financial statements at August 31, 2012 have therefore been corrected by the impacts and allocations outlined above. The table below shows the transition from the accounts at August 31, 2012 initially published to the corrected accounts:

| ASSETS (In K€) | 31/08/2012 | Impact of purchase price allocation | 31/08/2012 restated |
|---|---|---|---|
| | Net | | Net |
| Intangible assets | 12 911 | 31 171 | 44 082 |
| Goodwill | 109 349 | (26 721) | 82 629 |
| Property, plant and equipment | 128 634 | - | 128 634 |
| Non-current financial assets and other n | 1 991 | - | 1 991 |
| Deferred tax assets | 6 515 | - | 6 515 |
| **Non-current assets** | **259 400** | **4 450** | **263 850** |
| Inventories | 80 563 | - | 80 563 |
| Trade receivables | 145 621 | - | 145 621 |
| Other receivables | 21 690 | (211) | 21 479 |
| Income tax receivable | 2 303 | - | 2 303 |
| Cash and short-term deposits | 117 347 | - | 117 347 |
| **Current assets** | **367 524** | **(211)** | **367 313** |
| Assets held for distribution | 1 534 | 0 | 1 534 |
| **Total assets** | **628 458** | **4 239** | **632 697** |

| EQUITY & LIABILITIES (in K€) | 31/08/2012 | Impact of purchase price allocation | 31/08/2012 restated |
|---|---|---|---|
| Issued capital and other capital reserves | 147 703 | - | 147 703 |
| Profit for the period | 27 276 | 609 | 27 885 |
| Foreign currency translation reserve | 3 255 | - | 3 255 |
| Non-controlling interests | 4 887 | 2 102 | 6 989 |
| **Total equity** | **183 121** | **2 711** | **185 832** |
| Interest-bearing loans and borrowings, non-current | 86 961 | - | 86 961 |
| Reserve for risks and social engagement, non-current | 15 784 | 5 973 | 21 757 |
| Other non-current liabilities | 47 979 | - 11 383 | 36 596 |
| Deferred tax liabilities | 7 881 | 7 456 | 15 337 |
| **Non-current liabilities** | **158 604** | **2 046** | **160 651** |
| Interest-bearing loans and borrowings, current | 64 241 | - | 64 241 |
| Reserve for risks and social engagement, current | 5 524 | 380 | 5 904 |
| Trade and other payables | 134 053 | - 898 | 133 155 |
| Income tax payable | 3 124 | - | 3 124 |
| Other liabilities | 79 791 | - | 79 791 |
| **Current liabilities** | **286 732** | **- 518** | **286 214** |
| **Total equity and liabilities** | **628 458** | **4 239** | **632 697** |

| Consolidated statement of profit or loss (K€) | 31/08/2012 | Impact of purchase price allocation | 31/08/2012 restated |
|---|---|---|---|
| Revenue from current activities | 604 955 | - | 604 955 |
| | | | - |
| Other operating income | 5 905 | - | 5 905 |
| Cost of raw materials and merchandises | (253 611) | - | (253 611) |
| Personnel costs | (191 239) | 282 | (190 957) |
| General expenses | (97 547) | 630 | (96 917) |
| Depreciations and amortizations | (20 881) | - | (20 881) |
| Other revenue and expenses | 411 | - | 411 |
| | **47 993** | **912** | **48 905** |
| Restructuring and underactivity costs | (5 335) | - | (5 335) |
| **Operating profit** | **42 658** | **912** | **43 570** |
| Income from cash and cash equivalents | 1 788 | - | 1 788 |
| Cost of gross financial debt | (6 324) | - | (6 324) |
| **Cost of net financiel debt** | **(4 536)** | - | **(4 536)** |
| Other financial products (of which exchange gains) | 2 079 | - | 2 079 |
| Other financial expenses (of which exchange losses) | (1 107) | - | (1 107) |
| **Profit before tax** | **39 095** | **912** | **40 007** |
| Income tax expense (including deferred tax) | (11 049) | - 304 | (11 353) |
| **Profit for the year from continuing operations** | **28 046** | **609** | **28 653** |
| Profit/(loss) after tax for the year from discontinued operations | - | | - |
| **Profit for the year** | **28 046** | **609** | **28 653** |
| **Profit for the year - Attributable to equity holders of the parent** | **27 276** | **609** | **27 884** |
| **Profit for the year - Attributable to non-controlling interests** | **770** | **-** | **770** |

**Change of presentation of the consolidated income statement**

Nil

**Error corrections (reclassifications only)**

Nil.

### 2.5 Use of estimates and assumptions

The preparation of financial statements requires that the management of the ALTRAD Group makes estimates and adopts certain assumptions that can have an impact on the amounts of assets and liabilities in the consolidated balance sheet and the amounts of income and expenses on the profit and loss account. Subsequent actual results could therefore substantially differ from the estimates adopted by the Group according to the different conditions on the completion date.
The accounting estimates used in the preparation of the financial statements at August 31, 2013 were made, like last year, in a context of economic crisis, causing some difficulty in assessing the economic outlook.
The estimates and assumptions concern, in particular:

- Goodwill impairment tests (IAS 36), sensitive to assumptions used to forecast future cash flows and for the discount rate (see Note 4-1);
- Calculation of the impact of under-activity on the measurement of the production cost of inventories and on the overall burden of under-activity on a separate line (see Note 1);
- The estimate of provisions for risks and charges related to ongoing litigation and restructuring plans (see Note 4-12);
- The evaluation of provisions for depreciation of trade receivables and inventories (see Note 4-5);
- The recoverability of deferred tax assets related to the probable future utilisation of available tax losses (see Note 4-4).

## 2.6 Accounting principles

### Balance sheet elements

### Business combinations and goodwill

Upon an acquisition, the assets, liabilities and possible liabilities of the subsidiary are recognised at fair value in an allocation period of twelve months, and retroactively on the acquisition date. Any additional acquisition cost compared to the buyer's share in the fair values of identifiable assets and liabilities acquired is recognised as goodwill. Any negative difference between the acquisition cost and the fair value of identifiable net assets acquired is recognised in income in the year of acquisition.

Goodwill, assessed at its cost as described above, is, where appropriate, reduced by accumulated impairment losses. They are allocated by cash-generating units (CGU), are not depreciated and are subject to annual impairment tests. The accounting value of goodwill is compared to the fair value or value in use, whichever is higher. If this test confirms a loss in value, goodwill is written-down.
The assessment of the value in use is based on expected changes in cash flows discounted by cash-generating units, which correspond to the Group's subsidiaries.
The method extends over five years the cash flow of the following year's budget according to a specific growth rate for each CGU, then to infinity according to a standard rate of 2%.

The assessment of the value in use is based on expected changes in cash flows discounted by cash-generating units, which correspond to the Group's subsidiaries.
The discount rate used corresponds to the weighted average cost of capital for financial year 2012/2013, i.e. 10%.

Property, plant and equipment and intangible assets

Land, buildings and industrial equipment are assessed at historical cost, less accumulated depreciation and impairment losses. The cost of assets may also include incidental expenses directly attributable to the asset. The Group has not retained any residual value for its capital assets. Industrial assets are supposed to be used until the end of their life and it is not generally planned to sell them.
The depreciation of property, plant and equipment is calculated on a straight-line basis according to the components and estimated useful lives.

| | Breakdown by components | Depreciation period |
|---|---|---|
| **Intangible fixed assets** | | |
| Concessions, patents, licences | | 1 to 11 years |
| Other intangible assets | | 1 to 5 years |
| **Tangible fixed assets** | | |
| ***Buildings:*** | | |
| Structure (structural work) | 60% | 17 to 60 years |
| Façades, watertightness | 15% | 15 to 20 years |
| General and technical facilities | 15% | 10 to 15 years |
| Fixtures | 10% | 5 to 10 years |
| ***Technical facilities and equipment:*** | | 5 to 15 years |
| ***Welding robots:*** | | |
| Generator | 7% | 7 years |
| Other | 93% | 15 years |
| ***Paint booth:*** | | |
| Booth | 75% | 15 years |
| PLC & electronics | 25% | 10 years |
| ***Transport equipment:*** | | 7 months to 5 years |
| ***Other capital assets:*** | | 2 to 15 years |

**Finance lease and operating lease**

Assets covered by a finance lease that effectively transfer the benefits and risks of ownership to the Group are recorded as assets under property, plant and equipment. These assets are measured at the fair value of the leased property or, if it is lower, at the present value of the minimum payments under the lease. In return, an equivalent liability in leasing debts is recognised, broken down into short term and long term portion. These assets are depreciated using the straight-line method and useful life applied by the Group to other similar assets it owns or, if it is shorter, the term of the finance lease.
Operating lease costs are recognised as expenses in the income statement.

**Non-current financial assets**

They include securities available for sale and other securities as well as other non-current assets: long-term loans, deposits and guarantees.

**Impairment of assets**

Property, plant and equipment are impaired when there exists an indication of loss of value or a decrease in estimated future cash flows from the use of these assets. An assessment at their fair value is then performed by an independent expert and the higher value between the fair value or value in use is then retained.

**Assets and liabilities held for sale - discontinued operations**

Assets and liabilities immediately available for sale are classified in assets and liabilities held for sale. Assets held for sale are measured at the lower between the carrying amount and fair value less costs to sell. Non-current assets held for sale are no longer depreciated.

**Inventories**

Inventories are measured at the lower between the cost and net realisable value, according to the "first in, first out" method. The net realisable value is the estimated sale price in the normal course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**Deferred taxes**

They are recognised using the balance sheet liability method for all temporary differences existing at the balance sheet date between the tax base of assets and liabilities and their carrying amount in the balance sheet, unless they result from differences between the carrying value of an asset or liability and its tax value resulting from the initial recognition of an asset or liability from a transaction that is not a business combination or which, at the date of the transaction, does not affect taxable income.
Deferred tax assets corresponding to temporary differences or loss carryforwards are recognised to the extent that it is probable that a tax profit will be available against which these elements can be charged.
These deferred taxes are not discounted in accordance with IAS12.

Under the liability method, deferred taxes are calculated at the latest tax rate enacted at the balance sheet date and applicable to the reversal period for temporary differences, i.e.:

| Country | Rate |
|---|---|
| France | 34.43% or 33.33% |
| Belgium | 33.99% |
| Netherlands | 25.50% |
| Great Britain | 24% **(1)** |
| Poland | 19% |
| Spain | 30% |
| Slovenia | 17% |
| Germany | 30% |
| Italy | 31.40% |
| Hungary | 16% |
| Romania | 16% |
| China | 25% |
| Hong Kong | 16.50% |
| Croatia | 20% |
| Austria | 25% |
| Portugal | 25% |

(1) Following a change in legislation, the tax rate in the UK increased from 26% to 24% during FY 2012/2013.

**Net financial debt**

Long-term financial debts: they include long-term bank loans and capitalised borrowings related to finance leases and commercial papers. Regarding borrowing costs, the simplified method permitted by IFRS is applied: transaction fees are depreciated on a straight-line basis and interest expenses are recognised based on the variable rate observed, the additional margin rate being estimated steady over the remaining term of the structured financing.

Short-term financial debts: they include the short-term portion of borrowings and current bank overdrafts.

Cash and cash equivalents: they consist mainly of bank accounts and risk-free cash investments with a maturity of less than 3 months.

**Interest-rate derivatives**

The Group uses derivative financial instruments to manage and hedge its exposure to changes in interest rates on money borrowed through a structured loan. These instruments are mainly swaps, caps and tunnels, exchanging variable rates against fixed rates. Derivative financial instruments are measured at fair value at the balance sheet date and according to the market positions evaluated by our financial partners and reviewed by the Group.

The instruments, which are not classified as hedging instruments within the meaning of the criteria defined by IAS 32/39, are recognised in the balance sheet at fair value and changes are recorded in the income statement under "other financial income" and "other financial expenses".
Instruments classified as hedging instruments within the meaning of the criteria defined by IAS 32/39, are recognised in the balance sheet at fair value and changes are recorded in equity for the effective portion. The ineffective portion is recognised in the income statement under "other financial income" and "other financial expenses".

**Borrowing costs**

In the absence of qualifying assets, borrowing costs are recognised as an expense in the period in which they are incurred.

**Employee benefits**

Defined benefit plans:
The Group's commitments relating to pension and retirement benefits are calculated using the method of projected unit credit upon retirement, taking into account the economic conditions observed and collective agreements and local regulations.
Actuarial gains and losses arising from changes in actuarial assumptions from one period to another in the valuation of commitments are recognised immediately in the income statement, as permitted by IAS19.

Defined contribution plans:
Contributions paid under a defined contribution plan are recognised as expenses for the financial year.
Specific social benefits, such as termination benefits in accordance with specific agreements or national legal and regulatory provisions, are subject to a provision.

**Provisions for other liabilities**

A provision is recorded when there is a legal or implied obligation towards a third party, resulting from past events, which can be reliably estimated and will ultimately result in an outflow of resources.
These provisions are discounted if the impact is significant. Provision recorded during the year by the Group have not been discounted, apart from those concerning termination benefits recognised in accordance with IAS19 (see Note 4.12).

**Items of the income statement**

**Income from ordinary activities**

It is recognised when the transfer of risks and benefits inherent to ownership is made to a third party, or according to the percentage of completion method, in accordance with IAS18. This income is recognised net of price reductions, rebates, discounts, annual flat-rate discounts and cash discounts granted.

**Restructuring costs and treatment of under-activity**

The quantification of the overall cost of under-activity was conducted using the following method:

- ✓ Production company

The implementation of the restructuring and reorganisation of production sites, following the economic crisis that has been ongoing since 2009, led to a change in the procedure for measuring the impact of under-activity. The under-absorption of fixed costs in a production company of the Altrad Group can therefore be measured according to the evolution of the quantities produced.
The overall fixed cost of under-activity is determined according to the following formula:

***Fixed costs x [1-((Quantity produced in N / Maximum productive capacity)/Standard rate)]***

Where:
- fixed costs, by opposition to variable costs, are costs which do not vary according to the level of activity;
- the quantity produced in N is expressed in tonnes or units;
- the maximum productive capacity corresponds to the quantity (expressed in tonnes or units) which would be produced by 3 teams each working 5 days out of 7 for 8 hours;
- the standard rate means the maximum utilisation rate of the production site taking into account the ongoing restructuring and weighted by the vagaries or technical restrictions than can intervene in the production process.

Restructuring costs include:

- Personnel costs: economic redundancy payments, costs of settlements with employees for their departure, partial unemployment costs

- Site closure costs which include the cost of equipment, termination costs.

**Earnings per share**

Earnings per share are presented in accordance with IAS33 "Earnings per share". The basic earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders by the average weighted number of ordinary shares outstanding during the period. There are no treasury shares or dilutive instruments in the Group.

**Cash flow statement**
The cash flow statement is presented in accordance with IAS7 "Cash flow statement" and provides a breakdown of cash flows between operational activities, investment activities and financing activities.

**Translation of foreign currency transactions**
Foreign currency transactions are initially recorded in the operating currency at the rate of exchange in force on the date of the transaction.

On the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated into the operating currency at the exchange rate in force on the balance sheet date. All translation adjustments are recorded in the income statement.

**Note 3 - Scope of consolidation**

The companies over which the ALTRAD Group directly or indirectly has exclusive control are Fully Consolidated (FC).

At August 31, 2013, all companies were under exclusive control and were fully consolidated.

All Group companies close their accounts on August 31, with the exception of the SCI Les Prés Sapins, Gros Chêne and Financière de l'Ain, the Chinese company Shandong Altrad Zhongyuan Trade Co., Altrad Comatex in Romania, Belle Inc and Belle Equipos, whose financial year ends on December 31. An interim statement at August 31, 2013 has therefore been established for these 7 companies.

All transactions, reciprocal assets and liabilities and significant intra-group income between fully consolidated companies are eliminated.

List of consolidated companies at August 31, 2013

| Denomination | Currency | Method | Holding % | Control % | Registered office | SIREN N° |
|---|---|---|---|---|---|---|
| ALTRAD INVESTMENT AUTHORITY | EUR | Parent | 100 | 100 | Florensac (34) – France | 529 222 879 |
| ALTRAD SA **(1)** | EUR | | | | Merged | |
| ALTRAD ASIA | HKD | FC | 80 | 80 | Hong Kong - China | |
| ALTRAD CEDRIA | TND | FC | 100 | 100 | Tunis - Tunisia | |
| ALTRAD COLLECTIVITES | EUR | FC | 99.97 | 100 | Florensac(34)-France | 423 915 610 |
| COMATEX | RON | FC | 99 | 99 | Jibou - Romania | |
| ALTRAD EQUIPEMENT | EUR | FC | 99.97 | 99.97 | Florensac(34)-France | 333 533 115 |
| ALTRAD FAMEA ECA | EUR | FC | 100 | 100 | Florensac(34)-France | 487 842 783 |
| ALTRAD FORT | EUR | FC | 100 | 100 | Tiel - Netherlands | |
| ALTRAD LOGISTIQUE | EUR | FC | 99.97 | 99.97 | Florensac(34)-France | 440 394 757 |
| ALTRAD INDUSTRIE | EUR | FC | 100 | 100 | Florensac(34)-France | 479 012 304 |
| ALTRAD INTERNATIONAL | EUR | FC | 99.97 | 99.97 | Florensac(34)-France | 439 150 087 |
| ALTRAD Italy | EUR | FC | 99.93 | 100 | Assago (MI) - Italy | |
| ALTRAD LIMEX **(8)** | HRK | FC | 70 | 70 | Zagreb - Croatia | |
| ALTRAD LIV | EUR | FC | 100 | 100 | Rogasovci - Slovenia | |
| ALTRAD ALUCON | HUF | FC | 100 | 100 | Hodmezovasarhely - Hungary | |
| ALTRAD MOSTOSTAL **(3)** | PLN | FC | 100 | 100 | Siedlce - Poland | |
| ALTRAD PRODUCTION **(5)** | | | | | Deconsolidated | |
| ALTRAD PLETTAC ASSCO | EUR | FC | 100 | 100 | Plettenberg – Germany | |
| ALTRAD PLETTAC | EUR | FC | 100 | 100 | Florensac(34) – France | 411 010 424 |
| ALTRAD HAVICO | EUR | FC | 100 | 100 | Boortmeerbeck – Belgium | |
| ALTRAD PLETTAC IBERICA | EUR | FC | 100 | 100 | Canyelles – Spain | |
| ALTRAD PLETTAC PRODUCTION | EUR | FC | 100 | 100 | GroBräschen – Germany | |
| ALTRAD RICHARD FRAISSE | EUR | FC | 100 | 100 | La Rivière (33) – France | 480 924 486 |
| ALTRAD ARNHOLDT **(8)** | EUR | FC | 57.25 | 57.25 | Sucy en Brie (94) – France | 400 035 903 |
| ALTRAD RODISOLA | EUR | FC | 100 | 100 | Tarragona - Spain | |
| ALTRAD SAINT-DENIS | EUR | FC | 99.89 | 99.89 | Florensac(34)-France | 338 053 739 |
| ALTRAD BENELUX | EUR | FC | 100 | 100 | Boortmeerbeck – Belgium | |
| ATIKA **(2) (8)** | EUR | FC | 80 | 80 | Ahlen - Germany | |
| GROUPE ALTRAD STELLINGBOUW BALLIAUW **(6)** | EUR | FC | 100 | 100 | Verrebroek – Belgium | |
| BAROMIX | GBP | FC | 100 | 100 | Warwickshire – UK | |
| ALTRAD BAUMANN | EUR | FC | 100 | 100 | Laupheim – Germany | |
| ALTRAD BEAVER 84 | GBP | FC | 100 | 100 | Basildon Essex - UK | |
| GROUPE ALTRAD BELLE **(4)** | GBP | FC | 100 | 100 | Sheen – UK | |
| BRAGAGNOLO **(2) (8)** | EUR | FC | 80 | 80 | Rossano Veneto - Italy | |
| ELYSEES SERVICES | EUR | FC | 70.25 | 70.25 | Pierrelaye (95) – France | 504 126 202 |
| ALTRAD ROMANIA | RON | FC | 100 | 100 | Romania | |
| COMI DEVELOPPEMENT **(8)** | EUR | FC | 44 | 44 | Aix en Provence – France | 534 352 620 |
| COMI SERVICE **(8)** | EUR | FC | 55 | 55 | Charvieu Chavagneux | 390 546 208 |
| ETABLISSEMENTS GUY NOËL | EUR | FC | 100 | 100 | Florensac(34)-France | 339 243 701 |
| FINANCIERE GUY NOËL | EUR | FC | 100 | 100 | Florensac(34)-France | 439 500 661 |
| GARRONE **(8)** | EUR | FC | 44 | 44 | Mougins – France | 324 177 906 |
| GENERATION | GBP | FC | 80 | 80 | Oldbury - UK | |
| GUY NOËL PRODUCTION | EUR | FC | 100 | 100 | Florensac(34)-France | 398 513 408 |
| JALMAT GROUP **(2) (7) (8)** | EUR | FC | 60 | 60 | Salon de Provence - France | |
| SCI FINANCIERE DE L'AIN | EUR | FC | 100 | 100 | Florensac(34)-France | 347 915 134 |
| ALTRAD HOFMANINGER | EUR | FC | 100 | 100 | Bad Wimsbach - Austria | |
| IRBAL **(8)** | EUR | FC | 66.7 | 66.7 | Aveiro Nariz – Portugal | |
| LESCHA | EUR | FC | 100 | 100 | Burgau – Germany | |
| MTD | GBP | FC | 100 | 100 | Telford Shropshire - UK | |
| ALTRAD NSG | GBP | FC | 100 | 100 | Flinshire – UK | |
| ALTRAD ETAIS | EUR | FC | 99.87 | 99.87 | Florensac(34)-France | 334 708 146 |
| POUJAUD ALTRAD **(8)** | EUR | FC | 55 | 55 | Aix en Provence – France | 538 254 392 |
| POUJAUD SAS **(8)** | EUR | FC | 55 | 55 | Châteauneuf lès Martigues – France | 410 379 119 |
| SAMIA DEVIANNE | EUR | FC | 99.95 | 99.95 | Florensac(34)-France | 401 769 260 |
| SERVINDUSTRIA | EUR | FC | 99.90 | 99.90 | Tarragona - Spain | |
| SHANDONG ALTRAD ZHONGYUAN TRADE CO. | CNY | FC | 80 | 80 | Qingzhou – China | |
| SCI GROS CHÊNE | EUR | FC | 99.99 | 99.99 | Florensac(34)-France | 414 864 868 |
| SCI LES PRES SAPIN | EUR | FC | 100 | 100 | Florensac(34)-France | 305 546 566 |
| SOCACEN **(8)** | EUR | FC | 55 | 55 | Aix en Provence – France | 319 202 917 |
| ALTRAD SOFRAMAT ETEM | EUR | FC | 100 | 100 | Florensac(34)-France | 397 586 108 |
| ALTRAD POLAND(SPOMASZ) | PLN | FC | 99.70 | 99.70 | Bialystock – Poland | |
| VEDIF COLLECTIVITES | EUR | FC | 100 | 100 | Florensac (34) – France | 437 487 630 |

**(1)** Altrad SA was absorbed by Altrad Investment Authority on August 30, 2013 with retroactive effect from September 1, 2012.

**(2)** Company consolidated during the financial year ended August 31, 2013.

**(3)** The Altrad Mostostal Group includes the parent company Altrad Mostostal and its four Polish subsidiaries:
- Altrad-Mostostal Montaz in Siedlce, wholly-owned,
- Altrad-Konskie in Konskie, wholly-owned,
- Altrad-Pomorze in Szczecin, wholly-owned,
- Altrad-Prymat in Dzierzoniow, wholly-owned,

Its wholly-owned Russian subsidiary, Mostostal Altrad in Moscow, is no longer consolidated since 31/08/06.

**(4)** The Altrad Belle sub-group consists of Belle holding Ltd and its 8 subsidiaries:
- Belle Engineering Ltd, in England, wholly-owned,
- Errut Ltd, in England, wholly-owned,
- Avon Ltd, in England, wholly-owned,
- Defiant Ltd, in England, wholly-owned,
- Panther Ltd, in England, wholly-owned,
- Belle INC, in the USA (Virginia), wholly-owned,
- Belle France SARL, wholly-owned,
- Belle Equipos, in Spain, wholly-owned.

**(5)** ALTRAD PRODUCTION was deconsolidated during the financial year due to its dissolution.

**(6)** The Altrad Stellingbouw Balliauw sub-group includes the parent company Altrad Stellingbouw Balliauw and its four subsidiaries:
- Altrad Euroscaff, in Belgium, wholly-owned,
- Altrad AnD, in Belgium, wholly-owned,
- Altrad Balliauw Multiservices, in Belgium, wholly-owned,
- Steigerbouw Balliauw, in the Netherlands, wholly-owned.

**(7)** The Jalmat sub-group includes the parent company Jalmat Finance and 9 subsidiaries, all directly or indirectly held at 100%:
- Jalmat Sud Azur
- Jalmat Rhône Alpes
- Jalmat Sud Ouest
- Jalmat Région Parisienne
- Jalmat Industrie Méditerranée
- Jalmat Coffrage Services
- Jalmat Nord Normandie
- Jalmat Ouest Atlantique
- Jalmat Activités Internationales

The subsidiaries located in Morocco, Romania and Qatar are not consolidated at 31/08/2013 as they are considered non-significant for the Group.

**(8)** In accordance with the accounting treatment adopted, for the companies concerned the Group opted, as of the takeover, for the recognition of a liability in the consolidated balance sheet in return for the non-recognition of minority interests.

The financial year is 12 months for all consolidated companies, with the exception of ATIKA whose consolidation was effective as of 28/09/2012 and BRAGAGNOLO which was consolidated on 08/10/2012.

**Changes in the consolidation scope**

Financial year 2012/2013 recorded the following changes in scope:

- **Acquisition of the JALMAT Group**

On September 6, 2012, ALTRAD INVESTMENT AUTHORITY acquired 60% of the capital of JALMAT FINANCE, parent company of a French group (9 subsidiaries directly or indirectly held at 100%) offering services to construction companies, specialising in the rental and installation, after project studies, of formwork, scaffolding, props and shoring.
The acquisition cost of the securities amounted to 22,490 K€ and the corresponding goodwill has been provisionally assessed at August 31, 2013 at 19,447 K€. The allocation of the fair values of assets and liabilities acquired, and the final calculation of goodwill, have not been finalised and will be, within the 12-month time limit granted by IFRS3. On the acquisition date, JALMAT had 985 K€ in existing cash and 4.8 M€ in outstanding bank overdrafts.

Concerning the option to buy out the minority shareholders, provided for in the shareholders' agreement, the Group opted to recognise a debt (3.9 M€) in return for an ownership percentage of 100% (instead of 60%).

The contribution of JALMAT to the turnover and consolidated profit amounted respectively at 31/08/2013 to 32,027 K€, and to 443 K€.

- **Acquisition of ATIKA**

On September 28, 2012, ALTRAD INVESTMENT AUTHORITY acquired, for 1,898 K€, a stake of 80% in the German company ATIKA, which produces construction, building and garden products.
The allocation of the fair values of assets and liabilities acquired, and the final calculation of goodwill, have not been finalised and will be, within the 12-month time limit granted by IFRS3. At August 31, 2013, the provisional goodwill was negative and amounted to 3,762 K€. In parallel, the Group recorded a new provision for risks of an amount of 4 M€.
On the acquisition date, ATIKA had 21 K€ in existing cash.

Concerning the option to buy out the minority shareholders, provided for in the shareholders' agreement, the Group opted to recognise a debt (525 K€) in return for an ownership percentage of 100% (instead of 80%).

The contribution of ATIKA to the turnover and consolidated profit amounted respectively at 31/08/2013 to 22,178 K€, and to 1,397 K€.

- **Acquisition of BRAGAGNOLO**

On October 8, 2012, the Altrad Group acquired 80% of the shares of the Italian company BRAGAGNOLO, specialised in the production of construction materials, to develop synergies with Altrad Italy.
The acquisition cost of the securities amounted to 486 K€ and the corresponding goodwill has been provisionally assessed at August 31, 2013 at 2,633 K€. The allocation of the fair values of assets and liabilities acquired, and the final calculation of goodwill, have not been finalised and will be, within the 12-month time limit granted by IFRS3. On the acquisition date, BRAGAGNOLO had 852 K€ in existing cash and 2.1 M€ in outstanding bank overdrafts.

Concerning the option to buy out the minority shareholders, provided for in the shareholders' agreement, the Group opted to recognise a debt (122 K€) in return for an ownership percentage of 100% (instead of 80%).

The contribution of BRAGAGNOLO to the turnover and consolidated profit amounted respectively at 31/08/2013 to 3,301 K€, and to a loss of (47) K€.

- **Ongoing closures**

To streamline the presence of the Altrad Group in Great Britain following the takeover of BELLE, ALTRAD BAROMIX ceased operations in April 2009. Its Fort wheelbarrows business was transferred to BELLE. The company is still in liquidation.
The closures of SAZT, ALTRAD COMATEX and ALTRAD HAVICO were still ongoing at 31/08/2013.

- **Mergers, partial asset contributions between subsidiaries of the Group with no impact on the consolidated accounts**

To streamline the legal organisation and administrative management of the Group, Altrad SA and Altrad Investment Authority merged on August 30, 2013 with retroactive effect from September 1, 2012.

**Changes in scope N-1**
Financial year 2011/2012 recorded the following changes in scope:

- **On the "China" scope**,

Anzhuo was liquidated and SAZT had ceased operations at 31/08/2012. During the year, Altrad SA acquired 10% of Altrad Asia to become 80% shareholder and sold its equity interests in SAZT to Altrad Asia, which resulted in a reduction in the ownership interest of 20%, i.e. a total holding of 80% at the end of August.

- **Acquisition of SERVINDUSTRIA**

In late September 2011, the ALTRAD Group acquired a 99.90% stake in the Spanish company SERVINDUSTRIA, through its Spanish subsidiary ALTRAD RODISOLA, to strengthen its positions in the rental of scaffolding on the industrial markets.
The acquisition cost of the securities, recognised in the accounts of ALTRAD RODISOLA, totalled 2,497 K€, the initial acquisition price, less, over financial year 2012/2013, the cost of the restructuring implemented, i.e. 898 K€.
Taking into account the downwards adjustment of the acquisition price in accordance with the 12-month time limit granted by IFRS 3, the provisional goodwill, of an amount of 3,196 K€ at August 31, 2012, was reassessed at 2,298 K€ at August 31, 2013. (See Note 2.4)

On the acquisition date, SERVINDUSTRIA had 1 K€ in existing cash. The contribution of SERVINDUSTRIA to the turnover and consolidated profit amounted respectively on August 31, 2012 to 3,228 K€, and to 487 K€ for a period of just over 11 months from September 22, 2011. For information, the amount of the turnover and profits at 31/12/2010, for 12 months of activity of SERVINDUSTRIA, amounted respectively to 5,714 K€ and 11 K€.

- **Acquisition of ALTRAD HOFMANINGER**

At the end of November 2011, ALTRAD SA acquired 100% of the securities of an Austrian company, Altrad Hofmaninger, specially created to acquire the assets of Hofmaninger (manufacturer and distributor of wheelbarrows and cement mixers) from the court-appointed liquidator.
This takeover was to be analysed as a business combination (IFRS 3R). The allocation of the fair values of the assets and liabilities acquired was finalised and did not result in any changes as compared to the previous year.

The contribution of Altrad Hofmaninger to the turnover and consolidated profit amounted respectively on 31/08/2012 to 3,510 K€ and to 441 K€ for 9 months as of December 1, 2011.

- **Acquisition of the POUJAUD Group**

On November 23, 2011, Altrad SA created the subsidiary Poujaud Altrad to acquire the Poujaud Group.
A capital increase was performed on February 2, 2012, for an amount of 80,961,158 €, including a cash contribution of 18,855,920 € and a contribution in kind of 62,106,238 €. Altrad SA subscribed to all of the cash contributions and part of the contributions in kind, i.e. 25,650,000€ (95% of the securities of Altrad Arnholdt) and Aurore SA subscribed to the remainder of the contributions in kind, i.e. 36,456,238 € (74.93% of the securities of Poujaud).
Also, Aurore sold the remaining interest in Poujaud to Poujaud Altrad for 12,195,325 €.
As a result of this operation, Altrad SA held 55% of the capital of Poujaud Altrad SAS, which amounted to 80,962,158€.
Poujaud Altrad held 100% of the shares of Poujaud SAS. Its direct subsidiaries were Socacen and Comi Service, and it indirectly held Comi développement and Garrone in the same way as at August 31, 2013.
Concerning Garonne, a price supplement, corresponding to receivables collected by Garonne relating to invoices issued before the acquisition and concerning the business not taken over (roofing services), was paid for an amount of 250 K€ during financial year 2012/2013.
Furthermore, within the framework of the treatment of the purchase option for the 45% minority interest, provided for in the shareholders' agreement, and the recording of a liability in the consolidated balance sheet (37,193 K€) in return for a percentage holding of 100%, goodwill of 42,261 K€ was recognised.
In accordance with the period of allocation of fair values granted by IFRS 3 and taking into account the exercise by the minority shareholder of its right of withdrawal, goodwill was definitively assessed at 26,914 K€. (see Note 2.4).

The contribution of the companies of this sub-group to the turnover and consolidated profit amounted respectively at 31/08/2012 to 60,838 K€ and to 489 K€ for 8 months as of January 1, 2012.

- **Acquisition of GENERATION**

At the end of March 2012, Altrad SA acquired 80% of the shares of Generation for an amount of 26.7 M£. An amount of 2,250 K£ had not been settled and was subject to a loan-note in the accounts of Altrad SA. The activity of this company, leader on its market, is the sale and rental of scaffolding and services in the building and industry sector. This operation placed the Altrad Group in a leading position on the UK market.
The acquisition of the securities of GENERATION holding enabled it to hold securities in Generation UK Ltd, the operational subsidiary, as well as equity securities in subsidiaries with no activity: Generation Access Ltd, Generation Building Equipment Ltd and Generation Hire and Sales Ltd, whose accounts are insignificant (1 £).
In accordance with the time limit of 12 months granted by IFRS 3, the goodwill, provisionally measured at 14,228 K€ at August 31, 2012, was partially allocated to the brand and amounted to 5,659 K€ at August 31, 2013. (see Note 2.4)

The contribution of Generation to the turnover and consolidated profit amounted respectively at 31/08/2012 to 21,249 K€ and to 1,389 K€ for 5 months as of April 1, 2012. The acquisition costs were recorded as expenses for the year for an amount of 568 K€.

- **Acquisition of MTD**

At the end of March 2012, the subsidiary Altrad NSG acquired all of the shares of MTD for an amount of 3 M£ and 0.5 M£ in the form of a price supplement. The activity of this company is the sale and rental of scaffolding and services for local authorities, construction firms and builders and complements the activity of NSG. In accordance with the conditions laid down in the deed of acquisition, the price supplement has not been paid.
Consequently, and in accordance with the time limit of 12 months granted by IFRS 3, the goodwill, provisionally measured at 2,871 K€ at August 31, 2012, was finally assessed at 576 K€ at August 31, 2013 after a partial allocation to the brand. (see Note 2.4)

The contribution of MTD to the turnover and consolidated profit amounted respectively at 31/08/2012 to 2,388 K€ and to 230 K€ for 5 months as of April 1, 2012.

**Exclusions from the scope of consolidation**

The prior exclusions remain, i.e.:

- two non-significant subsidiaries with no activity of Altrad Baumann,
- the Moscow subsidiary of Altrad Mostostal, excluded from the Polish sub-consolidation as of August 31, 2006 due to the excessive cost that would have been incurred to obtain the accounting data at August 31, and given the non-significant nature of the entity,
- PREMIX, a distribution subsidiary held at 45% by Irbal (Angolan company).
- three non-significant subsidiaries with no activity belonging to Generation
- three non-significant subsidiaries belonging to Jalmat

**Translation of the accounts of foreign subsidiaries**

The accounts of foreign subsidiaries, outside of the Euro area, are established in the currency of their respective countries:

| | |
|---|---|
| Tunisia: | Tunisian dinars (TND) |
| Great Britain | Pounds sterling (GBP) |
| Poland: | Zloty (PLN) |
| Hungary: | Forints (HUF) |
| Hong Kong: | Hong Kong dollars (HKD) |
| China: | Yuans (CNY) |
| Romania: | Lei (RON) |
| USA: | Dollars (USD) |
| Croatia: | Kuna (HRK) |

In consolidation, the accounts of these companies are translated according to the closing rate method:

- the assets and liabilities are translated at the exchange rate prevailing at the balance sheet date,
- equity is translated at historical rates;
- the incomes statement is translated at average rates for the period, i.e.

| (in €) | Closing rate | Average rate |
|---|---|---|
| PLN | 0.234560 | 0.239819 |
| TND | 0.457810 | 0.478966 |
| GBP | 1.171029 | 1.195169 |
| HUF | 0.003325 | 0.003426 |
| HRK | 0.132130 | 0.132632 |
| HKD | 0.097440 | 0.098595 |
| CNY | 0.123489 | 0.123268 |
| 10,000 RON | 0.225632 | 0.225205 |
| USD | 0.755572 | 0.764702 |

Translation differences arising from the application of these different rates are shown in a separate equity item.

**Note 4 – Comments on the financial statements**

**4.1 – Goodwill**

| En K€ | Gross value | Depreciation | Net value |
|---|---|---|---|
| **Balance period N-1** | **84 319** | **-1 690** | **82 629** |
| Prior acquisition's price adjustment | - | - | - |
| Impact of changes in the consolidation scope | 22 080 | - | 22 080 |
| Impact of exchange rate fluctuations | -1 028 | - | -1 028 |
| Other | - | - | - |
| **Balance period N** | **105 371** | **-1 690** | **103 681** |

The change in scope is mainly due to the goodwill generated by the acquisitions of BRAGAGNOLO (2,633 K€) and the JALMAT Group (19,447 K€) (see Note 3 - Scope of consolidation).
The effects of exchange rate fluctuations are mainly due to the appreciation of the Euro against the Pound Sterling.

At August 31, 2013, goodwill was broken down as follows:

| In K€ | Gross value | Depreciation | Net value |
|---|---|---|---|
| Altrad Cedria | 68 | - | 68 |
| Altrad Collectivités | 840 | - | 840 |
| Altrad Equipement | 2,779 | | 2,779 |
| Altrad Famea ECA | 10 | | 10 |
| Altrad Fort | 517 | (517) | - |
| Altrad Logistique | 33 | | 33 |
| Altrad International | 1,214 | | 1,214 |
| Altrad Italy | 61 | (61) | - |
| Altrad Limex | 228 | | 228 |
| Altrad Mostostal | 440 | | 440 |
| Altrad Plettac Assco | 50 | (50) | - |
| Altrad Richard Fraisse | 130 | | 130 |
| Altrad Rodisola | 1,969 | | 1,969 |
| Altrad Saint-Denis | 1,087 | | 1,087 |
| Balliauw | 22,202 | | 22,202 |
| Baromix | 769 | (769) | - |
| BEAVER 84 | 639 | | 639 |
| Belle | 7,854 | | 7,854 |
| Bragagnolo | 2,633 | | 2,633 |
| Generation | 5,659 | | 5,659 |
| Ets Guy Noël | 74 | (74) | - |
| Irbal | 318 | | 318 |
| Jalmat | 19,447 | | 19,447 |
| Lescha | 136 | | 136 |
| MTD | 576 | | 576 |
| NSG | 3,701 | | 3,701 |
| Poujaud Altrad | 26,914 | | 26,914 |
| Altrad Etais | 187 | | 187 |
| Samia Devianne | 724 | | 724 |
| SAZT | 219 | (219) | - |
| SERVINDUSTRIA | 2,298 | | 2,298 |
| Altrad Soframat Etem | 1,076 | | 1,076 |
| Altrad Poland | 177 | | 177 |
| Altrad Védif | 341 | | 341 |
| **TOTAL** | **105,371** | **(1,690)** | **103,681** |

The goodwill was subject to an impairment test at August 31, 2013, according to the future discounted cash flows method, and on the basis of the forecast operating results for 2013/2014, extrapolated for the future periods of the concerned companies.
In the deteriorated economic situation, an impairment test was implemented with the following assumptions:

- The impairment test is performed by UGT, corresponding to the Group's subsidiaries;
- The 2013/2014 operating forecasts were established on the basis of the 2013/2014 budget and were extrapolated for the period 2015/2020 according to a growth rate of 4% (rental, service and local authorities branch), 3% (sale of scaffolding branch) and 2% (wheelbarrow and cement mixer branch), which is an assumption consistent with the evolution of the rental and services activity, then to infinity according to a standard rate of 2%. The forecast result for ALTRAD RODISOLA was established on the basis of a growth rate of 15%.
- Discount rate of 10% applied, identical to the previous year.

Given the conservative assumptions made in terms of growth rate and discount rate, the impairment tests did not result in sensitivity tests.

## 4.2 – Property, plant and equipment and intangible assets

| | 31/08/2013 | | | 31/08/2012 |
|---|---|---|---|---|
| In K€ | **Gross** | **Depreciations and amortisations** | **Net** | **Net** |
| **Intangible fixed assets** | **54,025** | **(4,064)** | **49,961** | **44,082** |
| Land | 16,333 | (5,538) | 10,795 | 8,813 |
| Constructions | 29,949 | (15,404) | 14,545 | 16,303 |
| Technical facilities, plant and equipment | 251,840 | (132,462) | 119,378 | 96,817 |
| Other tangible fixed assets and assets under construction | 23,504 | (16,203) | 7,301 | 6,700 |
| **Tangible fixed assets** | **321,626** | **(169,607)** | **152,019** | **128,634** |
| o/w assets under finance leases | 83,875 | (57,658) | 26,217 | 23,737 |

**Variation in intangible fixed assets**

| In K€ | Gross value | Depreciations and amortisations | Net value |
|---|---|---|---|
| **Balance period N-1** | **47,959** | **(3,877)** | **44,082** |
| Acquisitions | 272 | - | 272 |
| Disposals, retirements | 28 | (11) | 17 |
| Impact of changes in the consolidation scope | 6,401 | (550) | 5,851 |
| Change in depreciations and amortisations | - | 337 | 337 |
| Impact of exchange rate fluctuations | (775) | 37 | (738) |
| Reclassification | 140 | - | 140 |
| **Balance period N** | **54,025** | **(4,064)** | **49,961** |

Intangible fixed assets, in Net Value, are mainly composed of patents and licences for 0.4 M€, trademarks for 47.4 M€, goodwill for 0.3 M€ and other intangible fixed assets for 1.8 M€. The effects of changes in the consolidation scope mainly correspond to the JALMAT brand for an amount of 5.6 M€.

**Impairment tests on non-depreciable intangible assets**

An impairment test was performed on the brands recognised in the consolidated financial statements.

**Changes in property, plant and equipment**

| In K€ | Gross value | Depreciations and amortisations | Net value |
|---|---|---|---|
| **Balance period N-1** | **228,981** | **(100,347)** | **128,634** |
| Acquisitions | 38,849 | | 38,849 |
| Disposals, retirements | (8,049) | 4,412 | (3,637) |
| Impact of changes in the consolidation scope | 63,349 | (46,409) | 16,940 |
| Change in depreciations and amortisations | - | (25,203) | (25,203) |
| Impact of exchange rate fluctuations | (3,872) | 575 | (3,297) |
| Other | 2,368 | (2,635) | (267) |
| **Balance period N** | **321,626** | **(169,607)** | **152,019** |

The first-time consolidations, mainly composed of scaffolding equipment, relate in particular to the acquisition of the JALMAT Group and the entities ATIKA and BRAGAGNOLO.

The net results of disposals and outflows of assets are recorded in "other income and expenses". (See note 4.17)

**Geographic distribution**

| Net values in K€ | Land | Buildings | Industrial Facilities | Other property and equipment | Assets under construction | TOTAL |
|---|---|---|---|---|---|---|
| France | 2 986 | 6 843 | 53 945 | 1 580 | 67 | 65 421 |
| Germany | 1 660 | 886 | 4 261 | 780 | - | 7 587 |
| Poland | 97 | 1 822 | 2 524 | 2 045 | 45 | 6 533 |
| Benelux | - | - | 10 382 | 785 | - | 11 167 |
| UK | 86 | 1 409 | 43 773 | 655 | 130 | 46 053 |
| Portugal | 4 550 | 693 | 290 | 49 | 78 | 5 660 |
| Croatia | - | - | 574 | - | - | 574 |
| Spain | - | 22 | 139 | - 62 | - | 99 |
| Other | 1 416 | 2 869 | 3 490 | 1 150 | - | 8 925 |
| **TOTAL** | **10 795** | **14 544** | **119 378** | **6 982** | **320** | **152 019** |

**<u>4.3 – Financial assets:</u>**

| Net amounts (in K€) | 31/08/2013 | 31/08/2012 |
|---|---|---|
| Deposits and Guarantees | 2,207 | 923 |
| Other | 1,052 | 1,067 |
| | **3,259** | **1,991** |

The increase in deposits and guarantees (+1 284 K€) is mainly due to the entry into the consolidation scope of the JALMAT Group (+ 870 K€).

**4.4 – Income taxes**

**Details of taxes recognised in the income statement**

| In K€ | **31/08/2013** | **31/08/2012** |
|---|---|---|
| Corporation tax (1) | (9,857) | (10,172) |
| Deferred tax | 70 | (1,181) |
| **Tax charge** | **(9,787)** | **(11,353)** |

**(1)** The amount of corporation tax is composed of the current tax expense for the year for (9,857) K€.

**Tax situation**

Altrad Investment Authority is the parent company of the tax consolidation of the Altrad Group since September 1, 2011. Altrad Investment Authority opted for the tax consolidation regime and, as such, is solely liable to pay corporation tax and additional contributions for itself and the French companies in the scope of consolidation at August 31, 2013, with the exception of new companies and/or companies not controlled at 95% and/or enjoying exemptions and three property companies (SCI Les Prés Sapins, SCI Gros Chêne and SCI Financière de l'Ain).
The tax group was in deficit at 31/08/2013. Tax income was therefore recorded at year end for an amount of 249 K€ in corporation tax and 0 K€ for the additional contribution. The research tax credit amounted to 0 K€.

**Deferred taxes**

The deferred taxes recognised during the year primarily result from the following elements:

| | 31/08/2013 | 31/08/2012 |
|---|---|---|
| Temporary tax differences | 14 | (367) |
| Net utilisation of tax losses carried forward | (1,678) | (1,033) |
| Change of fair value of financial instruments | 0 | (126) |
| Other consolidation restatements | 1,734 | 345 |
| **Total** | **70** | **(1,181)** |

Deferred taxes relating to other consolidation adjustments concern in particular the provision for the ATIKA restructuring in the amount of 1.2 M€.

Deferred taxes recognised in the balance sheet are broken down as follows:

| In K€ | 31.08.2013 | 31.08.2012 |
|---|---|---|
| Deferred tax assets | 9,096 | 6,515 |
| Deferred tax liabilities | (16,471) | (15,337) |
| **Net deferred taxes** | **(7,375)** | **(8,822)** |

They come from the following elements:

| In K€ | 31.08.2013 | 31.08.2012 |
|---|---|---|
| Temporary tax differences | 890 | 649 |
| Tax losses carried forward | 4,269 | 4,497 |
| Fair value of derivatives | 43 | 891 |
| Cancellation of special depreciation allowances and provisions for price increases | (1,573) | (1,763) |
| Other consolidation restatements | (11,004) | (13,096) |
| **Net deferred taxes on the balance sheet** | **(7,375)** | **(8,822)** |

The total of unrecognised losses carried forward at 31/08/2013 amounts to 3 478 K€, and is broken down as follows:

| | 31/08/2013 | 31/08/2012 |
|---|---|---|
| Spain | 671 | 436 |
| France | 0 | 439 |
| Great Britain | 0 | 19 |
| Italy | 1,097 | 922 |
| Germany | 0 | 456 |
| Romania | 199 | 196 |
| China | 1,511 | 1,615 |
| **Total** | **3,478** | **4,083** |

Loss carryforwards can be used indefinitely, with the exception of those of the Italian subsidiary which expire between 2013 and 2015.

**Tax proof**

The "tax proof" consists in the reconciliation between the total tax expense recognised in the consolidated accounting income and the theoretical tax expense calculated by applying to the pre-tax consolidated result the tax rate applicable to the consolidating undertaking on the basis of the tax legislation in force.

| in K€ | **31.08.2013** | **31.08.2012** |
|---|---|---|
| Consolidated income before tax | 39 205 | 40 007 |
| Tax rate in force | 34,43% | 34,43% |
| Theoretical tax charge | (13 498) | (13 774) |
| Impact of difference in tax rates between countries | 3 447 | 3 246 |
| Impact of loss-making companies, whose deficits are not capitalised | (469) | (469) |
| Permanent tax differences | 1 837 | (367) |
| Capitalisation and consumption of previously unrecognised loss-carryforwards | - | - |
| Miscellaneous | 96 | 11 |
| Impairment of deferred tax assets | (1 200) | |
| Tax adjustments | - | - |
| **Tax burden recognised** | **(9 787)** | **(11 353)** |

The impairment of deferred tax assets for 1.2 M€ is the result of the impairment test on the goodwill of the sub-group Billiauw.

## 4.5 – Current assets

### Inventories

In accordance with IAS2, the Group has chosen to evaluate its inventories using the "first in, first out" method.
Inventory write-downs are recognised when the net book value exceeds the net realisable value.

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Net inventories of raw materials | 23 058 | 19 680 |
| Net work in progress | 10 210 | 9 882 |
| Net inventories of semi-finished and finished pr | 10 302 | 10 599 |
| Net inventory of goods | 52 965 | 40 402 |
| | **96 535** | **80 563** |
| *o/w Provisions for depreciation* | (3 363) | (2 572) |

### Provisions for inventory write-downs

| In K€ | Balance Period N-1 | Allowances | Write-backs | Translation differences | Other | Balance period N |
|---|---|---|---|---|---|---|
| Depreciation of Stocks of Raw Materials | (1 292) | (105) | 76 | (40) | (7) | (1 368) |
| Depreciation of Work in Progress | (27) | (9) | 6 | - | 3 | (27) |
| Deprecation of Stocks of Finished Produc | (1 008) | (328) | 155 | 65 | - | (1 116) |
| Depreciation of Stocks of Goods | (245) | (699) | 87 | (180) | 185 | (852) |
| **TOTAL** | **(2 572)** | **(1 141)** | **324** | **(155)** | **181** | **(3 363)** |

### Trade and other receivables

Trade receivables are recognised for the amount initially invoiced, less any provisions for the write-down of non-recoverable amounts.

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Net accounts receivable | 167,538 | 145,621 |
| Advance payments | 392 | 421 |
| Derivative financial instruments | 0 | 0 |
| Tax receivable | 343 | 2,303 |
| Net other receivables | 24,387 | 21,058 |
| | **192,660** | **169,403** |
| *o/w Provisions for doubtful accounts and collection risk* | *(15,044)* | *(8,580)* |

The amount of receivables transferred to the Factor is 10,613 K€ at 31/08/2013. Trade receivables remain recognised in assets and, in return, the following was recognised:

- an amount of 129 K€ as a decrease in "other receivables", to offset the amount of outstanding receivables assigned;
- an amount of 7,651 K€ as a decrease from "Factor advance payments" considered as cash and cash equivalents;
- an amount of 2,833 K€ in financial liabilities.

The "other receivables" item includes, in particular for the most significant amounts, tax debts (other than tax receivables) for 15.3 M€ and prepaid expenses for 3.9 M€.

**Change in the provision for trade receivables**

| in K€ | |
|---|---|
| **Provision for trade receivables as at 31/08/2012** | (7 759) |
| Net change | (4 835) |
| Used release | 3 029 |
| Impact of changes in the consolidation scope | (97) |
| Impact of exchange rate fluctuations | 163 |
| Other changes | (4 261) |
| **Provision for trade receivables as at 31/08/2013** | (13 760) |

The other movements correspond to the effect of the de-netting of provisions for trade receivables netted with trade receivables on the consolidation of the companies acquired (mainly Generation for 1.3 M€ and Servindustria for 1 M€). The Group considers that netting is no longer necessary at the close of the financial year following that of the acquisition.

## 4.6 – Cash flow and net indebtedness

At the close of the financial year, net indebtedness was broken down as follows:

| *In K€* Net indebtedness | Amount N | Portion – 1 yr | Portion + 1 year - 5 years | Portion + 5 yrs. | Amount N-1 |
|---|---|---|---|---|---|
| Borrowings | (177,591) | (34,556) | (142,535) | (500) | (128,976) |
| Financial and operating leases | (16,594) | (6,115) | (10,479) | | (15,015) |
| Other borrowings | (2,409) | (1,049) | (1,360) | | (931) |
| **Financial Debts** | **(196,594)** | **(41,720)** | **(154,374)** | **(500)** | **(144,922)** |
| Investment securities | 19,811 | 19,811 | - | - | 30,677 |
| Cash and cash equivalents | 106,532 | 106,532 | - | - | 86,670 |
| Bank borrowings | (10,658) | (10,658) | - | - | (6,279) |
| **Net cash** | **115,685** | **115,685** | **-** | **-** | **111,068** |
| | | | | | |
| **Net indebtedness** | **(80,909)** | **73,965** | **(154,374)** | **(500)** | **(33,854)** |

* Bank loans are taken out in Euros and the main contracts are floating rate indexed to the 3-month Euribor rate

Investment securities consist primarily of term deposits paid at fixed or progressive rates depending on the investment periods.

**Syndicated loans**
Altrad Investment Authority took over the contracts in repayment contracted by Altrad SA, in accordance with the merger agreement.
1/ The syndicated loan signed with the Group's financial partners in March 2007 and its amendment in April 2008 was used to finance external growth.

1 tranche remains active:

| Tranche | Amount | Purpose | Comments | Amount remaining due at 31/08/2013 |
|---|---|---|---|---|
| B | 55 M€ | Reserve for investment financing | Reserve available for 24 months, repayable over 4 years after a 30-month delay | 11.79 M€ |

- Tranche B was the subject of quarterly repayments. The amount of repayments made during the year was 15.7 M€.
- Tranche A was fully repaid in accordance with its schedule. The amount of repayments made during the year was 4.875 M€.
- Tranche D dedicated to the guarantee line expired in April 2013. The Group negotiated the continuation of guarantees with each financial partner.

2/ The syndicated loan signed with the Group's financial partners in January 2011, for a total amount of 32.5 M€, was used to finance the acquisition of Altrad SA shares held by CAPE, along with the current account amounting to 561 K€. The repayment schedule is as follows:

| Tranche | Amount | Comments | Amount remaining due at 31/08/2013 | Final repayment date |
|---|---|---|---|---|
| Tranche A1 | 13.7 M€ | Annual repayment 2.74 M€ | 8.2 M€ | February 2016 |
| Tranche A2 | 6 M€ | Bullet repayment | 6 M€ | February 2017 |
| Tranche B1 | 8.8 M€ | Annual repayment 1.76 M€ | 5.3 M€ | February 2016 |
| Tranche B2 | 4 M€ | Bullet repayment | 4 M€ | February 2017 |
| TOTAL | 32.5 M€ | | 23.5 M€ | |

3/ The syndicated loan signed in July 2012 with the Group's financial partners, for a total amount of 180 M€, is detailed as follows:

| Tranche | Amount | Purpose | Comments | Amount remaining due at 31/08/2013 |
|---|---|---|---|---|
| A | 150 M€ | Reserve for financing external growth | Straight-line repayment on the basis of consolidated annual drawdowns in July of each year<br>Available drawdown reserve 100 M€ | 109.2 M€ |
| B | 30 M€ | Reserve for WCR financing | Drawdown in tranches<br>Available drawdown reserve 5 M€ | 25 M€ |

At 31/08/2013,
- Tranche A was drawn down for 109.2 M€, of which 59.2 M€ during the financial year. The portion corresponding to drawdowns made up to 20/07/2013, i.e. 72, 2 M€, will be subject to repayment on a straight-line basis of 8 M€ over 9 six-month periods.
- Tranche B is recorded in borrowings and debts with credit institutions for an amount of 25 M€. The drawdown over the financial year amounts to 20 M€.

Some bank borrowings taken out, and in particular the 3 contracts mentioned above, contain clauses requiring compliance with financial ratios. These banking covenants mainly relate to the Group's equity and net debt. Non-compliance with the ratios set give the lenders concerned the right to demand early repayment of their loans.

| Covenants | |
|---|---|
| R1 = **Net debt / EBITDA** | **< 2,75** |
| R2 = **Net debt/ Equity** | **< 1,4** |

The Group complied with all these conditions on August 31, 2013.

**4.7 – Off-balance sheet commitments:**

| Financial commitments | Amount N | Amount N-1 |
|---|---|---|
| Guarantees in favour of third parties | 833 | 3,833 |
| Pledges of goodwill, equipment, stocks | 3,130 | 30,760 |
| Property mortgages | 7,800 | 7,500 |
| **Commitments given** | **11,763** | **42,093** |
| Market commitments | 346 | 955 |
| Bank guarantees | 4,068 | 14,841 |
| **Commitments received** | **4,414** | **15,796** |

**Individual Right to Training ("DIF")**

The French law of May 4, 2004 allows each employee to benefit from an individual right to training of a minimum of 20 hours per year, which can be accumulated over 6 years. The Group's French companies pay a contribution of 0.10% of their payroll to their OPCA (approved collection body), which is responsible for paying the training and wage cost of this commitment. At December 31, 2012, the acquired rights not consumed under the DIF represented 163,535 hours.

**Sales with retention of title**

The general and special conditions of sale guarantee some Group companies the ownership of goods sold until full payment of the sums due to them. Therefore, some claims appearing in customer receivables and resulting from the sale of manufactured products and goods are accompanied by this clause.

**4.8 - Derivative financial instruments**

The Group's objective is to limit the impact of changes in interest rates on its burden of financial costs. Under the structured loan contract signed in March 2007 with the banking pool, and its amendment of April 8, 2008, the Altrad Group undertook to conclude an interest rate hedging agreement covering at least 60% of the total amount.

Two principal hedging instruments were put in place:

- A fixed-rate swap consisting in exchanging the variable 3-month Euribor rate for a fixed rate of 4.35% on a notional amount of 48,750 K€.
- A cap securing the payment of a cap rate of 4.65% against the Euribor on a notional amount of 48,750 K€.

At August 31, 2013, the fair value of all derivative financial instruments stood at -125 K€ in liabilities of more than one year.

| *Amounts valued at the fair value, K€* | 31/08/2012 | **variation in the financial result** | **variation registered in equity capital** | 31/08/2013 |
|---|---|---|---|---|
| Interest rate derivatives qualified as cover instruments | - | - | - | - |
| Interest rate derivatives not qualified as cover instruments | - | - | - | - |
| **Total derivative instruments Assets** | **-** | **-** | **-** | **-** |
| Interest rate derivatives qualified as cover instruments | (2 588) | - | 2 463 | (125) |
| Interest rate derivatives not qualified as cover instruments | - | - | - | - |
| **Total derivative instruments Liabilities** | **(2 588)** | **-** | **2 463** | **(125)** |
| **Total derivative instruments NET** | **(2 588)** | **-** | **2 463** | **(125)** |

The establishment of documentation consistent with IAS 39 and the performance of prospective effectiveness tests at 01/09/2008 and retrospective effectiveness tests at 31/08/2013 enabled to demonstrate the effectiveness of the LCL rate SWAP.
The approach used was to construct a hypothetical SWAP with the same characteristics of the element hedged, and to compare the changes in cash flows of this hypothetical derivative with the changes in cash flows of the hedging instrument. The rate SWAP was declared effective to the extent where the ratio between the changes in cash flows of the hedging instruments and the changes in cash flows of the hypothetical derivative is between 80% and 125%.

In accordance with hedge accounting, changes in the fair value of the LCL rate SWAP were therefore recorded in equity for the effective portion for 1,617 K€ net of deferred tax assets; there was no impact on profit or loss.
The other derivative financial instruments were considered as speculative instruments within the meaning of IAS39 and changes in fair value were recognised in income for an insignificant amount (0.1 K€).

At 31/08/2013, the derivative financial instruments held by AIA are broken down as follows:

| Type | Notional Value Initial | Notional Value at 31/08/13 | Rate paid | Benchmark rate | Fair Value At 31/08/2013 |
|---|---|---|---|---|---|
| **Interest Rate Swap:** | | | | | |
| LCL | 48,750,000 € | 5,892,857 € | 4.35% | EURIBOR 3M | - 124,579 € |
| **Cap/Twin Cap/Floor:** | | | | | |
| BNP ex-FORTIS (twin cap) | 4,791,667 € | 2,187,500 € | Clause (1) | EURIBOR 3M | 0 € |
| LCL (cap) | 48,750,000 € | 5,892,857 € | 4.65% | EURIBOR 3M | 0 € |

(1) Specific clauses:
If the benchmark rate is < 6.50% the applicable rate will be 5.10%
If the benchmark rate is > 6.50% the applicable rate will be 6.50%

Furthermore, the Group finalised a first CAP contract (1) to secure the rate of the bank loan of 32.5 M€ taken out on 7/01/11 and paid at a variable rate (Euribor 12mois) and a second CAP contract (2) to secure the rate of the bank loan of 180 M€, in accordance with its obligations (mandatory minimum coverage of 60% of the outstanding)

The characteristics of these CAP are as follows:

| | CAP (1) | CAP (2) |
|---|---|---|
| Subscription date | 26/02/2013 | 16/11/2012 |
| Period guaranteed | 28/02/13 – 28/02/14 | 18/07/2013 – 20/07/2015 |
| Notional | 11.75 M€ | 56.4 M€ |
| Rate guaranteed | 3% | 2% |
| Market rate | EUR12M | EUR12M |
| Premium paid | 0.0675% of the notional (8 K€) | 0.0922% of the notional (52 K€) |

Their fair value on the balance-sheet date is close to 0.

## 4.9 – Description of the main risks

### Financial risks

*Exposure to the foreign exchange risk*

Due to the geographic diversification of its business, the Altrad Group is exposed to translation risk, i.e. its financial statements are sensitive to changes in exchange rates on the consolidation of its foreign subsidiaries outside the "Euro zone". Nevertheless, the foreign exchange risk remains moderate.

*Exposure to the interest rate risk*

Concerning the medium-term debt, the entirety is indexed on the Euribor 3-month and benefits from risk coverage for a maximum period of 5 years. The interest rate hedging agreements subscribed to back the structured credit are listed above. Some medium-term credits and loans taken out by the Group contain clauses requiring compliance with financial ratios (mainly relating to equity, gross operating surplus and consolidated net debt). All of these conditions are subject to particular vigilance.

*Exposure to the liquidity risk*

At European level (the "Euro zone"), the implementation of a cash pooling system allows to cover liquidity risks on part of the Group entities, primarily in France, Belgium, the Netherlands and in Italy. The Group's cash agreement describes the rules for financing subsidiaries and in particular cash advances and repayments through current accounts and their remuneration.

*Exposure to the credit risk*

In July 2012, the Group implemented a new syndicated credit to finance external growth and restructured the available credit for its short-term cash requirements. Two financing contracts were also signed post-closing for an amount of 250 M€ (see § post-closing events).

### Economic risks

The growth in the industrial rental sector has allowed to offset declines in activity related to the generic building and construction sectors of activity.

### Risks on raw materials

Within the framework of its operations, the Group's activities require the purchase of a large volume of raw materials, such as steel, aluminium or zinc, for supply purposes. These purchased are centralised within the Group by a dedicated unit to optimise the supply of elements necessary to manufacture the Group's products. Sale contracts concluded with the Group's customers mostly contain price revision clauses allowing to a certain extent to reduce the risk of adverse developments in the price of raw materials.

### Risks related to the security of goods

With respect to the safeguarding of assets, a strict theft prevention policy is applied at all times.

**Risks related to the safety of persons**

The Group's business lines incorporate activities likely to present risks to employees, whether related to equipment, the machinery used to design products or the logistical organisation of production sites. To ensure the safety of its staff, the Group has established a risk prevention plan intended to train its staff in safety awareness and ensure compliance with health and safety rules within the Group. The Group has also implemented a policy of investment in personal protective equipment for its employees and conducts regular checks.

## 4.10 - Assets held for sale

This item changed slightly over the year to reach a balance of 1,519 K€. It concerns the property complex (land and buildings) on which Guy Noël Production carried out its production activity, which ceased in May 2011.

## 4.11 – Equity

### Distribution of dividends

The Altrad Group distributed 5,227 K€ of dividends outside of the Group, of which 5,064 K€ were paid by ALTRAD INVESTMENT AUTHORITY.

### Composition of the share capital

The share capital is fully paid up.

| Categories of shares | Number | Par Value |
|---|---|---|
| Shares making up the share capital at the start of the financial year | 3,375,925 | 100 Euros |
| Shares issued during the financial year | | |
| Shares redeemed during the financial year | | |
| Shares making up the share capital at the end of the financial year | 3,375,925 | 100 Euros |

At 31/08/13, the share capital was therefore fixed at 337,592,500 Euros, i.e. 3,375,925 shares of 100 € fully subscribed and paid-up. The distribution of the capital on this date was as follows:

| Shareholders | Number of shares held | % of shares held |
|---|---|---|
| Mr. Mohed Altrad | 2,625,641 | 78% |
| BPI France | 366,987 | 11% |
| CM CIC capital | 244,658 | 7% |
| Arkéa Finances | 81,552 | 2% |
| BNP Paribas Développement | 57,086 | 2% |
| Ms. Isabelle Garcia | 1 | 0% |
| **TOTAL** | **3,375,925** | **100%** |

### Minority interests

At August 31, 2013, the main contributions to this item are from:

| In K€ | % of minorities | Minority interests | o/w 2013 result |
|---|---|---|---|
| Garrone | 20% | (223) | 12 |
| Altrad Asia | 20% | 509 | 60 |
| Elysée Service | 30% | (15) | 0 |
| Generation | 20% | 7,875 | 1,088 |
| SAZT | 20% | (714) | 0 |
| Other | | 38 | 0 |
| **Total minority interests** | | **7,470** | **1,160** |

**4.12 – Provisions for risks and charges and social benefits**

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Provisions for commitments in respect of staff | 8 557 | 9 978 |
| Provisions for risks & charges | 13 551 | 11 779 |
| **Provisions, long-term portion** | **22 108** | **21 757** |
| | | |
| Provisions for commitments in respect of staff | 423 | 404 |
| Provisions for risks & charges | 9 659 | 5 500 |
| **Provisions, short-term portion** | **10 082** | **5 904** |
| | | |
| **Total provisions** | **32 190** | **27 661** |

The item "Provisions for commitments vis-à-vis employees" includes the provisions recognised in consolidation in accordance with IAS19 for employee post-employment benefits, such as pension commitments, long-service awards, jubilees, etc.

The main items are detailed, in the section below, on "provisions for employee benefits".

The item "Provisions for risks and charges" corresponds to various disputes or risks that the Group considered appropriate to provision for in accordance with prudential rules, and the related procedural costs and fees. At August 31, 2013, these include:
- provisions for social costs (bonuses, settlements, URSSAF audit, etc.)
- provisions for tax costs (tax audit)
- provisions for disputes such as:
    - Termination fees for lease contracts.
    - Site disputes of leasing subsidiaries.
    - Labour disputes.
    - Supplier disputes.
    - Disputes relating to the acquisition of subsidiaries.

**Variation of provisions for risks and charges and social benefits**

The variations of provisions are broken down as follows:

| In K€ | Balance N-1 | Allowances | Uses | Reversals | Changes in scope | Foreign exchange differences | Other | Balance N |
|---|---|---|---|---|---|---|---|---|
| Provisions for commitments in respect of staff | **10 382** | 531 | - 2 123 | - | 832 | - 38 | - 604 | **8 980** |
| Provisions for risks and charges | **16 684** | 3 550 | - 5 134 | - 482 | 4 355 | - 54 | - 1 652 | **17 267** |
| Provisions for restructuring | **595** | 4 044 | - 880 | - 44 | 1 010 | 9 | 1 209 | **5 943** |
| **Total** | **27 661** | **8 125** | **-8 137** | **-526** | **6 197** | **-83** | **-1 047** | **32 190** |

Provisions for risks and charges:
They contain in particular the provision for the Poujaud tax audit for 4.3 M EUR. For memory, Poujaud was subject to an audit of its accounts for the periods 2009-2010 with respect to corporation tax and 2009-2011 for VAT and received a tax reassessment proposal on September 27, 2012. Although the Company challenges the reassessment on the grounds that the tax authority failed to take into account the justifications provided and did not grant additional time to finish the justification work, it considered at August 31, 2013 that the chances of success were limited.
Changes in the consolidation scope concern BRAGAGNOLO for 1,650 K€ and ATIKA for 2,067 K€.

Provisions for restructuring:

Regarding GUY NOEL PRODUCTION, it was decided during the financial year ended 31.08.2010 to end operations. Thus, the stoppage took effect in May 2011 and the production of concrete mixers was transferred to ALTRAD SAINT DENIS. As none of the Guy Noël Production employees accepted a reclassification at Altrad Saint-Denis, the company was obliged to implement a Social Economic Plan.

The amount of the residual provision for this closure in the group's accounts at 31/08/2013 amounts to 891 K€ presented as a restructuring provision (compared to 1,195 K€ at 31/08/2012 presented as a provision for risks and charges).

The provision at opening was reclassified from provisions for risks and charges to restructuring provisions by the "Other movements" flow.

The allocation of 4 M€ corresponds to the constitution of a provision for the costs of restructuring the ATIKA production site.

The 1 M€ impact of changes in the consolidation scope on restructuring provisions corresponds to JALMAT.

**Breakdown of provisions for employee benefits by nature:**

| In K€ | AMOUNTS N | | AMOUNTS N-1 | |
|---|---|---|---|---|
| | LT | ST | LT | ST |
| Defined benefit plans | 5 840 | 109 | 5 784 | 89 |
| Long-service awards & Jubilee | 867 | 80 | 830 | 152 |
| Other regulatory commitments | 75 | 92 | 314 | 7 |
| Other provisions for social R&C | - | 142 | - | 156 |
| Employee profit-sharing | 1 775 | - | 2 611 | - |
| Other | - | - | - | - |
| **Employee Benefits** | **8 557** | **423** | **9 539** | **404** |

**Breakdown of employee benefits by country:**

| In K€ | France | Poland | UK | Other countries | Total |
|---|---|---|---|---|---|
| Defined benefit plans | 4 576 | 421 | 488 | 463 | 5 948 |
| Long-service awards and Jubilees | 109 | 797 | - | 40 | 946 |
| Other regulatory commitments | - | 83 | - | 85 | 168 |
| Other provisions for risks and charges | - | - | - | 143 | 143 |
| Employee profit-sharing | 1 775 | - | - | - | 1 775 |
| **Total N** | **6 460** | **1 301** | **488** | **731** | **8 980** |
| **Total N-1** | **7 304** | **1 217** | **848** | **573** | **9 943** |

The main actuarial assumptions used to assess retirement benefits are as follows:

| | 31/08/2013 | | | 31/08/2012 | | |
|---|---|---|---|---|---|---|
| | France | Poland | UK | France | Poland | UK |
| **Discount rate** | 2,82% | 5,00% | 4,80% | 2,82% | 6% | 4,80% |
| **Wage growth rate** | 2,30% | 2,50% | NA | 2,30% | 2,50% | NA |
| **Mobility rate** | 2007 | 3% | NA | Turnover 2007 | 1,50% | NA |
| **Mortality rate** | INSEE 2011 | 2012 Life expectancy table (National Institute of Statistics) | PA00BMCFL 1%+2 | INSEE 2009 | 2003 Life expectancy table (National Institute of Statistics) | PA00BMCFL 1%+2 |

**4.13 – Current liabilities:**

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Trade payables | 185 920 | 133 155 |
| Advance payments from customer: | 2 842 | 2 817 |
| Tax debts | 27 132 | 24 695 |
| Social debts | 28 760 | 22 706 |
| Derivative financial instruments | 72 | - |
| Current tax liabilities | 7 736 | 3 124 |
| Other creditors | 20 485 | 29 573 |
| | **272 947** | **216 070** |

The "Accounts payable" item contains, in particular, the fair values of the options to buy-out the minority interests of the following companies:

- LIMEX: 1.4 M€
- JALMAT: 3.9 M€
- IRBAL: 3.8 M€
- POUJAUD: 26 M€

The "other payables" item includes, in particular, other liabilities for 11.9 M€ and deferred revenue for 8.5 M€.

**4.14 – Other non-current liabilities:**

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Other liabilities and provisions, share + 1 year | 248 | 740 |
| Fixed asset suppliers share + 1 year | 1 136 | 33 268 |
| Hedging derivative | 125 | 2 588 |
| | **1 509** | **36 596** |

"Fixed asset suppliers - portion due in more than one year" includes, in particular, the fair value of the put option on the buy-out of minority interests of ATIKA (20%) for an amount of 525 K€

For memory, at August 31, 2012, fixed asset suppliers included, in particular, the fair values of put options on the buy-out of minority interests for the subsidiary POUJAUD ALTRAD for 26 M€, and also 2.9 M€ in respect of the debt vis-à-vis Mr. Clifford following the acquisition of GENERATION. At August 31, 2013, these liabilities were recognised in trade payables due in less than a year, given their expected payment over 2013/2014.

The "hedging derivative" item corresponds to the fair value of the interest rate SWAP on the balance-sheet date, recognised in non-current liabilities given its eligibility for hedge accounting under IAS 39.

**4.15 – Income from ordinary activities:**

The distribution of the Group's turnover by destination between France and abroad is as follows:

| Distribution of turnover in M€ | AMOUNTS N | AMOUNTS N-1 |
|---|---|---|
| France | 272 | 225 |
| Abroad | 438 | 380 |
| **TOTAL** | **710** | **605** |

The turnover by branch of activity is broken down as follows:

| In M€ | 31/08/2013 | 31/08/2012 |
|---|---|---|
| Concrete mixers | 137 | 114 |
| Scaffolding and supports | 180 | 171 |
| Local authorities | 26 | 24 |
| Rental and services | 344 | 273 |
| Wheelbarrows | 23 | 23 |
| **Total** | **710** | **605** |

**4.16 – Staff costs**

| In K€ | AMOUNTS N | AMOUNTS N-1 |
|---|---|---|
| Salaries | (152,416) | (148,640) |
| Expenses | (60,031) | (27,370) |
| Profit-sharing | (1,241) | (889) |
| Other | (17,269) | (14,057) |
| **TOTAL** | **(230,957)** | **(190,957)** |

The section "other" includes interim staff costs.

**Group workforce at the end of the financial year**

| | 31/08/2013 | | 31/08/2012 | |
|---|---|---|---|---|
| | Workforce | % | Workforce | % |
| Executives | 264 | 5% | 250 | 5% |
| Supervisors / technicians | 369 | 7% | 353 | 7% |
| Employees | 1 160 | 22% | 1 098 | 22% |
| Workers | 3 480 | 66% | 3 289 | 66% |
| **Total** | **5 272** | **100%** | **4 990** | **100%** |
| Permanent employment contract | 4 921 | 93% | 4 610 | 92% |
| Fixed-term employment contract | 351 | 7% | 380 | 8% |
| France | 3 163 | 60% | 1 792 | 34% |
| Abroad | 2 109 | 40% | 3 480 | 66% |

**Breakdown of the workforce**

| | 31/08/2013 | | 31/08/2012 | |
|---|---|---|---|---|
| | Workforce | % | Workforce | % |
| Production and Rental | 4 481 | 85% | 4 223 | 86% |
| Commercial | 738 | 14% | 732 | 13% |
| Management / administrative | 53 | 1% | 35 | 1% |
| **Total** | **5 272** | **100%** | **4 990** | **100%** |

**4.17 - Other income and expenses**

"Other income and expenses" is detailed as follows:

| In K€ | Amount N | Amount N-1 |
|---|---|---|
| Other net income / (charges) on management transa | (375) | (471) |
| Net income on disposals of assets (1) | 875 | 882 |
| Negative goodwill ATIKA (2) | 3 762 | 0 |
| **Other income and expenses** | **4 262** | **411** |

(1) The assets sold mainly include scaffolding equipment.
(2) The calculation of the ATIKA negative goodwill is detailed in Note 3

**4.18 – Financial result**

| In K€ | Amounts N | Amounts N-1 |
|---|---|---|
| Income from cash and cash equivalents | 1,046 | 1,788 |
| Gross cost of financial indebtedness | (7,443) | (6,324) |
| **Net cost of financial indebtedness** | **(6,397)** | **(4,536)** |
| Other financial income (including exchange gains) | 2,101 | 2,079 |
| Other financial expenses (including exchange losses) | (2,631) | (1,107) |
| **Total other financial income and expenses** | **(530)** | **972** |
| **Financial result** | **(6,927)** | **(3,564)** |

The total of other financial income and expenses i.e. (530) K€ includes, in particular, net losses on exchange fluctuations for (692) K€.

**4.19 – Treatment of discontinued operations**
Nil

**4.20 - Earnings per share**

| | 31.08.2013 | 31.08.2012 |
|---|---|---|
| Net result - Group share (K€) | 28,256 | 27,884 |
| Weighted average number of shares | 3,375,925 | 3,375,925 |
| **EARNINGS PER SHARE (in €)** | **8.37** | **8.26** |

**Note 5 – Other information**

**5.1 - Events subsequent to the balance-sheet date**

- External growth

**Buy-out of the minority stake in the Poujaud Group**
Following the then partial redemption of the Poujaud Group in February 2012, the partner exercised its right of withdrawal in accordance with the shareholders' agreement. Consequently, after finalising the negotiation of October 15, 2013, the Altrad Group acquired the additional interest for 26 M€, i.e. 45% of the Poujaud Group and became holder of the entire share capital.

**Buy-out of the minority stake in Altrad Limex**
In accordance with the shareholders' agreement signed on the creation of Altrad Limex, the Group acquired, on September 9, 2013, for an amount of 1.38 M€, the interest of the minority shareholder, i.e. 30% of the company's capital, bringing its stake to 100%.

**Buy-out of the minority stake in Altrad Bragagnolo**
On September 20, 2013, the Group negotiated the takeover of the stake of the minority shareholder for an amount of 122 K€, bringing its stake to 100%.

**Buy-out of the minority stake in Jalmat**
Following the acquisition of 60% of the Jalmat Group on September 6, 2012, the minority shareholder wished to sell its stake. On September 30, 2013, the Group negotiated this takeover for a flat-rate value of 3.9 M€.

**Acquisition of Trad**
The Group also strengthened its presence in the UK through the acquisition, on September 30, 2013, of the Trad Group (Trad H&S and Trad Group), an English group specialising in the sale of scaffolding and rental and associated services, for 84%, for a total amount of 30 M£.

The Trad Group has a total workforce of 450 employees and achieved a turnover of 45 M£ at November 30, 2012.

- Funding

**Launch of a bond issue**
In October 2013, the Group launched a bond issue that allowed to raise funds in the amount of 100 M€, with a 7-year repayment horizon.

**Subscription of a new syndicated credit**
As growth prospects remain on the Group's agenda, it requested a new syndicated loan of 150 M€ from its banking pool to continue to secure its drawdown possibilities to finance targets being studied.

**5.2 - Information on corporate officers**

The amount of attendance fees allocated in respect of the financial year, to the members of the management bodies of ALTRAD INVESTMENT AUTHORITY, due to their functions in controlled companies, is of 120 K€, with the exception of remuneration paid under employment contracts. This information is not mentioned, as this would amount to providing nominative information.