2012 INVESTOR REPORT

DEFINITIONS

In this document:

- "Company" means Loxam S.A.S., and "we", "us", "our" and "our group" refer to Loxam S.A.S. and its consolidated subsidiaries, unless the context requires otherwise;
- "EBITDA" means operating income plus depreciation of fixed assets;
- "Adjusted EBITDA" means EBITDA plus non-recurrent costs;
- "Free cash flow" means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) finance income and expense, (iii) income taxes (excluding deferred taxes), (iv) increases in working capital requirement and (v) miscellaneous items.
- "Gross book value" means the total acquisition cost of the equipment in our fleet;
- "Gross debt" means loans and debt owed to credit institutions, bonds, lease liabilities, bank overdrafts and other financial debt, plus accrued interest on debt;
- "Net debt" means gross debt less cash and cash equivalents (cash plus marketable investment securities);
- "Organic" and "like-for-like" mean to changes in revenues for the period indicated compared to the prior comparable period, excluding changes in the scope of consolidation; and
- "Utilization rate" means the number of days that our equipment is actually rented in a given period divided by the number of business days in such period, weighted on the basis of our reference rental value of the equipment.

NOTICE

In this document we use certain non-GAAP measures, such as EBITDA, free cash flow and net debt, because we believe they and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. These non-GAAP measures may not be comparable to other similarly titled measures of other companies and may have limitations as analytical tools. Non-GAAP measures such as EBITDA, free cash flow and net debt are not measurements of our performance or liquidity under French GAAP and should not be considered to be alternatives to operating income or any other performance measures derived in accordance with French GAAP. They should not be considered to be alternatives to cash flows from operating, investing or financing activities as a measure of our liquidity as derived in accordance with French GAAP.

Rounding adjustments have been made in calculating some of the financial and other information included in this document. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

This document contains certain statements that are forward-looking. These statements refer in particular to the Company's forecasts, projections, future events, trends or objectives which are naturally subject to risks and contingencies that may lead to actual results materially differing from those explicitly or implicitly included in these statements. Such forward-looking statements are not guarantees of future performance. The Company, as well as its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements. The Company does not undertake to update or revise the forward-looking statements that may be presented in this document to reflect new information, future events or for any other reason and any opinion expressed in this document is subject to change without notice.

This document does not constitute, or form part of, an offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction whatsoever. This document shall not form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

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BUSINESS

Our Company

With total revenues of €828.1 million in 2012, Loxam is the leading European equipment rental group for the construction, industry, public works and events sectors.

We are organized in three business divisions:

- Generalist France, which includes equipment for earth moving (backhoes and loaders), aerial work (booms and scissors), handling (forklifts and telehandlers), compaction (compactors and rollers), and building (concrete mixers and saws), as well as hand-operated tools such as power drills, chainsaws and jackhammers. Our generalist network includes 452 branches and we rent generalist equipment under our Loxam Rental, Loueurs de France, Laho and Locarest brands;
- Specialist France, which includes high-access equipment, modular shelters, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. Our specialist network includes 58 branches and we rent specialist equipment in France under several specific brands, such as Loxam Access, Loxam Module, Loxam Power and Laho TEC; and
- International, which comprises our specialist and generalist equipment offerings in 10 other countries (Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg and Morocco) and comprises a network of 88 branches.

We rent an equipment range of 1,000 different types of equipment and tools. We also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business. As of December 31, 2012, our rental fleet consisted of approximately 167,000 pieces of equipment (excluding accessories) with an estimated replacement value of €1.6 billion.

We generated revenues of €828.1 million and EBITDA of €266.4 million for the year ended December 31, 2012, representing an EBITDA margin of 32.2%. Our adjusted EBITDA for the year was €273.6 million, representing an adjusted EBITDA margin of 33.0%. In 2012, our generalist France, specialist France and international divisions represented approximately 69%, 17% and 14% of revenues, respectively.

As of December 31, 2012, we had the largest rental network in Europe with 598 branches, of which 510 were located in France. Our branches are deeply embedded in the local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level. Our decentralized business model allows us to adapt our equipment fleet at the branch level in order to meet our clients' needs in various markets, offering them a value-added alternative to owning and maintaining equipment in-house. Our dense network in France allows us to meet customer demand by moving equipment across branches.

Competitive Strengths

We believe that the following competitive strengths have been instrumental in our success so far and provide the foundation for our future growth:

Market leader with dense local network and strong brand recognition

We are the largest equipment rental service provider in Europe based on 2012 revenue, and operate a network of 598 branches across 11 countries. In France, our largest market, we are the industry leader, with a national market share of 18% in 2012 (assuming a total market size of €3.8 billion as calculated by the DLR Federation Nationale), and we estimate that we are consistently one of the two largest players in most of the regions and metropolitan areas where we are active. As of December 31, 2012, our network included 452 generalist branches and 58 specialist branches in France, as well 88 branches in 10 other countries. The

density of our network allows us to maintain close relationships with clients at the local level, which we see as an important competitive advantage in understanding our clients' needs and winning profitable business.

The Loxam brand benefits from strong recognition in France. Many of our professional customers consider Loxam to be a trusted partner in their day-to-day operations, principally as a result of our reliability in terms of service and fleet availability across a wide range of products. Our portfolio of clients in our generalist France business includes approximately 100,000 different customers.

Diversified business model

Our business model and size result in a significant diversification in terms of offering, customers, end markets and regions.

With a total of over 167,000 machines representing approximately 1,000 references and a replacement value of €1.6 billion, we offer the largest fleet on the European market. Our fleet addresses all client needs for earth moving, aerial work, handling, compaction, energy, modular and building equipment. Our fleet is continuously evolving as we seek to meet the increasingly sophisticated technical aspects of our clients' operations and pursue opportunities to target new sectors. Our expanding product offering allows us to act as a one-stop shop with full and comprehensive rental solutions and to diversify our client portfolio.

Our broad and diversified customer base (representing approximately 150,000 customers across all divisions) includes construction, industrial and specialist customers, from small business and craftsmen to large international groups. Most of our largest customers operate multiple divisions, meaning that all of our business is carried out directly between our local branches and the local counterpart of these large groups, which highlights the high level of customer diversification. Typically, the selection of rental equipment provider is made locally by the construction site supervisor, and the key factors in this decision are proximity, product offering and reliability. Our key clients show significant loyalty and generate significant recurring revenue, as the same ten clients have been our ten largest customers in France, our largest market, in every fiscal year since 2007. The proportion of our business generated from the construction and civil engineering sectors has been stable over the last five years, representing approximately 70% of our revenues.

Strong financial track record

As demand for our products is affected by the construction cycle, we have gained a significant amount of experience in managing risks and tracking signs of market slowdown and recovery. We continuously monitor market indicators such as GDP growth, construction activity, as well as information generated from our local branches and our customers, to gain insight on future short- and medium-term demand for our services. This allows us to make decisions with regard to our operating cost structure in a timely manner in response to changes in our end markets. This constant adaptation to market conditions has helped us maintaining our high level of profitability, with EBITDA margins consistently above 32% since 2006.

Our understanding of the business cycles affecting our industry and a close monitoring of our own set of key internal indicators, such as the age and utilization rates of the different products in our fleet, also allow us to make appropriate decisions with respect to our capital expenditure programs.

Flexibility and responsiveness of our network

Loxam's reactivity and flexibility are driven by our dense branch network and are supported by a well-trained and motivated workforce, a standardized premium rental equipment fleet and the rollout of a unique IT system.

Our branches are deeply embedded in local markets in which they operate, and we emphasize building and maintaining close relationships with clients at the local level to better anticipate their needs. Our business model provides a large autonomy for regional and branch managers in spending their respective budget

allocations, which allows us to adapt our equipment fleet at the branch level to accurately address local demand.

Across our rental fleet, we aim to obtain standardized equipment from our suppliers by providing them with uniform specifications. A standardized fleet lowers maintenance costs and reduces training time for our staff. It also makes it easier to share spare parts between branches and transfer equipment from one branch to another, resulting in greater fleet utilization.

To further improve the management of our French generalist network, we merged our subsidiaries Laho, Loueurs de France and Locarest into Loxam on November 2, 2012.

In 2012 we implemented in our French operations an integrated IT system on the RentalMan platform, a dedicated rental system that links all aspects of our fleet management and back office in real time. We intend to use immediate information provided by this platform to redeploy assets within our network to areas where the level of demand is higher and maximize our utilization rates. This IT system also tracks maintenance and certification requirements depending on usage. The system should be implemented in our international branches before the end of 2013.

Experienced and proven management team

Our senior management team is led by Mr. Gérard Déprez, our president and CEO and controlling shareholder, who has over 26 years of experience with Loxam. The members of our management committee all have significant industry experience. Since our inception in 1967, we have never had a loss, written-off equity or breached debt covenants, even in difficult market conditions such as those in 2009.

Our Strategy

We intend to pursue the following key elements of our business strategy:

Continuously refine our network coverage to capture profitable growth

We will continue to focus on generating profitable growth through the optimization of our branch network at the local, national and international levels.

We aim to defend our national leadership position in France on the back of strong market shares in all the local markets in which we are active. We continue to monitor the efficiency of our network through regular reviews of the profitability of each individual branch and the utilization rates of our fleet. We are able to open new branches in dynamic areas while reducing our presence where demand is weaker.

In complement to our organic growth, we will continue our selective acquisition strategy, where we are seeking to strengthen our leading market position, increase the density of our network and reach a critical size to run profitable operations at a local level. The fragmentation in the market will allow us to complete acquisitions at attractive prices and act as a market consolidator going forward. Our successful acquisition and integration track record validates the EBITDA and margin-accretive potential of our acquisition strategy going forward.

Further diversify our end markets

We will continue to leverage our know-how and expertise of our customers' needs to strengthen our leadership position in the equipment rental industry. We also intend to remain at the forefront of innovation in the industry and leverage our reputation for quality, safety, reliability and environmental commitment evidenced by our ISO 9001, ISO 14001 and MASE certifications. Our offering is supported by a clear brand strategy to position Loxam as market leader in the generalist segment through the Loxam brand, a reference brand in the construction market, and in every construction specialist sub-segment with the development of

specialized business units such as Loxam Access, Loxam LEV, Loxam Module, Loxam Power, Loxam TP, Loxam Event and Laho TEC.

We will continue our strategy of diversifying our end markets, such as focusing on renovation, which is less cyclical than the overall construction market. We intend also to grow our exposure to other end markets beyond construction, such as manufacturing, local municipalities, event organizers, landscaping, retail, petro-chemical and facilities management.

Managing lifecycle and performances of our rental equipment

We will continue to actively monitor the size, quality, age, composition and efficiency of our rental fleet. We are committed to the disciplined management of our fleet to optimize utilization and profitability by:

- Leveraging our scale to negotiate fleet purchase prices and develop customized services and bespoke equipment addressing Loxam's requirements in terms of quality and low maintenance costs.
- Using our comprehensive information systems to increase our utilization rate and yield; we will continue redeploying assets within our branch network, optimizing pricing, adjusting our fleet mix on a real time basis and maintaining fleet quality and diversification; we will focus our primary investments in the most active markets where our fleet has a higher utilization rate and where we expect stronger market trends;
- Continuing a rigorous maintenance program by tracking the servicing history of each piece of equipment; and
- Seeking to remove older or idle equipment from our fleet at optimal times.

Continue to adapt our financial discipline to business cycles

Our management's experience in equipment rental gives us a long-term vision of cyclicality in the construction and public works industries and thus of demand for our equipment. We plan to continue using this experience to help us identify the inflection points in the business cycle, when we must decide whether to reduce capital investments and apply cash to debt repayment or make further expenses to meet a growing market demand. We intend to continue managing our operations with a clear focus on EBITDA as well as free cash flow generation.

Products and Services

In 2012, total equipment rental accounted for approximately 71% of total revenues. Rental services accounted to approximately 23% of total revenues and retail activity amounted to 6% of total revenues.

Most of our rentals are short-term (often less than one week), although we are also expanding our offerings under longer-term rental contracts. For example, our "mini-leases" (one to three years) offer clients the ability to personalize equipment and use it for a longer period while having us handle maintenance and repair.

Generalist France

Our generalist rental offering in France offers equipment principally used in construction and civil engineering projects. These projects encompass a wide range of activities, including new buildings in the residential, industrial, commercial and governmental sectors, renovation, utilities, roadwork and infrastructure. We also provide equipment for general industrial, landscaping and other activities. We rent generalist equipment under several brands. Our largest brand is Loxam Rental, which operates in a broad range of sectors. Laho, which we acquired in 2007, has been historically more focused on construction; Loueurs de France, purchased in 2004, and Locarest, purchased in 2011, are more focused on civil engineering and landscaping.

Our main product lines include:

- earth moving equipment, including backhoes, loaders, dumpers and excavators, which are designed for digging, lifting, loading and moving material and are frequently used in construction and civil engineering projects;
- aerial work platforms, including booms, scissors and vehicle-mounted platforms, which are mechanical elevation equipment used in various activities, including general industrial and service works and facility management;
- handling equipment, such as forklifts and telehandlers, which are used to lift and transport materials and are often used in the construction, manufacturing and warehousing industries;
- compaction equipment, including compactors, rammers and rollers, which are used to compact soil, gravel, concrete or asphalt in the construction of roads and foundations or to reduce the size of waste material;
- energy equipment, including compressors and generators, which are used to power machinery or construction sites;
- building equipment, such as concrete mixers and saws; and
- other equipment, including scaffolding, trucks, pumps, site surveillance systems, traffic management equipment and hand-operated tools such as power drills, chainsaws, and jackhammers, among others, mainly used in construction and renovation projects.

Specialist France

Our specialist equipment rental offerings in France serve specific client needs in terms of performance (such as power or reach) or quantity of equipment (such as modular shelters). Our different lines of specialist equipment are marketed and rented through dedicated business units, as described below:

- high-access elevation equipment, with or without operators, rented by Loxam Access and Loxam LEV, includes truck-mounted booms, telescopic and articulated booms and other platforms for reaching significant heights, used in construction, landscaping, events and by utilities and media customers;
- modular shelters, rented by Loxam Module, include portable accommodation, workspaces and containers, often used on major construction or civil engineering sites, for special events, for schools, administrative offices and for other applications;
- large compressors and generators and temperature control units, rented by Loxam Power, include air compressors used to provide power to construction machinery and electrical generators that convert mechanical energy into electrical energy to power heavy machinery or to provide electricity where the grid is not available, as well as welding and pumping equipment;
- heavy civil engineering equipment, rented by Loxam TP, is used for excavating, grading and compacting, principally for earthworks, road and railway construction, landscaping and demolition;
- temporary suspended platforms, mobile and fixed scaffolding, modular portable formwork and lifting equipment, rented by Laho TEC.

We continue to add new products to our rental catalogue, including temperature controls and cooling equipment, deconstruction equipment and accessories, bi-energy equipment (such as shovels and access equipment) and site elevators, reflecting our ongoing innovation initiative and response to customer needs.

International

In addition to our generalist and specialist offerings in France, we offer equipment rental in Denmark, Belgium, the Netherlands, Germany, Spain, the United Kingdom, Ireland, Switzerland, Luxembourg and Morocco.

Internationally, in addition to our generalist offer in a number of countries, we also offer specialist equipment in certain markets, including: high-access elevation equipment in the United Kingdom and Ireland, high access elevation equipment and power equipment in the Netherlands, and modular shelters in Belgium and Denmark. All our businesses trade under the Loxam brand, apart from our Joint Venture in Morocco which trades under the Atlas Rental brand.

Rental services and retail

In all of our divisions, we offer a variety of services that complement and support our rental offerings. Rental services, which accounted for approximately 23% of total revenues in 2012, include transportation of equipment to a site and assembly (representing approximately 50% and 6% of rental services revenue in 2012 respectively), damage waivers, which act like a product warranty against theft and breakage (approximately 17%), rebilling of other services such as equipment maintenance (approximately 15%), and fuel (approximately 12%).

We also sell supplies, personal safety equipment and similar goods to customers. Retail activity accounted for approximately 6% of total revenues in 2012.

Customers

We have a broad customer base of approximately 150,000 clients across all divisions, ranging from large international companies to individuals. Our customers operate in many sectors, including residential, industrial, commercial and governmental construction, civil engineering such as transportation and infrastructure, utilities, building renovation, distribution, logistics, retail, environmental, events and media. A significant portion of our customers are large construction and civil engineering groups with national operations. These customers operate through a large number of divisions with whom our relationships are established locally at the branch level by our branch managers and sales executives (and supported by key accounts managers at our headquarters), providing multiple entry points in our contacts with customers and contributing to the diversification and stability of our customer base.

Our network of branches and our specialist equipment offerings enable us to provide tailored and attentive service to local and regional customers, while our developed full-service infrastructure allows us to effectively service large national and international customers. Our top ten customers in France, all of which operate in the civil engineering, construction or utilities sectors, accounted for approximately 30% of our revenues in France for 2012. We are also developing our base of smaller customers, including small- and medium-sized enterprises (SMEs) and craftsmen.

Sales and Marketing

Our sales and marketing organization operates at three levels: (i) locally, at the branch level; (ii) regionally, through commercial managers operating under the regional managers; and (iii) centrally, through our dedicated sales and marketing team. In addition, we maintain an in-house call center staffed only with experienced sales staff, providing additional points of contact for our customers.

To stay informed about local markets, sales agents track rental opportunities in the area through industry reports and local contacts. In addition, our specialist branches, due to the nature of the equipment they supply, are often in contact with customers at the early phases of large construction or civil engineering projects, which creates opportunities for cross-selling and cross-promotion that also benefit our generalist branches. We

also offer training programs for our customers at all of our branches, which improves customer satisfaction and loyalty.

We have also implemented marketing and service initiatives at a centralized level to prioritize strong relationships with our customers. These initiatives include:

- Lox Call, our dedicated call center that provides a one-stop service to clients by phone and coordinates order fulfillment through our branches, with guaranteed equipment availability;
- Loxam Drive, a service that allows customers to use our website to reserve any piece equipment in our catalog, to be collected at the branch of the customer's choice within 24 hours;
- loyalty programs, such as Locpass, which targets SMEs, and Loxcity, which targets public authorities;
- Loxam Global Solutions, a turn-key solution for major industrial sites, which can provide for a dedicated fleet of equipment, an on-site branch and optimized local service; and
- Loxam app for iPhone that allows customers to geo-locate the branch closest to them, request a quote and book equipment from their phones.

We also leverage our quality, safety and environmental certifications, including ISO 14001 for environmental commitment, ISO 9001 for product quality and MASE for employee safety, which are factors used by some of our larger customers in selecting their rental partners.

Rental Fleet

We have a well-maintained fleet consisting of approximately 167,000 pieces of equipment (excluding accessories) as of December 31, 2012, with approximately 124,000 pieces of equipment in our generalist France division, approximately 19,000 in our specialist France division and approximately 24,000 in our international division. We strive to offer a large variety of equipment and our rental fleet is one of the most extensive fleets in the European market, representing over 1,000 different types of generalist and specialist equipment and tools. Our fleet had a replacement value of €1.6 billion as of December 31, 2012.

Our combined fleet is composed of the following principal equipment ranges and equipment types:

- earth moving: excavators, backhoes, loaders, dumpers;
- aerial work platforms: booms, scissors, van mount, truck mount;
- handling: forklifts and telehandlers;
- compaction: compactors, rammers, rollers;
- energy: compressors, generators, coolers;
- modular: modular spaces, containers; and
- building and other: concrete mixers, scaffolding, pumps, tools and other equipment, such as trucks and traffic management.

Together, earth moving and aerial work platform equipment represented approximately half of our 2012 rental revenues.

Fleet management

We follow a decentralized approach with respect to fleet management. Each branch manages its own equipment with the objective of maximizing its own revenues. We monitor fleet utilization and other metrics to measure branch performance and maintain appropriate inventory levels and to manage fleet allocation

across our networks as well as capital expenditures. Our ERP RentalMan platform, which has been customized to enhance our operating efficiency and equipment turnover rate by providing real time access to inventory data, enables us to track the location and availability of our equipment at our branches.

Maintenance and daily checks of equipment in the fleet are performed at each branch. Minor repairs and parts replacement, such as windshields, tires and hydraulic fittings, are outsourced to approved specialized suppliers, while major repairs are performed by manufacturer-approved dealers.

Most of the equipment in our fleet is depreciated on a straight-line five-year basis.

Suppliers

We purchase the equipment in our rental fleet from large, recognized vendors, We have no long-term agreements with our fleet suppliers and no volume commitments or exclusivity clauses apply to these relationships. In 2012, our largest fleet suppliers included Ammann, Haulotte and Manitou.

We also purchase goods and services, principally non-fleet vehicles and equipment, fuel, lubricants, insurance and transportation, as well as the goods sold in our retail activities, from a number of third party suppliers.

Our Network of Branches

As of December 31, 2012, we had a network of 598 branches, primarily located in Western Europe. The table below shows the number of branches we operate in each country:

Country	Number of branches as of December 31, 2012
France	510
Denmark	19
Belgium	15
Germany	14
The Netherlands	12
United Kingdom	10
Spain	8
Switzerland	7
Ireland	1
Luxembourg	1
Morocco	1
Total	598

A typical branch includes a branch manager, a rental consultant, a sales representative, one or more mechanics and one or more drivers. At the regional level, technical managers, commercial managers and administrative managers support the branches in their region, under the oversight of a regional manager.

Our branch network is dynamic, and in any given year we both open and close a number of branches. Following our corporate reorganization completed November 1, 2012, we merged our generalist networks Laho, Locarest and Loueurs de France into Loxam, which will simplify the transfer of fleet, staff and brands across networks.

In 2012 we also put Loxam Rental branches and Laho branches under the same management structure of 18 regions with a single regional management and combined back-office operations, while preserving the two separate brands. The combination will allow us to coordinate commercial activities and investments, pool resources, improve exchanges among branches, decrease costs and enhance branch positioning.

Branch ownership and leasing

We lease the vast majority of our facilities in order to maintain flexibility in growing and developing our network and to be able to respond to demographic and other changes in the areas where we operate and the customers we serve. In 2012, our real estate rental expense was €42.7 million, compared to €39.4 million for 2011.

Employees

As of December 31, 2012 we had 4,331 employees (including apprentices and trainees), nearly all of which were salaried personnel. At this date, approximately 87% of our employees were based in France.

Developing quality rental equipment staff is one of our priorities and staff training plays a key role in ensuring a consistent customer experience across our branches and the adoption of common internal procedures. Our group-wide training center is available to all members of our staff and provides training in areas such as customer relations, sales methods, group processes, regulation, quality and environmental management, technical expertise and management.

Information Technology

Our IT strategy is designed to reinforce our overall business strategy, and in particular, to facilitate the management of our fleet and improve synergies as we expand our network. Our IT team maintains our hardware and services the software we use. We also use dedicated software such as Salesforce (CRM), Sidetrade (accounts management) and Kyriba (treasury management) for specific purposes and therefore work with external support teams provided by the publishers of these software packages.

We recently completed implementing the ERP RentalMan platform in France and are in the process of implementing it in our international business units. RentalMan, published by Wynne Systems, is a dedicated, unified rental system that links all aspects of our fleet management and back office in real time and is one of the main software applications used by key players in the equipment rental industry. RentalMan enhances our operating efficiency and equipment turnover rate by providing real-time access to inventory data, including the availability and location of equipment. RentalMan also enables branch managers to access information on day-to-day performance, search the entire rental fleet for needed equipment, quickly determine the closest location equipment and arrange for delivery to customers' work sites. Once fully implemented, we will be one of the only international equipment rental networks to have consolidated all of its branches across multiple countries under a unified platform.

Intellectual Property

We use a variety of trade names and trademarks in our business, but only the trademark "Loxam", which enjoys high brand recognition in France and other European countries, is material to our business. The "Loxam" trademark is protected in the countries where we do business, including France and the other members of the European Economic Community.

Environmental and Safety Matters

We are subject to comprehensive local, national and European Community-level environmental and safety laws and regulations, but our operations generally do not raise significant environmental risks, and we take steps to minimize these risks to the extent possible.

With respect to our commitment to Social & Environmental Responsibility, we undertook an ambitious project to obtain ISO 14001 certification for all of our European branches, which was achieved in February 2010 and renewed as of January 1, 2013. We are the first equipment rental company to be awarded this certification on such a scale, demonstrating our high level of commitment and know how. We have also obtained MASE certification for employee safety.

Currently there is no pending or likely environmental or safety issue that could have a material adverse effect on our business..

Insurance

We maintain the types and amounts of insurance customary in our industry and adequate to our operations. Our group insurance policies, locally supplemented as needed, comprise in particular our automotive fleet policy, civil liability policy, multi-risk industrial policy, direct or indirect loss crime and data policy.

Legal Proceedings

We are party to certain pending legal proceedings arising in the ordinary course of business, none of which is material to our operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto. Our financial statements have been prepared in accordance with French GAAP.

Key Factors Affecting Results of Operations

Our results of operations are primarily affected by factors that impact the equipment rental industry generally, particularly economic conditions affecting the construction and civil engineering sectors, and our management of capital expenditures in response to changes in the cycle. Our results of operations are also affected by the expansion of our rental network through the opening and closing of branches, acquisitions and, to a lesser extent, seasonality. These factors are described in greater detail below.

Economic conditions in 2012

The fragile recovery of the economy in Europe stalled after the first quarter of 2012 and it is expected that growth was weaker in all countries where we operate in 2012 compared to 2011. In particular the construction market has been recording a slower growth rate in 2012 versus 2011. According to Euroconstruct, the growth of the construction market in France dropped from +4.3% in 2011 to +0.3% in 2012. In addition, growth in the other three large European markets, namely the UK, Germany and Spain all decreased in 2012.

Investment in new equipment

Our capital expenditure in 2012 amounted to €139 million, of which €127 million was fleet capex. Investment levels also reflect changes in our scope of operations due to acquisitions and the opening or closing of branches, as discussed below.

Changes to our rental network

We operated 598 branches as of December 31, 2012, compared to 609 as of December 31, 2011. We opened seven branches in 2012, including a second Loxam City branch in Paris specialized in tools and small equipment, and also two branches in the capital cities of Copenhagen and Berlin. We closed 18 branches, of which 15 were in France, as part of our continuous network management.

In 2012, we streamlined our generalist network management in France by bringing Loxam and Laho branches under the same regional management on one side, and we also completed the same process for Loueurs de France and Locarest branches.

As a consequence of these operational changes, we merged our subsidiaries Laho, Loueurs de France and Locarest into Loxam on November 2, 2012. By effecting these mergers we will simplify the transfer of fleet and staff between branches and across brands and will complete the centralization of all our back office functions.

In 2012 we also decided to set up a new business called LahoTEC which specializes in the rental of hoists, cradle scaffolding and modular portable formwork with a view to further developing it as a specialist activity. This business has four branches located in Paris, Rouen, Lyon and Marseille which were previously part of the Laho generalist network.

Acquisitions

- On May 31, 2012, we acquired three business units from the Mediaco group in France: Medialoc, a generalist rental business in Carcassonne, Mediaco Modules System (MMS), a specialist in modular shelter

rental, and the assets of MSO, a specialist in access equipment rental in Toulouse. These three businesses were merged with our existing branches during the course of the year.

Results of Operations

The table below sets out our results of operations for the years ended December 31, 2010, 2011 and 2012.

	Year ended December 31,		
Consolidated Income Statement Data	**2010**	**2011**	**2012**
		(€m)	
Revenues	702.5	806.6	828.1
Other operating income[1]	38.4	49.7	47.3
Purchases consumed	(83.2)	(97.1)	(96.0)
Personnel expenses	(177.8)	(192.3)	(216.3)
Other operating expenses	(220.0)	(271.4)	(264.6)
Taxes and duties	(14.8)	(14.9)	(15.7)
Depreciation, amortization, and provisions	(160.5)	(172.0)	(172.7)
Operating income	**84.6**	**108.8**	**110.0**
Finance income and expense	(38.7)	(31.5)	(30.2)
Exceptional income and expense	(1.1)	(1.2)	0.3
Income tax	(15.4)	(24.9)	(30.8)
Amortization or depreciation of goodwill and intangible assets	(2.1)	(11.5)	(3.0)
Consolidated net income	**27.3**	**39.7**	**46.3**
Minority interests	—	(0.1)	(0.1)
Net income, group share	**27.3**	**39.8**	**46.3**

(1) Other operating income include write-backs of provisions on current assets for €9.9 million, €23.2 million and €14.6 million in 2010, 2011 and 2012 respectively, and capital gains on fleet disposals for €16.6 million, €11.6 million, €15.4 million in 2010, 2011 and 2012, respectively.

Revenues and EBITDA are important metrics in our business. We do not present financial information by segment in our financial statements, but we consider our business to have three divisions: generalist France, specialist France and international. Each of our branches is assigned to one of these divisions, and at December 31, 2012 we had 452 branches in generalist France, 58 in specialist France and 88 in international. The following table sets out these key figures in each of the generalist France, specialist France and international divisions for the years ended December 31, 2010, 2011 and 2012. EBITDA is a non-GAAP financial measure.

	Year ended December 31,		
	2010	**2011**	**2012**[1]
	(€m, except percentages)		
Revenues[2]			
Generalist France	479.6	556.2	571.0
Specialist France	117.2	128.4	138.1
France	596.8	684.6	709.2
International	105.7	122.0	118.9
Total	702.5	806.6	828.1
Adjusted EBITDA [3]			
Generalist France[4]	156.7	187.9	186.3
Specialist France[4]	45.8	50.5	49.6
France	202.5	238.4	235.9
International	29.0	35.2	36.2
Real Estate[5]	2.8	1.5	1.5
Total	234.3	275.1	273.6
Margin (%)	33.4%	34.1%	33.0%

Notes:

(1) Since January 1, 2012, the branches in our Laho TEC network have been assigned to the specialist France division, after previously being assigned to our generalist France division. In 2011, Laho TEC revenue and adjusted EBITDA represented €8.7 million and €1.8 million respectively, and these amounts are included in the totals for the generalist France division for 2011 in the table above.

(2) To present generalist and specialist revenues generated in France by division, we aggregate the revenue of each branch assigned to that division, and we allocate rebates provided annually to certain large clients. Revenues for generalist France and specialist France are presented post to the allocation of these rebates.

(3) Adjusted EBITDA corresponds to EBITDA excluding non recurring costs. In 2011, adjusted EBITDA excludes the costs paid in connection with refinancing our syndicated loan and the Locarest loan representing a total amount of €10.2 million. In 2012, adjusted EBITDA excludes €7.2 million of costs provided in relation to a future issue of senior notes, which were issued in January 2013.

(4) To present specialist and generalist adjusted EBITDA generated in France by division, we allocate rebates pro rata based on revenues, which are accounted for centrally, and then allocate direct expenses (which represent a majority) directly to a given branch. Indirect expenses are allocated centrally or regionally and are then allocated to a given branch according to a factor that is based on that branch's revenues, the gross value of its equipment or the rental value of its equipment.

(5) Real estate adjusted EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division.

Significant Events of the Financial Year and Post-Closing Events

Loxam completed a capital increase of €4.5 million which was reserved for its employees in June 2012.

We also realized certain mergers in order to simplify our Group organization:

- Merger of Stammis (acquired in 2011) within Loxam BV on January 1, 2012;

- Merger of Locamachine (acquired in 2010) within Loxam Belgium on July 10, 2012;
- Merger of Medialoc (acquired in May 2012) within Loxam on August 31, 2012;
- Merger of MMS (acquired in May 2012) within Loxam on August 31, 2012;
- Merger of Finarest, the Holding company of Locarest, within Loueurs de France - BTP on August 31, 2012;
- Merger of Loxam Financière within Loxam on August 31,2012;
- Merger of Locarest within Loueurs de France - BTP on November 2, 2012;
- Merger of Loueurs de France BTP, Laho within Loxam on November 2, 2012;

All of these mergers were effective retroactively to January 1, 2012 and had no impact on the consolidated financial statements.

See "Acquisitions" above for a description of the acquisitions we made during the period.

Information Technology

We implemented successfully the Rentalman ERP software in most of our French business in 2012. Over 500 branches are now using Rentalman which provides notably a better management of the fleet through real-time information.

Quality

Loxam has been awarded ISO 9001 and ISO 14001 certificates for all of its operations in Europe. This underscores not only our continuous commitment to quality and respect of the environment, but also the reliability of our systems as a result of our well document processes and procedures. We are also proud to be the first European rental company to have been awarded an ISO 14001 certificate for all its operations.

Post closing events :

In January 2013, we issued €300 million principal amount of 7.375% senior subordinated notes due 2020. We used a portion of the net proceeds of the issuance to repay €150.0 million under our syndicated credit facilities. The senior subordinated notes are subordinated in right of payment to our syndicated credit facilities and certain of our bilateral facilities and hedging obligations.

Year ended December 31, 2012 compared to year ended December 31, 2011

Revenues

Revenues increased by 2.7% to €828.1 million in 2012 from €806.6 million in 2011, primarily due to the addition of Locarest revenue. However, like-for-like revenues decreased by 1.8% in 2012 due to a 1.7% drop in rental revenue (on a like-for-like basis) due to a weakening demand both in France and in our international businesses since the second quarter of 2012. We also recorded a drop in retail activity (on a like-for-like basis) due to a decrease on volume that was partly offset by an emphasis on higher margin products .

Revenues from our generalist France division increased by 2.7% to €571.0 million in 2012 from €556.2 million in 2011, principally due to the addition of Locarest revenues. Excluding the contribution of Laho TEC for 2011, revenue from our generalist France division would have increased by 4.3% to €571.0 million in 2012 from €547.5 million in 2011. Locarest revenues represented a full-year contribution of €50.6 million in 2012 against a four-month contribution of €18.6 million in 2011. Generalist France represented 69.0% of total revenues in 2012 as well as in 2011.

Revenues from our specialist France division increased by 7.6% to €138.1 million in 2012 compared to €128.4 million in 2011. Had we included the contribution of Laho TEC in the specialist division in 2011, the change in revenues from our specialist France would have been flat. Specialist France represented 16.7% of total revenues in 2012, compared to 15.9% in 2011.

International revenues decreased by 2.5% to €118.9 million in 2012 compared to €122.0 million in 2011, as the decrease in Spain weighed on the overall performance. Our largest international markets were Denmark, Belgium and the Netherlands. Our international division represented 14.4% of total revenues in 2012, compared to 15.1% in 2011.

Other operating income

Other operating income decreased by 4.8% to €47.3 million in 2012 from €49.7 million in 2011, principally due to a decrease in write-backs of provisions on current assets, partially offset by higher capital gains on fleet disposals.

Purchases consumed

Purchases consumed decreased by 1.1% to €96.0 million in 2012 compared to €97.1 million in 2011, primarily due to a slowdown in retail activity that offset the increase of other costs related to rental activity.

Personnel expenses

Personnel expenses increased by 12.5% to €216.3 million in 2012 from €192.3 million in 2011. On a like-for-like basis, (including 12 months of Locarest contribution in 2011), personnel expenses rose by 6.4%, mainly due to an increase of profit sharing as well as social charges, which rose as a result of new legislation in France.

Other operating expenses

Other operating expenses decreased by €6.8 million to €264.6 million in 2012 from €271.4 million in 2011. Our largest expenses in this category were transportation and transport-related costs (€73.1 million), rent on real estate (€42.7 million), subcontracted maintenance (€32.2 million) and general administrative expenses (€28.3 million).

Depreciation, amortization, and provisions

Depreciation, amortization, and provisions increased slightly to €172.7 million in 2012 compared to €172.0 million in 2011 as the record level of investments made in 2007 are reaching full depreciation.

Financial income and expense

Net financial expense decreased by 4.1% to €30.2 million in 2012 compared to €31.5 million in 2011. Loxam has benefited in 2012 from a decrease in its overall gross financial debt and also from a lower average rate of interest rate hedging (2.5% in 2012 compared to 3.08% in 2011).

Income tax

Income tax increased by 23.7% to €30.8 million in 2012 from €24.9 million in 2011 principally as a result of the increase in income before tax and amortization or depreciation of goodwill and intangible assets, which grew in France but also in our international division. The increase in income tax is also a consequence of a new tax law in France in 2012 which limits the deductibility of interest to 85% of its cost.

Amortization or depreciation of goodwill and intangible assets

On the back of persistent weakness of the Spanish construction market, we decided to depreciate fully the goodwill of our Spanish subsidiary, leading to a €3.2 million depreciation charge in 2012.

Net income, group share

As a result of the factors described above, our net income, increased by 16.3% to €46.3 million in 2012 from €39.8 million in 2011.

Adjusted EBITDA

Adjusted EBITDA amounted to €273.6 million in 2012 compared to €275.1 million in 2011, with an adjusted EBITDA margin of 33.0% in 2012.

Adjusted EBITDA from our generalist France division amounted to €186.3 million in 2012 compared to €187.9 million in 2011. Our adjusted EBITDA margin for generalist France was 32.6% in 2012.

Adjusted EBITDA from our specialist France division decreased slightly to €49.6 million in 2012 compared to €50.5 million in 2011. Our adjusted EBITDA margin for specialist France was 35.9%.

Adjusted EBITDA from our international division increased by 2.8% to €36.2 million in 2012 compared to €35.2 million in 2011.Our adjusted EBITDA margin for international was 30.4%.

Liquidity and Capital Resources

We use cash to pay for working capital requirements, taxes, interest payments, capital expenditures, acquisitions and to service our indebtedness in accordance with repayment schedules.

Our sources of liquidity consist mainly of the following:

- cash generated from our operating activities;
- borrowings under our syndicated credit facilities (including the revolving credit facility) and bilateral facilities; and
- net proceeds from our offering of senior subordinated notes and any other debt securities we may issue in the future.

As of December 31,2012, we had €393.0 million outstanding for our syndicated credit facilities and we had bilateral facilities in a total amount of €391.2 million and finance leases in a total amount of €44.6 million. Cash and cash equivalents on our balance sheet amounted to €61.9 million.

In December 2012, we concluded a €75 million revolving credit facility with a pool of six banks, which we may use for general corporate purposes. As of December 31, 2012, this revolving credit facility was undrawn.

In January 2013, we issued €300 million principal amount of 7.375% senior subordinated notes due 2020. We used a portion of the net proceeds of the issuance to repay €150.0 million under our syndicated credit facilities described above. The senior subordinated notes are subordinated in right of payment to our syndicated credit facilities and certain of our bilateral facilities and hedging obligations.

Capital expenditures

The management of our capital expenditure, by increasing or decreasing the amount of investment in our fleet, is an important lever in the generation of free cash flow.

Our gross capital expenditures were €138.9 million in 2012 compared to €177.4 in 2011.

Our net capital expenditures (defined as gross capital expenditures less proceeds from disposals of fixed assets) were €116.6 million in 2012 versus €161.0 million in 2011.

Adjusted EBITDA

The following table presents a reconciliation of adjusted EBITDA to operating income and net income for the periods indicated.

	Year Ended December 31,		
	2010	**2011**	**2012**
		(€m)	
Adjusted EBITDA	234.3	275.1	273.6
Non-recurrent costs	-	(10.2)	(7.2)
EBITDA	234.3	264.9	266.4
Depreciation of fixed assets	149.7	156.1	156.4
Operating income	84.6	108.8	110.0
Finance income and expense	(38.7)	(31.5)	(30.2)
Exceptional income and expense	(1.1)	(1.2)	0.3
Income tax	(15.4)	(24.9)	(30.8)
Amortization or depreciation of goodwill and intangible assets	(2.1)	(11.5)	(3.0)
Consolidated net income	27.3	39.8	46.3

Free cash flow

We define free cash flow as EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) finance income and expense, (iii) income taxes (excluding deferred taxes), (iv) changes in working capital requirement and (v) miscellaneous items. Free cash flow, as presented in this report, does not reflect the impact of dividend payments to shareholders, capital increases, buybacks or acquisitions, which could affect the cash situation of the group.

Free cash flow was €85.9 million for the year ended December 31, 2012. This represented a strong increase of cash generation over 2011 when free cash flow amounted to €59.6 million.

The following table presents a reconciliation of free cash flow to EBITDA for the last three years.

	Year Ended December 31,		
	2010	**2011**	**2012**
		(€m)	
EBITDA before capital gains on fleet disposals	219.8	254.9	251.0
+ Proceeds from disposals of fixed assets	24.5	16.4	22.3
- Gross capital expenditures	(107.7)	(177.4)	(138.9)
- Finance income and expense	(38.7)	(31.5)	(30.2)
- Income taxes[(1)]	(19.2)	(24.2)	(34.0)
- +/- Change in working capital requirement[(2)]	5.8	21.8	16.1
- Miscellaneous	(2.4)	(0.4)	(0.4)
= Free cash flow [(3)]	**82.1**	**59.6**	**85.9**

Notes:

(1) Corresponds to taxes immediately payable (i.e., excluding deferred taxes).

(2) Change in working capital requirement is calculated as the difference between working capital requirement at the end of the relevant period and working capital requirement at the beginning of the relevant period, at constant exchange rates and excluding changes in scope of consolidation.

(3) Before payment of dividends, capital increases and acquisitions.

Net debt

We define net debt as gross debt less cash and cash equivalents (cash plus marketable investment securities). The following table presents a reconciliation of net debt to amounts included in the consolidated balance sheet as of the dates indicated.

	As of December 31,		
	2010	**2011**	**2012**
	(in millions of euros)		
Bank loans	824.4	887.7	784.1
of which syndicated credit facilities	458.5	475.0	393.0
of which bilateral loans	365.9	412.7	391.2
Accrued interest on loans	4.0	2.7	3.4
Lease liabilities	2.1	22.2	44.6
Other financial debt	2.7	2.7	1.6
Bank overdrafts	2.9	4.9	6.2
Loans and financial debt (gross debt)	836.1	920.2	840.0
Cash	(12.5)	(35.1)	(11.7)
Marketable investment securities	(12.6)	(27.9)	(50.1)
Cash and cash equivalents	(25.1)	(63.0)	(61.8)
Net debt	811.0	857.2	778.2

From December 31, 2011 to December 31, 2012, net debt decreased from €857.2 million to €778.2 million as a result of net cash provided by operations of €208.8 million in 2012, less capex in the rental fleet and other investments (net of disposals) of €116.6 million, a reduction of debt on investments (€6.3 million) and the impact of changes in the scope of consolidation of €6.8 million (related to the acquisition of the Mediaco business).

Debt maturity profile

The table below provides certain information concerning the maturity profile of certain contractual obligations, which principally include obligations associated with our outstanding indebtedness, as of December 31, 2012 on a historical basis.

	Total	2013	2014	2015	2016	2017	2018	2019	2020 and later
				(in millions of euros)					
Syndicated credit facilities	393.0	82.0	97.0	97.0	117.0	—	—	—	—
Bilateral loans	391.2	151.5	95.8	80.4	45.4	17.5	0.1	0.1	0.3
Finance leases	44.6	11.6	9.9	9.4	10.0	3.8	—	—	—
Loans and financial debt owed to credit institutions	828.8	245.1	202.7	186.8	172.4	21.3	0.1	0.1	0.3
Other loans and financial debt	11.3	10.5	0.1	—	0.4	0.3	—	—	—
Total debt	840.1	255.6	202.8	186.8	172.8	21.6	0.1	0.1	0.3

The table below our maturity profile as of December 31, 2012 on a pro forma basis after giving effect to the senior subordinated notes issued in January 2013, the proceeds of which were used to repay €150.0 million under our syndicated credit facilities.

	Total	2013	2014	2015	2016	2017	2018	2019	2020 and later
				(in millions of euros)					
Syndicated credit facilities	243.0	32.0	47.0	72.0	92.0	—	—	—	—
Bilateral loans	391.2	151.5	95.8	80.4	45.4	17.5	0.1	0.1	0.3
Finance leases	44.6	11.6	9.9	9.4	10.0	3.8	—	—	—
Loans and financial debt owed to credit institutions	678.8	195.1	152.7	161.8	147.4	21.3	0.1	0.1	0.3
Other loans and financial debt	11.3	10.5	0.1	—	0.4	0.3	—	—	—
Senior subordinated notes	300.0	—	—	—	—	—	—	—	300.0
Total debt	990.1	205.6	152.8	161.8	147.8	21.6	0.1	0.1	300.3

Hedging Policy

In the ordinary course of our business, we are exposed to market risks arising from fluctuations in interest rates and exchange rates. To manage these risks effectively, from time to time we enter into hedging transactions and use derivative financial instruments to mitigate the adverse effects of these risks. In addition, pursuant to the terms of our syndicated credit facilities, we are required to hedge at least 75% of the debt drawn under the syndicated facilities at all times. We do not enter into financial instruments for trading or speculative purposes.

As of December 31, 2012, approximately 94% of our borrowings and other financial debt were at variable rates, mostly linked to the EURIBOR. We use derivative instruments, principally swaps (some of which have a cancelable option exercisable by the bank counterparty), from time to time to reduce our net exposure to

changes in the variable rates on our outstanding indebtedness. As of December 31, 2012, these instruments covered a notional amount of €674.7 million against 3-month EURIBOR for a maximum term of 10 years. For 2012, these instruments covered an average of €673.5 million at an average fixed rate of 2.50%, compared to an average of €571.1 million at an average fixed rate of 3.08%.

The table below presents our hedging levels for the periods indicated.

	As of December 31,		
	2010	**2011**	**2012**
	(in millions of euros, except percentages)		
Bank loans	824.4	887.7	784.2
Amount hedged	580.0	687.4	674.7
% hedged	70%	77%	86%
Average rate (after hedging)	3.77%	3.08%	2.50%

The large majority of our revenues, expenses and obligations are denominated in euros. However, we are subject to limited market risk relating to exchange rate fluctuations, primarily in respect of Danish krone, pounds sterling, Swiss francs and Moroccan dirham. Our hedging contracts in respect of exchange rate fluctuations as of December 31, 2012 covered current liabilities denominated in pounds sterling in an amount of GBP 6.7 million.

Critical Accounting Policies and Estimates

French GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Actual results may differ from these estimates.

We consider the following policies and estimates to be the most critical in understanding the assumptions and judgments that are involved in preparing our financial statements and the uncertainties that could affect our financial results, financial condition and cash flows. A more detailed description of the accounting rules and methods that we apply is provided in the note “Accounting Rules and Policies” to our consolidated financial statements.

Goodwill

Goodwill is the difference between the acquisition cost of securities and (i) the overall value of the assets and liabilities identified and (ii) the market shares (*parts de marché*) at the acquisition date. The cost of acquisition includes expenses directly related to the acquisition, as well as the discounted value of the debt in cases where payment is deferred or made in installments. Goodwill is amortized on a straight-line basis, over a term that factors in the assumptions selected, and the goals established and documented at the time of the acquisition. This term shall not exceed 20 years.

Market shares (parts de marché)

In the case of the acquisition of an operating company that was acquired with a view to increasing the group’s market shares (*parts de marché*), by expanding the coverage of the branch network (which has been the case for all companies acquired to date), a separate asset, market shares (*parts de marché*), is recognized on a separate line under intangible assets. The value of that asset is assessed according to the results generated, the development of the company and its ability to build customer loyalty thorough national agreements. This

market share item (*parts de marché*) is not amortized, but its value is tested every year and when the group identifies evidence of impairment. The test consists of comparing the net book value of the market shares (*parts de marché*) with future cash flows, as determined on the basis of medium-term plans. Where the net book value is higher than the value of the discounted cash flows, a provision for impairment is recognized.

Other intangible assets

Other intangible assets (mainly software) are shown at their acquisition cost on the balance sheet, excluding financial expenses. They are depreciated on a straight-line basis over three years.

Tangible assets

Tangible assets are shown at their historic acquisition cost. Impairment charges are calculated according to the straight-line method, based on the useful life of the assets. In the case of equipment, the useful life is two to seven years. Most of the equipment in our rental fleet is depreciated on a straight-line basis over five years.

According to the rules determined by CRC Regulations 2002-10 and 2004-06, French companies' tangible assets must be broken down into individual components with different useful lives. However, we have not identified any assets in our pool that are likely to be subject to a breakdown by component. The useful lives of our equipment are very close to the usage values for these assets. The characteristic features that are specific to the rental sector do not enable residual values for all equipment to be determined on a consistent and accurate basis.

Leases

Some fixed assets are subject to lease agreements, under the terms of which we assume the benefits and risks of ownership. In this case, we record the value of the leased asset under the assets portion of the balance sheet and the corresponding financial liability under the liabilities portion of the balance sheet. The fixed asset is depreciated according to our established policies and the asset's economic useful life. The liability is amortized over the length of the lease agreement. Other fixed assets are subject to lease agreements whereby we do not assume the benefits and risks of ownership. In that case, the rental charges are expensed as incurred.

Provision for contingencies and charges

Provision for contingencies and charges includes provisions for retirement benefits, deferred taxes, long-service awards and other contingencies and charges that are justified by certain or probable risks, and have been estimated on a case-by-case basis.

We use the following procedures for calculating provisions for retirement benefits: (1) benefits are calculated by factoring in age, seniority, life expectancy, and the staff turnover ratio; (2) acquired benefits are capped at 3.5 months' salary for employees who have worked for the company for over 30 years; and (3) the provision is then discounted at the 10-year interest rate, in order to take into account the length of time between the employee's age and their retirement at 65. For companies joining the Group, the amount of the portion relating to the years before their inclusion in the scope of consolidation, net of tax, is deducted from opening shareholders' equity.

RISK FACTORS

Our financial condition, results of operations and cash flows could suffer material adverse affects due to various risks related to our industry and our business. We have described below the specific risks that we consider material to our business but there may be additional risks that we are unaware of or that we currently consider immaterial which could impair our business operations.

Declines in construction and civil engineering activities could lead to decreased demand for equipment.

Our equipment is principally used in connection with construction and civil engineering activities. The demand for our products is strongly correlated to conditions in the general economy and in the construction and civil engineering sectors. Consequently, a downturn in construction or civil engineering activities, or the economy in general, generally leads to decreased demand for our equipment, which could have a material adverse effect on our financial position, results of operations and cash flows in the future. Downturns also intensify price competition as equipment rental providers seek to increase utilization of idle equipment.

The equipment rental industry is highly competitive, which puts downward pressure on prices.

The equipment rental industry is highly competitive. Many of the markets in which we operate are served by numerous competitors, ranging from national and multi-regional equipment rental companies to small, independent businesses. We may encounter increased competition from existing competitors or new market entrants in the future. Over time, our competitors, whether global, national, regional or local, could consolidate their businesses, which could increase competition. From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices. To the extent we lower rental rates or increase our fleet in order to retain or increase market share, our operating margins would be adversely affected. In addition, we may not be able to match a competitors' price reductions or fleet investment, which could adversely impact our operating results.

Our business could be hurt if we are unable to obtain additional capital as required.

We use cash generated from our operations, together with borrowings, to fund our capital requirements. This cash may be insufficient and we may require additional financing to obtain capital for, among other purposes, purchasing equipment, completing acquisitions, establishing new locations and refinancing existing indebtedness. Our lenders may not be willing to provide additional financing on terms that are attractive to us or at all. The age and size of our equipment fleet is significantly affected by our level of capital expenditures, and if we are required to reduce these expenditures for any reason, the reduced availability of equipment or the age of our rental fleet may cause us competitive harm and increase our maintenance costs.

We may be unable to forecast trends accurately.

Our decisions about investment in new equipment are based in significant part on our views of future demand. Economic volatility or uncertainty may make it difficult for us to forecast trends and set appropriate investment levels, which may have an adverse impact on our business and financial condition. Uncertainty regarding future product demand could cause us to maintain excess equipment inventory and increase our capital expenditures beyond what is efficient. Alternatively, we could face a shortage of rental equipment that could make it difficult to satisfy demand for our products and result in lost market share.

We depend on equipment manufacturers to obtain adequate rental equipment on a timely basis.

We purchase most of our rental equipment from well-known original equipment manufacturers ("OEMs"). However, our suppliers may not be able to fulfill the terms of their agreements with us on a timely basis or at all for logistical or strategic reasons. Further, suppliers may be unwilling to extend contracts that provide

favorable terms to us, or they may seek to raise prices or renegotiate existing contracts with us. As a result, we could face increased costs for our equipment or longer delivery times.

The maintenance and repair costs associated with our rental fleet may increase.

As the equipment in our rental fleet ages, the cost of maintaining such equipment, if not replaced within a certain period of time, generally increases. Determining the optimal average age for disposal of our rental fleet is subjective and requires considerable estimates by management. Our future operating results could be adversely affected because our maintenance and repair costs may be higher than estimated.

Our internal control and compliance processes may fail to prevent regulatory penalties and reputational harm.

We operate a decentralized business through hundreds of branches across multiple jurisdictions. Our internal control and compliance processes may not prevent all future breaches of law, accounting standards or our internal codes of conduct. We may experience instances of fraudulent behavior and dishonesty by our employees, contractors or other agents. Any failure to comply with applicable laws and other standards could subject us to fines, legal proceedings, loss of operating licenses and reputational harm.

MANAGEMENT

Pursuant to French law governing limited liability companies (*sociétés par actions simplifiées*) and our articles of association (*statuts*), our affairs are managed by our Chairman and Chief Executive Officer (*président*), who is assisted by our Management Committee in running our day-to-day operations. Our Strategic Committee (*comité stratégique*) is an advisory body whose purpose is to assist and advise the Chairman.

Chairman and Chief Executive Officer

Our Chairman and CEO is Mr. Gérard Déprez, who has held this position since 1986. Before joining Loxam, Mr. Déprez was regional director of the building materials merchant SOCIMAT from 1983 to 1986, and vice president of finance of Ciments d'Origny Group (part of the Holderbank Group, also in the building materials industry) from 1978 to 1983. Mr. Déprez has also held the position of Chairman of the Board of the European Rental Association since 2005. He holds a business degree from EM Lyon, as well as degrees in law and accounting.

The Chairman and CEO has broad powers to act on our behalf in any circumstances, as limited by the corporate purposes set out in our articles of association and the powers expressly reserved for the general meeting of shareholders by law or by our articles of association, to represent and bind us in dealings with third parties, to manage and administer our affairs and has full management powers in respect of the employees of the company. Our Chairman and CEO is appointed by our shareholders and may be dismissed by the shareholders at any time.

Management Committee

Our day-to-day operations are managed by our Management Committee, which consists of our Chairman and CEO, Managing Director, Chief Financial Officer and other key managers. The members of the management committee are appointed by the Chairman and CEO.

The following table sets out the members of the Management Committee as of December 31, 2012:

Name	Position
Gérard Déprez	Chief Executive Officer
Stéphane Hénon	Managing Director
Patrick Bourmaud	Chief Financial Officer
Jean Philippe Theuriot	Technical Director
Patrick Deschamps	Marketing Director
Jean-Yves Cera	Human Resources Director
Jean Paul Dubois	Chief Operating Officer
Philippe Lecheneau	Chief Operating Officer
Alain Prudhomme	Chief Operating Officer
Philippe Simonnet	Chief Operating Officer
Jean Emmanuel Vinchon	Development Manager

Strategic Committee

Our Strategic Committee, which acts solely as an advisory body, is currently composed of 10 members, including the Chairman. Our articles of association provide that the Strategic Committee may consist of up to 12 members who may or may not be shareholders and who are appointed by the general meeting of shareholders. Members of our Strategic Committee (other than the Chairman) are appointed for terms of three years by the ordinary general meeting of shareholders and may be dismissed by it without cause and at any time prior to the expiration of their term.

The Strategic Committee meets at least four times a year and is convened by the Chairman or the CEO. Its role is to assist and advise the Chairman on questions relating to our development strategy, the business plan, external growth transactions and any other question submitted to it by the Chairman.

Pursuant to our articles of association, shareholders may designate one or more persons (which may or may not be shareholders) as censors (*censeurs*) of the Strategic Committee. Censors participate in Strategic Committee meetings, but have no voting powers. There is currently one censor designated by our shareholder 3i who attends each meeting of the Strategic Committee.

The following is a brief description of the present and past experience of the members of the Strategic Committee.

Alain Blanc-Brude. Mr. Blanc-Brude is chairman of the supervisory board of ALPHA, a private equity firm specialized in mid-cap LBOs, which he joined in 1986. He was previously the CEO of the industrial company Compagnie Financière SARTEC, a position he held for 12 years. Mr. Blanc-Brude holds an a degree from Ecole Centrale de Lille in engineering and an MBA from the Wharton School of the University of Pennsylvania.

Yves Coquinot. Mr. Coquinot spent 31 years at Loxam prior to his retirement in July 2012. He held the position of Managing Director from 1997 to 2012. Mr. Coquinot has a degree in law from the University of Dijon.

Alice Henault. Currently studying at Harvard Business School, Ms. Henault was previously an analyst with PricewaterhouseCoopers in Paris (2007-2011). She has a degree from Ecole Nationale Supérieure des Télécommunications and a MPhil in technology policy from the University of Cambridge. Ms. Henault is the daughter of Mr. Déprez.

Annick Lourdais. Ms. Lourdais spent 35 years at Loxam prior to her retirement in 2008. Her last position with the group was Secrétaire Général (Finance & Legal Affairs), from 1994 to 2008. Ms. Lourdais has a degree in accounting.

Daniel Milord. Mr. Milord spent 35 years at Loxam prior to his retirement in 2006, and was most recently the Deputy Managing Director (from 2001 to 2006).

Olivier de la Morinière. Mr. de la Morinière is chairman and CEO of the truck rental company Fraikin, a position he has held since 2003. Previously, he was chairman and CEO of MC International, a consulting firm. Mr. de la Morinière holds a degree from Ecole Polytechnique de Paris—Ponts et Chaussées.

Denis Ribon. Mr. Ribon (representative of 3i) is co-head for France of 3i, a mid-market private equity firm he joined in 2001. He was previously with AT Kearney, a consulting firm, in strategy and management consulting services. Mr. Ribon has a degree from the Lyon Veterinarian University and an MBA from HEC University.

Jean-Pierre Créange (representative of Pragma Capital). Mr. Créange is managing director of Pragma Capital, a private equity firm he founded in 2002. Having started his career in the aeronautic sector and in the

banking sector, Mr. Créange has held positions with the investment firms Unidev and UI. He holds degrees from Ecole Nationale Supérieure des Télécommunications and Institut d'Administration des Entreprises.

François Varagne. Mr. Varagne is CEO of Gras Savoye, a major insurance broker, a position he has held since 2012. Mr. Varagne was previously CEO of French natural gas distributor Antargaz (2001-2011), the transport group Keolis, and Brink's France, a division on the Brinks security group. He graduated from HEC and holds a degree in philosophy.

Audit committee

Our audit committee is currently composed of three individuals, Annick Lourdais, Jean Pierre Créange and Denis Ribon, all of whom are also members of the Strategic Committee. The role of the audit committee is to examine the half-year and annual financial statements of the company and the Group prior to their presentation to the Strategic Committee. The audit committee meets at least two times per year.

Remuneration committee

Our remuneration committee is currently composed of four individuals, Jean Pierre Créange, Denis Ribon, Olivier de la Morinière and François Varagne, all of whom are also members of the Strategic Committee. The role of the remuneration committee is to report and advise on remuneration matters with respect to the company's officers. The remuneration committee meets at least once per year.

SHAREHOLDERS AND ORGANIZATIONAL STRUCTURE

Shareholders

Our share capital is comprised of ordinary shares as well as Class A and Class B shares, all of which have the same voting rights. Pursuant to our articles of association, transfers of Class B shares are subject to the prior approval of holders of Class A shares in certain circumstances.

As of December 31, 2012, our Chief Executive Officer, Gérard Déprez, and his affiliates and family members together owned 75.1% of our share capital. 3i and Pragma Capital manage private equity funds that together owned 12.3% of our share capital, while the remainder is owned by other members of our management team, certain retired managers, employees and other entities controlled by management. The table below lists our shareholders of ordinary shares, Class A and Class B shares as of January 1, 2013.

	Number of shares	Percentage of share capital
Gérard Déprez and affiliates[1]	19,385,590	75.1%
Other management, retired managers, Loxam Participations and others[2]	3,005,960	11.6%
3i[3]	2,057,713	8.0%
Pragma II[3])	1,108,000	4.3%
FCPE[4]	265,000	1.0%
Total	25,822,263	100.0%

Notes:

(1) Includes 19,138,122 Class A shares held by Gérard Déprez, DPZ Partners SAS and certain members of the Déprez family, and 247 468 Class B shares held by certain other members of the Déprez family. DPZ Partners SAS is a holding company controlled by Gérard Déprez.

(2) All of which are Class B Shares. Loxam Participations EURL, which is controlled by Gérard Déprez, is an entity whose purpose is, in particular, to provide liquidity for Loxam shares held by members of management and certain other shareholders who wish to sell their shares.

(3) 3i holds 8.0% of the Company's share capital through the following entities: 3i Growth 2010 LP, 3i Growth Capital A LP, 3i Growth Capital B LP, 3i Growth Capital C LP, 3i Growth Capital G LP and Growth Co-Invest LP 2010. All shares held by 3i and Pragma II are ordinary shares.

(4) Shares held by Loxam employees, all of which are Class B shares.

Other Securities Giving Access to our Share Capital

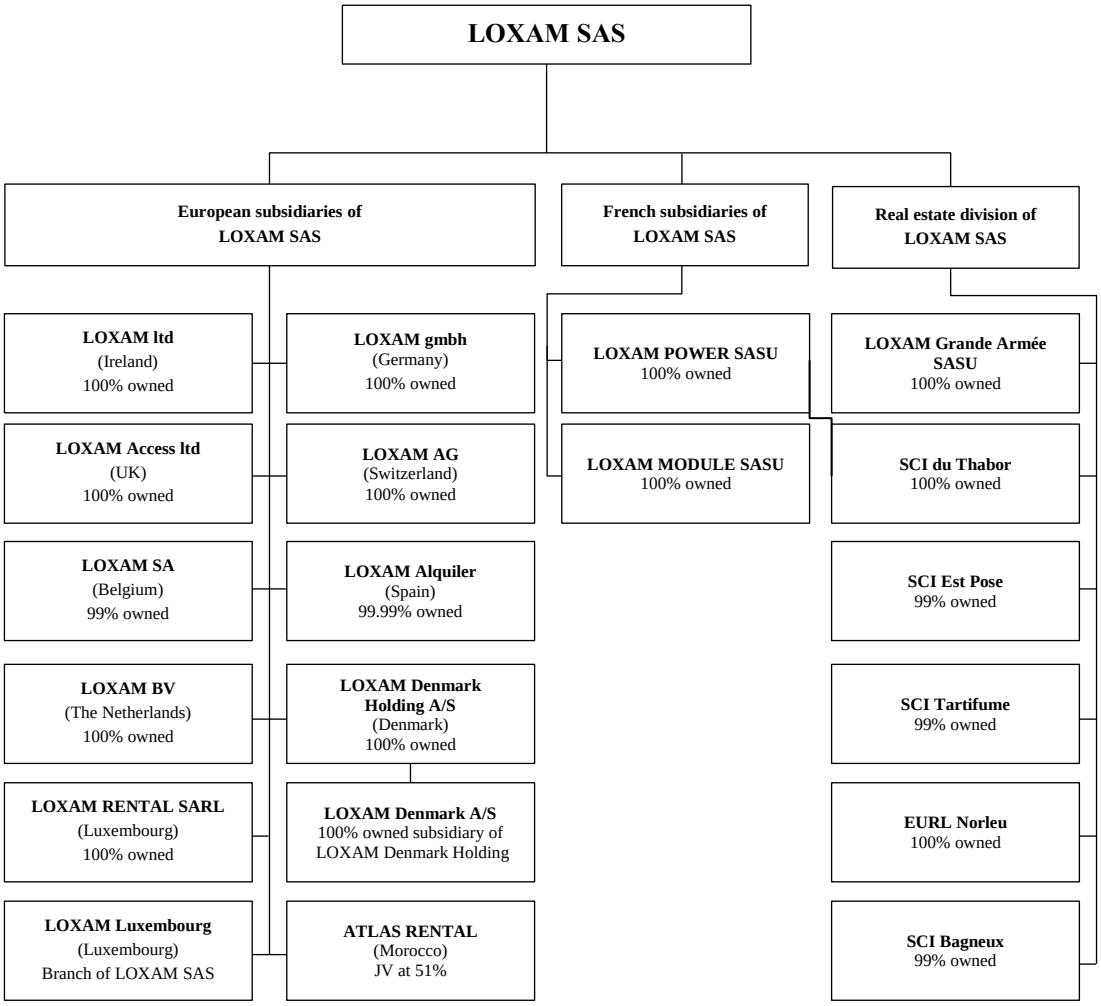
We have two classes of warrants (*bons de souscription d'actions*) outstanding. 3,165,713 BSA1 warrants were issued on April 2, 2012 and are held by 3i and Pragma II, and 22,391,550 BSA2 warrants were issued on April 2, 2012 and are held by certain Class A and Class B shareholders. Each BSA1 warrant gives the holder the right to subscribe for one Loxam ordinary share, while each BSA2 warrant gives the holder the right to subscribe for one-seventh of a Loxam ordinary share, in each case under certain specified conditions.

Related Party Transactions

From time to time in the ordinary course of our business we enter into agreements with certain of our affiliates for the provision of management and administrative services. These agreements are established on arm's-length terms and we do not consider them to be material.

Organizational Structure

The following chart sets out our organizational structure as of December 31, 2012.



ANNEX:
FINANCIAL STATEMENTS

LOXAM

Simplified Joint Stock Company

42, avenue de la Perrière
56100 - Lorient

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2012

KPMG Audit
15, rue du Professeur Jean Pecker
CS 14217
35042 – Rennes Cedex

CONSTANTIN ASSOCIÉS
Member of Deloitte Touche Tohmatsu Limited
185, avenue Charles de Gaulle
92524 – Neuilly-sur-Seine Cedex

This is a free translation into English of the statutory auditors' audit report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in such audit reports, whether qualified or not, that is presented below the opinion on the financial statements. This information includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.
The statutory auditors' report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

LOXAM

Simplified Joint Stock Company

42, avenue de la Perrière
56100 - Lorient

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended December 31, 2012, on:

- our audit of the accompanying consolidated financial statements of Loxam S.A.S.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chairman. 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 the 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 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 of December 31, 2012, and of the results of its operations for the year then ended, in accordance with French accounting rules and principles.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matters.

Intangible assets

Note 7 "Goodwill and Intangible Assets" sets out the procedures for allocating the identifiable assets and liabilities of the entities included in the scope of consolidation, together with the procedures for determining the carrying value of the intangible assets generated in this way.

Impairment tests have been performed on the value of the intangible assets, the net amount of which shown on the balance sheet at December 31, 2012 amounted to thousand €926,824 in accordance to the procedures set out in Note 7.2 to the consolidated financial statements.

We have reviewed the procedures for implementing these tests and the overall consistency of the assumptions used; we have reviewed the calculations behind the amount of the exceptional impairment charge recognized and have checked that Note 7 to the consolidated financial statements provides the appropriate information.

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.

Rennes and Neuilly-sur-Seine, March 25, 2013

The Statutory Auditors

KPMG Audit	**CONSTANTIN ASSOCIES**
A Division of KPMG S.A.	*Member of Deloitte Touche Tohmatsu Limited*
Vincent Broyé	Jean-Marc Bastier

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BALANCE SHEET

ASSETS	*(€ '000s)*	**12.31.2012** (12 months)	**12.31.2011** (12 months)
Fixed assets		**1,275,284**	**1,297,509**
Goodwill		235	277
Intangible assets		926,824	926,334
Tangible assets		343,193	366,082
Financial investments		5,032	4,816
Current assets		**294,236**	**304,744**
Inventory and work-in-progress		17,882	18,560
Trade receivables and related accounts		194,928	208,395
Other receivables and accruals		19,560	14,771
Marketable securities		50,127	27,914
Cash		11,739	35,104
Total assets		**1,569,520**	**1,602,253**

LIABILITIES	*(€ '000s)*	**12.31.2012** (12 months)	**12.31.2011** (12 months)
Shareholders' equity (Group share)		**503,565**	**457,113**
Equity capital		258,223	255,573
Premiums		1,882	-
Consolidated reserves and earnings (1)		244,225	202,743
Other		-764	-1,203
Non-controlling interests		**359**	**175**
Provision for contingencies and charges		**23,106**	**28,797**
Debt		**1,042,490**	**1,116,168**
Loans and financial debt		840,040	920,151
Suppliers and related accounts		69,678	61,821
Other liabilities and accruals		132,773	134,196
Total liabilities		**1,569,520**	**1,602,253**

(1) Inc. net income for the period	46,344	39,779

INCOME STATEMENT

(€ '000s)	**12.31.2012**	**12.31.2011**
Revenues	**828,056**	**806,661**
Other operating income	47,268	49,713
Operating revenues	*875,324*	*856,374*
Purchases consumed	96,033	97,089
Personnel expense	216,265	192,255
Other operating expenses	264,581	271,383
Taxes and duties	15,741	14,912
Depreciation, amortization and provisions	172,744	171,983
Operating income	**109,960**	**108,752**
Financial income and expense	-30,151	-31,527
Current income from consolidated companies	**79,809**	**77,224**
Exceptional income and expense	271	-1,154
Income tax	-30,758	-24,856
Net income from consolidated companies	**49,322**	**51,214**
Amortization and impairment on goodwill and intangible assets	-3,035	-11,503
Consolidated net income	46,287	39,711
Non-controlling interests	-56	-67
Net income, Group share	46,344	39,778
Earnings per share in euros	1.79	1.56

CASH FLOW STATEMENT

	(€ '000s)		**12.31.2012**	**12.31.2011**
	Cash flows from operating activities			
	Net income from consolidated companies		49,322	51,214
	Elimination of expense and income that have no cash impact or are unrelated to the operations			
-	Change in deferred taxes		(3,252)	692
+	Amortization, depreciation and provisions		155,919	157,313
-	Gains on disposals of fixed assets		(15,570)	(10,906)
=	Gross operating cash flow from consolidated companies		186,419	198,313
				- 16
-	Change in WCR relating to business operations		15,755	146
=	**Cash flows from operating activities**	**A**	**202,174**	**182,167**
	Cash flows from investing activities			
-	Purchase of fixed assets		(109,617)	(146,795)
+	Proceeds from disposal of fixed assets		22,306	34,812
	Impact of changes in scope of consolidation			
-	Cost of securities		(1,846)	(70,972)
+	Cash acquired on new consolidations		(763)	(9,740)
=	**Cash flows from investing activities**	**B**	**(89,920)**	**(192,695)**
	Cash flows from financing activities			
-	Dividends paid to parent company shareholders		(4,856)	-
-	Dividends paid to non-controlling shareholders of consolidated companies		-	-
+	Capital increase in cash		4,775	243
+	Issuance of loans		116,200	605,884
-	Repayment of loans		(230,919)	(559,663)
=	**Cash flows from financing activities**	**C**	**(114,800)**	**46,463**
	Change in cash and cash equivalents	**A+B+C**	**(2,546)**	**35,936**
	Opening cash and cash equivalents (including overdrafts on current accounts)		58,134	22,270
	Closing cash and cash equivalents (including overdrafts on current accounts)		55,663	58,134
	Effect of exchange rate differences		(75)	72
			(2,546)	**35,936**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant events of the period

The main transactions performed by the Loxam Group in the 2012 financial year are as follows:

- Newly-consolidated companies

Acquisition of a 100% interest in Mediaco Modules System (MMS) in France on May 31, 2012.

Acquisition of a 100% interest in Medialoc in France on May 31, 2012.

These acquisitions enabled the Group to strengthen its market presence through its network of branches.

- Other transactions:

Loxam acquired the business assets of Mediaco Sud Ouest at May 31, 2012, which represents the Toulouse agency's elevator business.

Loxam, the Group's parent company, raised a total of €4,532K via a capital increase with an issue premium in June 2012.

Loxam BV merged with Stammis on January 1, 2012.

Locamachine merged with Loxam Belgium on July 10, 2012.

Medialoc merged with Loxam on August 31, 2012.

MMS merged with Loxam on August 31, 2012.

Finarest merged with Loueurs de France - BTP on August 31, 2012.

Loxam Financière merged with Loxam on August 31, 2012.

Locarest merged with Loueurs de France - BTP on November 2, 2012.

Loueurs de France BTP and Laho merged with Loxam on November 2, 2012.

All these mergers were retroactive to January 1, 2012 and have no impact on the consolidated financial statements.

Accounting rules and policies

The consolidated financial statements comply with generally accepted French accounting principles, specifically with respect to the enactment of Regulation 99-02 by decree on June 22, 1999, which was issued by the French Accounting Committee (CRC).

1. Consolidation scope and methods

As the parent company has exclusive control over all Group companies, all the companies are fully consolidated.

All the consolidated companies close their statutory accounts at December 31.

The financial statements are denominated in thousands of euros.

2. Currency translation method

Foreign companies' financial statements are translated according to the closing rate method:

The balance sheet accounts are translated at the closing rate for the financial year.
Income and expenses, and net income are translated at the average exchange rate.

Translation differences are recorded within equity for companies outside the euro zone.

Exchange rates applied for the year ended 12.31.2012 (euro against foreign currency) are as follows:

	UNITED KINGDOM	SWITZERLAND	DENMARK	MOROCCO	POLAND
Closing rate	0.81610	1.20720	7.46100	11.16250	4.07400
Average rate	0.81111	1.20532	7.44375	11.07907	4.18434

3. Elimination of intra-Group transactions

All transactions between Group companies have been eliminated, as well as any income or loss generated internally.

4. Change in accounting policies

No change in accounting policies has occurred since the end of the previous financial year.

5. Comparability of the financial statements

The acquisitions of Medialoc and MMS did not have an impact material enough to require the presentation of *pro forma* financial information.
The Loxam Group acquired Locarest during the second half of 2011. The Loxam Group's consolidated financial statements at December 31, 2011 include this company's business over four months, and *pro forma* financial statements were provided in the notes to the consolidated financial statements at December 31, 2011.

A change has been made in the cash flow statement in order to make it easier to understand: the change in receivables on fixed assets disposals, and the change in debt on fixed assets are presented in the cash flow from operating activities at 12.31.2012, whereas they were included in the cash flow from investment activity, for an amount of €36.5 million, in 2011. If the 2012 presentation had been adopted in 2011, the amount of the change in WCR from operations would have been €20.4 million in 2011.

6. Post balance sheet events

The Group issued €300 million in bonds in January 2013, and also repaid €150 million of the syndicated loan facility early.
The costs relating to this transaction incurred at 12.31.2012 are classified in their entirety under other operating expenses, i.e. for the amount of €7.2 million.

7. Goodwill and intangible assets

7.1. Goodwill

Goodwill is the difference between the acquisition cost of the shares and the overall value of the assets and liabilities, and market share identified at the acquisition date.
The acquisition cost includes expenses directly related to the acquisition, as well as the discounted value of the debt in cases where payment is deferred or spread.
Furthermore, assets and liabilities that can be identified at the acquisition date are valued at fair value, which may result in recognizing goodwill.
Goodwill is amortized on a straight-line basis, over a period that considers the assumptions selected, and the objectives established and documented at the time of the acquisition. This period does not exceed 20 years.

7.2. Other intangible items

In the case of operating companies that have been acquired in order to increase the Group's market share by increasing its network of branches (which is the case for all the companies acquired), a separate asset is recognized on a separate line (market share) under intangible assets. Market share was previously presented under the category “business assets”. The market share value is assessed based on the results generated by these companies, their development, and their ability to increase their customer loyalty through national agreements.

Market share is not amortized, but its value is tested annually and when the Group identifies evidence of impairment. The impairment test on market share consists in comparing its carrying amount with future cash flows, as determined on the basis of medium-term plans. When the carrying amount of the market share is higher than the value of the discounted cash flows, an impairment loss is recognized.

Other intangible assets are recorded at their acquisition cost on the balance sheet, excluding financial expenses.

As at 12.31.2012, the Group recognized an impairment loss of €3,225 K for the Spanish subsidiary's intangible assets. The Group has not identified any other impairment over the past 12 months.

7.3. Analysis and changes

Following the takeover transactions performed in 2012, the change was as follows:

- for Medialoc, goodwill in the amount of €756 K has been allocated to market share;
- for MMS, goodwill in the amount of €1,872 K has been allocated to market share;

8. Tangible assets

Tangible assets are shown at their historical acquisition cost.

Depreciation is calculated on a straight-line basis over the useful life of the assets.

The main useful lives used are as follows:

- Buildings ..... 10 to 20 years
- Building fixtures and fittings ..... 5 to 20 years
- Plant, equipment and tools..... 2 to 7 years
- Other tangible assets ..... 2 to 5 years

The depreciation and amortization rules applied by the Company comply with current professional practices.
According to the rules determined by CRC Regulations 2002-10 and 2004-06, the tangible assets of French companies must be broken down into individual components with different useful lives. We have not identified any asset likely to be subject to a breakdown by component.

The useful lives of our equipment are very close to their value-in-use. So the Group did not review its accounting depreciation and amortization schedules as part of the application of CRC Regulations 2002-10 and 2004-06.

The features specific to the leasing profession do not allow us to assess residual values for all the equipment on a consistent and accurate basis.

9. Finance leases

Some fixed assets are subject to lease agreements, under the terms of which the Group assumes the benefits and risks of ownership. In this case, the assets are adjusted in order to recognize and classify the value of the leased items under fixed assets and the corresponding financial liability under liabilities. The fixed asset is depreciated according to the Group's policy and its economic useful life. The liability is amortized over the term of the lease agreement.
In accordance with Opinion 30 issued by the Order of Chartered Accountants, no cash flow is recognized in the cash flow statement when a lease agreement is signed, because this is an investment and financing transaction with no cash impact.

10. Financial investments

Investments held in the fully-consolidated companies are eliminated in consolidation. They are replaced by the assets, liabilities, and net financial position of the companies concerned.
The gross values of the investments in non-consolidated companies are assessed at their historical acquisition cost.
Transactions denominated in foreign currencies are recorded at the closing rate for the financial year.
Potential impairment losses are determined in relation to market value.

11. Inventory

Inventory is recorded at amounts reported in the companies' financial statements, based on the last known purchase price.
Finished goods inventory is valued based on the last purchase price or production cost.
A write-down of inventory is recognized when the realizable value is lower than the book value.

12. Receivables and payables

These are valued at their nominal amounts, and an allowance for bad and doubtful receivables is recognized when the recoverable amount of receivables is lower than their book value.

Transactions in foreign currencies are translated at the exchange rate on the transaction date.
Gains and losses arising from the translation of balances at the December 31, 2012 rate are recorded in the income statement.

13. Marketable securities

The historical cost of the marketable securities reported on the balance sheet is compared with their market value at the closing date. If the recoverable value falls below the market value, an impairment loss is recognized.

14. Provision for contingencies and charges

This item includes provisions for retirement awards, provisions for deferred taxes, provisions for jubilee awards, and other provisions for contingencies and charges that are justified by certain and probable risks, and have been estimated on a case-by-case basis.

Procedures for calculating retirement provisions:

- Benefits are calculated based on age, seniority, life expectancy, and the staff turnover ratio.
- Acquired benefits are capped at 3.5 months' salary for employees who have worked for the company for over 30 years.
- The provision calculated in this way is then discounted at the 10-year interest rate (2.52%), in order to take into account the length of time between the employee's age and their retirement at 65.
- Social security charges at a rate of 44% have been recognized.

Actuarial gains and losses are recognized through the income statement.

Group companies that are included in a defined contribution scheme pay their contributions to pension management funds and are not subject to this restatement.

15. Other operating income

Other operating income primarily includes provision reversals, expense transfers, net gains on rental equipment disposals, and the property rents invoiced.
It should be noted that at 12.31.2012, expense transfers amounted to €4.2 million, €2.2 million of which is related to personnel expenses, and €2.0 million to other operating expenses.

16. Extraordinary income

Net extraordinary income consists of net gains on the disposal of fixed assets, excluding rental equipment disposals (+€403 K), and of non-recurring events in the operation of the business (-€132 K).

17. Income tax

Income tax corresponds to the accumulated income tax of all the companies in the Group. There are two tax consolidation schemes in the Group: one for the French companies, and one for the Danish companies.

Deferred taxes result from:

- temporary differences between the tax base and the accounting base;
- consolidation adjustments.

Deferred taxes are calculated at the tax rate in effect at the beginning of the next financial year.
The liability method is applied.
Deferred tax assets and liabilities are offset against each other at the level of each company.

18. Currency and interest-rate derivatives

- Exchange rate risk:

The foreign currency hedging agreements in place at December 31, 2012 covered receivables of GBP 6,860 K.

- Interest-rate risk:

The Group uses derivatives to reduce its net exposure to interest rate risk when it determines conditions are appropriate to mitigate risks based on market expectations. The group enters into "swap" agreements to hedge such risk.
At December 31, 2012, these interest-rate hedging instruments covered a notional amount of €674,650 K against the 3-month EURIBOR for a maximum term of 10 years.

The income and expense generated by interest rate swaps is recorded in the income statement on a *pro rata* basis.

19. Non-controlling interests

This is the non-controlling shareholders' interest in the financial position and results of the consolidated subsidiaries.

20. Related parties

No material transactions were entered into otherwise than at arm's length.

SCOPE OF CONSOLIDATION

	SIREN No.	% control	% held	Held by	Consolidation method
French companies					
SAS Loxam	**450776968**	**100%**	**100%**	**Parent company**	**full**
SAS Loxam Module	433911948	100%	100%	Loxam	full
SAS Loxam Power	366500585	100%	100%	Loxam	full
Foreign companies					
Loxam Access UK	United Kingdom	100%	100%	Loxam	full
Loxam GMBH	Germany	100%	100%	Loxam	full
Loxam S.A.	Switzerland	100%	100%	Loxam	full
Loxam S.A.	Belgium	100%	100%	Loxam	full
Loxam Ltd	Ireland	100%	100%	Loxam	full
Loxam Alquiler	Spain	100%	100%	Loxam	full
Loxam BV	Netherlands	100%	100%	Loxam	full
Loxam Denmark Holding A/S	Denmark	100%	100%	Loxam	full
Loxam Denmark A/S	Denmark	100%	100%	Loxam Denmark Holding	full
Atlas Rental	Morocco	100%	51%	Loxam	full
LEV SARL	Luxembourg	100%	100%	Loxam	full
Loxam S.P. Z.O.O.	Poland	100%	100%	Loxam	full
Real estate companies					
SCI Bagneux	384564472	100%	100%	Loxam	full
SCI Est Poste	340583160	100%	100%	Loxam	full
SAS Loxam Grande Armée	572045953	100%	100%	Loxam	full
EURL Norleu	409981024	100%	100%	Loxam	full
SCI Tartifume	328948013	100%	100%	Loxam	full
SCI Thabor	332962125	100%	100%	Loxam and Loxam Power	full

(€ '000s)

FIXED ASSETS

GROSS AMOUNT	12.31.11	Change in scope	Increases	Decreases	Transfers	Translation adjustments	12.31.12
Goodwill	847						847
Intangible assets	967,380	1,811	3,737	706	423	3	972,648
Tangible assets (1)	1,541,030	10,703	134,812	106,408	-423	1,358	1,581,072
Financial investments	4,828		367	160		-3	5,032
TOTAL	**2,514,085**	**12,514**	**138,916**	**107,274**		**1,358**	**2,559,599**
(1) inc. rental equipment	1,366,773	10,043	126,601	96,945	2,172	1,271	1,409,915

DEPRECIATION, AMORTIZATION AND PROVISIONS	12.31.11	Change in scope	Increases	Decreases	Transfers	Translation adjustments	12.31.12
Goodwill	570		42				612
Intangible assets	41,046	4	5,418	656	10	2	45,824
Tangible assets (1)	1,174,948	7,638	154,248	99,989	-10	1,043	1,237,878
Financial investments	11			11			
TOTAL	**1,216,575**	**7,642**	**159,708**	**100,656**		**1,045**	**1,284,314**
(1) inc. rental equipment	1,045,557	7,282	143,756	91,108	1,837	1,005	1,108,329

(€ '000s)

INVENTORIES

NET AMOUNT	12.31.12	12.31.11
Spare parts and consumables	6,348	6,320
Finished goods	-	-
Trade	11,535	12,240
TOTAL INVENTORIES	**17,883**	**18,560**

TRADE RECEIVABLES AND RELATED ACCOUNTS

	12.31.12	12.31.11
Gross amount	223,544	237,340
Allowance for bad and doubtful receivables	-28,617	-28,945
TOTAL TRADE RECEIVABLES AND RELATED ACCOUNTS	**194,927**	**208,395**

OTHER RECEIVABLES AND ACCRUALS

(€ '000s)	**12.31.12**	**12.31.11**
Deferred tax assets (1)	1,238	1,525
Other receivables (2)	16,246	11,433
Prepaid expenses	2,076	1,813
TOTAL	**19,560**	**14,771**

(1) Deferred tax assets include only timing differences.

(2) The other net receivables have a maturity of less than one year.

SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (GROUP SHARE)

(€ '000s)	CAPITAL	PREMIUMS	CONSOLIDATED RESERVES	RESULT FOR THE FINANCIAL YEAR	OTHER: TRANSLATION DIFFERENCES	OTHER: OWN SHARES HELD BY THE COMPANY	TOTAL SHAREHOLDERS' EQUITY
Position at 12.31.2010	**257,279**		**135,919**	**27,329**	**-843**	**-1,990**	**417,694**
2011 movements:							
Capital decrease	-1,706		-284			1,990	
Appropriation of earnings			27,329	-27,329			
Other changes				39,779	-360		39,419
Position at 12.31.2011	**255,573**		**162,964**	**39,779**	**-1,203**		**457,113**
2012 movements:							
Capital increase	2,650	1,882					4,531
Appropriation of earnings			34,923	-39,779			-4,856
Other changes			-6	46,344	439		46,777
Position at 12.31.2012	**258,223**	**1,882**	**197,881**	**46,344**	**-764**		**503,565**

PROVISIONS FOR CONTINGENCIES AND CHARGES

(€ '000s)	**12.31.11**	**Change in scope**	**Additions**	**Reversals**	**Other**	**12.31.12**
Provision for the purchase of securities	270	-37		233		0
Provision for contingencies	2,566		1,219	1,277	160	2,668
Provisions for charges (1)	7,979		1,303	1,766	-1,252	6,264
Provisions for deferred tax liabilities (2)	17,982				-3,808	14,174
TOTAL	**28,797**	**-37**	**2,522**	**3,276**	**-4,900**	**23,106**
(1) Inc. pension commitments	6,291		711	730	-1,095	5,177

(2) The provisions for deferred tax liabilities are mainly related to timing differences.

OTHER LIABILITIES AND ACCRUALS

(€ '000s)	**12.31.12**	**12.31.11**
Tax and social security liabilities	87,344	84,811
Debt on fixed assets	31,897	40,629
Other liabilities	11,975	7,081
Prepaid income	1,556	1,675
TOTAL	**132,773**	**134,196**

(€ '000s)

LOANS AND FINANCIAL DEBT

Maturity schedule	12.31.12	Less than one year	Between 1 and 5 years	Over 5 years
Syndicated loans	393,000	82,000	311,000	0
Other bank loans	391,169	151,528	239,161	480
Financial Lease liabilities	44,606	11,557	33,049	0
Other financial debt (1)	11,265	10,510	755	0
LOANS AND FINANCIAL DEBT AT 12.31.2012	**840,040**	**255,595**	**583,965**	**480**
LOANS AND FINANCIAL DEBT AT 12.31.2011	**920,151**	**238,695**	**680,534**	**922**

(1) Other financial debt includes interest accrued on loans, bank overdrafts, and deposits and guarantees received.

Breakdown between fixed and floating-rate debt	12.31.12	12.31.11
Floating-rate debt	785,647	885,762
Fixed-rate debt	47,852	29,190
Overdrafts from bank creditors	6,203	4,883
Other	337	315
TOTAL	**840,040**	**920,151**

(€ '000s)

INCOME TAX

BREAKDOWN OF THE INCOME TAX CHARGE	12.31.12	12.31.11
Current tax	-34,010	-24,164
Deferred tax	3,252	-692
TOTAL	**-30,758**	**-24,856**

ANALYSIS OF THE INCOME TAX CHARGE	12.31.12	12.31.11
Consolidated income before tax and amortization of goodwill	80,079	76,070
THEORETICAL TAX CHARGE	**-28,909**	**-27,461**
	(36.1%)	*(36.1%)*
Tax rate differences	202	-459
Impact of unused tax losses	-549	-1,018
Use of previously unused losses	367	524
Impact of permanent timing differences	-1,967	3,400
Tax credits	82	70
Other	16	88
ACTUAL TAX CHARGE	**-30,758**	**-24,856**

HEADCOUNT

	12.31.12	12.31.11
Executives	752	752
Supervisors	341	424
Employees	3,152	3,179
Apprentices	43	52
Occupational contracts	43	44
TOTAL	**4,331**	**4,451**

The Group's average headcount for 2012 was 4,350: 3,780 in France and 570 abroad.

DIRECTORS' REMUNERATION

Management remuneration is not provided, as it would lead to the indirect disclosure of individual remuneration.

OFF-BALANCE SHEET COMMITMENTS

(€ '000s)	**12.31.12**
Commitments given:	
- Property rental guarantee granted to banks	9,780
- Interest-rate hedging derivatives	674,650
TOTAL COMMITMENTS GIVEN	**684,430**
Commitments received:	
- Bank guarantee received for payment of a property rental charge	6,919
- Other bank guarantees received	200
TOTAL COMMITMENTS RECEIVED	**7,119**

Other commitments given to secure the bank loans shown on the balance sheet:

- Guarantee from the Loxam parent company for the subsidiaries' loans amounting to €4,606 K at 12.31.2012.

- Pledge of the Loxam Power and Loxam Module shares, and of the Loxam brand as a guarantee for the syndicated facilities.

- Dailly assignment of intra-group receivables by the Loxam parent company for the amount of €18,429 K, as a guarantee for the syndicated loan.
The Dailly receivables are amortized according to the same schedule as the liabilities that they guarantee.

- The Group has committed to comply with certain financial ratios and standard legal covenants at June 30 and December 31 every year, by signing a syndicated loan agreement.
The financial ratios were met at 12.31.2012.

Other miscellaneous commitments:

Under the terms of a delegation of authority granted by the Company's General Meeting on July 29, 2011, the Chairman issued 3,165,713 Series 1 warrants (BSA 1) and 22,391,550 Series 2 warrants (BSA 2) in a decision dated February 28, 2012.

The Series 1 and Series 2 warrants were fully subscribed by the beneficiaries, and both subscription agreements recording the definitive completion of the transaction were approved on April 2, 2012.

The Series 1 and Series 2 warrants were issued free of charge and simultaneously. The Series 1 and Series 2 warrants may be exercised over a period that expires on 12.31.2022.

The exercise of one Series 1 warrant entitles the holder to subscribe to one ordinary share in the Company, i.e. a maximum of 3,165,713 ordinary shares in the event that all 3,165,713 Series 1 warrants are exercised.

The exercise of one Series 2 warrant entitles the holder to subscribe to one-seventh of an ordinary share, which means that the exercise of seven series 2 warrants will be required in order to subscribe to one A or B share, depending on the case, i.e. a maximum of 3,198,793 A and B shares (depending on the case) in the event that all 22,391,550 Series 2 warrants are exercised.

LOXAM

Simplified Joint Stock Company

42, avenue de la Perrière
56100 – Lorient

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2011

KPMG Audit
15, rue du Professeur Jean Pecker
CS 14217
35042 – Rennes Cedex

CONSTANTIN ASSOCIÉS
Member of Deloitte Touche Tohmatsu
185, avenue Charles de Gaulle
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This is a free translation into English of the statutory auditors' audit report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in such audit reports, whether qualified or not, that is presented below the opinion on the consolidated financial statements. This information includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

The statutory auditors' report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

LOXAM

Simplified Joint Stock Company

42, avenue de la Perrière
56100 – Lorient

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended December 31, 2011, on:

- our audit of the accompanying consolidated financial statements of Loxam Holding, S.A.S.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chairman. 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 the 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 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 December 31, 2011, and of the results of its operations for the year then ended, in accordance with French accounting rules and principles.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matters.

Intangible assets

Note 6 “Goodwill” sets out the procedures for allocating the identifiable assets and liabilities of the entities included in the scope of consolidation, together with the procedures for determining the carrying value of the intangible assets generated in this way.

Impairment tests have been performed on the value of the intangible assets, the net amount of which shown on the balance sheet at December 31, 2011 amounted to thousand €924,592, in accordance to the procedures set out in Note 6 to the consolidated financial statements.

We have reviewed the procedures for implementing these tests and the overall consistency of the assumptions used; we have reviewed the calculations behind the amount of the exceptional impairment charge recognized and have checked that Note 6 to the consolidated financial statements provides appropriate information.

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.

Rennes and Neuilly-sur-Seine, March 29, 2012
The Statutory Auditors

KPMG Audit	**CONSTANTIN ASSOCIES**
A Division of KPMG S.A.	*Member of Deloitte Touche Tohmatsu*
Vincent Broyé	Jean-Marc Bastier

LOXAM GROUP

Consolidated Financial statements at 12.31.2011

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BALANCE SHEET

In €000s	2011	2010
Assets		
Fixed assets	**1,297,509**	**1,191,600**
Goodwill	277	400
Intangible assets	926,334	868,028
Tangible assets	366,082	318,769
Financial investments	4,816	4,403
Current assets	**304,744**	**241,645**
Inventory and work-in-progress	18,560	17,697
Trade receivables and related accounts	208,395	184,093
Other receivables and suspense accounts	14,771	14,709
Marketable investment securities	27,914	12,628
Cash	35,104	12,518
Total Assets	**1,602,253**	**1,433,246**
Liabilities		
Shareholders' equity (Group share)	**457,113**	**417,694**
Equity capital	255,573	257,279
Premiums		
Consolidated reserves and earnings (2)	202,743	163,248
Other	-1,203	-2,833
Non controlling interests	**175**	**0**
Provision for contingencies and charges	**28,797**	**24,848**
Debt	**1,116,168**	**990,703**
Loans and financial debt	920,151	836,117
Supplier payables and related accounts	61,821	56,767
Other liabilities and suspense accounts	134,196	97,819
Total liabilities	**1,602,253**	**1,433,246**

(2) Of which net income for the financial year amounts to: 39,779 27,329

INCOME STATEMENT

In €000s	2011	2010
Revenues	806,661	702,468
Other operating income	49,713	38,373
Operating revenues	**856,374**	**740,841**
Purchases consumed	97,089	83,169
Personnel expense	192,255	177,770
Other operating expenses	271,383	220,038
Taxes and duties	14,912	14,770
Depreciation, amortization, and provisions	171,983	160,469
Operating income	**108,752**	**84,626**
Financial income and expense	-31,527	-38,672
Current income from consolidated companies	**77,224**	**45,954**
Exceptional income and expense	-1,154	-1,129
Income tax	-24,856	-15,442
Net income from consolidated companies	**51,214**	**29,383**
Amortization of, and provisions for goodwill and business assets	-11,503	-2,054
Consolidated net income	39,711	27,329
Non controlling interests	-67	
Net income, Group share	39,778	27,329
Earnings per share in euros	1.56	1.07

CASH FLOW STATEMENT

In €000s			
Cash flow from operating activities			
Net income from consolidated companies		51,214	
Elimination of income and expenses that have no cash impact or are unrelated to the operations			
- Change in deferred taxes		692	
+ Depreciation & amortization		156,154	
+ Provisions		2,796	
- Reversals		(1,637)	
- Gains on disposals		(10,906)	
= Gross cash flow from the operations of consolidated companies		198,313	
- Change in WCR relating to business operations		-16,146	
= **Cash flow from operating activities**	**A**		**182,167**
Cash flow from investment activities			
- Purchase of fixed assets		(146,795)	
+ Disposal of fixed assets		34,812	
Impact of changes in scope of consolidation:			
- Cost of securities		(70,972)	
+ Cash acquired on new consolidations		(9,740)	
= **Cash flow from investment activities**	**B**		**(192,695)**
Cash flow from financing activities			
- Dividends paid to parent company shareholders		—	
- Dividends paid to non-controlling shareholders in the consolidated companies		—	
+ Cash capital increase		243	
+ Issuance of loans		605,884	
- Repayment of loans		(559,663)	
= **Cash flow from financing activities**	C		**46,463**
Change in cash and cash equivalents	**A+B+C**		**35,936**
Opening cash and cash equivalents (including overdrafts on current accounts)			22,270
Closing cash and cash equivalents (including overdrafts on current accounts)			58,134
Impact of fluctuations in exchange rates			72
			35,936

NOTES

Significant events during the fiscal year

The main transactions performed by the Loxam Group in 2011 are as follows:

- Newly-consolidated companies

Subscription to 51% of the equity capital of Atlas Rental in Morocco on January 1, 2011, the date the company was founded.

Acquisition of a 100% interest in the Dutch company Stammis on May 1, 2011.

Acquisition of a 100% interest in the Locarest Group in France on September 1, 2011.

- Deconsolidated companies:

Liquidation of Nantpose on September 9, 2011.

Liquidation of the GIE LM on December 16, 2011.

- Other transactions:

Loxam Holding SAS, the Group's parent company, merged its subsidiary, Loxam SA, on July 29, 2011, with retroactive effect as from January 1. Following this operation, Loxam Holding SAS was renamed Loxam SAS.

Loxam SAS decreased its share capital by €1,707K via the cancellation of treasury stock on July 15, 2011, and signed a new syndicated loan agreement on July 29, 2011.

Accounting rules and policies

The consolidated financial statements comply with generally accepted French accounting principles, specifically with respect to the enactment of Regulation 99-02 by decree on June 22, 1999, which was issued by the French Accounting Committee (CRC).

1—Consolidation scope and methods

As the parent company has exclusive control over all the Group companies, all the companies are fully consolidated.

All the consolidated companies close their statutory accounts at December 31.

The financial statements are denominated in thousands of euros.

2—Currency translation method

Foreign companies' financial statements are translated according to the closing rate method:

The balance sheet accounts are translated at the closing rate for the fiscal year.

Income and expenses, and net income are translated at the average exchange rate.

Translation differences are directly recorded within equity for companies outside the eurozone.

Exchange rates applied for the year-ended 12.31.11 (euro against foreign currency) are as follows:

	UNITED KINGDOM	SWITZERLAND	DENMARK	MOROCCO	POLAND
Closing rate	0.85530	1.21560	7.43420	11.10890	4.45800
Average 2011 rate	0.86778	1.23398	7.45068	11.23671	4.11870

3—Elimination of intra-Group transactions

All transactions between Group companies have been eliminated, as well as any income generated internally.

4—Change in accounting policies

No change in accounting policies has occurred since the end of the previous fiscal year.

5—Comparability of the financial statements

The acquisition of Locarest had a material impact on the Loxam Group's consolidated financial statements. As a result, pro forma information is provided in the notes, as if the Locarest shares had been acquired as of January 1, 2011.

6—Goodwill

6-1 Valuation methods

Goodwill is the difference between the acquisition price of the shares and the overall value of the assets and liabilities identified at the acquisition date.

The acquisition cost includes expenses directly related to the acquisition, as well as the discounted value of the debt in cases where payment is deferred or spread.

Furthermore, assets and liabilities identified at the acquisition date are valued at fair value, which may result in recognizing a goodwill.

Goodwill is amortized on a straight-line basis, over a period that considers in the assumptions selected, and the objectives established and documented at the time of the acquisition. The period shall not exceed 20 years.

6-2 Initial allocation of goodwill and inventory value

For operating companies that develop independently, as is the case for all the acquired companies, the Group has taken the view that the total amount of goodwill could be allocated to business assets, the value of which is assessed based on the results generated, the development of these companies, and their ability to build customer loyalty through national agreements.

These business assets are not amortized, however, to annually test their value for impairment, the Group compares the carrying value of the business assets with future cash flows, determined on the basis of medium-term forecasts. An impairment loss is recognized when the carrying value of the assets is higher than the discounted cash flows.

The Group recorded a €7,000K impairment charge on the Spanish business assets and a €5,000K charge on the Danish business assets at December 31, 2011. The Group has not identified any other impairment for the year just ended.

6-3 Analysis and changes

Following the controls obtained in 2011, the change was as follows:

- for Stammis, a badwill amount of €809K was allocated to liabilities and recognized as an income for the 12 months period following the acquisition date;
- for Locarest, a goodwill amount of €69,813K was allocated to business assets.

7—Other intangible assets

Other intangible assets are recorded at acquisition cost on the balance sheet, excluding financial expenses.

8—Tangible assets

Tangible fixed assets are shown at their historic acquisition cost.

Depreciation and amortization are calculated using the straight-line method, over the estimated useful life of the assets.

The main useful lives selected are as follows:

- Buildings ..... 10 to 20 years
- Building fixtures and fittings..... 5 to 20 years
- Plant, equipment and tools..... 2 to 7 years
- Other tangible assets..... 2 to 5 years

According to the survey conducted by the French Equipment Leasing Professionals' Association (DLR) in 2005, the depreciation and amortization rules applied by the Company comply with current professional standards.

According to the rules determined by CRC Regulations 2002-10 and 2004-06, French companies' tangible assets must be separated into individual components with different useful lives. At December 31, 2011, we have not identified any assets likely to be subject to a breakdown by component.

The useful lives of the equipment upon application of the new rules are very close to those determined under prior rules. So the Group did not review its accounting depreciation and amortization schedules as part of the application of CRC Regulations 2002-10 and 2004-06.

The features specific to the leasing profession do not allow to assess consistency and accuracy of residual values for all the equipment.

9—Leases

Some fixed assets are subject to lease agreements, under the terms of which the Group takes responsibility over the benefits and risks of ownership. In this case, the assets are adjusted in order to recognize and classify the value of the leased items as a fixed assets and the corresponding financial lease liability as a liabilities. The lease is amortized according to the Group's accounting policy and its economic useful life. The liability is amortized over the length of the lease agreement.

10—Financial investments

Investments held in the fully-consolidated companies are eliminated in consolidation. They are replaced by the assets, liabilities, and net financial position of the companies concerned.

The gross value of the investments in non-consolidated companies are assessed at their historical acquisition cost.

Receivables denominated in foreign currencies are recorded at the year end closing rate.

Impairment losses are determined in relation to market value.

11—Inventory

Inventory is recorded at amounts reported in the company's individual financial statements, based on the last known purchase price.

Finished goods inventory is valued based on the last purchase price or production cost.

An impairment loss is recognized when the recoverable amount is lower than the book value.

12—Receivables and payables

Receivables and payables are valued at their nominal amounts, and are subject to impairment when their recoverable amount is lower than their book value.

Transactions in foreign currencies are translated at the exchange rate on the transaction date.

Gains and losses arising from the translation of balances at December 31, 2011 rate are recorded in the income statement.

13—Marketable securities

The historical cost of the marketable securities reported on the balance sheet is compared with their market value at the year-end closing date. If the recoverable value falls below the market value, an impairment loss is recognized.

14—Provision for risks and charges

Provisions are recognized for retirement awards, deferred taxes, jubilee awards, and other provisions for risks and charges that are certain and probable, and that have been reliably estimated on a case-by-case basis.

Procedures for calculating retirement benefits:

- Benefits are calculated considering age, seniority, life expectancy, and the staff turnover ratio.
- Vested benefits are capped at 3.5 months' salary for employees who have worked for the company for over 30 years.
- The provision is discounted at the 10-year interest rate (3.13%), in order to take into account the length of time between the employee's age and their retirement at 65.

Social security charges at a rate of 44% have been recognized.

For companies acquired by the Group, the amount of the retirement benefits relating to the years prior to consolidation, net of tax, is deducted from opening shareholders' equity.

Group companies that are included in a defined contribution scheme pay their contributions to pension management funds and are not subject to this adjustment.

15—Extraordinary income

The extraordinary income consists of fixed asset disposals, excluding leasing equipment (+€737K), liquidation income from deconsolidated companies (-€198K), and non-recurring events in the operation of the business (-€1,693K).

16—Income tax

Income tax corresponds to the accumulated income tax of all the companies in the Group. The Group has two tax consolidation schemes: one for the French companies, excluding Locarest, and the other for the Danish companies. The tax difference recorded by the Group as a result of tax consolidation amounted to a €216K charge in 2011.

Deferred taxes result from:

- temporary differences between the tax base and the accounting base;
- consolidation adjustments.

Deferred taxes are calculated at the tax rate in effect at the beginning of the next fiscal year, increased by the additional contribution in France.

The liability method is applied.

Deferred tax assets and liabilities are offset against each other at the individual company.

17—Foreign currency and interest rate derivatives

- Exchange rate risk:

Foreign currency hedging agreements amount to €7,034K at December 31, 2011, and hedge the foreign currency risk on liabilities or receivables stated in GBP for 5,930K.

- Interest rate risk:

The Group uses derivatives to reduce its net exposure to interest rate risk when it determines conditions are appropriate to mitigate risks based on market expectations. The Group enters into “swap” agreements to hedge such risk.

At December 31, 2011, there is a notional amount of €687,431K and a floating rate of 3-month EURIBOR for a maximum term of 10 years.

The income and expense generated by interest rate swaps are recorded in profit and loss on a *pro rata* basis.

18—Non controlling interests

This is the non-controlling shareholders’ interest in the financial position and results of the consolidated subsidiaries.

SCOPE OF CONSOLIDATION

	SIREN N°	% control	% held	Held by:	Consolidation method
French companies					
SAS Loxam	**450776968**	**100%**	**100%**	**Parent company**	**full**
SAS Laho	481518082	100%	100%	Loxam	full
SAS Loueurs de France BTP	622056000	100%	100%	Loxam	full
SAS Finarest	490919867	100%	100%	Loueurs de France BTP	full
SAS Locarest	588500884	100%	100%	Finarest	full
SAS Loxam Module	433911948	100%	100%	Loxam	full
SAS Loxam Power	366500585	100%	100%	Loxam	full
SA Loxam Financière	433911864	100%	99.88%	Loxam	full
Foreign companies					
Loxam Access UK	United Kingdom	100%	100%	Loxam	full
Loxam GMBH	Germany	100%	100%	Loxam	full
Loxam S.A.	Switzerland	100%	100%	Loxam	full
Loxam S.A.	Belgium	100%	100%	Loxam	full
Locamachine	Belgium	100%	100%	Loxam	full
Loxam Ltd	Ireland	100%	100%	Loxam	full
Loxam Alquiler	Spain	100%	100%	Loxam	full
Loxam BV	Netherlands	100%	100%	Loxam	full
Stammis	Netherlands	100%	100%	Loxam	full
Loxam Denmark Holding A/S	Denmark	100%	100%	Loxam	full
Loxam Denmark A/S	Denmark	100%	100%	Loxam Denmark Holding	full
Atlas Rental	Morocco	100%	51%	Loxam	full
LEV SARL	Luxembourg	100%	100%	Loxam	full
Loxam S.P. Z.O.O.	Poland	100%	100%	Loxam	full
Real estate companies					
SCI Bagneux	384564472	100%	100%	Laho	full
SCI Est Pose	340583160	100%	100%	Loxam	full
SCI Loxam Grande Armée	572045953	100%	100%	Loxam	full
EURL Norleu	409981024	100%	100%	Loxam	full
SCI Tartifume	328948013	100%	100%	Loxam	full
SCI Thabor	332962125	100%	100%	Loxam and Loxam Power	full

FIXED ASSETS

INTANGIBLE ASSETS

(In €000s)	2011			
	GROSS	AMORT	NET	2010
Goodwill	847	570	277	400
Year-end balance	**847**	**570**	**277**	**400**

(In €000s)	2011			
	GROSS	AMORT	NET	2010
Licenses, patents, and brands	8,773	7,031	1,742	2,660
Business assets	958,607	34,015	924,592	865,368
Year-end balance	**967,380**	**41,046**	**926,334**	**868,028**

TANGIBLE ASSETS

(In €000s)	2011			
	GROSS	AMORT	NET	2010
Land	10,761	2,606	8,155	7,013
Buildings	47,972	35,720	12,252	12,441
Plant	1,387,413	1,066,662	320,751	278,117
Other tangible assets	90,086	69,961	20,125	19,826
Fixed assets in progress	4,799		4,799	1,372
Year-end balance (1)	**1,541,031**	**1,174,949**	**366,082**	**318,769**
(1) Includes value of leased assets in the amount of:	88,619	64,225	24,394	1,939

FINANCIAL INVESTMENTS

(In €000s)	2011			
	GROSS	IMPMT	NET	2010
Other investment securities	8	7	1	0
Loans	18		18	20
Other financial investments	4,801	4	4,797	4,383
Year-end balance	**4,827**	**11**	**4,816**	**4,403**

INVENTORY

NET VALUE

In €000s	2011	2010
Spare parts	6,320	5,648
Finished goods	—	—
Trade	12,240	12,049
TOTAL	**18,560**	**17,697**

TRADE RECEIVABLES

In €000s	2011	2010
Gross value	237,340	220,818
Provision	-28,945	-36,725
Year-end balance	**208,395**	**184,093**

OTHER RECEIVABLES AND SUSPENSE ACCOUNTS

In €000s	2011	2010
Deferred tax assets[1]	1,525	1,837
Other receivables[2]	11,433	10,857
Prepaid expenses	1,813	2,015
TOTAL	**14,771**	**14,709**

(1) €1,065K of deferred tax assets relate to timing differences and to the use of a loss in Denmark of €460k, which was included in a tax consolidation scheme.

(2) The other receivables have a maturity of less than one year

SHAREHOLDERS' EQUITY

CHANGE IN GROUP SHAREHOLDERS' EQUITY

(In €000s) IN KIND	CAPITAL	PREMIUMS	CONSOLIDATED RESERVES	NET INCOME FOR THE FINANCIAL YEAR	OTHER		TOTAL SHAREHOLDERS' EQUITY
					TRANSLATION DIFFERENCES	SECURITIES IN THE CONSOLIDATING ENTITY	
N-2 closing position.....	257,279		133,109	2,809	-1,080		392,117
N-1 movements.....			2,809	24,520	237	-1,990	25,576
N-1 closing position.....	257,279		135,919	27,329	-843	-1,990	417,694
N movements.....	-1,706		27,045	12,450	-360	1,990	39,419
N closing position.....	255,573		162,964	39,779	-1,203		457,113

PROVISIONS

In €000s	2010	Chg. in scope	Charges	Reversals	Other	2011
Provision for the purchase of securities		809		539		270
Provision for contingencies	2,325	40	1,024	823		2,566
Provisions for charges[1]	6,386	1,011	1,395	813		7,979
Provisions for deferred tax assets[2]	16,137	1,837			8	17,982
TOTAL	**24,848**	**3,697**	**2,419**	**2,175**	**8**	**28,797**
(1) Of which pension commitments amount to	5,234	412	705	61		6,290

(2) The provisions for deferred tax liabilities mainly relate to timing differences.

OTHER LIABILITIES AND SUSPENSE ACCOUNTS

In €000s	2011	2010
Tax and social security liabilities	84,811	79,632
Liabilities relating to fixed assets	40,629	9,874
Other liabilities	7,081	6,778
Prepaid income	1,675	1,535
TOTAL	**134,196**	**97,819**

LOANS AND FINANCIAL DEBT

Maturity schedule:

In €000s	2011	2010
Less than one year	238,695	144,413
Between 1 and 5 years	680,534	589,534
Over 5 years	922	102,170
TOTAL	**920,151**	**836,117**
Includes loans arising from the restatement of leases in the amounts of:	22,158	2,145

Breakdown between fixed and floating-rate debt:

In €000s	2011
Floating-rate debt	885,762
Fixed-rate debt	29,190
Overdrafts from bank creditors	4,883
Other	315
TOTAL	**920,151**

BREAKDOWN OF THE TAX CHARGE:

In €000s	2011	2010
INCOME TAX	-24,164	-19,227
DEFERRED INCOME TAX	-692	3,785
TOTAL	**-24,856**	**-15,442**

BREAKDOWN OF THE DIFFERENCE BETWEEN THE ACTUAL AND THEORETICAL TAX RATES:

In €000s	
Consolidated income before tax and amortization of goodwill	76,070
THEORETICAL TAX RATE (36.10%)	**-27,461**
Tax rate differences	-459
Impact of unused tax losses	-1,018
Use of previously unused losses	524
Impact of permanent timing differences	3,400
Tax credits	70
Other	88
ACTUAL TAX CHARGE	**-24,856**

DIRECTORS' REMUNERATION

Management remuneration is not provided, as it would lead to indirect disclosure of individual remuneration.

HEADCOUNT

	2011	2010
Executives	752	710
Supervisors	424	301
Employees	3,179	2,852
TOTAL	**4,355**	**3,863**

PROVISION FOR RETIREMENT

The method for assessing the provision is a customized calculation that takes the employee's age, seniority, and remuneration into account.

Seniority	
>= 2 years	0.5 month of salary
>= 10 years	1.5 months of salary
>= 15 years	2 months of salary
>= 20 years	2.5 months of salary
>= 25 years	3 months of salary
>= 30 years	3.5 months of salary

For individuals with over 30 years' seniority, the provision is capped at 3.5 months.

the provision considers the period between the employee's age and their retirement at 65.

Social security charges at a rate of 44% have been recognized.

OFF-BALANCE SHEET COMMITMENTS

In €000s	2011
Commitments given:	
—Financial commitments[1]	21,144
—Pledging of shares in Loxam Power and Loxam Module, Laho and Loueurs de France-BTP	
—Dailly receivables transfer to guarantee loans[2]	163,995
—Interest rate hedging derivatives	687,431
TOTAL COMMITMENTS GIVEN	**872,570**
Commitments received:	
—Bank guarantee received for payment of a property rental charge	6,919
TOTAL COMMITMENTS RECEIVED	**6,919**

(1) Consist of guarantees given by banks, to finance subsidiaries, and of a security granted as a guarantee for payment of a property rental charge.

(2) The receivables transferred under the Dailly process are amortized according to the same schedule as the liability that they guarantee.

The Group committed to comply with certain financial ratios and standard legal covenants by signing a syndicated loan facility. The financial ratios were met at 12.31.2011.

PRO FORMA INFORMATION

In €000s Main income statement indicators	2011	PRO FORMA ADJUSTMENTS	2011 PROFORMA
Revenues	806,661	33,908	840,569
Operating income	108,752	-56	108,696
Financial income and expense	-31,527	-3,326	-34,853
Current income from consolidated companies	77,224	-3,381	73,843
Net income from consolidated companies	51,214	-2,156	49,058

Main assumptions selected to prepare the pro forma data:

- Consolidation of Locarest and Finarest's financial statements based on an interim financial position at 12.31.2010
- Application of the same consolidation adjustment principles for 12 months as those applied for four months for the 2011 financial year
- Financing impact as if the acquisition had taken place on January 1, 2011.