Manitex International, Inc.
Form 10-K/A
October 15, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

Commission File No.: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Michigan	**42-1628978**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
9725 Industrial Drive	
Bridgeview, Illinois	**60455**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (708) 430-7500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, no par value	**The NASDAQ Stock Market LLC**
Preferred Share Purchase Rights	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ¨ Accelerated Filer x Non-Accelerated Filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the shares of common stock, no par value (Common Stock), held by non-affiliates of the registrant as of June 30, 2013 was approximately $89.6 million based upon the closing price for the Common Stock of $10.95 on the NASDAQ Stock Market on such date.

The number of shares of the registrant s common stock outstanding as of March 7, 2014 was 13,801,277.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the registrant s Proxy Statement for its 2014 Annual Meeting (the 2014 Proxy Statement) to be filed with the Commission within 120 days after the end of the fiscal year ended December 31, 2013.

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EXPLANATORY NOTE

Manitex International, Inc. (Manitex or the Company) is filing this Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the year ended December 31, 2013 (this Amendment) solely to amend the signature page to provide conformed signatures, which were inadvertently omitted from the original Form 10-K filed on March 11, 2014 (the Original Form 10-K). The original signature page was fully executed and in the Company s possession at the time of the filing of the Original Form 10-K. In addition, the Company is including in this Amendment currently dated certifications from its Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 and Exhibits 32.1 and 32.2, respectively. The Company is also including in this Amendment a currently dated consent of the Company s independent registered public accounting firm as Exhibit 23.1. Except as described above, this Amendment does not modify or update disclosures presented in the Original Form 10-K, nor does it reflect events occurring after the filing of the Original Form 10-K or modify or update those disclosures. Accordingly, this Amendment should be read in conjunction with the Original Form 10-K and the Company s filings with the SEC subsequent to the filing of the Original Form 10-K.

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PART I

References to the Company, we, our and us refer to Manitex International, Inc., together in each case with our subsidiaries and any predecess entities unless the context suggests otherwise.

Forward-Looking Statements

When reading this section of this Annual Report on Form 10-K, it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements and are based upon management s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. We use words such as anticipate, estimate, plan, project, continuing, ongoing, expect, believe, intend, may, will, should, could, and similar expressions to identify forward- Forward-looking statements in this Annual Report on Form 10-K include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on our customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business. Our actual results may differ from information contained in these forward looking-statements for many reasons, including those described below and in the section entitled Item 1A. Risk Factors :

(1) a future substantial deterioration in economic conditions, especially in the United States and Europe;

(2) our customers diminished liquidity and credit availability;

(3) difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change;

(4) our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed.

(5) the cyclical nature of the markets we operate in;

(6) increases in interest rates;

(7) government spending; fluctuations in the construction industry, and capital expenditures in the oil and gas industry;

(8) the performance of our competitors;

(9) shortages in supplies and raw materials or the increase in costs of materials;

(10) our level of indebtedness and our ability to meet financial covenants required by our debt agreements;

(11) product liability claims, intellectual property claims, and other liabilities;

(12) the volatility of our stock price;

(13) future sales of our common stock;

(14) the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions;

(15) currency transaction (foreign exchange) risks and the risk related to forward currency contracts;

(16) certain provisions of the Michigan Business Corporation Act and the Company s Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company s Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company; and

(17) a substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time.

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The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

ITEM 1. BUSINESS

Our Business

The Company is a leading provider of engineered lifting solutions. The Company operates in two business segments: the Lifting Equipment segment and the Equipment Distribution segment. The Company s predecessor company was formed in 1993 and was purchased in 2003 by Veri-Tek International, Corp., which changed its name to Manitex International, Inc. in 2008.

Lifting Equipment Segment

The Company is a leading provider of engineered lifting solutions. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries. Through its Manitex, Inc. subsidiary it markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex s crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and commercial construction. Badger Equipment Company (Badger) is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries.

Manitex Liftking ULC (Manitex Liftking or Liftking) sells a complete line of rough terrain forklifts, a line of stand-up electric forklifts, cushioned tired forklifts with lifting capacities from 18 thousand to 40 thousand pounds, and special mission oriented vehicles, as well as other specialized carriers, heavy material handling transporters and steel mill equipment. Manitex Liftking s rough terrain forklifts are used in both commercial and military applications. Specialty mission oriented vehicles and specialized carriers are designed and built to meet the Company s unique customer needs and requirements. The Company s specialized lifting equipment has met the particular needs of customers in various industries that include utility, ship building and steel mill industries.

Manitex Load King, Inc. (Load King) manufactures specialized custom trailers and hauling systems typically used for transporting heavy equipment. Load King trailers serve niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network.

CVS Ferrari, srl (CVS) designs and manufactures a range of reach stackers and associated lifting equipment for the global container handling market, which are sold through a broad dealer network. On November 30, 2013, CVS Ferrari Srl. (the Purchaser or CVS), an Italian corporation and a wholly owned subsidiary of the Company completed an Asset Purchase Agreement with Valla SpA (the Seller), an Italian based developer of precision pick and carry cranes, to acquire substantially all of the Seller s operating assets and business operations, including the Seller s accounts receivable, inventory and equipment. Valla develops precision pick and carry cranes with lifting capacities from 2 to 90 tons, using electric, diesel and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers.

Manitex Sabre, Inc. (Sabre) manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks will be sold to specialized independent tank rental companies and through the Company s existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

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Equipment Distribution Segment

The Company operates a crane dealership that operates as Manitex Valla North America sales operations, distributes Terex rough terrain and truck cranes, PM knuckle boom cranes and Manitex s products. The Company treats these operations as a separate reporting segment entitled Equipment Distribution. The Equipment Distribution segment also supplies repair parts for a wide variety of medium to heavy duty construction equipment sold both domestically and internationally. The crane products are used primarily for infrastructure development and commercial construction; applications include road and bridge construction, general contracting, roofing, and sign construction and maintenance.

The Company s North American Equipment Exchange division, (NAEE), markets previously-owned construction and heavy equipment, domestically and internationally. This division provides a wide range of used lifting and construction equipment of various ages and condition, and has the capability to refurbish the equipment to the customers specification.

Recent Acquisitions

On November 30, 2013, CVS Ferrari Srl., an Italian corporation and a wholly subsidiary of Manitex International, Inc., purchased the assets of Valla SpA. Valla develops mobile cranes from 2 to 90 tons, using electric, diesel and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers.

On August 19, 2013, Manitex Sabre, Inc. (Sabre) acquired the assets of Sabre Manufacturing, LLC, which is located in Knox, Indiana. Sabre manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks will be sold to specialized independent tank rental companies and through the Company s existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

General Corporate Information

The Company s principal executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455 and our telephone number is (708) 430-7500. The Company s website address is www.manitexinternational.com. Information contained on our website is not incorporated by reference into this report and such information should not be considered to be part of this report.

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FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

The following is financial information about our Lifting Equipment and Equipment Distribution segments for the years ending December 31, 2013, 2012 and 2011. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, except corporate expenses are not allocated to segments. The Company evaluates segment performance based upon operating income before corporate expenses. Amounts shown are in thousands of dollars.

(in Thousands)

	AS OF OR FOR THE YEAR ENDED DECEMBER 31,		
	2013	2012	2011 (1)
Revenues:			
Lifting Equipment	$ 228,772	$ 188,792	$ 130,330
Equipment Distribution	16,951	17,090	11,986
Inter-segment Eliminations	(651)	(633)	(25)
Total	$ 245,072	$ 205,249	$ 142,291
Operating income:			
Lifting Equipment	$ 23,311	$ 19,880	$ 11,069
Equipment Distribution	628	222	64
Corporate expense	(6,391)	(5,613)	(4,532)
Elimination of inter-segment profit in inventory	(10)	(30)	
Total	$ 17,538	$ 14,459	$ 6,601
Total assets:			
Lifting Equipment	$ 170,808	$ 143,749	$ 114,133
Equipment Distribution	10,847	7,562	7,333
Corporate	1,075	193	125
Total	$ 182,730	$ 151,504	$ 121,591

(1) Financial results include the results for CVS Ferrari, srl (our Italian Subsidiary) from the date the Company was formed in June 2010. On July 1, 2010, CVS Ferrari, srl entered into an agreement to rent on an exclusive basis certain assets of CVS SpA, while CVS SpA proceeded through the Italian bankruptcy process (concordato preventivo). CVS Ferrari, srl commenced operations in the third quarter of 2010 utilizing the rented assets to manufacture reach stackers and associated lifting equipment for the global container handling market. On July 1, 2011, the Company acquired the assets that were being rented and the rental agreement was terminated.

Financial results include the results for carry deck crane, Sabre and Valla from their dates of acquisition which are October 31, 2012, August 19, 2013 and November 30, 2013, respectively.

Lifting Equipment Segment

Boom Trucks

A boom truck is a straight telescopic boom crane outfitted with a hook and winch which is mounted on a standard flatbed commercial (Class 7 or 8) truck chassis. Relative to other lifting equipment, boom trucks provide increased versatility and are capable of transporting relatively large payloads from site to site at highway speeds. A boom truck is usually sold with outriggers, pads and devices for reinforcing the chassis in order to improve safety and stability. Although produced in a wide range of models and sizes, boom trucks can be broadly distinguished by their normal lifting capability as light, medium, and heavy-cranes. Various models of medium or heavy-lift boom trucks can safely lift loads from 15 to 70 tons and operating radii can exceed 200 feet. Another advantage of the boom truck is the ability to provide occasional man lift capabilities at a very low cost to height ratio. While it is not uncommon to see a very old boom truck, most replacement cycles seem to trend to seven years. The market for boom trucks has historically been cyclical.

Although the Company offers a complete line of boom trucks from light to heavy capacity cranes much of our efforts have been devoted to the development of higher capacity boom trucks specifically designed to meet the particular needs of customers including those in energy production and power distribution. We believe it is an advantage to be skewed towards the heavier lifting capacity, since the heavier capacity cranes have somewhat higher margins.

Markets that drive demand for boom trucks include power distribution, oil and gas recovery, infrastructure and new home, commercial and industrial construction. The new home construction market, which uses lower capacity cranes, is probably the most cyclical and is where our market share is the lowest. We believe that oil and gas extraction and power distribution offer the best chance for long-term growth and are markets where the Manitex subsidiary s products are well represented.

The Company sells its boom trucks through a network of over forty full service dealers in the United States, Canada, Mexico, South America, and the Middle East. A number of our dealers maintain a rental fleet of their own. Boom trucks can be rented for either short or long-term periods.

In September 2008, the demand for boom trucks was dramatically reduced as the United States and world financial markets came under unprecedented stress. The impact on 2008, revenues was mitigated as the Company had a significant backlog at that time. However, in 2009, the boom truck industry felt the full effect of the financial crisis. As a result, sales of boom trucks declined to levels below those seen in earlier recessions. In 2009, the Company s boom truck shipments declined by approximately 50%, which we believe parallels the industry decline in 2009.

In 2010, the Company believes that total industry boom truck units sales did not change significantly from the prior year. There was, however, a modest increase in unit sales of boom trucks with higher lifting capacity and correspondingly higher selling prices. The higher capacity lifting segment is the market segment where Manitex has its largest market share. The Company s revenues for boom trucks increased approximately 8.5% in 2010, while our unit shipments declined by approximately 17%. A change in product mix (to higher lifting capacity boom trucks) accounts for the increase in 2010 revenues while unit sales decreased.

In 2011, the overall market for boom trucks strengthened considerably. It was, however, still considerably below previous market peaks. In 2011, the Company unit sales increased approximately 60%. The Company believes its 2011 percent unit sales growth is lower than the overall industry growth in 2011. Much of the industry s unit sales growth occurred in the lower lifting capacity boom truck segment, a market segment where we traditionally have our lowest market share.

In 2012, the market for boom trucks again showed considerable improvement with total industry unit sales approaching pre-2008 levels. The market dynamics are, however, considerably different than they previously were. Much of the current demand is being driven by niche market sectors, i.e., oil and gas exploration and power line construction. The demand from the general construction market although slowly improving is still not approaching pre-2008 levels. The Company s boom truck unit sales for 2012 increased by approximately 65% as compared to the prior year. The increase in unit sales reflects the Company s strategic initiatives which have emphasized the development of boom trucks with higher lifting capacities that target the oil and gas and power line distribution market segments.

In 2013, the overall market for boom truck was marginally down from the prior year. However, revenues generated from boom truck sales by the Company increased by approximately 30% in 2013. Accordingly, the Company s market share was also up. The revenue increased is principally attributed to an increase in production capacity. This increase in capacity allowed us to reduce the backlog that existed at December 31, 2012 and to more aggressively promote the sale of our lower tonnage cranes. A significant portion of the December 2012 backlog was for higher tonnage cranes used in niche markets segments particularly the North American energy sector. During the current year, there has been a softening in the demand for our products which are related to the energy sector. The Company believes the decrease in demand during 2013 from the energy sector is temporary, and that the North American energy sector will continue to grow and, in turn, will drive future demand for our products. In early 2014, the Company has seen an increase in orders for cranes with higher lifting capacities that serve niche markets, including the North American energy sector.

Sign Cranes

A sign crane is similar to a boom truck in that it is a straight telescopic boom crane mounted on a commercially available chassis, but has a man-basket attached to the end of the boom. Three companies control the large majority of the business and each possesses several hundred units in its fleet. Sales to any of these three customers are performed on a direct basis and not through a dealer network. Currently, the Company has no contracts to supply sign cranes to any of these three companies. Instead, the Company offers its sign cranes through a network of dealers who sell to family run and smaller sized businesses.

The market for sign cranes is small and has been depressed the last several years as both large and small customers have been deferring the purchase of sign cranes. The Company expects the market for sign cranes to gradually improve if general economic conditions continue on a positive trajectory. The Company has not generated significant revenues from the sale of sign cranes in the last 3 years. Even, if the Company were to obtain a contract to supply sign cranes to one of the three large customers, it would still only have a modest impact on our future revenues.

Rough Terrain Cranes

Our subsidiary, Badger, sells specialized rough terrain cranes through a network of dealers. The Badger product line includes lattice cranes with 20 to 30 ton lifting capacity marketed under the Little Giant trade name, and specialized 15 and 30 ton rough terrain cranes sold under the Badger name. The 30 ton rough terrain crane sold under the Badger name was launched in 2009 and was the first in a new line of specialized high quality rough terrain cranes. During the fourth quarter of 2012, Badger expanded the product line by launching a 15 ton rough terrain crane which is also sold under the Badger and Manitex name.

The Little Giant line has five lattice boom models, three of which are dedicated rail cranes. In addition to the rail cranes, Badger sells a 30 ton truck crane and a 25 ton crawler crane. Although Badger end customers include states and municipalities, our sales are predominately to railroads. The Company has an advantage over its competitors in selling to railroads as it is the only crane manufacturer that has integrated the installation of rail gear into its production process. Competitors send their cranes to a third party to have rail gear added which both increases cost and delays deliveries.

Badger continues to work on broadening the market for the crane to include non-railroad applications. The Company s effort to broaden its customer base has been hampered by weak demand from several potential customer bases due to general economic conditions. Nevertheless, Badger has been successful in selling a number of cranes which are being used in non-railroad applications. Our efforts to expand the customer base are continuing and we expect that in the future significant revenues from non-railroad customers can be generated. These revenues are expected to come from states, municipalities, mining and oil refineries.

Specialized Highly Engineered Trailers

Load King designs and sells build-to-order specialized, highly engineered low-bed, heavy-haul, bottom-dump, and platform trailers and hauling systems. The trailers, except for the bottom-dump, are typically used for transporting heavy equipment. Additionally, Load King has recently launched a trailer refurbishment service.

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Our trailers are utilized by commercial construction firms, equipment rental companies, oil field service companies, the railroad industry, the U.S. military, and other end users to safely and efficiently haul specialized equipment. The Company routinely customizes its trailers and/or innovates new features to address specific customer, end-market or application needs.

Manitex Load King markets its products through a network of dealers.

Rough Terrain Forklifts

Manitex Liftking manufactures a complete range of straight mast forklifts with capacities from 6,000 to 50,000 lbs. and lift heights from 10 to 32 feet. All Manitex Liftking straight mast forklifts feature exceptional ground clearance, easy access to service points, ergonomic controls and easy operation. The Company also produces a series of tag along forklifts that mount to trucks with lifting capacity ranging from 4,000 to 6,000 pounds. These mounted forklifts are ideal for bricklaying, landscaping, construction or any other application that requires a forklift to tag along. The forklifts feature an easy to mount system, which allows an operator to securely mount or dismount the forklift quickly.

Manitex Liftking forklifts include four rough terrain forklifts, in several configurations, which are sold under the Noble trade name. The Noble product line was originally designed and marketed by Caterpillar in 1983 and subsequently sold through Eagle Pitcher s dealers. Noble has a reputation for providing durable, innovative and high quality products, and as a result, the Noble product has benefited from very strong distribution, and has a large installed base giving rise to a healthy after-market parts business. The Noble rough terrain forklifts are currently distributed through the Caterpillar dealer network.

The Company sells its rough terrain forklifts through a network of approximately fifty dealers in the United States and Canada.

Military Forklifts

Manitex Liftking military forklifts are used worldwide during both periods of conflict and peace. Manitex Liftking military units are working for national militaries including the United States, Canada, and Britain. The Company s exported military products (including products sold to the U.S.) are sold through the Canadian Commercial Corporation which has direct contracts with various foreign (outside of Canada) government agencies. The U.S. Department of Defense alone has hundreds of Manitex Liftking vehicles in the Navy, Army and Air Force that they depend on daily. These vehicles range from small shipboard approved forklifts to the biggest articulating, rough-terrain forklift in the world.

Manitex Liftking military forklifts have innovative features that allow them to meet strict military standards and perform in almost any terrain. These features include the patented hydraulically removable counterweight that permits aircraft transportability of the forklift without exceeding the load limits of the aircraft. The water fording capability of some Manitex Liftking vehicles allow continuous operation in water depths of up to 5 feet (1.5 meters), providing true all-terrain operation. The Company believes that these features have helped position Manitex Liftking as the product of choice for rough terrain military forklifts.

All of Manitex Liftking s shipboard approved vehicles are structurally engineered to withstand a depth charge explosion while on an aircraft carrier, and still be fully operational. The detachable mast and 2-piece operator s cab on some of Manitex Liftking s bigger vehicles allow easy disassembly to satisfy height restrictions while being transported by road or rail. Attachments such as fork rollers and standard ISO container handlers further increase the versatility of a Manitex Liftking forklift.

Manitex Liftking s forklifts are built to exacting military standards including compliance with the quality controls required by ISO 9001-2008. Before being shipped each machine is thoroughly tested on a military approved endurance track located adjacent to Manitex Liftking s military vehicle manufacturing plant. There are a limited number of test tracks in North America, and having a military approved test track is an advantage.

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The timing of customer orders can be expected to result in fluctuations in revenues from period to period. The expected fluctuations, however, are not as dependent on general economic conditions as is our commercial business.

Mission Oriented Vehicles and Specialized Carriers

Special mission oriented vehicles and specialized carriers are designed and built to meet the Company s unique customer needs and requirements. The Company s specialized lifting equipment has met the particular needs of customers in various industries including utility, ship building and steel mill industries. Mission oriented vehicles and specialized carriers are sold directly to the end users.

Transporters, used in ship building, are one example of a specialized carrier built by Manitex Liftking. The ship builder will construct a segment of the hull on our transporter. When the section of the hull is complete, the ship builder will move the section to the already completed portion of the hull and attach it. Manitex Liftking has built transporters capable of transporting 300,000 pounds.

Container Handling Equipment

The Company through its Italian subsidiary, CVS Ferrari, srl (CVS) manufactures a range of container handling equipment to serve ports and inter-modal customers on a worldwide basis.

When CVS began operating in the third quarter 2010 it was a startup operation that had no employees. CVS hired a general manager and commenced hiring staff, and conducting startup activities including installing systems, obtaining insurance, establishing a supplier base and establishing banking relationships, etc. The startup phase was heavily supported by corporate management. Additionally, former customers were contacted to see if they would assign any of their unfilled orders with the Predecessor Company to CVS. Under the rental agreement, CVS was permitted to purchase inventory it needed for its future production from the Predecessor Company but was not required to do so. Management made the decision that it would concentrate its efforts on manufacturing reach stackers and providing part support for all products previously sold by the Predecessor Company.

CVS purchased all the rights and designs to manufacture all the products previously manufactured by the Predecessor Company including reach stackers, empty container handlers, forklift, straddle carriers, and tractors. Although CVS initially concentrated on reach stackers, it was the Company s plan to reintroduce other products. The process of reintroducing products began in 2011 with the sale of a limited number or terminal tractors. Presently, CVS has successfully reintroduced and is currently selling all the Predecessor Company s products, except for the straddle carrier. CVS is still in the process of reviewing the straddle carrier product design and functions with the intent of reintroducing the product at a future date.

Historically, a slight majority of the Predecessor Company s sales were to Italy and other European countries. The Predecessor Company also had a market presence in Africa, South America, the Middle East and the Far East. Historically, the Predecessor Company has had no significant penetration into the North American market. Now that CVS is owned by a U.S. based company, it is actively soliciting business in North America. In 2012, CVS had sales to the Canadian military of approximately $1.9 million. This sale is the first significant sale by CVS in North America. In its traditional markets, CVS competes with several other companies, including three companies that are significantly larger than CVS. In attempting to enter the North American market, CVS will be faced with competition from these competitors and also domestic manufacturers.

The Container handling market is a somewhat cyclical market, which depends in part on general economic conditions but also on the timing of major port construction projects. The financial crisis that began in the later part of 2008 caused a decline in demand for container handling equipment in 2009. The decrease in demand was not nearly as steep as it was for most other types of equipment. The decline was tempered as there are long lead times for major deliveries and a lot of orders for 2009 production had been placed when the crisis began. Additionally, a significant portion of the funding for purchases comes from governments or governmental agencies, which may be less sensitive to general economic conditions. We believe that demand in markets that CVS traditionally serves did not change significantly between 2009 and 2010. We believe that total market demand increased modestly in 2011, but was still below 2008 levels. During 2012, a continuing debt crisis in Western Europe both decreased governmental funding and made obtaining private financing difficult. As a result, the Western European market for CVS type products was severely depressed during 2012. Nevertheless, CVS was able to grow its revenues during the year by increasing sales to other international markets including South Africa, Brazil, South Korea and Russia.

In 2013, the market for port handling equipment in Europe, CVS s historical market, overall continued to be weak. There was, however, some modest improvement during the latter part of the year. CVS was again able to grow its revenues by increasing sales to other international markets. This increase is attributed to shipments of tractors to South Africa during the first part of the year and an increase in sales to Latin America in the second half of the year. The sale of the tractors was related to a large tender order that was awarded to CVS in 2012. The increase in Latin American revenues is a benefit from obtaining new dealers in Latin America in 2013.

Part Sales

The Lifting Equipment segment supplies repair and replacement parts for all of its products. The parts business margins are higher than our overall margins and accounts for approximately 15% to 20% of our revenues each year. Part sales as a percentage of revenues tend to increase when there is a down-turn in the industry. Part sales as a percentage of revenues is approximately 15%, 16% and 19% for the years ended December 31, 2013, 2012 and 2011, respectively. The declines in 2013 and 2012 are the result of substantial increases in total revenues in those years.

Equipment Distribution Segment

The Equipment Distribution segment located in Bridgeview, Illinois operates as Manitex Valla North America sales operations and is a distributor of Terex rough terrain and truck cranes, PM knuckle boom cranes and Manitex s products. The Equipment Distribution segment predominately sells its products to end users, including the rental market. Its products are used primarily for infrastructure development and commercial constructions, applications include road and bridge construction, general contracting, roofing, scrap handling and sign construction and maintenance. The Equipment Distribution segment supplies repair parts for a wide variety of medium to heavy duty construction equipment and sell both domestically and internationally. The segment also provides repair services in the Chicago area. The North American Equipment Exchange division, (NAEE), markets previously-owned construction and heavy equipment, domestically and internationally. This Division provides a wide range of used lifting and construction equipment of various ages and condition, and the Company has the capability to refurbish the equipment to the customers specification.

Revenues attributable to the Company s Equipment Distribution segment were less than 10% of the Company s total revenues for fiscal years 2013, 2012 and 2011.

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Total Company Revenues by Sources

The sources of the Company s revenues are summarized below:

	2013	2012	2011
Boom trucks & truck cranes	46%	44%	35%
Sign cranes	1%		
Container handling equipment	14%	12%	17%
Rough terrain forklifts	6%	6%	8%
Military forklifts	2%	6%	4%
Rough terrain	4%	4%	6%
Mobile tanks	2%		
Specialized trailers	8%	8%	6%
Used Construction Equipment	2%	4%	5%
Part sales	15%	16%	19%
Total Revenue	100%	100%	100%

In 2013 and 2011, no customer accounted for 10% of the Company s revenue. In 2012, one customer, Cropac Equipment, Inc., accounted for 10.8% of the Company s revenue.

Raw Materials

The Company both purchases and fabricates components used in production. Our Manitex subsidiary fabricates cranes which are mounted on truck chassis, which are either purchased by the Company or supplied by the customer. The Company purchases steel and a variety of machined parts and subassemblies including weldments, cylinders, winches, and cables. Manitex Liftking builds rough terrain forklifts, and other specialized carriers. Manitex Liftking fabricates some of their cylinders, and masts using quality steel and proprietary technology. Manitex Liftking purchases engines, transmissions, axles, tire, rims, most of its frames and many of the cylinders and masts that are used. Badger historically fabricated its frames and booms, but purchases engines, transmissions, axles, tires, rims and other components. Recently, Badger has been outsourcing much of its requirements for frames. Manitex Load King mainly purchases materials including steel, axles, suspensions, tires, wheels and other engineered components. CVS principally purchases components used in production. CVS purchases frames, booms, engines, transmissions, axles, tire, rims, cylinders, masts, and electronic components.

Lead times for our components vary from several weeks to many months. The Company is vulnerable to an interruption of supply in instances when only one supplier has been qualified and qualification and supply source changes can exceed a year. The Company has been working on qualifying secondary sources to assure supply and to reduce costs. The degree to which our supply base can respond to changes in market demand directly affects our ability to increase production and the Company attempts to maintain some additional inventory in order to react to unexpected increases in demand. In 2011, our production of boom trucks was at times constrained by a shortage of chassis and to a lesser degree the availability of cylinders, high density steel and other component parts. Delivery of chassis started to improve in the fourth quarter of 2011. During the first part of 2012, supply chain issues at times delayed some of our deliveries. However, we do not believe that availability or lack of component had any significant impact on full year 2012 revenues. During 2013, raw materials and component were generally available to meet our production schedules and had no significant impact on 2013 revenues.

Any future supply chain issues that might impact the Company will in part depend on how fast the rate of growth is for a product as well as the rate of growth in the general economy. Strong general economic growth could put us in competition for parts with other industries. Additionally, events or circumstance at a particular supplier could impact the availability of a necessary component.

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Patents and Trademarks

The Company protects its trade names and trademarks through registration. Its technology consists of bill of materials, drawings, plans, vendor sources and specifications and although the Company s technology has considerable value, it does not generally have patent protection. Competitors will occasionally patent a unique feature, however, the broader technology does not have patent protection. The Company has (on rare occasions) filed for patent protection on a specific feature. In the future, the Company will consider seeking patent protection on any new design features believed to present a significant future benefit.

The Company owns and uses several trademarks relating to its brands that have significant value and are instrumental to the Company s ability to market its products. The Company s most significant trademarks are its mark Manitex (presently registered with the United States Patent and Trademark Office until 2017), and its mark LIFTKING (presently registered with the Canadian Intellectual Property Office until 2015). The Company s subsidiary, Manitex Load King sells its products using the trademarks Load King (presently registered with the United States Patent and Trademark Office until 2018) and also utilizes the trademark Power Fold (presently registered with the United States Patent and Trademark Office until 2018). Badger Equipment Company markets its products under the Little Giant and Badger trade names. The Manitex, LiftKing, Badger, Little Giant and Load King trademarks and trade names are important to the marketing and operation of the Company s business as a significant number of our products are sold under those names. The use of the trade name Noble is also important to the Company s business. Although the Company does not own the Noble trade name, it has the right to use the Noble name in connection with its rough terrain forklift product line.

Seasonality

Traditionally, the Company s peak selling periods for cranes and commercial rough terrain forklifts are in the first half of a calendar year as a result of the need to have new equipment available for the spring, summer and fall construction seasons. Seasonality is reduced when the industry is operating at or near full capacity as it did in 2006 and 2007. The financial crisis that began in 2008 dramatically depressed demand for our crane products and commercial rough terrain forklifts used in commercial construction and home building, the market areas subject to the greatest seasonality. As such, our business has not been subject to normal seasonality in recent years.

A significant portion of cranes sold over the last several years have been deployed in specialized industries or applications, such as oil and gas production, power distribution and in the railroad industry. Sales in these market segments are subject to significant fluctuations which correlate more with general economic conditions and the prices of commodities including oil and generally are not of seasonal nature.

The Lifting Equipment segment s military, special mission oriented vehicles and specialized carriers business is dependent on the receipt of customers orders. The timing of customer orders can be expected to result in fluctuations in revenues from period to period. The expected fluctuations, however, are not of a seasonal nature. The Lifting Equipment segment s container handling product line is also subject to fluctuations due to in part the timing of contract awards related to major port projects. Again, this fluctuation is not necessarily of a seasonal nature.

Sales of cranes from the Equipment Distribution segment mirror the seasonality of the overall Company. However, the sale of parts is much less seasonal given the geographic breadth of the customer base. Crane repairs are performed by the Equipment Distribution segment throughout the year but are somewhat affected by the slowdown in construction activity during the typically harsh winters in the Midwestern United States.

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Competition

Lifting Equipment Segment

The market for the Company s boom trucks and sky cranes, commercial rough terrain forklifts, container handling equipment and trailers is highly competitive. The Company competes based on product design, quality of products and services, product performance, maintenance costs and price. Several competitors have greater financial, marketing, manufacturing and distribution resources than we do. The Company believes that it effectively competes with its competitors.

Military forklifts, special mission oriented vehicles and specialized carriers are highly engineered products and, therefore, only face limited competition. The Company s rough terrain cranes serve smaller niche markets and, therefore, also have less competition.

The Company s boom cranes compete with cranes manufactured by National Crane, Terex, Weldco Beales, Elliott and Altec. The Company s sky cranes compete with cranes manufactured by Elliott, Wilke, and Radocy. The Company competes with Linamar, Sellick, Harlo, Manitou, Mastercraft, and Load Lifter in selling rough terrain forklifts. The Company competes primarily with Terex and Broderson in selling rough terrain cranes. The Company s container handling equipment competes with similar equipment sold by Cargotec, Konecranes and Terex. The North American specialty trailer industry is highly fragmented, but our competitors include: Aspen Custom Trailers, Landoll Corporation, Manaca, Inc., and Trail King.

Equipment Distribution Segment

Our Equipment Distribution segment has a dealership arrangement with Terex and must compete against dealers of other rough terrain and truck crane manufacturers such as Imperial Crane (Tadano) and Walter Payton Power (Grove) who operate in the same geographic market in and around Chicago. The same dynamic holds true in selling Manitex boom trucks which are part of our Lifting Equipment segment. The Equipment Distribution segment competes against Runnion Equipment (dealer for National Crane), Power Equipment Leasing (dealer for Elliott) and Guiffre Cranes (dealer for Terex boom trucks). Runnion is also authorized to sell Manitex boom trucks. Our Equipment Distribution segment competes with other PM dealers for distribution in North America.

While no geographic limitations exist regarding the Equipment Distribution segment s ability to sell cranes internationally, the lack of any barriers to entry and the heavy use of the Internet make this a highly active and competitive market in which to distribute cranes.

Competition for our Equipment Distribution segment s repair business is even more intense since it is limited geographically due to the necessity of having physical access to the cranes. Most of the above referenced companies also compete in this aspect of the business, as do other types of crane and equipment dealers from nearby areas such as Indiana or Wisconsin.

Parts sales from the Equipment Distribution segment are global in scope and benefit greatly from the Internet and the tenure and expertise of our employees. While competition in this area is extensive, the breadth of the products offered and the segment s long history in this part of the business is we believe a competitive advantage.

The North American Equipment Exchange division, (NAEE) markets previously-owned construction and heavy equipment, domestically and internationally. This Division provides a wide range of used lifting and construction equipment of various ages and condition, and the Company has the capability to refurbish the equipment to the customers specification.

The Equipment Distribution segment competes based on the design, quality, and performance of the products it distributes, price and the supporting repair and part services that it provides. Several competitors have greater financial, marketing, and distribution resources than we do. The Company, however, believes that it effectively competes with its competitors.

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Backlog

The backlog at December 31, 2013 was approximately $77.3 million, compared to a backlog of approximately $130.4 million at December 31, 2012. The Company expects to ship product to fulfill its existing backlog within the next twelve months.

Research and Development

The Company spent $2.9 million, $2.5 million and $1.6 million on company-sponsored research and development activities for 2013, 2012 and 2011, respectively.

Geographic Information

The information regarding revenue, the basis for attributing revenue from external customers to individual countries, and long-lived assets is found in Note 19 Segment Information to our consolidated financial statements, is hereby incorporated by reference into this Part I, Item 1.

Employees

As of December 31, 2013, the Company had 501 full time employees. The Company has not experienced any work stoppages and anticipates continued good employee relations. Fifty-eight of our employees are covered by collective bargaining agreements. Twenty-two of our employees at our Badger subsidiary are represented by International Union, UAW and its local No. 316. The current union contract expires on January 21, 2017. Four employees are currently represented by Automobile Mechanics Local 701. The union contract expires on October 1, 2014. The employees represented by the Automobile Mechanics Local 701 are mechanics that work in our Equipment Distribution segment. A number of our Equipment Distribution segment s customers in the Chicago metropolitan area mandate union mechanics usage for any service / repair jobs. Thirty-two employees at Manitex Load King are represented by United Electrical Radio and Machine Workers of America, Local 1187. The current union contract expires on February 5, 2016.

Governmental Regulation

The Company is subject to various governmental regulations, such as environmental regulations, employment and health regulations, and safety regulations. We have various internal controls and procedures designed to maintain compliance with these regulations. The cost of compliance programs is not material, but is subject to additions to or changes in federal, state or local legislation or changes in regulatory implementation or interpretation of government regulations.

Available Information

The Company makes available free of charge our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished as required by Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through our Internet Website (www.manitexinternational.com) as soon as is reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Information contained in or incorporated into our Internet Website is not incorporated by reference herein.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks, together with the cautionary statement under the caption Forward-Looking Statements and the other information included in this report. The risks described below are not the only ones the Company faces. Additional risks that are currently unknown to the Company or that the

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Company currently considers to be immaterial may also impair its business or adversely affect the Company s financial condition or results of operations. If any of the following risks actually occur, the Company s business, financial condition or results of operation could be adversely affected.

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company s results of operations and cash flows

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company s results of operations and cash flows. Economic conditions affect the Company s sales volumes, pricing levels and overall profitability. Demand for many of the Company s products depends on end-use markets. Challenging economic conditions may reduce demand for our products and may also impair the ability of customers to pay for products they have purchased. As a result, the Company s reserves for doubtful accounts and write-offs for accounts receivable may increase.

A significant deterioration in economic conditions has caused and may again cause deterioration in the credit quality of our customers and the estimated residual value of our equipment. This could further negatively impact the ability of our customers to obtain the resources they need to make purchases of our equipment. Reduced credit availability will diminish our customers ability to invest in their businesses, refinance maturing debt obligations, and meet ongoing working capital needs. If customers do not have sufficient access to credit, demand for the Company s products will likely decline. Reduced access to credit and the capital markets will also negatively affect the Company s ability to invest in strategic growth initiatives such as acquisitions.

The Company may require additional funding, which may not be available on favorable terms or at all.

Our future capital requirements will depend on the amount of cash generated or required by our current operations, as well as additional funds which may be needed to finance future acquisitions. Future cash needs are subject to substantial uncertainty.

We cannot guarantee that adequate funds will be available when needed, and if we do not receive sufficient capital, we may be required to alter or reduce the scope of our operations or to forego making future acquisitions. If we raise additional funds by issuing equity securities, existing stockholders may be diluted.

The Company s business is sensitive to increases in interest rates.

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, the Canadian prime rate and Italian short-term borrowing rates.

If interest rates rise, it becomes more costly for the Company s customers to borrow money to pay for the equipment they buy from the Company. Should the U. S. Federal Reserve Board decide to increase rates, prospects for business investment and manufacturing could deteriorate sufficiently and impact sales opportunities.

The Company s business is sensitive to government spending.

Many of the Company s customers depend substantially on government spending, including highway construction and maintenance and other infrastructure projects by U.S. federal and state governments and governments in other nations. Any decrease or delay in government funding of highway construction and maintenance and other infrastructure projects could cause the Company s revenues and profits to decrease.

Additionally, the portion of business that is military related (including an international agency) has in the past fluctuated significantly between years. A significant decrease in military related revenues would adversely affect our results of operations and our cash flow.

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The Company s business is affected by the cyclical nature of its markets.

A substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time, since the Company s products depends upon the general economic conditions of the markets in which the Company competes. The Company s sales depend in part upon its customers replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery. Downward economic cycles may result in reductions in sales of the Company s products, which may reduce the Company s profits. The Company has taken a number of steps to reduce its fixed costs and diversify its operations to decrease the negative impact of these cycles. There can be no assurance, however, that these steps will prevent the negative impact of poor economic conditions.

The Company s revenues are attributed to limited number of customers which may decrease or cease purchasing any time.

The Company s revenues are attributed to a limited number of customers. We generally do not have long-term supply agreements with our customers. Even if a multi-year contract exists, the customer is not required to commit to minimum purchases and can cease purchasing at any time. If we were to lose either a significant customer or several smaller customers our operating results and cash flows would be adversely impacted.

The Company is dependent upon third-party suppliers, making us vulnerable to supply shortages.

The Company obtains materials and manufactured components from third-party suppliers. Any delay in the Company s suppliers abilities to provide the Company with necessary materials and components may affect the Company s capabilities at a number of our manufacturing locations, or may require the Company to seek alternative supply sources. Delays in obtaining supplies may result from a number of factors affecting the Company s suppliers including capacity constraints, labor disputes, the impaired financial condition of a particular supplier, suppliers allocations to other purchasers, weather emergencies or acts of war or terrorism. Any delay in receiving supplies could impair the Company s ability to deliver products to customers and, accordingly, could have a material adverse effect on business, results of operations and financial condition.

In addition, the Company purchases material and services from suppliers on extended terms based on the Company s overall credit rating. Negative changes in the Company s credit rating may impact suppliers willingness to extend terms and increase the cash requirements of the business.

Price increases in materials could affect our profitability.

We use large amounts of steel and other items in the manufacture of our products. In the past, market prices of some of our key raw materials increased significantly. If we experience future significant increases in material costs, including steel, we may not be able to reduce product cost in other areas or pass future raw material price increases on to our customers and our margins could be adversely affected.

The Company depends on its computer systems. If its computer systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the Company, including the ability of the Company to report accurate and timely financial results.

The Company depends on its computer systems. If its computer systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the Company, including the ability of the Company to report accurate and timely financial results. In the future, the Company may either install new releases for existing applications or replace existing systems. Systems implementations projects are often not successful. Even when projects are ultimately successful, the projects often require higher than anticipated financial and personal resources. In the future, should systems not be implemented successfully and

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within budget, or if the systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the Company, including the ability of the Company to report accurate and timely financial results.

The Company s level of indebtedness reduces financial flexibility and could impede our ability to operate.

As of December 31, 2013, the Company s total debt was $54.2 million, which includes: revolving term credit facilities, notes payable, and capital lease obligations.

Our level of debt affects our operations in several important ways, including the following:

- a significant portion of our cash flow from operations is likely to be dedicated to the payment of the principal and interest on our indebtedness;
- our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions may be limited;
- we may be unable to refinance our indebtedness on terms acceptable to us or at all;
- our cash flow may be insufficient to meet our required principal and interest payments; and
- we may be unable to obtain additional loans as a result of covenants and agreements with existing debt holders.

The Company has debt outstanding and must comply with restrictive covenants in its debt agreements.

The Company s existing debt agreements contain a number of significant covenants which may limit its ability to, among other things, borrow additional money, make capital expenditures, pay dividends, dispose of assets and acquire new businesses. These covenants also require the Company to meet certain financial tests. The Company is currently in compliance with all active covenants. A default, if not waived by the Company s lenders, could result in acceleration of the Company s debt and possibly bankruptcy.

Certain of the Company s products are substantially dependent on the level of capital expenditures in the oil and gas industry and lower capital expenditures will adversely affect the results of the Company s operations.

The demand for our product in part depends on the condition of the oil and gas industry and, in particular, on the capital expenditures of companies engaged in the exploration, development, and production of oil and natural gas. Capital expenditures by these companies are influenced by the following factors:

- the oil and gas industry s ability to economically justify placing discoveries of oil and gas reserves in production;
- the oil and gas industry s need to clear all structures from the lease once the oil and gas reserves have been depleted;
- weather events, such as major tropical storms;
- current and projected oil and gas prices;

the abilities of oil and gas companies to generate, access and deploy capital;

exploration, production and transportation costs;

the discovery rate of new oil and gas reserves;

the sale and expiration dates of oil and gas leases and concessions;

local and international political and economic conditions;

the ability or willingness of host country government entities to fund their budgetary commitments; and

technological advances.

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Historically, prices of oil and natural gas and exploration, development and production have fluctuated substantially. A sustained period of substantially reduced capital expenditures by oil and gas companies will result in decreased demand for certain equipment produced by the Company, lower margins, and possibly net losses.

The Company may face limitations on its ability to integrate acquired businesses.

The Company has completed nine acquisitions since 2006. The successful integration of new businesses depends on the Company s ability to manage these new businesses and cut excess costs. While the Company believes it has successfully integrated these acquisitions to date, the Company cannot ensure that these acquired companies will operate profitably or that the intended beneficial effect from these acquisitions will be realized.

If the Company is unable to manage anticipated growth effectively, the business could be harmed.

If the Company fails to manage growth, the Company s financial results and business prospects may be harmed. To manage the Company s growth and to execute its business plan efficiently, the Company will need to institute operational, financial and management controls, as well as reporting systems and procedures. The Company also must effectively expand, train and manage its employee base. The Company cannot assure you that it will be successful in any of these endeavors.

The Company relies on key management.

The Company relies on the management and leadership skills of David Langevin, Chairman and Chief Executive Officer. When Mr. Langevin joined the Company, he signed a three year employment agreement with the Company which expired on December 31, 2008. Mr. Langevin s employment agreement has been extended and now expires on December 31, 2015. Under the employment agreement, Mr. Langevin s employment term automatically extends for successive periods of three year unless either the Company or Mr. Langevin gives written notice to the other party of non-renewal at least 90 days prior to the end of the then current employment term. The loss of his services could have a significant and negative impact on the Company s business. In addition, the Company relies on the management and leadership skills of other senior executives. The Company could be harmed by the loss of key personnel in the future.

The Company s success depends upon the continued protection of its trademarks and the Company may be forced to incur substantial costs to maintain, defend, protect and enforce its intellectual property rights.

The Company s registered and common law trademarks, as well as certain of the Company s licensed trademarks, have significant value and are instrumental to the Company s ability to market its products. The Company s marks Manitex Liftking Badger , Sabre , Valla and Load important to the Company s business as the majority of the Company s products are sold under those names. The Company has not registered all of its trademarks in the United States nor in the foreign countries where it does business. The Company cannot assure you that third parties will not assert claims against any such intellectual property or that the Company will be able to successfully resolve all such claims. If the Company has to change the names of any of its products, it may experience a loss of goodwill associated with its brand names, customer confusion and a loss of sales.

In addition, international protection of the Company s intellectual property may not be available in some foreign countries to the same extent permitted by the laws of the United States. The Company could also incur substantial costs to defend legal actions relating to use of its intellectual property, which could have a material adverse effect on the Company s business, results of operations or financial condition.

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The Company may be unable to effectively respond to technological change, which could have a material adverse effect on the Company s results of operations and business.

The markets served by the Company are not historically characterized by rapidly changing technology. Nevertheless, the Company s future success will depend in part upon the Company s ability to enhance its current products and to develop and introduce new products. If the Company fails to anticipate or respond adequately to competitors product improvements and new production introductions, future results of operations and financial condition will be negatively affected.

The Company operates in a highly competitive industry and the Company is particularly subject to the risks of such competition.

The Company competes in a highly competitive industry and the competition which the Company encounters has an effect on its product prices, market share, revenues and profitability. Because certain competitors have substantially greater financial, production, research and development resources and substantially greater name recognition than the Company, the Company is particularly subject to the risks inherent in competing with them and may be put at a competitive disadvantage. To compete successfully, the Company s products must excel in terms of quality, price, product line, ease of use, safety and comfort, and the Company must also provide excellent customer service. The greater financial resources of the Company s competitors may put it at a competitive disadvantage. If competition in the Company s industry intensifies or if the Company s current competitors enhance their products or lower their prices for competing products, the Company may lose sales or be required to lower its prices. This may reduce revenue from the Company s products and services, lower its gross margins or cause the Company to lose market share. The Company may not be able to differentiate our products from those of competitors, successfully develop or introduce less costly products, offer better performance than competitors or offer purchasers of our products payment and other commercial terms as favorable as those offered by competitors.

The Company faces product liability claims and other liabilities due to the nature of its business.

In the Company s lines of business numerous suits have been filed alleging damages for accidents that have occurred during the use or operation of the Company s products. The Company is self-insured, up to certain limits, for these product liability exposures, as well as for certain exposures related to general, workers compensation and automobile liability. Insurance coverage is obtained for catastrophic losses as well as those risks required to be insured by law or contract. Any material liabilities not covered by insurance could have an adverse effect on the Company s financial condition.

The Company is subject to currency fluctuations.

Our revenues are generated in U.S. dollars, Canadian dollars and Euros while costs incurred to generate revenues are only partly incurred in the same currencies. Changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our earnings.

We engage in hedging activities to mitigate the impact of the translation of foreign currencies on our financial results. Our hedging activities are designed to reduce and delay, but not to eliminate, the effects of foreign currency fluctuations. Factors that could affect the effectiveness of our hedging activities include accuracy of sales forecasts, volatility of currency markets, and the availability of hedging instruments. Since the hedging activities are designed to reduce volatility, they not only reduce the negative impact of a weaker U.S. dollar, but they also reduce the positive impact of a stronger U.S. dollar. Our future financial results could be significantly affected by the value of the U.S. dollar in relation to the foreign currencies in which we conduct business. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities. There can be no assurance that our hedging activities will have the desired beneficial impact on our financial condition or results of operations. Moreover, no hedging activity can completely insulate us from the risks associated with changes in currency exchange rates.

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Risks Relating to our Common Stock

The Company s principal shareholders, executive officers and directors hold a significant percentage of the Company s common stock, and these shareholders may take actions that may be adverse to your interests.

The Company s principal shareholders, executive officers and directors beneficially own, in the aggregate, more than 20% of the Company s common stock as of March 1, 2014. As a result, these shareholders, acting together, will be able to significantly influence all matters requiring shareholder approval, including the election and removal of directors and approval of significant corporate transactions such as mergers, consolidations, sales and purchases of assets. They also could dictate the management of the Company s business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination, which could cause the market price of our common stock to fall or prevent you from receiving a premium in such a transaction.

The cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002 may negatively impact the Company s income.

The Company is subject to the rules and regulations of the SEC, including those rules and regulations mandated by the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires all reporting companies to include in their annual report a statement of management s responsibilities for establishing and maintaining adequate internal control over financial reporting, together with an assessment of the effectiveness of those internal controls. Section 404 further requires that the reporting company s independent auditors attest to, and report on, this management assessment. The Company expects its expenses related to its internal and external auditors to be significant. If we fail to maintain a system of adequate controls, it could have an adverse effect on our business and stock price.

The price of our common stock is highly volatile.

The trading price of the Company s common stock is highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond the Company s control, including:

- the degree to which the Company successfully implements its business strategy;
- actual or anticipated variations in quarterly or annual operating results;
- changes in recommendations by the investment community or in their estimates of the Company s revenues or operating results;
- failure to meet expectations of industry analysts;
- speculation in the press or investment community;
- strategic actions by the Company s competitors;
- announcements of technological innovations or new products by the Company or competitors; and
- changes in business conditions affecting the Company and its customers.

In the past, following periods of volatility in the market price of a company s securities, class action litigation has often been brought against companies. If a securities class action suit is filed against us, whether or not meritorious, we would incur substantial legal fees and our management s attention and resources would be diverted from operating our business in order to respond to the litigation.

Future sales of the Company s common stock by existing shareholders in the public market, or the possibility or perception of such sales, could depress the Company s stock price.

Sales of a large number of shares of the Company s common stock, or the availability of a large number of shares for sale, could adversely affect the market price of the Company s common stock and could impair the Company s ability to raise funds in additional stock offerings. Approximately 13,801,277 of the Company s

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shares are eligible for sale in the public market, approximately 1,200,000 of which are subject to applicable volume limitations and other restrictions set forth in Rule 144 under the Securities Act.

Provisions of the Michigan Business Corporation Act and the Company s Articles of Incorporation, Amended and Restated Bylaws, and Rights Agreement may discourage or prevent a takeover of the Company.

Provisions of the Company s Articles of Incorporation and Amended and Restated Bylaws, Michigan law, and the Rights Agreement, dated October 17, 2008, between the Company and Broadridge Corporate Issuer Solution, Inc., as rights agent, could make it more difficult for a third party to acquire the Company, even if doing so would be perceived to be beneficial to you. These provisions could discourage potential takeover attempts and could adversely affect the market price of the Company s shares. Because of these provisions, you might not be able to receive a premium on your investment. These provisions:

- authorize the Company s Board of Directors, with approval by a majority of its independent Directors but without requiring shareholder consent, to issue shares of blank check preferred stock that could be issued by the Company s Board of Directors to increase the number of outstanding shares and prevent a takeover attempt;

- limit our shareholders ability to call a special meeting of the Company s shareholders;

- limit the Company s shareholders ability to amend, alter or repeal the Company bylaws;

- may result in the issuance of preferred stock, which would significantly dilute the stock ownership percentage of certain shareholders and make it more difficult for a third party to acquire a majority of the Company s outstanding voting stock; and

- restrict business combinations with certain shareholders.

The provisions described above could prevent, delay or defer a change in control of the Company or its management.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

The Company s executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455. The Company has eight principal operating plants. The Company builds boom trucks, and sign cranes in its 188,000 sq. ft. leased facility located in Georgetown, Texas. The Company builds rough terrain forklifts and special mission oriented vehicles, as well as other specialized carriers in its 85,000 sq. ft. leased facility located in Woodbridge, Ontario. The Company builds specialized rough terrain cranes and material handling product in its 170,000 sq. ft. leased facility located in Winona, Minnesota. The Company builds its specialized highly engineered trailers in its 106,000 sq. ft. owned facility in Elk Point, South Dakota. The Company builds reach stackers and container handling equipment in its 103,000 sq. ft leased facility in Cadeo, Italy. The Company develops mobile cranes in its leased facility in Piacenza, Italy. The Company builds its specialized mobile tanks for liquid and solid storage and containment solutions in its 100,000 sq. ft. leased facility located in Knox, Indiana. The Company operates its crane distribution business and North American Equipment Exchange in its 39,000 sq. ft. leased facility located in Bridgeview, Illinois.

All our facilities are used exclusively by our Lifting Equipment segment except for our Bridgeview facility. The Bridgeview facility houses our corporate offices and our Crane & Machinery and North American Equipment Exchange divisions. Crane and Machinery and North American Equipment Exchange divisions comprise our Equipment Distribution segment.

The Company believes that its facilities are suitable for its business and will be adequate to meet our current needs.

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ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including product liability and workers compensation matters which have arisen in the normal course of operations. The Company has product liability insurance with self insurance retention that ranges from fifty thousand to $0.5 million. Until 2012, all worker compensation claims were fully insured. Beginning in 2012, the Company has a $250 thousand per claim deductible on worker compensation claims and aggregates of $1.0 and $1.15 million for 2012 and 2013 policy years, respectively. Certain cases are at a preliminary stage, and it is not possible to estimate the amount or timing of any cost to the Company. However, the Company does not believe that these contingencies, in the aggregate, will have a material adverse effect on the Company. When it is probable that a loss has been incurred and possible to make a reasonable estimate of the Company s liability with respect to such matters, a provision is recorded for the amount of such estimate or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for the Company s Common Stock

The Company s common stock is listed on The NASDAQ Capital Market trading under the symbol MNTX. The following table sets forth the high and low sales prices of the common stock for the fiscal periods indicated, as reported on The NASDAQ Capital Market.

Price Range of Common Stock

2013	High	Low
First Quarter	$ 12.75	$ 7.94
Second Quarter	12.32	10.01
Third Quarter	11.98	10.03
Fourth Quarter	$ 15.88	$ 10.84

2012	High	Low
First Quarter	$ 7.86	$ 4.08
Second Quarter	10.60	6.79
Third Quarter	9.48	6.32
Fourth Quarter	$ 7.84	$ 6.60

Number of Common Stockholders

As of February 26, 2014, there were 111 record holders of the Company s common stock.

Dividends

During the fiscal years ended December 31, 2013, 2012 and 2011, the Company did not declare or pay any cash dividends on its common stock and the Company does not intend to pay any cash dividends in the foreseeable future. Furthermore, the terms of our credit facility do not allow us to declare or pay dividends without the prior written consent of the lender.

Performance Graph

The following stock performance graph is intended to show our stock performance compared with that of comparable companies. The stock performance graph shows the change in market value of ten thousand dollars invested in our Common Stock, the Russell 2000 Index and a peer group of comparable companies (Peer Group) for the five year period commencing December 31, 2008 through December 31, 2013. The cumulative total stockholder return of the peer group assumes dividends are reinvested. The stockholder return shown on the graph below is not indicative of future performance. The companies in the Peer Group are weighted by market capitalization.

The Peer Group consists of the following companies, which are in similar lines of business to Manitex International Inc. Lindsay Corporation (LNN), Gencor Industries Inc. (GENC), Astec Industries, Inc. (ASTE), Columbus McKinnon Corporation (CMCO) and Alamo Group, Inc. (ALG). The companies in the Peer Group generally have market capitalizations that are significantly greater than the Company s market capitalization. It was necessary to select companies with higher market capitalizations to find companies with similar lines of business. Our competitors are most often either small privately owned companies with a narrow product line or a segment of a very large company. In selecting our Peer Group, we intentionally excluded the companies that had the largest market capitalization even when their product lines were similar to ours.

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CUMULATIVE TOTAL RETURN

Based upon an initial investment of $10,000 on December 31, 2008

with dividends reinvested

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013
Manitex International, Inc.	$ 10,000	$ 18,824	$ 37,745	$ 41,569	$ 70,000	$ 155,686
Russell 2000 Index	$ 10,000	$ 12,522	$ 15,690	$ 14,835	$ 17,006	$ 23,298
Construction Equipment (5 stocks)	$ 10,000	$ 7,701	$ 11,373	$ 10,216	$ 12,546	$ 18,725

Issuer Purchases of Equity Securities

The following table provides information about the Company s purchases of equity securities during the quarter ended December 31, 2013:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs
October 1 through October 31, 2013				
November 1 through November 30, 2013				
December 1 through December 31, 2013	4,414	$ 15.88		
Total	4,414	$ 15.88		

(1) The Company purchased and cancelled 4,414 shares of its common stock on December 31, 2013. The shares were purchased from employees on December 31, 2013 at the market closing price of $15.88 on that date. The employees used the proceeds from the sale of shares to satisfy their withholding tax obligations that arose when restricted shares vested on that date.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with our financial statements and the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this report.

The Company s result include the results for companies acquired from their respective dates of acquisition: July 10, 2009 for Badger, December 31, 2009 for Load King, July 1, 2010 for CVS (and July 1, 2011 for the effect of assets purchased), August 19, 2013 for Sabre and November 30, 2013 for Valla.

(In 000 s except share information)

	2013	2012	2011	2010	2009
Summary of Operations:					
Revenues	$ 245,072	$ 205,249	$ 142,291	$ 95,875	$ 55,887
Operating income	17,538	14,459	6,601	5,537	3,344
Income before income taxes	14,447	11,898	4,213	3,135	1,542
Provision (benefit) for taxes on income	4,269	3,821	1,433	1,026	(2,097)
Net income	$ 10,178	$ 8,077	$ 2,780	$ 2,109	$ 3,639
Earnings per share					
Basic	$ 0.80	$ 0.68	$ 0.24	$ 0.19	$ 0.33
Diluted	$ 0.80	$ 0.68	$ 0.24	$ 0.19	$ 0.33
Shares used to calculate earnings per share:					
Basic	12,671,205	11,948,356	11,441,914	11,362,361	10,957,646
Diluted	12,717,575	11,957,458	11,548,158	11,380,966	10,965,444
Total assets	$ 182,730	$ 151,504	$ 121,591	$ 105,517	$ 94,685
Total debt	$ 54,231	$ 49,138	$ 42,227	$ 34,019	$ 33,511
Total shareholders equity	$ 84,991	$ 59,533	$ 46,794	$ 43,274	$ 40,428

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management s discussion and analysis of financial condition and results of continuing operations should be read in conjunction with the Company s financial statements and notes, and other information included elsewhere in this Report.

FORWARD-LOOKING STATEMENTS

When reading this section of this Annual Report on Form 10-K it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements and are based upon management s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. We use words such as anticipate, estimate, plan, project, continuing, ongoing, expect, believe, intend, may, will, should, could, and similar expressions to identify forward Forward-looking statements in this Annual Report on Form 10-K include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic performance and (5) assumptions underlying statements regarding us or our business.

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It is important to note that our actual results could differ materially from those included in such forward-looking statements due to a variety of ***factors including:*** (1) substantial deterioration in economic conditions, especially in the United States and Europe; (2) our customers diminished liquidity and credit availability; (3) difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change; (4) our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed; (5) the cyclical nature of the markets we operate in; (6) increases in interest rates; (7) government spending; (8) fluctuations in the construction industry, and capital expenditures in the oil and gas industry; (9) the performance of our competitors; (10) shortages in supplies and raw materials or the increase in costs of materials; (11) our level of indebtedness and our ability to meet financial covenants required by our debt agreements; (12) product liability claims, intellectual property claims, and other liabilities; (13) the volatility of our stock price; (14) future sales of our common stock; (15) the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions; (16) currency transaction (foreign exchange) risks and the risk related to forward currency contracts; (17) certain provisions of the Michigan Business Corporation Act and the Company s Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company s Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company; and (18) a substantial portion of our revenues are attributed to a limited number of customers which may decrease or cease purchasing any time; and (19) other risks described in the section entitled Risk Factors and elsewhere in our Annual Report on Form 10-K.

The risks, described in our Annual Report on Form 10-K, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

OVERVIEW

The Company is a leading provider of engineered lifting solutions. The Company operates in two business segments: the Lifting Equipment segment and the Equipment Distribution segment.

Lifting Equipment Segment

The Company is a leading provider of engineered lifting solutions. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries. Through its Manitex, Inc. subsidiary it markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex s boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and commercial construction. Its Badger Equipment Company (Badger) subsidiary is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries.

Manitex Liftking ULC (Manitex Liftking or Liftking) sells a complete line of rough terrain forklifts, a line of stand-up electric forklifts, cushioned tired forklifts with lifting capacities from 18 thousand to 40 thousand pounds, and special mission oriented vehicles, as well as other specialized carriers, heavy material handling transporters and steel mill equipment. Manitex Liftking s rough terrain forklifts are used in both commercial and military applications. Specialty mission oriented vehicles and specialized carriers are designed and built to meet the Company s unique customer needs and requirements. The Company s specialized lifting equipment has met the particular needs of customers in various industries that include utility, ship building and steel mill industries.

Manitex Load King, Inc. (Load King) manufactures specialized custom trailers and hauling systems typically used for transporting heavy equipment. Load King Trailers serve niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network.

CVS Ferrari, srl (CVS) located near Milan, Italy designs and manufactures a range of reach stackers and associated lifting equipment for the global container handling market, which are sold through a broad dealer network. On November 30, 2013, CVS purchased the assets of Valla SpA. Valla manufactures and markets a line of precision pick and carry cranes from 2 to 90 tons, using electric, diesel and hybrid power. Its crane offer wheeled or tracked, fixed or swing boom configurations, with dozens of special applications designed specifically to meet the needs of its customers.

On August 19, 2013, Manitex Sabre, Inc. (Sabre) acquired the assets of Sabre Manufacturing, LLC, which is located in Knox, Indiana. Sabre manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks will be sold to specialized independent tank rental companies and through the Company s existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

Equipment Distribution Segment

The Equipment Distribution segment located in Bridgeview, Illinois operates as Manitex Valla North America sales operations and is a distributor of Terex rough terrain and truck cranes, PM knuckle boom cranes and Manitex s products. The Equipment Distribution segment predominately sells its products to end users, including the rental market. Its products are used primarily for infrastructure development and commercial constructions applications include road and bridge construction, general contracting, roofing, scrap handling and sign construction and maintenance. The Equipment Distribution segment supplies repair parts for a wide variety of medium to heavy duty construction equipment and sell both domestically and internationally. The segment also provides repair services in the Chicago area. The North American Equipment Exchange division, (NAEE), markets previously-owned construction and heavy equipment, domestically and internationally. This Division provides a wide range of used lifting and construction equipment of various ages and condition, and the Company has the capability to refurbish the equipment to the customers specification.

Economic Conditions

Beginning in September of 2008, the United States and world financial markets came under unprecedented stress. The immediate impact was a dramatic decrease in liquidity and credit availability throughout the world. An incredibly rapid and significant deterioration in economic conditions, especially in the United States and Europe followed. These events had an immediate significant adverse impact on the Company, including order cancellations.

The overall market for construction equipment has improved substantially since the 2008 down turn but has not returned to pre-2008 levels. The market for general construction equipment continues to show gradual improvement. A very significant portion of the Company s revenues is attributed to demand from niche market segments, particularly the North American energy sector.

During the current year, there has been a softening in the demand for our products which are related to the energy sector. The Company believes the current decrease in demand from the energy sector is temporary, and that the North American energy sector will continue to grow and, in turn, will drive future demand for our products. In early 2014, the Company has seen an increase in orders for its cranes that serve niche markets, including the North American energy sector.

In 2013, the market for port handling equipment in Europe, CVS s historical market, overall continued to be weak. There was, however, some modest improvement during the latter part of the year. CVS was again able to grow its revenues by increasing sales to other international markets.

Factors Affecting Revenues and Gross Profit

The Company derives most of its revenue from purchase orders from dealers and distributors. The demand for the Company s products depends upon the general economic conditions of the markets in which the Company

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competes. The Company s sales depend in part upon its customers replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery. Additionally, our Manitex Liftking subsidiary revenues are impacted by the timing of orders received for military forklifts and residential housing starts. CVS revenues are impacted in part by the timing of contract awards related to major port projects.

Gross profit varies from period to period. Factors that affect gross profit include product mix, production levels and cost of raw materials. Margins tend to increase when production is skewed towards larger capacity cranes, special mission oriented vehicles, specialized carriers and heavy material transporters.

The following table sets forth certain financial data for the three years ended December 31, 2013, 2012 and 2011:

Results of Consolidated Operations

MANITEX INTERNATIONAL, INC.

(Thousands of Dollars, except share data)

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net revenues	$ 245,072	$ 205,249	$ 142,291
Cost of sales	198,596	164,785	113,041
Gross profit	46,476	40,464	29,250
Operating expenses			
Research and development costs	2,912	2,457	1,571
Selling, general and administrative expense	26,026	23,548	19,895
Legal settlement (at net present value)			1,183
Total operating expenses	28,938	26,005	22,649
Operating income	17,538	14,459	6,601
Other income (expense)			
Interest expense	(2,946)	(2,457)	(2,540)
Foreign currency transaction (loss) gains	(95)	(110)	49
Other (expense) income	(50)	6	103
Total other expense	(3,091)	(2,561)	(2,388)
Income before income taxes	14,447	11,898	4,213
Provision for taxes on income	4,269	3,821	1,433
Net income	$ 10,178	$ 8,077	$ 2,780

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The above results include the results for Sabre and Valla from their respective dates of acquisition which are August 19, 2013 and November 30, 2013, respectively.

Net income

For the year ended December 31, 2013, net income was $10.2 million, which consists of revenue of $245.1 million, cost of sales of $198.6 million, research and development costs of $2.9 million, SG&A costs of $26.0 million, interest expense of $2.9 million, foreign currency transaction loss of $0.1 million, other expense of $0.1 million and income tax expense of $4.3 million.

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For the year ended December 31, 2012, net income was $8.1 million, which consists of revenue of $205.2 million, cost of sales of $164.8 million, research and development costs of $2.5 million, SG&A costs of $23.5 million, interest expense of $2.5 million, foreign currency transaction loss of $0.1 million and income tax expense of $3.8 million.

Net revenue and gross profit For the year ended December 31, 2013, net revenue and gross profit were $245.1 million and $46.5 million, respectively. Gross profit as a percent of sales was 19.0% for the year ended December 31, 2013. For the year ended December 31, 2012 net revenue and gross profit were $205.2 million and $40.5 million, respectively. Gross profit as a percent of sales was 19.7% for the year ended December 31, 2012.

The revenue increase between 2012 and 2013 was approximately 19.4% of which 14.2% is attributed to an increase in revenues from crane products, 5.1% is attributed to an increase in revenues from container handling equipment products, 3.5% is attributed to sales from companies acquired in 2013, partially offset by a decrease of other products which had the effect of decreasing revenues 3.4%.

The increase in crane product revenues is principally attributed to an increase in production capacity which allowed the company to reduce its backlog and to more aggressively market cranes with lower lifting capacity. The increase in revenues from the sale of container handling equipment is attributed to an increase in sales to markets outside Europe, which has historically been the largest market for this equipment and is attributed to shipments of tractors to South Africa during the first part of the year and an increase in sales to Latin America in the second half of the year. The sale of the tractors was related to a large tender order that was awarded to CVS in 2012. The increase in Latin American revenues is a benefit from obtaining new dealers in Latin America in 2013. The decrease in other products revenues is attributed to the timing of military orders and a decrease in special trailer revenues.

Gross profit as a percent of net revenues decreased 0.7% to 19.0% for the year ended December 31, 2013 from 19.7% for the comparable 2012 period. The slight decrease in margin percent is principally attributed to product mix, including the favorable impact of increased sales of crane products which generally have higher margins which was more than offset by an increase in chassis sales which are sold with only a nominal market up and the effect that the decrease in parts sales as a percent of total revenues. Part sales, which have significantly higher margins, decreased from 16% to 15% of total revenues from 2012 to 2013. A decrease in volumes for military and special trailer also contributed to the decrease in the gross margin percent.

Research and development Research and development for the year ended December 31, 2013 was $2.9 million compared to $2.5 million for the comparable period in 2012. The increase in research and development expense reflects our continued commitment to develop and introduce new products that gives the Company a competitive advantage.

Selling, general and administrative expense Selling, general and administrative expense for the year ended December 31, 2013 was $26.0 million compared to $23.5 million for the comparable period in 2012. Selling general and administrative expense as a percent of revenue for year ended December 31, 2013 was 10.6% a decrease of 0.9% from the 11.5% for the comparable period in 2012.

The increase in selling, general and administrative expense is $2.5 million of which approximately $1.0 million are either selling, general and administrative expenses at companies acquired in 2013 or costs directly associated with the acquisitions. Excluding the impact of acquisitions, selling, general and administrative expenses increased by approximately $1.5 million. Approximately two thirds of the remaining increase is attributed to an increase in selling expenses, which are partially a direct impact of an increase in revenues and also the result of an expansion of the sales organization. The majority of the remaining increase in expense is attributed to an increase in compensation expense. Although selective staff additions contributed to an increase in compensation expense, the primary drivers were an increase in non-cash stock based deferred compensation and an increase in performance based incentive compensation.

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Operating income The Company, had operating income of $17.5 million and $14.5 million for the years ended December 31, 2013 and 2012, respectively. The increase in operating income is due to an increase in gross profit of $6 million offset by $2.9 million increase in operating expenses. An increase in revenues accounts for the increase in gross profit as the gross profit percent decreased 0.7% between 2013 and 2012. The increase in operating expenses is related to increases in research and development and selling, general and administrative expenses.

Interest expense Interest expense was $2.9 million and $2.5 million for the years ended December 31, 2013 and 2012, respectively. Interest expense increased $0.5 million the result of an increase in outstanding debt and a 0.5% increase in the interest rate on our U.S. and Canadian Revolver starting in August 2013.

Foreign currency transaction gains and loss The Company attempts to purchase forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units functional currency will be offset by the changes in the market value of the forward currency exchange contracts it holds. The Company records at the balance sheet date the forward currency exchange contracts at their market value with any associated gain or loss being recorded in current earnings as a currency gain or loss.

For the years ended December 31, 2013 and 2012, the Company had foreign currency losses of $0.1 million.

Income tax Income tax expense was $4.3 million and $3.8 million for the years ended December 31, 2013 and 2012, respectively. The increase in income tax is attributed to an increase in pre-tax income, as the Company s effective rate decreased to 29.5% for 2013 from 32.1% the effective tax rate for 2012. The effective tax rate for 2013 is favorably impacted by the Domestic Production Activities Deduction (Section 199) and Federal Research and Development tax credits. In the prior year, the Company was not able to recognize the Domestic Production Activities Deduction as it had unutilized net operating loss carryforwards. Additionally, the Company was not able to recognize a Federal Research and Development tax credit in 2012 as the provision in the Internal Revenue Code authorizing the R&D credit had expired.

The American Taxpayer Reconciliation Act enacted on January 2, 2013, retroactively restored the Research and Development credit back to January 1, 2012. The tax provision for 2013 includes discrete items of $206 primarily related to 2012 Federal Research & Development tax credits which were retroactively restored.

Net income Net income for the year ended December 31, 2013 was $10.2 million. This compares with a net income for the year ended December 31, 2012 of $8.1 million.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Financial results include the results for CVS Ferrari, srl (our Italian Subsidiary) from the date the Company was formed in June 2010. In the third quarter of 2010 using assets rented under a rental agreement with the Predecessor Company, CVS commenced manufacturing reach stackers and associated lifting equipment for the

global container handling market. On July 1, 2011, the Company purchased the assets previously being rented and the rental agreement was terminated. Beginning on July 1, 2011, CVS results includes amortization and depreciation related to intangible assets and manufacturing equipment that was purchased on that date.

Net income

For the year ended December 31, 2012, net income was $8.1 million, which consists of revenue of $205.2 million, cost of sales of $164.8 million, research and development costs of $2.5 million, SG&A costs of $23.5 million, interest expense of $2.5 million, foreign currency transaction loss of $0.1 million and income tax expense of $3.8 million.

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For the year ended December 31, 2011, net income was $2.8 million, which consists of revenue of $142.3 million, cost of sales of $113.0 million, research and development costs of $1.6 million, SG&A costs of $19.9 million, legal settlement of $1.2 million, interest expense of $2.5 million, other income of $0.1 million and income tax expense of $1.4 million.

Net revenue and gross profit For the year ended December 31, 2012 net revenue and gross profit were $205.2 million and $40.5 million, respectively. Gross profit as a percent of sales was 19.7% for the year ended December 31, 2012. For the year ended December 31, 2011, net revenue and gross profit were $142.3 million and $29.2 million, respectively. Gross profit as a percent of sales was 20.6% for the year ended December 31, 2011.

Approximately seventy percent of the increase in revenues is attributed to an increase in the sale of boom trucks. The other product lines, which are not as large as our boom truck product line, account for the remaining thirty percent increase in revenues and they all contributed to the increase in revenue. Their contributions varied from product line to product line ranging from two to twelve percent of the total increase in year over year revenues. The Company is continuing to see a modest but sustained improvement in the overall market for construction equipment, which contributed to the year over year growth in revenues. The much more significant factor, however, is the strong demand from niche markets, particularly those related to oil and gas extraction and power line distribution. The increase in revenues reflect the Company s strategic initiatives which have emphasized the development of boom trucks with higher lifting capacities and specialized trailers that target the oil and gas and power line distribution market segments.

Gross profit as a percent of net revenues decreased 0.9% to 19.7% for the year ended December 31, 2012 from 20.6% for the comparable 2011 period. The decrease in gross profit of 0.9% between years is attributed to a number of different factors, the most significant of which is a change in product mix. Although part sales grew, the growth rate for part sales is not near the rate of growth for unit sales. As a result part sales as a percent of total sales decreased to 16% from 19%. As the gross profit percent on part sales is significantly higher than unit sales, it had the effect of reducing overall gross profit percent by approximately 1%. The gross profit percent (excluding the effect of part sales) for boom trucks product line, which has the highest gross profit percent of any our product lines, showed a slight improvement between years. As the sale of boom trucks increased as a percent of total revenues, it had the effect of increasing the Company s overall gross profit percent. This favorable effect was, however, offset by an erosion of gross profit percent for the other product lines and a change in product mix. A number of different factors and circumstances had an effect on the gross profit percent for the other product lines. For example, the gross margin percent for distributed products (Equipment Distribution segment) decreased as several Terex cranes purchased in 2009 which were still in our inventory were sold during 2012 at a slight loss. In 2012, the sale of tractors, a product with a lower gross profit percent, increased and resulted in an decrease in the gross profit percent for the port handling equipment product line.

Research and development Research and development for the year ended December 31, 2012 was $2.5 million compared to $1.6 million for the comparable period in 2011. The increase in research and development expense reflects our continued commitment to develop and introduce new products that gives the Company a competitive advantage.

Selling, general and administrative expense Selling, general and administrative expense for the year ended December 31, 2012 was $23.5 million compared to $19.9 million for the comparable period in 2011. Selling, general and administrative expense for the year ended December 31, 2011 includes approximately $0.5 million to attend the 2011 Con Expo trade show, which is held every three years. Selling, general and administrative expenses for the year ended December 31, 2012 was 11.5% of revenues a decrease from the comparable period in 2011. Selling general and administrative expense as a percent of revenue for year ended December 31, 2011 was 14.0% or 13.6% if adjusted to eliminate the cost associated with attending Con Expo.

The increase in selling, general and administrative expense after adjusting for the non-recurring Con Expo expenses is approximately $4.2 million. Slightly less than 60% of the increase is related to an increase in selling

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expenses which reflects an expansion of our sales organization along with increases in commissions and other selling expense that increase with an increase in revenue. Another 30% of the increase is related to an increase in employee related costs, associated with additional staff, an increase in performance based compensations and merit increases. The remaining increase is attributed to several other factors including increase in audit fees related to our auditor opining on internal controls and an increase in travel expenses.

Legal settlement (at net present value)

The results for 2011 included a non-recurring charge of $1.2 million recorded in connection with the settlement of two product liability cases. This charge was unusual as it was not covered by insurance. The Company is not aware of any other similar potential liabilities at the present time and has secured insurance coverage to explicitly cover such future instances, mitigating future business risks.

For additional details concerning the nature of the 2011 charge see Note 25.

Operating income The Company had operating income of $14.5 million and $6.6 million for the years ended December 31, 2012 and 2011, respectively. The increase in operating income is due to an increase in gross profit of $11.2 million offset by $3.4 million increase in operating expenses. An increase in revenues accounts for the increase in gross profit as the gross profit percent decreased 0.9% between 2012 and 2011. The increase in operating expenses is related to increases in research and development and selling, general and administrative expenses. Additionally, there is a favorable impact on the variance between operating expenses for 2012 and 2011, as 2011 included a non-recurring expense related the settlement of two product liability cases. This charge was unusual as it was not covered by insurance. The Company is not aware of any other similar potential liabilities at the present time and has secured insurance coverage to explicitly cover such future instances, mitigating future business risks.

Interest expense Interest expense was $2.5 million for the years ended December 31, 2012 and 2011, respectively. Interest expense did not change significantly as the effect of an increase in overall debt was offset by an decrease in the average interest rate. The increase in debt is the result of an increase in the amount outstanding on revolving credit facilities and working capital lines offset by significant retirement of term debt. The interest rate on our revolving credit facilities are much lower than the term debt that was retired during the year.

Foreign currency transaction gains and loss The Company attempts to purchase forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units functional currency will be offset by the changes in the market value of the forward currency exchange contracts it holds. The Company records at the balance sheet date the forward currency exchange contracts at their market value with any associated gain or loss being recorded in current earnings as a currency gain or loss.

For the year ended December 31, 2012, the Company had a foreign currency loss of $0.1 million as compared to a $0.05 million foreign currency gain for the year ended December 31, 2011. The aforementioned foreign currency gains and losses are net of forward currency contracts gains and losses.

Income tax Income tax expense was $3.8 million and $1.4 million for the years ended December 31, 2012 and 2011, respectively. The increase in income tax is attributed to an increase in pre-tax income, as the Company s effective tax rate decreased to 32.1% for 2012 from 34.0% for 2011. The decrease in the effective tax rate is primarily the result of being able to record a deduction in connection with the American Jobs Creation Act of 2004 (which affords a taxpayer a deduction for 9% of qualifying production activities income) and a remeasurement of the Texas Margin Credit. In prior years, the Company was not able to recognize a benefit under American Jobs Creation Act of 2004 as it had unutilized net operating loss carryforwards.

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Net income Net income for the year ended December 31, 2012 was $8.1 million. This compares with a net income for the year ended December 31, 2011 of $2.8 million.

SEGMENT INFORMATION

Lifting Equipment Segment

	2013	2012	2011
Net revenues	$ 228,772	$ 188,792	$ 130,330
Operating income	23,311	19,870	11,069
Operating margin	10.1%	10.5%	8.5%

(1) The above results include the results for Sabre and Valla from their respective dates of acquisition which are August 19, 2013 and November 30, 2013, respectively.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net revenues Net revenues increased $39.9 million to $228.7 million for the year ended December 31, 2013 from $188.8 million for the comparable period in 2012.

The revenue increase between 2012 and 2013 was approximately 21.2% of which 15.5% is attributed to an increase in revenues from crane products, 5.5% is attribute an increase in revenues from container handling equipment products, 4.0% is attributed to sales from companies acquired in 2013, partially offset by a decrease of other products which had the effect of decreasing revenues 3.8%.

The increase in crane product revenues is principally attributed to an increase in production capacity which allowed the company to reduce its backlog and to more aggressively market cranes with lower lifting capacity. The increase in revenues from the sale of container handling equipment is attributed to increase in sales to markets outside Europe, which has historically been the largest market for Company s port handling equipment. This increase is attributed to shipments of tractors to South Africa during the first part of the year and an increase in sales to Latin America in the second half of the year. The sale of the tractors was related to a large tender order that was awarded to CVS in 2012. The increase in Latin American revenues is a benefit from obtaining new dealers in Latin America in 2013. The decrease in other products revenues is attributed to the timing of military orders and a decrease in special trailer revenues.

Operating income and operating margins Operating income of $23.3 million for the year ended December 31, 2013 was equivalent to 10.1% of net revenues compared to an operating income of $19.9 million for the year ended December 31, 2012 or 10.5% of net revenues.

Operating income increased $3.4 million which is the net of an increase in gross profit of $5.1 million offset by increase in operating expenses of $1.7 million. The increase in gross profit is attributed to an increase in revenues as there was a modest decrease in the gross profit percent. Approximately 40% of the increase in operating expenses is attributed to companies acquired in 2013. Another 25% of the increase in operating expenses is related to an increase in research and development cost. The majority of the remaining increase is attributed to an increase in selling expenses, which are partially a direct impact of an increase in revenues and also the result of an expansion of the sales organization.

The decrease in operating margin percent is attributed to the decrease in the gross profit as percent of revenues between 2012 and 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net Revenues Net revenues increased $58.5 million to $188.8 million for the year ended December 31, 2012 from $130.3 million for the comparable period in 2011.

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Approximately seventy-five percent of the increase in revenues is attributed to an increase in the sale of boom trucks. The other product lines, which are not as large as our boom truck product line, account for the remaining twenty-five percent increase in revenues and they all contributed to the increase in revenue. The Company is continuing to see a modest but sustained improvement in the overall market for construction equipment, which contributed to the year over year growth in revenues. The much more significant factor, however, is the strong demand from niche markets particularly those related to oil and gas extraction and power line distribution. The increase in revenues reflect the Company s strategic initiatives which have emphasized the development of boom trucks with higher lifting capacities and specialized trailers that target the oil and gas and power line distribution market segments.

Operating Income and Operating Margins Operating income of $19.9 million for the year ended December 31, 2012 was equivalent to 10.5% of net revenues compared to an operating income of $11.1 million for the year ended December 31, 2011 or 8.5% of net revenues. The increase in operating income is attributed to an $11.0 million increase in gross profit.

The Segment had operating income of $19.9 million and $11.1 million for the years ended December 31, 2012 and 2011, respectively. The increase in operating income is due to an increase in gross profit of $11.0 million offset by a $2.2 million increase in operating expenses.

The increase in gross profit is entirely due to an increase in revenues as the gross profit percent decreased modestly between 2011 and 2012. The decrease in margin percent is principally attributed to the fact that part sales, which have substantially higher margins, decreased significantly as a percent of total revenues. Part sales revenues, however, were approximately 24% above the prior year.

Operating expenses increased by $2.2 million from 2011 to 2012. Included in 2011 operating expenses is an unusual non-recurring charge of $1.2 million to recognize a liability for a legal settlement. Operating expense excluding the impact of the non-recurring charge increased by $3.4 million. The increase in operating expenses is attributed to increases of $0.9 million and $2.5 million in research and development and selling and general administrative expenses, respectively. The increase in research and development expense reflects our continued commitment to develop and introduce new products that gives the Company a competitive advantage. Approximately 75% of the increase in selling general and administrative expenses is related to increased selling expenses, which reflects an expansion of our sale s organization along with increases in commissions and other selling expense that increase with an increase in revenue. The remaining 25% is the net impact of other increases and decreases. The net other increase is principally related to an increase in employee related costs, associated with additional staff, an increase in performance based compensations and merit increases.

Equipment Distribution Segment

	2013	**2012**	**2011**
Net revenues	$ 16,951	$ 17,090	$ 11,986
Operating income	628	222	64
Operating margin	3.7%	1.3%	0.5%

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net revenues The Equipment Distribution segment had net revenues of $17.0 million and $17.1 million for the years ended December 31, 2013 and 2012, respectively, an insignificant decrease of $0.1 million.

Operating income (loss) and operating margins Operating income of $0.6 million for the year ended December 31, 2013 was equivalent to 3.7% of net revenues and compares to operating income of $0.2 million for the year ended December 31, 2012 or 1.2% of net revenues.

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Operating income and operating margin percent improved this year as prior year results were adversely impact by the sale of several cranes purchased in 2009 which were still in our inventory until they were sold during 2012 at a loss.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net revenues The Equipment Distribution segment net revenue increased $5.1 million to $17.1 million for the year ended December 31, 2012 from $12.0 million in the prior year. Approximately 60% of the increase is related to an increase in new crane sales. The remaining 40% is attributed principally to an increase in used equipment sales. The increase in both new cranes and used equipment is attributed to an improvement in market conditions and an internal commitment to expand this operation.

Operating Income (loss) and Operating Margins Operating income of $0.2 million for the year ended December 31, 2012 was equivalent to 1.2% of net revenues and compares to operating income of $0.06 million for the year ended December 31, 2011 or 0.5% of net revenues. The increase in operating income is due to an increase in revenues from 2011 to 2012. The additional gross profit generated by an increase in revenues offset the effect of a decrease in the gross margin percent. The decrease in the gross percent is primarily related to the sales of several Terex cranes purchased in 2009 which were still in our inventory until they were sold during 2012 and a decrease in the percent of total revenues which were related to part sales. The sales of the 2009 cranes increased revenues but decreased the gross margin percent as they were sold at a slight loss. The gross margin percent for part sales is substantially higher than gross margin percent for equipment sales. Although part sales in dollars were comparable between years, part sales as a percent of total revenues decreased significantly, the effect of which would be a decrease in the overall gross profit percent.

Liquidity and Capital Resources

Cash and cash equivalents were $6.1 million and $1.9 million at December 31, 2013 and December 31, 2012, respectively. As of December 31, 2013, the Company had approximately $6.0 million available to borrow under its credit facilities.

The Company needs cash to meet its working capital needs as the business grows, to acquire capital equipment, and to fund acquisitions and debt repayment. We intend to use cash flows from operations and existing availability under the current revolving credit facilities to fund anticipated levels of operations for approximately the next 12 months. As our availability under our credit lines is limited, it is important that we manage our working capital. We may need to raise additional capital through debt or equity financings to support our growth strategy, which may include additional acquisitions. There is no assurance that such financing will be available or, if available, on acceptable terms.

Stock offerings

On September 30, 2013, the Company issued 1,375,000 shares of the Company s common stock and received net proceeds after expenses of $13.9 million dollars. The proceeds and additional cash were used to repay the $15,000 term debt, which was the source of funds used acquire Sabre.

On July 17, 2012, the Company issued 500,000 shares of the Company s common stock and received net proceeds after expenses of $3.8 million, which were used to repay outstanding term debt.

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Outstanding borrowings and required payments

The following is a summary of our outstanding borrowings at December 31, 2013:

(In millions)

	Outstanding Balance	Interest Rate	Interest Paid	Principal Payment
U.S Revolver	$ 29.2	3.25%	Monthly	n.a.
Canadian Revolver	8.1	3.50%	Monthly	n.a.
Specialized export facility	2.7	3.50%	Periodic	5 days after receipt of customer payment
Load King bank debt	1.1	6%/6.25%	Monthly	$0.011 million monthly including interest
Load King debt (SD Board of Economic Development	0.8	3.00%	Monthly	$0.005 million monthly including interest
Note payable Terex	0.8	6.00%	Quarterly	$0.25 million March 1, 2014, 2015 and 2016 ($0.15 million can be paid in stock)
Capital lease cranes for sale	1.5	6.25%	Monthly	Over 36 or 60 months
Capital lease Georgetown facility	2.7	12.00%	Monthly	$0.07 million monthly payment includes interest
Acquisition note Valla	0.2	1.5%	Annually	$0.1 in 2015 and 2016
Capital leases Winona facility	0.6	6.13%	Monthly	$0.025 million monthly payment includes interest
CVS short-term working capital borrowings	6.5	2.09 to 5.19%	Monthly	Upon payment of invoice
	$ 54.2			

The debt matures at various points in time. See Note 13 to the financial statements for additional details.

Change in outstanding debt

In 2013, existing debt (including lines of credit, capital lease obligations and the current portion of notes payable and capital lease obligations) increased $5.1 million dollars to $54.2 million from $49.1 million at December 31, 2012. The increase in debt is principally attributed to increases in borrowing under the Company s revolving credit facilities and increase in CVS working capital borrowings, which were increased to support our substantial increase in revenues.

Our debt increased by approximately $5.1 million. The following is a summary of changes in debt:

(In millions)

	Increase/ (decrease)
U.S. Revolver	$ 3.3
Canadian Revolver	0.7
Special export facility	1.8
Revolving term credit facility Equipment line	(1.0)
Load King bank debt	(0.1)
Capital leases buildings	(0.7)
Capital leases equipment	0.5
Valla acquisition debt	0.2
CVS working capital borrowings	0.4

$	5.1

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2013

Operating activities generated $2.1 million of cash for the year ended December 31, 2013, and is comprised of net earnings of $10.2 million, and non-cash items of $4.5 million offset by an increase in working capital of $12.6 million. The following are the principal non-cash items: depreciation and amortization of $3.9 million, stock based deferred compensation of $0.7 million, and increase in the provision for doubtful accounts of $0.2 offset by an increase in net deferred tax assets of $0.2 million, a decrease in the reserve for uncertain tax positions of $0.1 million and a gain on the disposal of assets of $0.1 million.

The increase in working capital is principally due to increases in inventory of $8.9 million, prepaids of $0.4 million, other assets of $0.9 million and decreases in accounts payable of $4.1 million and accruals of $0.1 million and other current liabilities or $.01 million offset by decrease in accounts receivable of $1.7, and accounts receivable finance of $0.3 million. The increase in inventory is principally due to increased revenues. A slight increase in days in inventory on hand did, however, contribute to the increase. The increase in prepaids is principally attributed to prepayment for the CONEXPO show, which is held in March every three years and an increase in prepayments to vendor. Other assets increase as fees and expenses incurred in connection with the Company s new banking facilities were capitalized and are being amortized. The decrease in accounts payable and accounts receivable is due to the timing of payments to vendors and from customers respectively.

Cash flows related to investing activities consumed $14.1 million of cash for the year ended December 31, 2013. The Company used $13.0 million to acquire Sabre and invested another $1.2 in capital equipment. The $1.2 million spent to purchase capital equipment is the total of numerous purchases for various operations. No single item in itself was particularly significant.

Financing activities generated $16.1 million in cash for the year ended December 31, 2013. The Company raised $13.9 million in stock offering in September 2013. The proceeds from the stock offering were used to repay debt, principally incurred to purchase Sabre. An increase in debt, excluding $3.0 of non-cash items (see note 16 in the financial statements) provided $2.2 million of cash.

2012

Operating activities consumed $6.5 million of cash for the year ended December 31, 2012, and is comprised of net earnings of $8.1 million, and non-cash items of $4.0 million offset by an increase in working capital of $18.5 million. The following are the principal non-cash items: depreciation and amortization of $3.5 million, a decrease in net deferred tax assets of $0.2 million, an increase in the reserve for uncertain tax positions of $0.2 million and stock based deferred compensation of $0.2 million offset by a gain on the disposal of assets of $0.1 million. The increase in working capital is principally due to increases in accounts receivable and inventory, of $12.1 million and $17.2 million, respectively offset by decrease in prepaid expenses of $0.1 million and increases in accounts payables, accrued expenses and other current liabilities of $6.7 million, $2.8 million and $1.2 million, respectively. The increase in accounts receivable, inventory and accounts payable are due to an increase in revenues. The increase in accrued expense is principally attributed to increases in the accruals for income taxes payable of $1.1 million, payroll and commissions of $0.6 million, and performance based compensation of $0.8 million, respectively. The increase in other current liabilities is due to an increase in advance payment received from customers.

Cash flows related to investing activities consumed $1.3 million of cash for the year ended December 31, 2012. The Company expended $1.1 million to purchases capital equipment offset by $0.2 million generated from the sales of equipment. Additionally, the Company spent $0.3 million to purchase the rights and designs for a nine ton carry deck crane. The $1.1 million spent to purchase capital equipment is the total of numerous purchases for various operations. No single item in itself was particularly significant.

Financing activities generated $9.3 million in cash for the year ended December 31, 2012. The increases in borrowing on the Company s revolving credit facilities and working capital borrowings provided approximately

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$13.7 million of cash. Additionally, the Company received proceeds of approximately $3.8 million in connection with the issuance of 500,000 shares of its common stock in offering pursuant to a shelf registration statement. The Company stated in its offering that the funds received from the offering were going to be used to repay debt. In 2012, the Company made debt payments that totaled approximately $8.2 million of which approximately $6.0 was related to debt incurred in connection with various acquisitions. A significant portion of the repayment of the acquisition debt was repaid earlier than required.

Contingencies

The Company is involved in various legal proceedings, including product liability and workers compensation matters which have arisen in the normal course of operations. Certain cases are at a preliminary stage, and it is not possible to estimate the amount or timing of any cost to the Company. However, the Company does not believe that these contingencies, in aggregate, will have a material adverse effect on the Company.

The Company has a conditional commitment to purchase the building in which CVS Ferrari srl operates. Under the agreement, CVS Ferrari srl has a commitment to purchase the building at the conclusion of a rental period that ends on September 30, 2014 for 9,200. The commitment to purchase the building is contingent on CVS Ferrari srl being able to secure a mortgage on market terms for 75% of the purchase price.

Off Balance Sheet Arrangements

Comerica has issued a $0.625 million standby letter of credit in favor of an insurance carrier to secure obligations which may arise in connection with future deductible payments that may be incurred under the Company s workman compensation insurance policies.

Additionally, various Italian banks have issued performance bonds which total 0.5 million ($0.7 million) which are also guaranteed by the Company.

Contractual Obligations

The following is a schedule as of December 31, 2013 of our long-term contractual commitments, future minimum lease payments under non-cancelable operating lease arrangements and other long-term obligations.

(in thousands)

		Payments due by period			
	Total	2013	2014-2015	2016-2017	Thereafter
Revolving term credit facilities	$ 40,013	$ 2,707	$	$ 37,306	$
CVS working capital borrowing	6,526	6,526			
Term loans	2,896	383	1,658	192	663
Operating lease obligations	3,569	1,486	1,763	320	
Capital lease obligations (3)	6,147	2,320	2,613	1,214	
Legal Settlement (see Note 25) (3)	1,710	95	190	190	1,235
Purchase obligations (1)	15,038	15,038			
Total	$ 75,899	$ 28,555	$ 6,224	$ 39,222	$ 1,898

(1) Except for a very insignificant amount, purchase obligations are for inventory items. Purchase obligations not for inventory would include research and development materials, supplies and services.

(2) At December 31, 2013, the Company had unrecognized tax benefits of $250 thousand for which the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective tax authority. Thus, these liabilities have not been included in the contractual obligations table (see Note 15).

(3) Capital lease obligations and legal settlement include imputed interest.

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Related Party Transactions

For a description of the Company s related party transactions, please see Note 24 to the Company s consolidated financial statements entitled Transactions between the Company and Related Parties.

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that our estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition. For products shipped FOB destination, sales are recognized when the product reaches its FOB destination, or when the services are rendered, which represents the point when the risks and rewards of ownership are transferred to the customer. For products shipped FOB shipping point, revenue is recognized when the product is shipped, as this is the point when title and risk of loss pass from us to the customers.

Customers may be invoiced prior to the time customers take physical possession. Revenue is recognized in such cases only when the customer has a fixed commitment to purchase the units, the units have been completed, tested and made available to the customer for pickup or delivery, and the customer has authorized in writing that we hold the units for pickup or delivery at a time specified by the customer. In such cases, the units are invoiced under our customary billing terms, title to the units and risks of ownership pass to the customer upon invoicing, the units are segregated from our inventory and identified as belonging to the customer and we have no further obligations under the order.

The Company establishes reserve for future warranty expense at the point when revenue is recognized by the Company and is based on percentage of revenues. The provision for estimated warranty claims, which is included in cost of sales, is based on sales.

Allowance for Doubtful Accounts. Accounts Receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Company s estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligations.

Inventories and Related Reserve for Obsolete and Excess Inventory. Inventories are valued at the lower of cost or market and are reduced by a reserve for excess and obsolete inventories. The estimated reserve is based upon specific identification of excess or obsolete inventories.

Other Intangible Assets. The Company accounts for Other Intangible Assets under the guidance of ASC 350, Intangibles Goodwill and Other . The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company s acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. Under the guidance, Other Intangible Assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment.

Goodwill. Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more

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frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 350, Intangibles Goodwill and Other (ASC 350). The Company selected October 1 as the date for the required annual impairment test.

Goodwill is tested for impairment at the reporting unit level. The Company s two operating segments comprise the reporting units for goodwill impairment testing purposes.

Under ASU 2011-08, entities are provided with the option of first performing a qualitative assessment on none, some, or all of its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after completing a qualitative analysis, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value a quantitative analysis is required.

For 2011, 2012 and 2013, the Company determined on a qualitative basis, that it was not more likely than not that the fair value of the Lifting reporting unit was less than its carrying value. For 2011 and 2013, the Company also determined on a qualitative basis, that it was not more likely than not that the fair value of the Equipment Distribution reporting unit was less than its carrying value.

In 2012, the Company elected to evaluate the Equipment Distribution reporting unit s goodwill using the quantitative two step approach. The first step used to identify potential impairment involves comparing the reporting unit s estimated fair value to its carrying value, including goodwill. The aforementioned mentioned Step one quantitative tests did not indicate impairment. During the first step testing, the Company evaluated goodwill for impairment using a business valuation method, which is calculated as of a measurement date by determining the present value of debt-free, after-tax projected future cash flows, discounted at the weighted average cost of capital of a hypothetical third party buyer. The market approach was also considered in evaluating the potential for impairment by calculating fair value based on multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) of comparable, publicly traded companies. This analysis also did not indicate impairment. Moreover, the Company also observed implied EBITDA multiples from relatively recent merger and acquisition activity in the industry, which was used to test the reasonableness of the results.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

The determination of fair value requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, revenue growth and operating earnings projections, discount rates, terminal growth rates, and required capital expenditure projections. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from those estimates. Deterioration in the market or actual results as compared with the projections may ultimately result in a future impairment. In the event, the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

The Company did not have any impairment for the years ended December 31, 2013, 2012 and 2011.

Impairment of Long Lived Assets. The Company s policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in

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circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between the estimated fair value and the carrying value of the asset. The Company did not have any impairment for the years ended December 31, 2013, 2012 and 2011.

Warranty Expense. The Company establishes reserves for future warranty expense at point when revenue is recognized by the Company and is based on a percentage of revenues. The provision for estimated warranty claims, which is included in cost of sales, is based on sales.

Litigation Claims. In determining whether liabilities should be recorded for pending litigation claims, the Company must assess the allegations and the likelihood that it will successfully defend itself. When the Company believes it is probable that it will not prevail in a particular matter, it will then make an estimate of the amount of liability based, in part, on the advice of outside legal counsel.

Income Taxes. The Company accounts for income taxes under the provisions of ASC 740 Income Taxes, which requires recognition of income taxes based on amounts payable with respect to the current year and the effects of deferred taxes for the expected future tax consequences of events that have been included in the Company s financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities, as well as for operating losses and tax credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not a tax benefit will not be realized.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, as well as guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of any net operating loss carryforwards. See Note 15, Income Taxes, for further details.

Recently Adopted Accounting Guidance

In February 2013, the FASB issued ASU 2013-02 that requires enhanced disclosures in the notes to the consolidated financial statements to present separately, by item, reclassifications out of Accumulated Other Comprehensive Income (Loss). The new guidance is effective prospectively for reporting periods beginning after December 15, 2012. The adoption of this ASU is not expected to have a material impact on the company s consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-05, Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. This ASU changes a parent entity s accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. A parent entity is required to release any related cumulative foreign currency translation adjustment from accumulated other comprehensive income into net income in the following circumstances: (i) a parent entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided; (ii) a partial sale of an equity method investment that is a foreign entity; (iii) a partial sale of an equity method investment that is not a foreign entity whereby the partial sale represents a complete or substantially complete liquidation of the foreign entity that held the equity method investment; and (iv) the sale of an investment in a foreign entity. The amendments in this ASU are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The adoption of this ASU is not expected to have a material impact on the company s consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* This Update applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted.

Except as noted above, the guidance issued by the FASB during the current year is not expected to have a material effect on the Company s consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to certain market risks that exist as part of our ongoing business operations and the Company s use of derivative financial instruments, where appropriate, to manage our foreign change risks. As a matter of policy, the Company does not engage in trading or speculative transactions. For further information on accounting policies related to derivative financial instruments, refer to Note 6 Derivative Financial Instruments in our Consolidated Financial Statements.

Foreign Exchange Risk

The Company is exposed to fluctuations in foreign currency cash flows related to third-party purchases and sales, intercompany product shipments and intercompany loans. The Company is also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, the Company is exposed to volatility in the translation of foreign currency earnings to U.S. Dollars. Primary exposures include the U.S. Dollar when compared to functional currencies of our major foreign subsidiaries, which include the Euro and the Canadian dollar. The Company assesses foreign currency risk based on transactional cash flows, identifies naturally offsetting positions and purchases hedging instruments to partially offset anticipated exposures. At December 31, 2013, the Company had foreign exchange contracts with a notional value of $3.5 million. The fair market value of these arrangements, which represents the cost to settle these contracts, was a loss of approximately seven thousand dollars at December 31, 2013.

At December 31, 2013, the Company performed a sensitivity analysis on the effect that aggregate changes in the translation effect of foreign currency exchange rate changes would have on our operating income. Based on this

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sensitivity analysis, we have determined that a change in the value of the U.S. dollar relative to currencies outside the U.S. by 10% to amounts already incorporated in the financial statements for the year ended December 31, 2013 would have $0.3 million impact on the translation effect of foreign currency exchange rate changes already included in our reported operating income for the period.

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, the Canadian prime rate and EURIBOR. At December 31, 2013, the Company had approximately $47.6 million of variable interest debt with average weighted average interest rate at year end of approximately 3.6%.

At December 31, 2013, the Company performed a sensitivity analysis to determine the impact that in increase in interest rates would have. Based on this sensitivity analysis, the Company has determined that an increase of 10% in our average floating interest rates at December 31, 2013 would increase interest expense by approximately $0.2 million.

Commodities Risk

Principal materials and components that the Company uses in our various manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect the Company s financial performance. Changes input costs did not have a significant effect on the Company s operating performance in 2013. During 2013, raw materials and component were generally available to meet our production schedules and had no significant impact on 2013 revenues.

In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain businesses receive materials and components from a single source supplier, although alternative suppliers of such materials may be generally available. Current and potential suppliers are evaluated on a regular basis on their ability to meet our requirements and standards. The Company actively manages our material supply sourcing, and may employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any single source suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture the Company s products. To mitigate the impact of these risks, the Company continues to search for acceptable alternative supply sources and less expensive supply options on a regular basis, including improving the globalization.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of the Company s independent registered public accounting firm and the Company s Consolidated Financial Statements are filed pursuant to this Item 8 and are included in this report. See the Index to Financial Statements.

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Index to Financial Statements

The financial statements of the registrant required to be included in Item 8 are listed below:

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Shareholders of Manitex International, Inc.

We have audited the accompanying consolidated balance sheets of Manitex International, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders equity, and cash flows for each of the years in the three-year period ended December 31, 2013. We also have audited Manitex International, Inc. s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Manitex International, Inc. s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on these financial statements and an opinion on the company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management s Annual Report on Internal Control over Financial Reporting appearing under Item 9A, management has excluded Manitex Sabre, Inc. from its assessment of internal control over financial reporting as of December 31, 2013. We also have excluded Manitex Sabre, Inc. from our audit of internal control over financial reporting. Manitex Sabre is a wholly owned subsidiary of Manitex International, Inc. whose total revenues and total assets represent approximately 3% and 9%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Manitex International, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Manitex International, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ UHY LLP

UHY LLP

Sterling Heights, Michigan

March 11, 2014

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

As of December 31,

	2013	2012
ASSETS		
Current assets		
Cash	$ 6,091	$ 1,889
Trade receivables (net)	38,170	36,189
Accounts receivable finance	326	276
Other receivables	1,775	2,761
Inventory (net)	72,734	61,290
Deferred tax asset	1,272	1,166
Prepaid expense and other	1,669	1,206
Total current assets	122,037	104,777
Accounts receivable finance		307
Total fixed assets (net)	11,143	10,297
Intangible assets (net)	24,036	18,442
Deferred tax asset	2,117	2,259
Goodwill	22,366	15,283
Other long-term assets	1,031	139
Total assets	$ 182,730	$ 151,504
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Notes payable short term	$ 6,910	$ 6,218
Revolving credit facilities	2,707	875
Current portion of capital lease obligations	1,812	1,040
Accounts payable	24,974	25,101
Accounts payable related parties	789	839
Accrued expenses	8,894	7,745
Other current liabilities	1,930	1,533
Total current liabilities	48,016	43,351
Long-term liabilities		
Revolving term credit facilities	37,306	34,357
Deferred tax liability	4,074	4,269
Notes payable	2,512	2,648
Capital lease obligations	2,984	4,000
Deferred gain on sale of building	1,648	2,028
Other long-term liabilities	1,199	1,318
Total long-term liabilities	49,723	48,620
Total liabilities	97,739	91,971
Commitments and contingencies		
Shareholders equity		
Preferred Stock Authorized 150,000 shares, no shares issued or outstanding at December 31, 2013 and December 31, 2012		

Common Stock no par value, authorized, 20,000,000 shares issued and outstanding, 13,801,277 and 12,268,443 shares at December 31, 2013 and December 31, 2012, respectively	68,554	53,040
Paid in capital	1,191	1,098
Retained earnings	14,857	4,679
Accumulated other comprehensive income	389	716
Total shareholders equity	84,991	59,533
Total liabilities and shareholders equity	$ 182,730	$ 151,504

The accompanying notes are an integral part of these financial statements

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)

For the years ended December 31,

	2013	2012	2011
Net revenues	$ 245,072	$ 205,249	$ 142,291
Cost of sales	198,596	164,785	113,041
Gross profit	46,476	40,464	29,250
Operating expenses			
Research and development costs	2,912	2,457	1,571
Selling, general and administrative expense	26,026	23,548	19,895
Legal settlement (at net present value)			1,183
Total operating expenses	28,938	26,005	22,649
Operating income	17,538	14,459	6,601
Other income (expense)			
Interest expense	(2,946)	(2,457)	(2,540)
Foreign currency transaction (loss) gain	(95)	(110)	49
Other(expense) income	(50)	6	103
Total other expense	(3,091)	(2,561)	(2,388)
Income before income taxes	14,447	11,898	4,213
Provision for taxes on income	4,269	3,821	1,433
Net income	$ 10,178	$ 8,077	$ 2,780
Earnings per share:			
Basic	$ 0.80	$ 0.68	$ 0.24
Diluted	$ 0.80	$ 0.68	$ 0.24
Weighted average common shares outstanding:			
Basic	12,671,205	11,948,356	11,441,914
Diluted	12,717,575	11,957,458	11,548,158

The accompanying notes are an integral part of these financial statements

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPRENHENSIVE INCOME

(In thousands)

For the years ended December 31,

	2013	2012	2011
Net income	$ 10,178	$ 8,077	$ 2,780
Other comprehensive (loss) income			
Foreign currency translation adjustments	(320)	429	(384)
Derivative instrument fair market value adjustments net of income taxes of $3, $13 and $(33) for 2013, 2012 and 2011, respectively	(7)	26	(63)
Total other comprehensive (loss) income	(327)	455	(447)
Comprehensive income	$ 9,851	$ 8,532	$ 2,333

The accompanying notes are an integral part of these financial statements

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

Years ended December 31, 2013, 2012 and 2011

(In thousands, except per share data)

	Common Stock		Paid in Capital	Warrants	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2010	11,394,621	$ 46,920	$ 6	$ 1,788	$ (6,148)	$ 708	$ 43,274
Shares issued on warrant exercise	266,568	1,554		(458)			1,096
Expiration of warrants			1,098	(1,098)			
Employee 2004 incentive plan grant	22,927	109	(6)				103
Repurchase to satisfy withholding and cancelled	(3,065)	(12)					(12)
Net Income					2,780		2,780
Loss on foreign currency translation						(384)	(384)
Derivative instrument fair market adjustment net of income taxes						(63)	(63)
Balance, December 31, 2011	11,681,051	$ 48,571	$ 1,098	$ 232	$ (3,368)	$ 261	$ 46,794
Shares issued on warrant exercise	105,000	986		(232)			754
Repurchase shares in connection with a cashless warrant exercise	(77,071)	(724)			(30)		(754)
Stock offering	500,000	3,781					3,781
Employee 2004 incentive plan grant	30,351	226					226
Stock issued in connection with asset purchase (see Note 21)	29,112	200					200
Net Income					8,077		8,077
Gain on foreign currency translation						429	429
Derivative instrument fair market adjustment net of income taxes						26	26
Balance, December 31, 2012	12,268,443	$ 53,040	$ 1,098	$	$ 4,679	$ 716	$ 59,533
Stock offering	1,375,000	13,927					13,927
Employee 2004 incentive plan grant	74,320	657	7				664
Excess tax benefits related to vesting of restricted stock			86				86
Repurchase to satisfy withholding and cancelled	(4,414)	(70)					(70)
Stock issued in connection with asset purchase (see Note 21)	87,928	1,000					1,000
Net Income					10,178		10,178
Loss on foreign currency translation						(320)	(320)
Derivative instrument fair market adjustment net of income taxes						(7)	(7)

Balance, December 31, 2013	13,801,277	$ 68,554	$ 1,191	$		$ 14,857	$	389	$ 84,991

The accompanying notes are an integral part of these financial statements

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Dollars)

For the years ended December 31,

	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 10,178	$ 8,077	$ 2,780
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	3,945	3,498	3,336
Legal settlement			1,183
Provisions for allowance for doubtful accounts	172	17	25
Gain on debt restructuring			(194)
(Gain) loss on disposal of assets	(100)	(119)	62
Deferred income taxes	(168)	181	1,089
Inventory reserves	47	1	316
Reserves for uncertain tax positions	(83)	183	
Stock based deferred compensation	664	226	104
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	1,653	(12,494)	(5,597)
(Increase) decrease in accounts receivable finance	271	378	(927)
(Increase) decrease in inventory	(8,852)	(17,187)	(12,484)
(Increase) decrease in prepaid expenses	(424)	117	389
(Increase) decrease in other assets	(892)	11	(99)
Increase (decrease) in accounts payable	(4,079)	6,702	4,297
Increase (decrease) in accrued expense	(89)	2,765	478
Increase (decrease) in other current liabilities	(131)	1,168	(165)
Increase (decrease) in other long-term liabilities	(36)	(8)	
Net cash provided by (used) for operating activities	2,076	(6,484)	(5,407)
Cash flows from investing activities:			
Proceeds from sale of fixed assets	139	212	289
Purchase of property and equipment	(1,215)	(1,125)	(610)
Acquisition of business assets	(13,000)	(345)	(1,585)
Investment in intangibles except goodwill			(12)
Net cash used for investing activities	(14,076)	(1,258)	(1,918)
Cash flows from financing activities:			
New borrowings term loan	15,000		
Repayment of term loan	(15,000)		
Net proceeds of stock offering	13,927	3,781	
Borrowing on revolving credit facilities	5,409	9,221	6,009
Net (repayments) borrowings on working capital facilities	(1,960)	4,181	1,600
Proceeds from exercise of warrants			1,096
New borrowings notes payable	809	764	4,647
Note payments	(916)	(7,884)	(5,868)
Repayment on capital lease obligations	(1,185)	(795)	(578)
Excess tax benefits related to vesting of restricted stock	86		
Shares repurchased for income tax withholding on share-based compensation	(70)		(12)

Net cash provided by financing activities	16,100	9,268	6,894
Effect of exchange rate change on cash	102	292	(160)
Net increase (decrease) in cash and cash equivalents	4,100	1,526	(431)
Cash and cash equivalents at the beginning of the year	1,889	71	662
Cash and cash equivalents at end of year	$ 6,091	$ 1,889	$ 71
Supplemental disclosure of cash flow information:			
Cash paid during the year for			
Interest	$ 2,857	$ 2,498	$ 2,552
Income taxes	$ 4,415	$ 2,067	$ 1,247
(See Note 16 for other supplemental cash flow information)			

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share data)

Note 1. Nature of Operations

The Company is a leading provider of engineered lifting solutions. The Company operates in two business segments: the Lifting Equipment segment and the Equipment Distribution segment.

Lifting Equipment Segment

The Company is a leading provider of engineered lifting solutions. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries. Through its Manitex, Inc. subsidiary it markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex s boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and commercial construction. Badger Equipment Company (Badger) is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality, and railroad industries.

Manitex Liftking ULC (Manitex Liftking or Liftking) sells a complete line of rough terrain forklifts, a line of stand-up electric forklifts, cushioned tired forklifts with lifting capacities from 18 thousand to 40 thousand pounds, and special mission oriented vehicles, as well as other specialized carriers, heavy material handling transporters and steel mill equipment. Manitex Liftking s rough terrain forklifts are used in both commercial and military applications. Specialty mission oriented vehicles and specialized carriers are designed and built to meet the Company s unique customer needs and requirements. The Company s specialized lifting equipment has met the particular needs of customers in various industries that include utility, ship building and steel mill industries.

Manitex Load King, Inc. (Load King) manufactures specialized custom trailers and hauling systems typically used for transporting heavy equipment. Load King trailers serve niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network. Load King complements our existing material handling business.

CVS Ferrari, slr (CVS) designs and manufactures a range of reach stackers and associated lifting equipment for the global container handling market, are sold through a broad dealer network. On November 30, 2013, CVS acquired the assets of Valla SpA (Valla) located in Piacenza, Italy. Valla offers a full range of mobile cranes from 2 to 90 tons, using electric, diesel, and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers.

On August 19, 2013, Manitex Sabre, Inc. (Sabre) acquired the assets of Sabre Manufacturing, LLC. Sabre located in Knox, Indiana, manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through the Company s existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

Equipment distribution segment

The Company operates a crane dealership that operates as Manitex Valla s North American sales operation and also distributes Terex rough terrain and truck cranes, Manitex boom trucks and sky cranes, and the PM Group s knuckle boom cranes. The Company treats these operations as a separate reporting segment entitled Equipment Distribution. The Equipment Distribution segment also supplies repair parts for a wide variety of medium to heavy duty construction equipment sold both domestically and internationally. The crane products are used primarily for infrastructure development and commercial construction; applications include road and bridge construction, general contracting, roofing, and sign construction and maintenance.

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The Company s North American Equipment Exchange division, (NAEE) markets previously-owned construction and heavy equipment, domestically and internationally. This division provides a wide range of used lifting and construction equipment of various ages and condition, and has the capability to refurbish the equipment to the customers specification.

Note 2. Basis of Presentation

The consolidated financial statements, included herein, have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission. Pursuant to these rules and regulations, the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statement includes the accounts of Manitex International, Inc., and its subsidiaries. Significant intercompany transactions have been eliminated in consolidation. The Company s result include the results for companies acquired from their respective dates of acquisition: July 1, 2010 for CVS (and July 1, 2011 for the effect of assets purchased), August 19, 2013 for Sabre and November 30, 2013 for Valla.

Financial statements are presented in thousands of dollars except for per share amounts.

Note 3. Summary of Significant Accounting Policies

The summary of significant accounting policies of Manitex International, Inc. is presented to assist in understanding the Company s financial statements. The financial statements and notes are representations of the Company s management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Company considers all short-term securities purchased with maturity dates of three months or less to be cash equivalents.

Warrants The Company had issued warrants, which allowed the warrant holder to purchase one share of stock at a specified price for a specific period of time. The Company records equity instruments including warrants issued to non-employees based on the fair value at date of issue. The fair value of the warrants at date of issuance is estimated using the Black-Scholes Model.

Revenue Recognition For products shipped FOB destination, sales are recognized when the product reaches its FOB destination, or when the services are rendered, which represents the point when the risks and rewards of ownership are transferred to the customer. For products shipped FOB shipping point, revenue is recognized when the product is shipped, as this is the point when title and risk of loss pass from the Company to the customers.

Customers may be invoiced prior to the time customers take physical possession. Revenue is recognized in such cases only when the customer has a fixed commitment to purchase the units, the units have been completed, tested and made available to the customer for pickup or delivery, and the customer has authorized in writing that we hold the units for pickup or delivery at a time specified by the customer. In such cases, the units are invoiced under our customary billing terms, title to the units and risks of ownership pass to the customer upon invoicing, the units are segregated from our inventory and identified as belonging to the customer and we have no further obligations under the order.

The Company establishes reserves for future warranty expense at the point when revenue is recognized by the Company and is based on percentage of revenues. The provision for estimated warranty claims, which is included in cost of sales, is based on revenues.

Allowance for Doubtful Accounts The Company has adopted a policy consistent with U.S. GAAP for the periodic review of its accounts receivable to determine whether the establishment of an allowance for doubtful accounts is warranted based on the Company s assessment of the collectability of the accounts. The Company established an allowance for bad debt of $333 and $161 at December 31, 2013 and 2012, respectively. The Company also has in some instances a security interest in its accounts receivable until payment is received.

Property, Equipment and Depreciation Property and equipment are stated at cost or the fair market value at date of acquisition for property and equipment acquired in connection with the acquisition of a company. Depreciation of property and equipment is provided over the following useful lives:

Asset Category	Depreciable Life	
Machinery and equipment	1	15 years
Furniture and fixtures	3	12 years
Leasehold improvements	1.5	12 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2013, 2012, and 2011 was $1,627, $1,401, and $1,284, respectively.

Other Intangible Assets The Company accounts for Other Intangible Assets under the guidance of ASC 350, Intangibles Goodwill and Other . The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company s acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. Under the guidance, Other Intangible Assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment.

Goodwill Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 350, Intangibles Goodwill and Other (AS 350). The Company selected October 1 as the date for the required annual impairment test.

Goodwill is tested for impairment at the reporting unit level. The Company s two operating segments comprise the reporting units for goodwill impairment testing purposes.

Under ASU 2011-08, entities are provided with the option of first performing a qualitative assessment on none, some, or all of its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after completing a qualitative analysis, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value a quantitative analysis is required.

For 2011, 2012 and 2013, the Company determined on a qualitative basis, that it was not more likely than not that the fair value of the Lifting reporting unit was less than its carrying value. For 2011 and 2013, the Company also determined on a qualitative basis, that it was not more likely than not that the fair value of the Equipment Distribution reporting unit was less than its carrying value.

In 2012, the Company elected to evaluate the Equipment Distribution reporting unit s goodwill using the quantitative two step approach. The first step used to identify potential impairment involves comparing the reporting unit s estimated fair value to its carrying value, including goodwill. The aforementioned mentioned Step one quantitative tests did not indicate impairment. During the first step testing, the Company evaluated goodwill for impairment using a business valuation method, which is calculated as of a measurement date by determining the present value of debt-free, after-tax projected future cash flows, discounted at the weighted average cost of capital of a hypothetical third party buyer. The market approach was also considered in evaluating the potential for impairment by calculating fair value based on multiples of earnings before interest,

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taxes, depreciation and amortization (EBITDA) of comparable, publicly traded companies. This analysis also did not indicate impairment. Moreover, the Company also observed implied EBITDA multiples from relatively recent merger and acquisition activity in the industry, which was used to test the reasonableness of the results.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

The determination of fair value requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, revenue growth and operating earnings projections, discount rates, terminal growth rates, and required capital expenditure projections. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from those estimates. Deterioration in the market or actual results as compared with the projections may ultimately result in a future impairment. In the event, the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

The Company did not have any impairment for the years ended December 31, 2013, 2012 and 2011.

Impairment of Long Lived Assets The Company s policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. The Company did not have any impairment for the years ended December 31, 2013, 2012 and 2011.

Inventory Inventory consists of stock materials and equipment stated at the lower of cost (first in, first out) or market. All equipment classified as inventory is available for sale. The company records excess and obsolete inventory reserves. The estimated reserve is based upon specific identification of excess or obsolete inventories. Selling, general and administrative expenses are expensed as incurred and are not capitalized as a component of inventory.

Foreign Currency Translation and Transactions The financial statements of the Company s non-U.S. subsidiaries are translated using the current exchange rate for assets and liabilities and the weighted-average exchange rate for the year for income and expense items. Resulting translation adjustments are recorded to accumulated other comprehensive income (OCI) as a component of shareholders equity.

The Company converts receivables and payables denominated in other than the Company s functional currency at the exchange rate as of the balance sheet date. The resulting transaction exchange gains or losses, except for certain transaction gains or loss related to intercompany receivable and payables, are included in other income and expense. Transaction gains and losses related to intercompany receivables and payables not anticipated to be settled in the foreseeable future are excluded from the determination of net income and are recorded as a translation adjustment (with consideration to the tax effect) to accumulated other comprehensive income (OCI) as a component of shareholders equity.

Derivatives Forward Currency Exchange Contracts The Company enters into forward currency exchange contracts in relationship such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units functional currency would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records at the balance sheet date the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Statement of Operations in the other income expense section on the line titled foreign currency transaction gain (loss).

The Company has entered into forward currency contracts to hedge certain future U.S. dollar sales of its Canadian Subsidiary. The forward currency contracts to hedge future sales are designated as cash flow hedges under ASC 815-10. As required, forward currency contracts are recognized as an asset or liability at fair value on the Company s Consolidated Balance Sheet. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues (see Note 6).

Credit Risk Concentrations Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, trade receivables and payables. The Company maintains its cash balances and marketable securities at banks located in Detroit, Michigan, Toronto, Canada as well as several separate Italian banks. Accounts in the United States are insured by the Federal Deposit Insurance Corporation up to $250. At December 31, 2013 and 2012, the Company had uninsured balances of $5,814 and $1,889, respectively.

As of December 31, 2013, no customers accounted for 10% or more of total Company s accounts receivable. As of December 31, 2012, two customers accounted for 15% and 13% if the Company s total accounts receivable, respectively. In 2013, no one customer accounted for 10% or more of total company s revenues. In 2012, one customer accounted for 11% of total company revenue. In 2011, no one customer accounted for 10% or more of total company s revenues. For 2013, 2012 and 2011 purchases from any single supplier did not exceed 10% of total purchases.

Research and Development Expenses. The Company expenses research and development costs, as incurred. For the periods ended December 31, 2013, 2012 and 2011 expenses were $2,912, $2,457, and $1,571, respectively.

Advertising Advertising costs are expensed as incurred and were $626, $517, and $475 for the years ended December 31, 2013, 2012, and 2011, respectively.

Litigation Claims In determining whether liabilities should be recorded for pending litigation claims, the Company must assess the allegations and the likelihood that it will successfully defend itself. When the Company believes it is probable that it will not prevail in a particular matter, it will then record an estimate of the amount of liability based, in part, on advice of outside legal counsel.

Shipping and Handling The Company records the amount of shipping and handling costs billed to customers as revenue. The cost incurred for shipping and handling is included in the cost of sales.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes The Company accounts for income taxes under the provisions of ASC 740 Income Taxes, which requires recognition of income taxes based on amounts payable with respect to the current year and the effects of deferred taxes for the expected future tax consequences of events that have been included in the

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Company s financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities, as well as for operating losses and tax credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not a tax benefit will not be realized.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, as well as guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of any net operating loss carryforwards. See Note 15, Income Taxes, for further details.

Accrued Warranties Warranty costs are accrued at the time revenue is recognized. The Company s products are typically sold with a warranty covering defects that arise during a fixed period of time. The specific warranty offered is a function of customer expectations and competitive forces. The Equipment Distribution segment does not accrue for warranty costs at the time of sales, as they are reimbursed by the manufacturers for any warranty that they provides to their customers.

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management. The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

Debt Issuance Costs Debt issuance costs incurred in securing the Company s financing arrangements are capitalized and amortized over the term of the associated debt. Deferred financing cost are included with other long-term assets on the Company s balance sheet.

Sale and Leaseback In accordance with ASC 840-40 Sales-Leaseback Transactions, the Company has recorded deferred revenue in relationship to the sale and leaseback of one of the Company s operating facilities. As such, the gain on the sale of the land and building has been deferred and is being amortized on a straight line basis over the life of the lease.

Computation of EPS Basic Earnings per Share (EPS) was computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

The number of shares related to options, warrants, restricted stock and similar instruments included in diluted EPS (EPS) is based on the Treasury Stock Method prescribed in ASC 260-10, Earnings per Share. This method assumes theoretical repurchase of shares using proceeds of the respective stock option or warrant exercised, and for restricted stock the amount of compensation cost attributed to future services which has not yet been recognized and the amount of current and deferred tax benefit, if any, that would be credited to additional paid in capital upon the vesting of the restricted stock, at a price equal to the issuer s average stock price during the related earnings period. Accordingly, the number of shares includable in the calculation of EPS in respect of the stock options, warrants, restricted stock and similar instruments is dependent on this average stock price and will increase as the average stock price increases.

Stock Based Compensation In accordance with ASC 718 Compensation-Stock Compensation, share-based payments to employees, including grants of restricted stock units, are measured at fair value as of the date of grant and are expensed in the consolidated statement of income over the service period (generally the vesting period).

Comprehensive Income Reporting Comprehensive Income requires reporting and displaying comprehensive income and its components. Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to shareholder s equity. Currently, the comprehensive income adjustment required for the Company has two components. First is a foreign currency translation adjustment, the result of consolidating its foreign subsidiary. The second component is a derivative instrument fair market value adjustment (net of income taxes) related to forward currency contracts designated as a cash flow hedge.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). See Note 6 for additional details.

Reclassifications Certain reclassifications have been made to the 2012 and 2011 financial statements to conform to the 2013 presentation.

Business Combinations The Company accounts for acquisitions in accordance with guidance found in ASC 805, Business Combinations. The guidance requires consideration given, including contingent consideration, assets acquired and liabilities assumed to be valued at their fair market values at the acquisition date. The guidance further provides that: (1) in-process research and development will be recorded at fair value as an indefinite-lived intangible asset; (2) acquisition costs will generally be expensed as incurred, (3) restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and (4) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

ASC 805 requires that any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed be recognized as goodwill. In accordance with ASC 805, any excess of fair value of acquired net assets, including identifiable intangibles assets, over the acquisition consideration results in a bargain purchase gain. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued.

Note 4. Earnings per Common Share

Basic net earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of warrants and restricted stock units. Details of the calculations are as follows:

	2013	2012	2011
Net Income attributed to common shares			
Basic	$ 10,178	$ 8,077	$ 2,780
Diluted	$ 10,178	$ 8,077	$ 2,780
Earnings per share			
Basic	$ 0.80	$ 0.68	$ 0.24
Diluted	$ 0.80	$ 0.68	$ 0.24
Weighted average common shares outstanding			
Basic	12,671,205	11,948,356	11,441,914
Diluted			
Basic	12,671,205	11,948,356	11,441,914
Dilutive effect of warrants		2,521	102,534
Dilutive effect of restricted stock units	46,370	6,581	3,710
	12,717,575	11,957,458	11,548,158

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Note 5. Fair Value Measurements

The following tables set forth the Company s financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2013 and 2012 by level within the fair value hierarchy. As required by ASC 820-10 financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a summary of items that the Company measures at fair value on a recurring basis:

	Fair Value at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Forward currency exchange contracts	$	$ 40	$	$ 40
Total current assets at fair value	$	$ 40	$	$ 40
Liabilities:				
Forward currency exchange contracts	$	$ 47	$	$ 47
Valla contingent consideration (see Note 20)			250	250
Total long-term liabilities at fair value	$	$ 47	$ 250	$ 297

	Fair Value at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Forward currency exchange contracts	$	$ 137	$	$ 137
Total current assets at fair value	$	$ 137	$	$ 137
Liabilities:				
Forward currency exchange contracts	$	$ (13)	$	$ (13)
Total current liabilities at fair value	$	$ (13)	$	$ (13)

The carrying value of the amounts reported in the Consolidated Balance Sheets for cash, accounts receivable, accounts payable and short-term variable debt, including any amounts outstanding under the Company s revolving credit facilities and working capital borrowing, approximate fair value due to the short periods during which these amounts are outstanding.

The book and fair value of the Company s term debt was $2,896 and $2,912 for the year ended December 31, 2013, and $2,755 and $2,800 for the period ending December 31, 2012. The book and fair value of the Company s capital leases was $4,796 and $5,565 for the year ended December 31, 2013 and $5,040 and $6,200 for the period ending December 31, 2012. There is no difference between the book value and the fair value for amount recorded in connection with a long-term legal settlement, which was $1,022 and $1,049 for the periods ending December 31, 2013 and 2012 respectively.

Fair Value Measurements

ASC 820-10 classifies the inputs used to measure fair value into the following hierarchy:

Level 1 -

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity)

Fair value of the forward currency contracts are determined on the last day of each reporting period using observable inputs, which are supplied to the Company by the foreign currency trading operation of its bank and are Level 2 items.

Note 6. Derivative Financial Instruments

ASC 815-10 requires enhanced disclosures regarding an entity s derivative and hedging activities as provided below.

The Company s risk management objective is to use the most efficient and effective methods available to us to minimize, eliminate, reduce or transfer the risks which are associated with fluctuation of exchange rates between the Canadian and U.S. dollar and the Euro and the U.S. dollar.

When the Company s Canadian subsidiary receives a significant new U.S. dollar order, management will evaluate different options that may be available to mitigate future currency exchange risks. The decision to hedge future sales is not automatic and is decided case by case. The Company will only use hedge instruments to hedge firm existing sales orders and not estimated exposure, when management determines that exchange risks exceeds desired risk tolerance levels.

The Company enters into forward currency exchange contracts in relationship such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units functional currency would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records at the balance sheet date the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Statement of Income in the other income expense section on the line titled foreign currency transaction gains (losses). Items denominated in other than a reporting units functional currency includes U.S. denominated accounts receivables and accounts payable held by our Canadian subsidiary and certain intercompany receivables due from the Company s Canadian and Italian subsidiaries. The decision, to hedge future sales is not automatic and is decided case by case. The forward currency contracts to hedge future sales are designated as cash flow hedges under ASC 815-10.

As required, forward currency contracts are recognized as an asset or liability at fair value on the Company s Consolidated Balance Sheet. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. The Company expects minimal ineffectiveness as the Company has hedged only firm sales orders and has not hedged estimated exposures. In the next twelve months, the Company estimates $10 of pre-tax loss related to forward currency contracts hedges to be reclassified from other comprehensive income into earnings.

At December 31, 2013, the Company had entered into a forward currency exchange contract. The contract obligates the Company to purchase CDN $1,700. The contract matures on April 30, 2014. Under the contract, the Company will purchase Canadian dollars at exchange rates of .9619. The Canadian to US dollar exchange rates was $0.9402 at December 31, 2013. At December 31, 2013, the Company had forward currency contracts to sell 800 at 1.4251, 400 at 1.3635 and 100 at 1.3538 with contract maturity dates of July 2, 2014, February 10, 2014 and January 31, 2014, respectively. The Euro to US dollar exchange rate was 1.3194 at December 31, 2013. The unrealized currency exchange asset is reported under prepaid expense and other if it is an asset or under accrued expenses if it is a liability on the balance sheet at December 31, 2013 and 2012.

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As of December 31, 2013, the Company had the following forward currency contracts:

Nature of Derivative	Amount	Type
Forward currency contract	CDN$ 1,325	Not designated as hedge instrument
Forward currency contract	CDN$ 442	Cash flow hedge
Forward currency contract	1,300	Not designated as hedge instrument

The following table provides the location and fair value amounts of derivative instruments that are reported in the Consolidated Balance Sheet as of December 31, 2013 and 2012:

Total derivatives not designated as a hedge instrument

		Fair Value	
Asset Derivatives	Balance Sheet Location	December 31, 2013	December 31, 2012
Foreign currency Exchange Contract	Prepaid expense and other	$ 40	$ 137
Liabilities Derivatives			
Foreign currency Exchange Contract	Accrued expense	$ (37)	$ (13)

Total derivatives designated as a hedge instrument

		Fair Value	
Asset Derivatives	Balance Sheet Location	December 31, 2013	December 31, 2012
Foreign currency Exchange Contract	Prepaid expense and other	$	$
Liabilities Derivatives			
Foreign currency Exchange Contract	Accrued expense	$ (10)	$

The following tables provide the effect of derivative instruments on the Consolidated Statement of Income for 2013, 2012 and 2011:

Derivatives not designated as Hedge Instrument	Location of gain or (loss) recognized in Income Statement	Gain or (loss) 2013	2012	2011
Forward currency contracts	Foreign currency transaction gains (losses)	$ (178)	$ 5	$ (17)

Derivatives designated as Hedge Instrument	Location of gain or (loss) recognized in Income Statement	Gain or (loss) 2013	2012	2011
Forward currency contracts	Net revenue	$ (30)	$ 71	$ 100

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The following table shows the beginning and ending amounts of gains and losses related to hedges which have been included in Other Comprehensive Income and related activity net of income taxes for December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Beginning balance gain (loss), net of income taxes	$	$ (26)
Amounts recorded in OCI net of gain (loss), net of income taxes	(28)	74
Amount reclassified to income, loss (gain), net of income taxes	21	(48)
Ending balance gain (loss), net of income taxes	$ (7)	$

Note 7. CVS Operating Agreement

Manitex International, Inc. announced on June 30, 2010, that its newly formed Italian subsidiary, CVS Ferrari, srl, had entered into an agreement which allows CVS Ferrari srl to use certain assets of CVS SpA on an exclusive rental basis, during the Italian bankruptcy process (concordato preventivo).

On June 29, 2011, the Company entered into an agreement with CVS SpA in Liquidation to purchase on July 1, 2011 the assets that were being rented. The operating agreement was terminated on July 1, 2011, when the rented assets were transferred to CVS Ferrari srl.

Note 8. Sale Type Leases

The Company has entered into lease agreements with two of its customers to lease them three reach stackers. The Company has determined that the leases which, expire on June 15, 2013 and January 15, 2014, are both sales type leases.

As of December 31, 2013, the Company has a receivable for future minimum lease payments of $326.

Note 9. Inventory

The components of inventory at December 31 are summarized as follows:

	2013	2012
Raw materials and purchased parts	$ 48,537	$ 43,207
Work in process	9,807	9,465
Finished goods and replacement parts	14,390	8,618
Inventories, net	$ 72,734	$ 61,290

The Company has established reserves for obsolete and excess inventory of $747 and $700 for the years ended December 31, 2013 and 2012, respectively.

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Note 10. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	2013	2012
Land	$ 763	$ 763
Buildings	8,342	8,342
Machinery and equipment	7,681	6,017
Furniture and fixtures	719	466
Leasehold improvements	804	717
Computer software & equipment	1,250	940
Motor vehicles	411	161
Construction in progress	128	34
Totals	20,098	17,440
Less: accumulated depreciation	(8,955)	(7,143)
Net property and equipment	$ 11,143	$ 10,297

Depreciation expense was $1,627 (net of $380 amortization of deferred gain on building), $1,401 (net of $380 amortization of deferred gain on building), and $1,284 (net of $380 amortization of deferred gain on building) in 2013, 2012, and 2011, respectively. See Note 14 for information regarding capital leases.

Note 11. Goodwill and Other Intangible Assets

The Company accounts for Other Intangible Assets under the guidance in ASC 350, Intangibles Goodwill and Other. Under the guidance intangible assets with definite lives are amortized over their estimated useful lives. Indefinite lived intangible assets are subject to annual impairment testing. The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company s acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. The intangibles acquired in acquisitions have been valued using a discounted flow approach. Intangibles, except goodwill, are being amortized over their estimated useful lives.

Intangible assets were comprised of the following as of December 31, 2013 and 2012:

	2013	2012	Useful Lives
Patented and unpatented technology	$ 13,734	$ 13,154	7-10 years
Amortization	(8,774)	(7,429)	
Customer relationships	15,540	10,089	10-20 years
Amortization	(4,005)	(3,303)	
Trade names and trademarks	9,118	7,314	25 years - Indefinite
Amortization	(1,621)	(1,383)	
Non-competition agreements	50		2-5 years
Amortization	(6)		
Customer backlog	469	473	< 1 year
Amortization	(469)	(473)	
Total Intangible assets	24,036	18,442	

Amortization expense was $2,318, $2,097 and $2,052 for the periods ended December 31, 2013, 2012 and 2011, respectively.

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Estimated amortization expense for the next five years and subsequent is as follows:

	Amount
2014	2,632
2015	2,628
2016	2,141
2017	1,599
2018	1,487
And subsequent	10,419
Total intangibles currently to be amortized	$ 20,906

Changes in the Company s goodwill by business segment were as follows:

	Equipment Lifting Segment	Equipment Distribution Segment	Total
Balance December 31, 2011	$ 14,992	$ 275	$ 15,267
Effect of change in exchange rates	16		16
Balance December 31, 2012	15,008	275	15,283
Goodwill for Sabre acquisition	4,592		4,592
Goodwill for Valla acquisition	2,454		2,454
Effect of change in exchange rates	37		37
Balance December 31, 2013	$ 22,091	$ 275	$ 22,366

Note 12. Accrual Detail

	As of December 31, 2013	2012
Accrued expenses:		
Accrued payroll	$ 2,037	$ 1,084
Accrued employee benefits	24	261
Accrued bonuses	1,998	1,838
Accrued vacation expense	888	384
Accrued deferred interest income		33
Accrued insurance premiums		266
Accrued interest	237	148
Accrued commissions	532	617
Accrued expenses other	306	624
Accrued warranty	1,070	988
Accrued income taxes	473	1,160
Accrued taxes other than income taxes	1,087	242
Accrued product Liability and workers compensation claims	202	87
Accrued liability on forward currency exchange contracts	40	13
Total accrued expenses	$ 8,894	$ 7,745

Note 13. Revolving Term Credit Facilities and Debt

On August 19, 2013, the Company together with its U.S. and Canadian subsidiaries entered into a new credit agreement (Credit Agreement) with Comerica Bank (Comerica) and certain other lenders, who become participants under the credit agreement. The Credit Agreement provides the Company with up to $64,000 of

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financing (Financing) comprised of (a) a $40,000 Senior Secured Revolving Credit Facility to the U.S. Borrowers (U.S. Revolver), (b) a $15,000 Secured Term Loan to the U.S. Borrowers (Term Loan) and (c) a $9,000 (or the Canadian dollar equivalent amount) Senior Secured Revolving Credit Facility to the Canadian Borrower (Canadian Revolver). The three aforementioned credit facilities each mature on August 19, 2018. The Financing replaces all of the existing credit facilities between the Company and its subsidiaries and Comerica, except for the Manitex Liftking ULC s Specialized Canadian Export Facility.

Proceeds borrowed on the U.S. Revolver and the Canadian Revolver were used pay the outstanding principal and interest that was outstanding on the Revolving Term Credit Facility, the Revolving Canadian Term Credit Facility, and the Revolving Term Credit Facility Equipment Line that were outstanding on August 19, 2013.

The indebtedness is collateralized by substantially all of the Company s assets. The facility contains customary limitations including, but not limited to, limitations on acquisitions, dividends, repurchase of the Company s stock and capital expenditures. The Company is also required to comply with certain financial covenants as defined in the Credit Agreement including maintaining (1) a Minimum Fixed Charge Coverage ratio of not less than 1.25 to 1.0, (2) a Maximum Senior Secured First Lien Debt to Consolidated Adjusted EBITDA ratio of not more than 3.25 to 1.0, with a step down to 3.0 to 1.0 at December 31, 2014, (3) a Maximum Consolidated Total Debt to Consolidated Adjusted EBITDA ratio of not more than 4.0 to 1.0 with a step down to 3.75 to 1.0 at December 31, 2014, and (4) a minimum Tangible Net Worth.

In connection with the Financing, the Company paid fees and expenses of $1,088 which are being expensed over the life of the loan.

U.S. Revolver

At December 31, 2013, the Company had drawn $29,219 under the $40 million U.S. Revolver. The U.S. Revolver bears interest, at the Company s option at the base rate plus a spread or an adjusted LIBOR rate plus a spread. The base rate is the greater of the bank s prime rate, the federal funds rate plus 1.00% or the 30 day LIBOR rate Adjusted Daily plus 1.00%. For the U.S. Revolver the interest rate spread for Base Rate is between 1.625% and 2.250% and for LIBOR the spread is between 2.265% and 3.250% in each case with the spread being based on the consolidated total debt to consolidated adjusted EBITDA ratio, as defined in the Credit Agreement, for the preceding twelve months. The base rate and LIBOR spread is currently 2.00% and 3.00%, respectively. Funds borrowed under the LIBOR options can be borrowed for periods of one, two, three or six months.

The $40,000 U.S. Revolver is a secured financing facility under which borrowing availability is limited to existing collateral as defined in the agreement. The maximum amount available is limited to (1) the sum of 85% of eligible receivables, (2) the lesser of 50% of eligible inventory or $18,000, (3) the lesser of 80% of used equipment purchased for resale or rent or $2,000 reduced by (4) outstanding standby letter or credits issued by the bank. At December 31, 2013, the maximum the Company could borrow based on available collateral was capped at $34,744.

Under the Credit Agreement, the banks are also paid 0.50% annual facility fee payable in quarterly installments.

The agreement permits the Company to issue unsecured guarantees of indebtedness owed by CVS Ferrari, srl to foreign banks in respect to working capital financing, not to exceed the lesser of $9,000 or the amount of such financing. Additionally the agreement allows the Company to make or allow to remain outstanding any investment (whether such investment shall be of the character of investment of shares of stock, evidence of indebtedness or other securities or otherwise) in, or any loans or advances to CVS or to any other wholly-owned foreign subsidiary in an amount not to exceed $6,500.

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Canadian Revolver

At December 31, 2013, the Company had drawn $8,086 under the Canadian Revolver. The Company is eligible to borrow up to $9,000. The maximum amount available is limited to the sum of (1) 85% of eligible receivables plus (2) 30% of eligible work-in-process inventory not to exceed $850 and (3) 50% of eligible inventory excluding work in process inventory. Under the agreement, total inventory collateral, however, cannot exceed $5,500. At December 31, 2013, the maximum the Company could borrow based on available collateral was $8,237. The indebtedness is collateralized by substantially all of Manitex Liftking ULC s assets. The Company can borrow in either U.S. or Canadian dollars. For the Canadian Revolver, the interest rate spread for U.S. prime based borrowing is between 0.00% and 0.25% and for Canadian prime based borrowings the interest rate spread is between 0.00% and 0.75%, in each case with the spread being based on the consolidated total debt to consolidated adjusted EBITDA ratio, as defined in the Credit Agreement, for the preceding twelve months. As of December 31, 2013 the spread on U.S. Prime based borrowing and Canadian Prime based borrowings was 0.00% and 0.25%, respectively.

Under the Credit Agreement, the banks are also paid 0.50% annual facility fee payable in quarterly installments.

Term Loan

The $15,000 borrowed as a Secured Term Loan under the new financing agreement referred to above has been repaid in its entirety as of December 31, 2013.

Specialized Export Facility

The Canadian Revolving Credit facility contains an additional $3,000 Specialized Export Facility that matures on July 1, 2015. Borrowings under the Specialized Export Facility are guaranteed by the Company and Export Development Canada (EDC), a corporation established by an Act of Parliament of Canada. Under the Export Facility Liftking can borrow 90% of the total cost of material and labor incurred on export contracts which are subject to the EDC guarantee. The EDC guarantee, which expires on July 1, 2015, is issued under their export guarantee program and covers certain goods that are to be exported from Canada. At December 31, 2013, the maximum the Company could have borrowed based upon available collateral under the Specialized Export Facility was $3,000. Under this facility, the Company can borrow either Canadian or U.S. dollars.

Any borrowings under the facility in Canadian dollars currently bear interest of 3.50% which is based on the Canadian prime rate (the Canadian prime was 3.0% at June 30, 2013) plus 0.5%. Any borrowings under the facility in U.S. dollars bear interest at the U.S. prime rate (prime was 3.25% at June 30, 2013). Repayment of advances made under the Export Facility are due sixty days after shipment of the goods, or five business days after the borrower receives payment in full for the goods covered by the guarantee (the Scheduled Payment Date) or upon the termination of the EDC guarantee.

At December 31, 2013, the Company had outstanding borrowing in connection with the Specialized Export Facility of $2,707.

Note Payable Terex

At December 31, 2013, the Company has a note payable to Terex Corporation with a remaining balance of $750. The note was issued in connection with the purchase of substantially all of the domestic assets of Crane & Machinery, Inc. (Crane) and Schaeff Lift Truck, Inc., (Schaeff). The note provides bears interest at 6% annually and is payable quarterly. Terex has been granted a lien on and security interest in all of the assets of the Company s Crane & Machinery Division as security against the payment of the note.

The Company has three remaining principal payments of $250 due on March 1, 2014, March 1, 2015 and March 1, 2016. As long as the Company s common stock is listed for trading on the NASDAQ or another national stock exchange, the Company may opt to pay up to $150 of each annual principal payment in shares of the Company s common stock having a market value of $150.

Load King Debt

In November 2011, the Company s Load King Subsidiary used its manufacturing facility as collateral to secure mortgage financing with BED (South Dakota Board of Economic Development) and bank. Load King pledged its equipment to the bank to secure additional term debt (Equipment Note). The funds received in connection with the above borrowing were used to repay a promissory note to Terex Corporation (Terex), which was issued in connection with the Load King acquisition. The BED Mortgage, the bank mortgage and the Equipment Note, which are all guaranteed by the Company, have outstanding balances as of December 31, 2013 of $790, $809 and $299, respectively.

Under the terms of the BED Mortgage, the Company is required to make 59 payments of $5 based on a 240 month amortization period and a 3% interest rate. A final balloon payment of unpaid principal and interest is due on November 2, 2016. The interest rate for the note is subject to Load King maintaining employment levels specified in an Employment Agreement between Load King and BED. If Load King fails to maintain agreed upon employment levels, Load King may be required to pay BED an amount equal to the difference between the interest paid and amount of interest that would have been paid if the loan had a 6.5% interest rate.

Under the terms of the Bank Mortgage, the Company is required to make 120 interest and principal payments. The first sixty payments of $6 per month are based on a 240 month amortization period and a 6% interest rate. On November 2, 2016, the interest rate will reset. The new interest rate will be equal to the monthly average yield on 5 Year Constant Maturity U.S. Treasury Securities plus 3.75%. The monthly interest and principal payment will be recalculated accordingly. A final balloon payment of unpaid principal and interest is due on November 2, 2021.

Under the Equipment Note, the Company is required to make 84 monthly interest and principal payments. The first 60 payments will be for $6 and are based on an 84 month amortization period and a 6.25% interest rate. On November 2, 2016, the interest rate will reset. The interest rate will be equal to the monthly average yield on 5 year Constant Maturity of U.S. Treasury Securities plus 4.00%. The monthly principal and interest payments will be recalculated based on the new interest rate and will remain fixed for the next 24 months.

Sabre note payable

At December 31, 2013, Sabre had a note payable with a balance of $20 which bears interest at approximately 11.8% and matures on September 1, 2014. Under the terms of the note, Sabre is required to make monthly payments of $1 which includes accrued interest.

CVS Short-Term Working Capital Borrowings

At December 31, 2013, CVS had established demand credit facilities with ten Italian banks. Under the facilities, CVS can borrow up to 135 ($186) on an unsecured basis and up to an additional 8,258 ($11,382) as advances against orders, invoices and letters of credit. The Company has granted guarantees in respect to available credit facilities in the amount of 5,193 ($7,204). The maximum amount outstanding is limited to 80% of the assigned accounts receivable if there is an invoice issued or 50% if there is an order/contract issued. The banks will evaluate each request to borrow individually and determine the allowable advance percentage and interest rate. In making its determination the bank considers the customer s credit and location of the customer.

At December 31, 2013, the banks had advanced CVS 4,735 ($6,526), at variable interest rates which currently range from 2.12% to 5.97%. At December 31, 2013, the Company has guaranteed 3,093 ($5,380) of CVS s outstanding debt. Additionally, the banks had issued performance bonds which total 543 ($748) which are also guaranteed by the Company.

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Acquisition note Valla

In connection with the acquisition, the Company has a note with a stated interest rate of 5% in the amount of $200 payable to the sellers. The note is payable in two installments of $100 payable on December 31, 2015 and 2016.

The fair value of the promissory note was calculated to equal the present value of future debt payments discounted at a market rate of return commensurate with similar debt instruments with comparable levels of risk and marketability. A rate of 1.5% was determined to be the appropriate rate following an assessment of the risk inherent in the debt issued and the market rate for debt of this nature using corporate credit ratings. The difference of $28 between face amount of the promissory note and its fair value is being amortized over the life of the note and recorded as a reduction of interest expense.

As of December 31, 2013, the note had remaining principal balance of $228.

Note 14. Leases

Capital leases

Georgetown facility

The Company has a twelve year lease which expires in April 2018 that provides for monthly lease payments of $74 for its Georgetown, Texas facility. The lease has been classified as a capital lease. At December 31, 2013, the outstanding capital lease obligation is $2,681.

Winona facility

The Company has a five year lease which expires in July 10, 2014 that provides for monthly lease payments of $25 for its Winona, Minnesota facility. At the conclusion of the lease, the Company has an option to purchase the facility for $500 by giving notice to Landlord of its intent to purchase the Facility. The Landlord must receive such notice at least three months prior to end of the Lease term. At December 31, 2013, the Company has outstanding capital lease obligation of $637.

Equipment

The Company has entered into a lease agreement with a bank pursuant to which the Company is permitted to borrow 100% of the cost of new equipment and 75% of the cost of used equipment with 60 and 36 months repayment periods, respectively. At the conclusion of the lease period, for each piece of equipment the Company is required to purchase that piece of leased equipment for one dollar.

The equipment, which is acquired in ordinary course of the Company s business, is available for sales and rental prior to sale.

Under the lease agreement the Company can elect to exercise an early buyout option at any time, and pay the bank the present value of the remaining rental payments discounted by a specified Index Rate established at the time of leasing. The early buyout option results in a prepayment penalty which progressively decreases during the term of the lease. Alternatively, the Company under the like-kind provisions in the agreement can elect to replace or substitute different equipment in place of equipment subject to the early buyout without incurring a penalty.

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The following is a summary of inventory held for sale which was financed under equipment capital lease agreements:

	Amount Borrowed	Repayment Period	Amount of Monthly Payment	Balance As of December 31, 2013
New equipment	$ 225	60	$ 4	$ 155
Used equipment	$ 1,754	36	$ 53	$ 1,190
Total	$ 1,979		$ 57	$ 1,345

The Company has three additional small capital leases. As of December 31, 2013, the capitalized lease obligation in aggregate related to the three leases was $133.

Future Minimum Lease Payments are:

Years	Operating Leases	Capital Leases
2014	$ 1,486	$ 2,320
2015	885	1,306
2016	878	1,307
2017	304	607
2018	16	607
Subsequent		
Total Minimum Lease Payments	$ 3,569	6,147
Less: imputed interest		(1,351)
Present value of minimum lease payment		$ 4,796

Capital Item as of or for the year ended December 31, 2013	Cost	Accumulated Depreciation	Depreciation Expense	Interest Expense
Building Georgetown, TX	$ 4,913	$ 3,114	$ 35	$ 457
Land & Building Winona, MN	1,700	254	57	47
Other Capitalized leases	178	39	14	3
Totals	$ 6,791	$ 3,407	$ 106	$ 507

Capital Item as of or for the year ended December 31, 2012	Cost	Accumulated Depreciation	Depreciation Expense	Interest Expense
Building Georgetown, TX	$ 4,913	$ 2,699	$ 35	$ 495
Land & Building Winona, MN	1,700	198	57	62
Other Capitalized leases	51	25	7	2
Totals	$ 6,664	$ 2,922	$ 99	$ 559

Sales and Leaseback In accordance with ASC 840-40 Sales- Leaseback Transaction, at December 31, 2013 and 2012, the Company has deferred gain of $1,648 and $2,028, respectively, related to the sale and leaseback of Georgetown operating facilities. The deferred gain is being amortized over the life of the lease which reduces depreciation expense $380 annually.

Operating leases

The Company leases its Woodbridge, Ontario facility under an operating lease. Monthly payments under the lease are $40. The lease expires on November 29, 2014. The Company has an option to renew the lease for an

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additional five years at a rent which is mutually agreed. In the event that the parties cannot agree the lease has an arbitration provision. Total rent expense related to this lease was $489, $483 and $492 for the year ended December 31, 2013, 2012 and 2011, respectively.

The Company leases its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company s Chairman and CEO. Pursuant to the terms of the lease, the Company makes monthly lease payments of $21. The Company is also responsible for all the associated operations expenses, including insurance, property taxes, and repairs. The lease will expire on June 30, 2016 and has a provision for six one year extension periods. The lease contains a rental escalation clause under which annual rent is increased during the initial lease term by the lesser of the increase in the Consumer Price Increase or 2.0%. Rent for any extension period shall, however, be the then-market rate for similar industrial buildings within the market area.

The Company has the option to purchase the building by giving the landlord written notice at any time prior to the date that is 180 days prior to the expiration of the lease or any extension period. The landlord can require the Company to purchase the building if a change of Control Event, as defined in the lease, occurs by giving written notice to the Company at any time prior to the date that is 180 days prior to the expiration of the lease or any extension period. The purchase price, regardless whether the purchase is initiated by the Company or the landlord, will be the Fair Market Value as of the closing date of said sale. Rent expense for the current and former Bridgeview facility was $251, $247 and $240 for the years ended December 31, 2013, 2012 and 2011, respectively.

The Company leases its 103,000 sq. ft. facility in Cadeo, Italy from Fratelli Ferrari Realty. The lease which was executed on June 30, 2011 is for six years and provides annual rent of 360 ($466) payable in monthly installments. The Company has an option to renew the lease for an additional six years at a rent which is mutually agreed. The Company has a conditional commitment to purchase the building on June 30, 2014 for 9,200. The commitment to purchase the building is contingent on CVS Ferrari srl being able to secure a mortgage on market terms for 75% of the purchase price.

The Company leases its Knox, Indiana facility under two operating leases. The leases which expire on August 19, 2020 provides for initial monthly rents of $11 and $3, respectively. The leases contain a rental escalation clause under which annual rent is increased during the lease term by the lesser of the increase in the Consumer Price Increase or 2.0%. The Company is also responsible for all the associated operations expenses, including insurance, property taxes, and repairs. The Company has an option to extend the leases for an additional five year period. The Company has the right to purchase the facility at a negotiated price any time during the lease period. If the parties are unable to agree on purchase price, the purchase price under the terms of the lease will be the average of two appraisals of the premises performed by independent third-party appraisers, one selected by the landlord and on selected by the Company.

The Company leases its facility in Via Piacenza, Italy under an operating lease. The lease is a six year lease that expires on November 30, 2019. The Company has the option after two years to terminate the lease on the signing anniversary by giving the lessor at least 90 day notice. The annual rent, which is paid in two semi-annual installments, is $86, $100 and $103 for the first, second and third year, respectively. After the third year, the lease provides for an annual rent increase. The rent is increase by seventy-five percent of the increase in the ISTAT index for families of workers and employees.

The Company has various operating equipment leases with monthly payments ranging from less than $1 to $4 with various expiration dates through 2017. Total rent expense under these additional leases was $138, $272, and $199 for the years ended December 31, 2013, 2012, and 2011.

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Note 15. Income Taxes

Information pertaining to the Company s income before income taxes is as follows:

	Year ended December 31,		
	2013	2012	2011
Income before income taxes:			
Domestic	$ 14,659	$ 11,316	$ 3,460
Foreign	(212)	582	753
Total net income before income taxes	$ 14,447	$ 11,898	$ 4,213

Information pertaining to the Company s provision (benefit) for income taxes is as follows:

	Year ended December 31,		
	2013	2012	2011
Provision (benefit) for income taxes:			
Current:			
Federal	$ 4,246	$ 2,784	$ (35)
State and local	50	227	52
Foreign	132	535	332
	4,428	3,546	349
Deferred:			
Federal	(94)	670	1,077
State and local	64	(378)	(7)
Foreign	(129)	(18)	14
	(159)	274	1,084
Total provision for income taxes	$ 4,269	$ 3,820	$ 1,433

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company s deferred tax assets and liabilities are as follows:

	Year ended December 31, 2013	2012
Deferred tax assets:		
Current:		
Accrued expenses and other liabilities	$ 1,132	$ 1,166
Net operating losses	139	
Long-term:		
Other liabilities	458	455
Deferred gain	594	703
State net operating loss carryforwards		7
Tax credit carryforwards	847	883
Unrealized foreign currency loss	219	211
Total deferred tax asset	3,389	3,425
Valuation allowance		
Total deferred tax asset net of valuation allowance	3,389	3,425
Deferred tax liabilities:		
Long-term:		
Property, plant and equipment	558	542
Intangibles	3,516	3,727
Total deferred tax liability	4,074	4,269
Net deferred tax liability	$ (685)	$ (844)

The Company has not provided for the United States income or the foreign withholding taxes on the undistributed earnings of its subsidiaries operating outside of the United States. It is the Company s intention to reinvest those earnings permanently, and accordingly, it is not practicable to estimate the amount of tax that might be payable.

The effective tax rate before income taxes varies from the current U.S. federal statutory income tax rate as follows:

	Year ended December 31, 2013	2012
Statutory rate	35.00%	34.00%
State and local taxes	0.72	0.39
Permanent differences	-3.08	-2.42
Tax credits	-3.59	-3.34
Foreign operations	0.54	2.69
Uncertain tax positions	-0.47	1.23
Other	0.43	-0.44
	29.55%	32.11%

As of December 31, 2013, the Company has approximately $1,300 of Texas Temporary Margin Tax Credit that may be utilized through 2026. The Company has reflected a deferred tax asset in the table above of $847, net of the federal tax impact.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits, including interest and penalties, is as follows:

	2013	2012
Balance at January 1	$ 335	$ 152
Increases in tax positions for prior years	93	219
Decreases in tax positions for prior years	(178)	(36)
Settlements		
Balance at December 31	$ 250	$ 335

Of the amounts reflected in the above table at December 31, 2013, the entire amount would reduce the Company s annual effective tax rate if recognized. The Company had approximately $44 of accrued interest as of December 31, 2013. The Company records accrued interest related to income tax matters in the provision for income taxes in the accompanying consolidated statement of income. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

The Company files income tax returns in the United States, Canada and Italy as well as various state and local tax jurisdictions with varying statutes of limitations. The 2010 through 2013 tax years generally remain subject to examination by federal, foreign and most state tax authorities.

Note 16. Supplemental Cash Flow Disclosures

Interest received and paid, income taxes paid and non-cash transactions incurred during the years ended December 31, 2013, 2012, and 2011 were as follows:

	2013	2012	2011
Non-Cash Transactions:			
Acquisition note CVS	$	$	$ 2,870
Acquisition deferred payments CVS			85
Capital leases	813	1,166	
Issuance of stock in connection with carry deck crane assets (see Note 20)		200	
Issuance of stock in connection with a Sabre acquisition (see Note 20)	1,000		
Valla working capital	2,173		
Acquisition note Valla (see Note 20)	228		
Contingent consideration Valla (see Note 20)	250		
Issuance of stock in connection with a cashless warrant exercise		986	
Repurchase of stock in connections with cashless warrant exercise		(754)	
Transfer of warrant to capital stock upon exercise of cashless warrant		(232)	
Legal settlement (see Note 25)			1,183

Note 17. 401(k) Profit Sharing Plan

The Company s sponsors a 401(k) plan. The plan is intended to cover all non-union United States based employees. The plan is open to employees 21 years of age & older. There is no minimum employment duration required before eligibility. The plan allows for monthly enrollment and contribution changes.

The Company suspended its discretionary matching contribution on February 15, 2009. On January 1, 2012, the Company again began to match participants contributions. The Company match currently in effect matches dollar for dollar participants contributions up to 3% of the participant s income. There is no dollar limit regarding matched funds and the plan also calls for immediate vesting of the employer contribution component. The employer match is paid when payroll is processed.

The amount paid in matching contributions by the company for 2013 was $271 compared to $187 for the comparable period in 2012.

Note 18. Accrued Warranties

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management.

The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

The following table summarizes the changes in product warranty liability:

	2013	2012
Balance January 1,	$ 988	$ 698
Business Acquired	10	
Accrual for warranties issued during the year	2,358	2,270
Warranty services provided	(2,260)	(1,981)
Changes in estimates	(23)	
Foreign currency translation	(3)	1
Balance December 31,	$ 1,070	$ 988

Note 19. Segment Information

The Company operates in two business segments: Lifting Equipment and Equipment Distribution.

The Lifting Equipment segment is a leading provider of engineered lifting solutions. The Company designs, manufactures and distributes, predominately through a network of dealers, a diverse group of products that serve different functions and are used in a variety of industries. The Company markets a comprehensive line of boom trucks, a truck crane and sign cranes, a complete line of rough terrain forklifts, including both the Liftking and Noble product lines, as well as special mission oriented vehicles, and other specialized carriers, heavy material handling transporters and steel mill equipment. The Company also manufacturers a number of specialized rough terrain cranes and material handling products, including 15 and 30-ton cab down rough terrain cranes. Company lifting products are used in industrial applications, energy exploration and infrastructure development in the commercial sector and for military applications. The company s specialized rough terrain cranes primarily serve the needs of the construction, municipality, and railroad industries. Through its Italian subsidiary, the Company manufactures and distributes reach stackers and associated lifting equipment for the global container handling markets. On November 30, 2013, the Company acquired the assets of Valla SpA (Valla) located in Piacenza, Italy. Valla offers a full range of mobile cranes from 2 to 90 tons, using electric, diesel, and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with dozens of special applications designed specifically to meet the needs of its customers. Additionally, the Company manufactures and distributes custom trailers and hauling systems typically used for transporting heavy equipment, the trailer business serves niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network. Beginning in August 2013, the Company began to manufacture and market a comprehensive line of specialized trailer tanks for liquid and solid storage and containment. The tank trailers are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

The Equipment Distribution segment located in Bridgeview, Illinois, operates as Manitex Valla s North American sales operation and also distributes Terex rough terrain and truck cranes, Manitex boom trucks and sky cranes, and the PM Group s knuckle boom cranes. The Equipment Distribution segment predominately

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sells its products to end users, including the rental market. Its products are used primarily for infrastructure development and commercial constructions, applications include road and bridge construction, general contracting, roofing, scrap handling and sign construction and maintenance. The Equipment Distribution segment supplies repair parts for a wide variety of medium to heavy duty construction equipment and sells both domestically and internationally. The segment also provides repair services in the Chicago area. The North American Equipment Exchange division, (NAEE) markets previously-owned construction and heavy equipment, domestically and internationally. This Division provides a wide range of used lifting and construction equipment of various ages and condition, and the Company has the capability to refurbish the equipment to the customers specification.

Sabre and Valla results are included in the Company s results from their respective dates of acquisition August 19, 2013 and November 30, 2013.

The following is financial information for our two operating segments, i.e., Lifting Equipment and Equipment Distribution. The below financial information includes results for each of the above acquisitions from the respective date of acquisition:

	Year ended December 31,		
	2013	2012	2011
Net Revenues			
Lifting Equipment	$ 228,772	$ 188,792	$ 130,330
Equipment Distribution	16,951	17,090	11,986
Inter-segment elimination	(651)	(633)	(25)
Total	$ 245,072	$ 205,249	$ 142,291
Operating Earnings			
Lifting Equipment	$ 23,311	$ 19,880	$ 11,069
Equipment Distribution	628	222	64
Corporate expenses	(6,391)	(5,613)	(4,532)
Elimination of inter-segment profit in inventory	(10)	(30)	
Total operating income	$ 17,538	$ 14,459	$ 6,601
Total Assets			
Lifting Equipment	$ 170,808	$ 143,749	$ 114,133
Equipment Distribution	10,847	7,562	7,333
Corporate	1,075	193	125
Total	$ 182,730	$ 151,504	$ 121,591

Total foreign source net revenue was approximately $95,205, $90,691 and $66,864 for the years ended December 31, 2013, 2012, and 2011, respectively. Total long-lived assets related to the Company s foreign operations were approximately $8,752 and $5,145 for the years ended December 31, 2013 and 2012, respectively. Information of external net revenues and long lived asset information by country is shown on the below tables:

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The following is a summary of goodwill by segment:

	2013	2012
Goodwill Lifting Equipment Segment		
Balance January 1	$ 15,008	$ 14,992
Goodwill related to the Sabre acquisition	4,592	
Goodwill related to the Valla acquisition	2,454	
Foreign currency translation	37	16
Balance December 31,	22,091	15,008
Goodwill Equipment Distribution Segment		
Balance January 1 and December 31	275	275
Total goodwill at December 31,	$ 22,366	$ 15,283

Net Revenues

	2013	2012	2011
United States	$ 149,867	$ 114,558	$ 75,427
Canada	44,568	55,540	30,771
Italy	8,230	11,700	15,861
Turkey	5,280		
Peru	3,849		
South Africa	3,651		
Egypt	3,285		
Australia	4	3,213	
Korea		2,810	3,398
Russia	1,623	2,189	1,369
Germany	3,246	2,041	984
Mexico	5,096	1,867	1,296
Czech Republic	1,804	1,484	
Brazil		1,205	1,443
France		810	4,647
United Arab Emirates	1,297	152	1,931
Venezuela	407	1,188	473
Switzerland		22	1,134
Other	12,865	6,470	3,557
	$ 245,072	$ 205,249	$ 142,291

Company attributes revenue to different geographic areas based on where items are shipped or services are performed.

Long Lived Assets

	2013	2012
United States	$ 51,941	$ 41,582
Canada	925	788
Italy	7,827	4,357

Total Long-Lived Assets	$ 60,693	$ 46,727

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Long-Lived Assets are based on where the operating unit is domiciled.

Note 20. Asset Purchases

Valla Asset Purchase

On November 30, 2013, CVS Ferrari Srl. (the Purchaser or CVS), an Italian corporation and a wholly owned subsidiary of the Company completed an Asset Purchase Agreement with Valla SpA (the Seller), an Italian based developer of precision pick and carry cranes to acquire substantially all of the Seller s operating assets and business operations, including the Seller s accounts receivable, inventory and equipment. Valla develops precision pick and carry cranes with lifting capacities from 2 to 90 tons using electric, diesel and hybrid power options. Its cranes offer wheeled or tracked, fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers.

The consideration for the Purchase consisted of a note payable to Seller for $200 on (the Note) with principal payments of $100 on December 31, 2015 and 2016 and annual interest of 5% and contingent consideration of up to $1,000. The fair value of the purchase consideration was as follows:

	Fair Value Euros	Fair Value U.S. Dollars
Seller note	165	$ 228
Contingent consideration	183	250
Total purchase consideration	348	$ 478

Seller Note. In connection with the acquisition, the Company issued a note with a stated interest rate of 5% in the amount of $200 payable to the sellers. The note is payable in two installments of $100 payable on December 31, 2015 and 2016.

The fair value of the promissory note is $228 and was calculated to be to equal the present value of future debt payments discounted at a market rate of return commensurate with similar debt instruments with comparable levels of risk and marketability. A rate of 1.5% was determined to be the appropriate rate following an assessment of the risk inherent in the debt issued and the market rate for debt of this nature using corporate credit ratings. The difference $28 between face amount of the promissory note and its fair value is being amortized over the life of the note and is a reduction of interest expense.

Contingent Consideration. In accordance with ASC 805, the acquirer is to recognize the acquisition date fair value of contingent consideration. The agreement has a contingent consideration provision which provides the seller to receive an annual payment equal to 10% of net income for the next eight years, with a maximum annual payment of $125. If 10% of a year s net income exceeds $125, the excess amounts will be carried over to future years. Any carryovers not paid out after eight years will be forfeited. The agreement has no provision for a carryback for excess earnings in a year. Given the disparity between the income threshold and the Company s projected financial results, it was determined that a Monte Carlo simulation analysis was appropriate to determine the fair value of contingent consideration. It was determined that the probability weighted average earn out payment is $250. Based thereon, we determined the fair value of the contingent consideration to be $250.

Under the acquisition method of accounting, in accordance ASC 805, Business Combinations, the assets acquired and liabilities assumed are valued based on their estimated fair values as of the date of the acquisition. The excess of the purchase price over the aggregate estimated fair value of net assets acquired was allocated to goodwill. The purchase price allocation is preliminary and is subject to final review. The following table summarizes the acquisition consideration to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

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Purchase price allocation

	Fair Value Euros	Fair Value U.S. Dollars
Accounts receivable	730	$ 999
Inventory	872	1,193
Prepaids	29	41
Property and equipment	155	212
Trade names and trademarks	400	547
Unpatented technology	430	588
Customer relationships	200	273
Goodwill	1,780	2,434
Accounts payable	(1,944)	(2,658)
Working capital borrowings	(1,589)	(2,173)
Accrued expenses	(715)	(978)
	348	$ 478

Tangible assets and liabilities: The tangible assets and liabilities were valued at their respective carrying values by Valla, except for certain adjustments necessary to state such amounts at their estimated fair values at acquisition date. Fair market adjustments to fixed assets and inventory that were recorded were not significant.

Intangible assets: There are three fundamental methods applied to value intangible assets outlined in FASB ASC 820. These methods include the Cost Approach, the Market Approach, and the Income Approach. Each of these valuation approaches was considered in our estimation of value.

Trade names and trademarks and unpatented technology: Valued using the Relief from Royalty method, a form of both the Market Approach and the Income Approach. Because the Company has established trade names and trademarks and has developed unpatented technology, we estimated the benefit of ownership as the relief from the royalty expense that would need to be incurred in absence of ownership.

Customer relationships: Because there is a specific earnings stream that can be associated with customer relationships, we determined the discounted cash flow method was the most appropriate methodology for valuation.

Goodwill: Goodwill represents the excess of total consideration paid and the fair value of net assets acquired. The recognition of goodwill of $2,434 reflects the inherent value in the Valla reputation, which has been built since being founded in 1945 and the prospects for significant future earnings based on Valla s product line.

For income tax purposes, intangible assets and goodwill will be amortized and will result in future tax deductions.

Acquisition transaction costs: Cost and expenses related to the acquisition have been expensed as incurred and recorded in selling, general and administrative expenses. In connection with the Valla acquisition, the Company incurred legal and accounting fees of $42 and fees for valuation services of $15.

Sabre Asset Purchase

On August 19, 2013, Manitex Sabre, Inc. (the Purchaser or Sabre), a Michigan corporation and a wholly owned subsidiary of the Company, entered into a purchase agreement (the Purchase Agreement) with Sabre Manufacturing, LLC, (the Seller), a Knox, Indiana-based manufacturer of specialized tanks, to acquire substantially all of the Seller s operating assets and business operations, including the Seller s accounts receivable, inventory and equipment. Sabre tanks are used for above ground liquid and solid storage and containment solutions for a variety of end markets such as petrochemical, waste management and oil and gas drilling.

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The fair value of the purchase consideration was $14,000 in total as shown below:

Cash	$ 13,000
87,928 shares of Manitex International, Inc. common stock	1,000
Total purchase consideration	$ 14,000

Manitex International Inc. stock. The fair value of the stock consideration was determined to be $1,000 at date of acquisition.

Under the acquisition method of accounting, in accordance ASC 805, Business Combinations, the assets acquired and liabilities assumed are valued based on their estimated fair values as of the date of the acquisition. The excess of the purchase price over the aggregate estimated fair value of net assets acquired was allocated to goodwill. The purchase price allocation is preliminary and is subject to final review of certain receivable and deposit balances. The following table summarizes the preliminary allocation of the Sabre acquisition consideration to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Purchase price allocation:

Accounts receivable	$ 1,148
Receivable due from seller	467
Inventory	1,497
Total fixed assets	1,431
Non-competition agreements	50
Customer relationships	5,200
Trade name and trademarks	1,200
Goodwill	4,577
Accounts payable	(730)
Accrued expenses	(226)
Customer deposits	(467)
Debt and Capital lease obligations	(147)
Net assets acquired	$ 14,000

Tangible assets and liabilities: The tangible assets and liabilities were valued at their respective carrying values by Sabre, except for certain adjustments necessary to state such amounts at their estimated fair values at acquisition date. Fair market adjustments to fixed assets and inventory that were recorded were not significant.

Intangible assets: There are three fundamental methods applied to value intangible assets outlined in FASB ASC 820. These methods include the Cost Approach, the Market Approach, and the Income Approach. Each of these valuation approaches was considered in our estimation of value.

Trade names and trademarks and unpatented technology: Valued using the Relief from Royalty method, a form of both the Market Approach and the Income Approach. Because the Company has established trade names and trademarks and has developed unpatented technology, we estimated the benefit of ownership as the relief from the royalty expense that would need to be incurred in absence of ownership.

Customer relationships: Because there is a specific earnings stream that can be associated with customer relationships, we determined the discounted cash flow method was the most appropriate methodology for valuation.

Goodwill: Goodwill represents the excess of total consideration paid and the fair value of net assets acquired. The recognition of goodwill of $4,577 reflects the inherent value in the Sabre reputation, which has been built since being founded in 2005 and the prospects for significant future earnings based on Sabre s past performance.

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For income tax purposes, intangible assets and goodwill will be amortized and will result in future tax deductions.

Acquisition transaction costs: Cost and expenses related to the acquisition have been expensed as incurred and recorded in selling, general and administrative expenses. The Company incurred fees of $93 for legal services, $68 for accounting service in connection with the prior year audit of Sabre financial statements and $37 for Valuation services.

The results of the acquired Sabre and Valla operations have been included in our consolidated statement of operations since their respective acquisition date. The results of Sabre and Valla also form part of the segment disclosures for the Lifting Equipment segment.

The following unaudited pro forma information assumes the acquisition of Sabre and Valla occurred on January 1, 2012. The unaudited pro forma results have been prepared for informational purposes only and do not purport to represent the results of operations that would have been had the acquisition occurred as of the date indicated, nor of future results of operations. The unaudited pro forma results for the year ended December 31, 2013 and 2012 are as follows (in thousands, except per share data):

	Year Ended December 31, 2013	Year Ended December 31, 2012
Net revenues	264,242	260,441
Net income	10,586	10,013
Income per share:		
Basic	$ 0.83	$ 0.83
Diluted	$ 0.83	$ 0.83
Weighted average common shares outstanding:		
Basic	12,726,853	12,036,284
Diluted	12,773,213	12,045,386