

**REGISTERED NUMBER: 01020654 (England and Wales)**

Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 December 2013  
for  
NACCO Materials Handling Group Limited



NACCO Materials Handling Group Limited (Registered number: 01020654)

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for the Year Ended 31 December 2013

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NACCO Materials Handling Group Limited

Company Information  
for the Year Ended 31 December 2013

**DIRECTORS:**

C A Bittenbender  
C Wilson  
M Brogan  
K C Schilling

**SECRETARY:**

C Mair

**REGISTERED OFFICE:**

Centennial House  
Building 4.5  
Frimley Business Park  
Frimley  
Surrey  
GU16 7SG

**REGISTERED NUMBER:**

01020654 (England and Wales)

**AUDITORS:**

Ernst & Young LLP  
G1, 5 George Square,  
Glasgow  
G2 1DY

Strategic Report  
for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

**Review of the business**

The group's principal activities during the year continued to be the manufacture and marketing of forklift trucks.

The key financial and other performance indicators during the year were as follows:

	2013	2012	Change
	€'000	€'000	%
Turnover	470,520	474,405	-1%
Operating profit	14,478	20,157	-28%
Profit after tax	14,716	19,701	-25%
Shareholders' funds	60,049	39,735	51%
Current assets as % of current liabilities	179%	170%	9%
Average number of employees	883	889	-1%

Turnover decreased by 1% during the year primarily due to reduced market size in key Western European markets including Italy and Spain. The combination of a larger EMEA truck market and increased market share is expected to drive higher turnover in 2014.

Total operating profit decreased by 28% during the year. There was no repeat of the significant gains on foreign exchange contracts experienced in 2012. The group also invested in sales and marketing as part of its strategy to grow market share. It is expected that increased volumes of truck sales will result in higher operating profits in 2014.

Shareholders' funds increased by 51% due to retained earnings and a reduction in the pension liability. The latter resulted from improved valuation of the pension plan assets and continued company contributions towards the deficit.

The group's "quick ratio" (current assets as a percentage of current liabilities) has increased due to higher sales in the fourth quarter of 2013 when compared with 2012, resulting in higher debtors at year end.

The average number of employees fell by 1% during the year. This was caused by fewer manufacturing heads required by the Craigavon plant to produce the lower volume with improved efficiency. Additional heads were recruited in sales and marketing as part of the market share growth strategy of the business.

**Principal risks and uncertainties**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group policy does not permit trading in any financial instruments. The group's principal financial instruments comprise of cash, short term deposits and/or borrowings and forward currency contracts, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

The group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the group's financial instruments are liquidity, credit and foreign currency risks. The group has clear policies for managing each of these risks, as summarised below.

**LIQUIDITY RISK**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Strategic Report  
for the Year Ended 31 December 2013

The group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

The group participates in the overall world-wide group's funding strategy managed at corporate treasury level. The group also participates in a European cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

**CREDIT RISK**

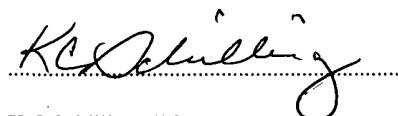
Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the group's debtors are shown in Note 12 to the financial statements. The geographic profile of credit risk to the group is continually monitored through assessments of individual dealer's financial positions. The group also covers the majority of its credit exposure by taking out credit insurance.

**FOREIGN CURRENCY RISK**

The group buys and sells goods and services denominated in currencies other than Euros which give rise to foreign currency risks. The group manages such receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the group's non-Euro revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The group seeks to mitigate its exposure to currency movements by working with the Group's Treasury department to enter into forward currency contracts, denominated in the same currency as the operating funds flow, to match the exposures anticipated in the business. The forward contracts are entered into on the basis of regularly updated forecast information on the level of trading in each denominated currency. The group will seek to have the majority of its current year exposures matched to forward contracts, with lower percentages covered for 1 and 2 years beyond the current year.

BY ORDER OF THE BOARD:



K C Schilling - Director

Date: MAY 7, 2014

NACCO Materials Handling Group Limited (Registered number: 01020654)

Report of the Directors  
for the Year Ended 31 December 2013

Company Registration Number: 01020654

The directors present their report for the year ended 31 December 2013.

**REVIEW OF BUSINESS**

The review of the business can now be found in the Strategic Report.

**DIVIDENDS**

NACCO Materials Handling Group Limited issued a final dividend in the amount of €941,078 for the year ended 31 December 2013 (2012 - €418,551). An interim dividend of €3,000,000 has also been paid in February 2014.

**RESEARCH AND DEVELOPMENT**

The group has established an Engineering Concept Centre in Frimley, Surrey which works in conjunction with the other research and development facilities located in other group companies outside of the UK. The group's engineering centres utilise a three dimensional CAD/CAM system and are electronically connected with one another and the manufacturing plants.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

C A Bittenbender  
C Wilson  
M Brogan  
K C Schilling

**EMPLOYEE CONSULTATION**

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**BY ORDER OF THE BOARD:**



K C Schilling - Director

7 May 2014

Statement of Directors' Responsibilities  
for the Year Ended 31 December 2013

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of  
NACCO Materials Handling Group Limited

We have audited the financial statements of NACCO Materials Handling Group Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Total Recognised Gains and Losses and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

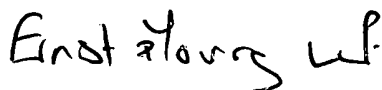
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Bishop (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
G1, 5 George Square,  
Glasgow  
G2 1DY

8 May 2014



NACCO Materials Handling Group Limited (Registered number: 01020654)

Consolidated Profit and Loss Account  
for the Year Ended 31 December 2013

	Notes	31.12.13 €000	€000	31.12.12 €000	€000
<b>TURNOVER</b>	2		470,520		474,405
Cost of sales			405,957		407,291
<b>GROSS PROFIT</b>			64,563		67,114
Distribution costs		19,531		16,700	
Administrative expenses		30,554		30,257	
			50,085		46,957
<b>OPERATING PROFIT</b>	4		14,478		20,157
Exceptional Item					
Restructuring costs	5		163		(391)
			14,641		19,766
Interest receivable and similar income	6	160		303	
Other finance income	20	349		108	
			509		411
			15,150		20,177
Interest payable and similar charges	7		97		244
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			15,053		19,933
Tax on profit on ordinary activities	8		337		232
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>			14,716		19,701

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

NACCO Materials Handling Group Limited (Registered number: 01020654)

Consolidated Statement of Total Recognised Gains and Losses  
for the Year Ended 31 December 2013

	31.12.13 €000	31.12.12 €000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14,716	19,701
Actuarial Gain / (Loss) on DB scheme	<u>6,539</u>	<u>(3,833)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>21,255</u></u>	<u><u>15,868</u></u>

The notes form part of these financial statements

NACCO Materials Handling Group Limited (Registered number: 01020654)

Consolidated Balance Sheet  
31 December 2013

	Notes	31.12.13 €000	€000	31.12.12 €000	€000
<b>FIXED ASSETS</b>					
Tangible assets	11		14,073		12,388
Investments	12		3,196		3,196
			<u>17,269</u>		<u>15,584</u>
<b>CURRENT ASSETS</b>					
Stocks	13	24,745		24,797	
Debtors: amounts falling due within one year	14	103,936		84,139	
Debtors: amounts falling due after more than one year	14	7,665		6,074	
Cash at bank		<u>28,321</u>		<u>34,189</u>	
		164,667		149,199	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>91,973</u>		<u>87,736</u>	
<b>NET CURRENT ASSETS</b>			<u>72,694</u>		<u>61,463</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			89,963		77,047
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(3,702)		(2,951)
<b>PROVISIONS FOR LIABILITIES</b>	17		(11,824)		(12,561)
<b>PENSION LIABILITY</b>	20		(14,388)		(21,800)
<b>NET ASSETS</b>			<u>60,049</u>		<u>39,735</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		2,309		2,309
Foreign currency reserve	19		343		343
Profit and loss account	19		<u>57,397</u>		<u>37,083</u>
<b>SHAREHOLDERS' FUNDS</b>	26		<u>60,049</u>		<u>39,735</u>

The financial statements were approved by the Board of Directors on 7 May 2014 and were signed on its behalf by:



K C Schilling - Director

The notes form part of these financial statements

NACCO Materials Handling Group Limited (Registered number: 01020654)

Company Balance Sheet  
31 December 2013

	Notes	31.12.13 €000	€000	31.12.12 €000	€000
<b>FIXED ASSETS</b>					
Tangible assets	11		-		-
Investments	12		57,663		57,663
			57,663		57,663
<b>CURRENT ASSETS</b>					
Debtors	14	-		749	
<b>CREDITORS</b>					
Amounts falling due within one year	15	2		6	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(2)		743
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			57,661		58,406
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		2,309		2,309
Profit and loss account	19		55,352		56,097
<b>SHAREHOLDERS' FUNDS</b>	26		57,661		58,406

The financial statements were approved by the Board of Directors on 7 May 2014 and were signed on its behalf by:



K C Schilling - Director

The notes form part of these financial statements

Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2013

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of preparation**

The financial statements have been prepared on a going concern basis which assumes that the group will continue in operational existence for the foreseeable future and be able to meet its liabilities as they fall due.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

**Basis of consolidation**

The group financial statements consolidate the financial statements of NACCO Materials Handling Group Limited and all its subsidiary undertakings up to 31 December 2013. The acquisition method of accounting has been adopted. The results of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 31 December 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

**Cash flow statement**

The group has taken advantage of the exemption from the requirement of FRS 1 (Revised) to prepare a cash flow statement as 90% or more of the voting rights are controlled within the group and consolidated financial statements including the results of the group are available to the public.

**Revenue recognition policy**

Group turnover comprises the value of sales (net of trade discounts and VAT) of goods and services rendered in the normal course of business.

Revenue from the sale of goods and services is recognised in line with individually agreed terms of sale.

Interest is recognised on an accruals basis.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

1. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are shown at cost, net of depreciation and any provision for diminution in value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	37.5 - 40 years
Machinery, equipment and tooling	3 - 15 years
Furniture and fittings	3 - 10 years

Freehold land is not depreciated

Impairment of assets are considered on a regular basis and any adjustments are made as required.

**Fixed asset investments**

Fixed asset investments are shown at cost less amounts written off. Provisions are made for diminution in value where events or changes in circumstances indicate the carrying value may not be appropriate.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials and consumables

- purchase cost on a first-in, first-out basis, including applicable transport costs.

Work in progress and finished goods

- cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and receiving companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**1. ACCOUNTING POLICIES - continued**

**Foreign currency translation**

In the financial statements transactions denominated in foreign currencies are recorded in the local currency at actual monthly exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the year end are translated into Euro at the rates of exchange ruling at the balance sheet date or at the rate pertaining to the appropriate contract where forward currency contracts exist. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

**Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

**Pensions**

The group in the UK operates both a defined benefit and defined contribution pension scheme which is set up under a separate trust. On the advice of an independent qualified actuary, contribution payments are made to the defined benefit scheme to ensure that the scheme's assets are sufficient to cover future liabilities. Pension scheme assets are measured using market values. Pension scheme liabilities are measured, using the projected unit method and discounted at the rate of return on an AA rated corporate bond of equivalent term. Any increase in the present value of the liabilities of the Fund expected to arise from employee service is charged against operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Contributions to the defined contribution pension scheme are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

**Grants**

Government grants for investment in fixed assets are credited to a deferred income account and released to income over the useful lives of the assets to which they relate.

Employee and training grants are credited to the profit and loss account in the year in which they are earned, in so far as their eventual collection is reasonably assured.

**Related party transactions**

The group has taken advantage of the exemption in FRS 8, paragraph C, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings of the ultimate parent undertaking which are party to the transactions are wholly owned by the ultimate parent undertaking. The group has disclosed in note 25 transactions with other related parties in the year.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	31.12.13	31.12.12
	€000	€000
Trade	445,490	448,360
Affiliate and retail	25,030	26,045
	<u>470,520</u>	<u>474,405</u>

An analysis of turnover by geographical market is given below:

	31.12.13	31.12.12
	€000	€000
European Union	385,704	371,542
USA	7,839	7,554
Other	76,977	95,309
	<u>470,520</u>	<u>474,405</u>

**3. STAFF COSTS**

	31.12.13	31.12.12
	€000	€000
Wages and salaries	38,336	36,777
Social security costs	4,425	4,281
Other pension costs	4,292	3,367
	<u>47,053</u>	<u>44,425</u>

The average monthly number of employees during the year was as follows:

	31.12.13	31.12.12
Manufacturing	293	328
Administration and selling	590	561
	<u>883</u>	<u>889</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.12.13	31.12.12
	€'000	€'000
Hire of plant and machinery	127	148
Other operating leases	933	897
Depreciation - owned assets	3,022	2,922
Loss/(profit) on disposal of fixed assets	16	(6)
Auditors' remuneration	220	170
Loss / (Gain) on foreign exchange	4,356	(5,591)
Amortisation of government grants	(227)	(230)
	<u>          </u>	<u>          </u>
	31.12.13	31.12.12
	€	€
Directors' remuneration	<u>          </u>	<u>          </u>

The Directors of the group have not received any direct remuneration in respect of their qualifying services as Directors for the group, nor have any fees been charged to the company from other group entities in relation to qualifying services provided by the Directors of the group.

**5. EXCEPTIONAL ITEMS**

	31.12.13	31.12.12
	€'000	€'000
Recognised below operating profit:		
Continuing operations - restructuring costs	(163)	391
	<u>          </u>	<u>          </u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.12.13	31.12.12
	€'000	€'000
Deposit account interest	55	198
Group interest receivable	105	105
	<u>          </u>	<u>          </u>
	160	303
	<u>          </u>	<u>          </u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.13	31.12.12
	€'000	€'000
Group interest payable	97	244
	<u>          </u>	<u>          </u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

8. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.13 €'000	31.12.12 €'000
Current tax:		
UK corporation tax	17	5
Foreign corporation tax	273	239
Tax overprovided in previous years	47	(12)
	<u>337</u>	<u>232</u>
Tax on profit on ordinary activities	<u>337</u>	<u>232</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.13 €'000	31.12.12 €'000
Profit on ordinary activities before tax	<u>15,053</u>	<u>19,933</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24.500%)	3,500	4,884
Effects of:		
Adjustments to tax charge in respect of previous periods	47	(12)
Disallowed expenses and non taxable income	129	174
Depreciation in excess of capital allowances	(140)	(105)
Other timing differences	(92)	(32)
Losses brought forward	(3,156)	(4,621)
Higher taxes on overseas earnings	195	127
Pension	(146)	(183)
	<u>337</u>	<u>232</u>
Current tax charge	<u>337</u>	<u>232</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

8. **TAXATION - continued**

**Factors that may affect future tax charges**

The group has tax losses of €8,623,885 (2012 - €21,960,884) that are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as there may not be taxable profits in the near future to offset the losses against.

The group has the following unprovided deferred tax assets which could be recovered in the future in the event of taxable profits.

	31.12.12	31.12.12
	€'000	€'000
Accelerated capital allowances	(697)	(988)
Other short term timing differences	(1,153)	(1,379)
Losses carried forward	(1,725)	(5,060)
Retirement benefits	(2,878)	(5,014)
	<u>(6,453)</u>	<u>(12,441)</u>

A reduction in the UK corporation tax rate from 24% to 23% took effect from 1 April 2013. A further reduction from 23% to 21% was substantively enacted in July 2013 and will be effective from 1 April 2014. The rate of UK corporation tax will further reduce to 20 % from 1 April 2015. Accordingly, these rates have been applied in the measurement of the deferred tax assets and liabilities at 31 December 2013.

These changes will affect the amount of future cash tax payments to be made by the group.

9. **PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was €195,163 (2012 - €13,979).

10. **DIVIDENDS**

	31.12.13	31.12.12
	€'000	€'000
Ordinary Shares shares of €1 each		
Final	<u>941</u>	<u>419</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

11. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings €'000	Machinery, equipment and tooling €'000	Fixtures and fittings €'000	Totals €'000
<b>COST</b>				
At 1 January 2013	14,451	43,663	1,342	59,456
Additions	176	4,570	2	4,748
Disposals	-	(454)	(189)	(643)
At 31 December 2013	14,627	47,779	1,155	63,561
<b>DEPRECIATION</b>				
At 1 January 2013	10,484	35,298	1,286	47,068
Charge for year	553	2,446	23	3,022
Eliminated on disposal	-	(413)	(189)	(602)
At 31 December 2013	11,037	37,331	1,120	49,488
<b>NET BOOK VALUE</b>				
At 31 December 2013	3,590	10,448	35	14,073
At 31 December 2012	3,967	8,365	56	12,388

Included in cost of land and buildings is freehold land of €395,910 (2012 - €395,910) which is not depreciated.

12. FIXED ASSET INVESTMENTS

Group	Interest in other participating interests €'000
<b>COST</b>	
At 1 January 2013 and 31 December 2013	3,196
<b>NET BOOK VALUE</b>	
At 31 December 2013	3,196
At 31 December 2012	3,196

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**12. FIXED ASSET INVESTMENTS - continued**

**Company**

	Shares in group undertakings €'000
<b>COST</b>	
At 1 January 2013	
and 31 December 2013	57,663
<b>NET BOOK VALUE</b>	
At 31 December 2013	57,663
At 31 December 2012	57,663

The company holds the identified levels of issued share capital of the following companies, all of which principally affected the profits or losses and net assets of the group:

Principal subsidiary undertakings (holding)	Country of registration	Principal activity
NACCO Materials Handling Limited (99.99%)	England	Marketing and manufacture of forklift trucks
Yale Fordertechnik Handelsgesellschaft GmbH (100%)	Germany	Distribution of forklift trucks
Hyster France SARL (99.99%)	France	Distribution of forklift trucks

Interest in other participating interests:

Group:

NACCO Materials Handling Limited currently owns 24.2% of the issued share capital of NMHG Mauritius Ltd. The investment continues to be accounted for at cost.

Company:

The company owns the entire issued share capital of NACCO Materials Handling Group (UK) Pension Company Limited, which amounts to €3.

**13. STOCKS**

	<b>Group</b>	
	31.12.13	31.12.12
	€'000	€'000
Stocks	15,153	16,784
Work-in-progress	5,245	5,044
Finished goods	4,347	2,969
	<u>24,745</u>	<u>24,797</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**14. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31.12.13	31.12.12	31.12.13	31.12.12
	€000	€000	€000	€000
Amounts falling due within one year:				
Trade debtors	91,161	71,323	-	-
Amounts owed by group undertakings	8,912	9,570	-	749
Other debtors	515	560	-	-
VAT	2,071	890	-	-
Prepayments and accrued income	1,277	1,796	-	-
	<u>103,936</u>	<u>84,139</u>	<u>-</u>	<u>749</u>
Amounts falling due after more than one year:				
Debtors	<u>7,665</u>	<u>6,074</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>111,601</u>	<u>90,213</u>	<u>-</u>	<u>749</u>
Amounts falling due after one year:				
Trade debtors	996	57	-	-
VAT	6,669	6,017	-	-
	<u>7,665</u>	<u>6,074</u>	<u>-</u>	<u>-</u>

Amounts owed by other group undertakings are repayable on demand.

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.13	31.12.12	31.12.13	31.12.12
	€000	€000	€000	€000
Trade creditors	52,002	47,631	-	1
Amounts owed to group undertakings	26,325	26,268	-	-
Tax	36	8	2	5
Social security and other taxes	1,726	1,534	-	-
Accrued expenses	11,657	12,064	-	-
Deferred government grants	227	231	-	-
	<u>91,973</u>	<u>87,736</u>	<u>2</u>	<u>6</u>

Amounts owed to other group undertakings are payable on demand.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.13	31.12.12
	€'000	€'000
Long term incentive accrual	3,007	2,032
Deferred income - government grants	695	919
	<u>3,702</u>	<u>2,951</u>

**17. PROVISIONS FOR LIABILITIES**

	Provision for maintenance warranties	Provision for restructuring	Other provisions	Total
	€'000	€'000	€'000	€'000
At 1 January 2013	11,135	772	654	12,561
Arising during the year	3,500	(259)	715	3,956
Utilised	(3,801)	(223)	(669)	(4,693)
At 31 December 2013	<u>10,834</u>	<u>290</u>	<u>700</u>	<u>11,824</u>

**Maintenance warranties**

A provision is recognised for expected warranty claims on products sold during the last 3 years.

It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within three years of the balance sheet date.

**Provision for restructuring**

A provision has been recognised for the removal of specific roles in the marketing functions.

It is expected that these costs will be incurred within one year of the balance sheet date.

**Other provisions**

A provision has been recognised for liabilities outwith the cover of the Group Income Protection scheme. It is expected that these costs will be incurred within two years of the balance sheet date.

A provision has also been taken for the company contribution to the Defined Contribution pension scheme due when certain return on capital employed performance criteria have been met. This cost will be incurred within one year of the balance sheet date.

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			€'000	€'000
2,100,000	Ordinary Shares	£1	<u>2,309</u>	<u>2,309</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

19. **RESERVES**

**Group**

	Profit and loss account €000	Foreign currency reserve €000	Totals €000
At 1 January 2013	37,083	343	37,426
Profit for the year	14,716	-	14,716
Dividends	(941)	-	(941)
Actuarial (loss) / gain on DB assets	6,539	-	6,539
At 31 December 2013	<u>57,397</u>	<u>343</u>	<u>57,740</u>
Profit and loss account excluding pension liability	71,785		
Pension deficit	<u>(14,388)</u>		
Profit and loss account	<u>57,397</u>		

**Company**

	Profit and loss account €000
At 1 January 2013	56,097
Profit for the year	196
Dividends	<u>(941)</u>
At 31 December 2013	<u>55,352</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The group contributes to a UK pension scheme, the NMHG UK Retirement Plan, which has two sections, a defined benefits (DB) section providing benefits based on service and final pensionable salary, and a defined contribution (DC) section which provides benefits equal in value to the accumulated contributions. The assets of the schemes are held separately from those of the company, being invested by professional investment managers. The cost of funding the defined benefit section of the scheme is determined following advice from independent actuaries.

At the date of this report the group is engaged in discussions with employees as to the future structure of the pension plan.

**NMHG UK Retirement Plan - Defined Benefit Scheme**

The Company made contributions at the rate of 16.1% of members' pensionable salaries throughout the year. The Company also paid €2,600,000 into the Plan in 2013.

A full actuarial valuation was carried out at 5 April 2010 and updated to 31 December 2013 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€000	€000
Present value of funded obligations	(112,634)	(109,969)
Fair value of plan assets	98,246	88,169
	<u>(14,388)</u>	<u>(21,800)</u>
Present value of unfunded obligations	-	-
Deficit	<u>(14,388)</u>	<u>(21,800)</u>
Net liability	<u><u>(14,388)</u></u>	<u><u>(21,800)</u></u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€000	€000
Current service cost	2,027	1,859
Interest cost	4,604	4,766
Expected return on plan assets	(4,953)	(4,874)
Past service cost	600	-
	<u>2,278</u>	<u>1,751</u>
Actual return on plan assets	<u><u>13,985</u></u>	<u><u>9,113</u></u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€'000	€'000
Opening defined benefit obligation	109,969	97,219
Current service cost	2,027	1,859
Past service cost	600	-
Contributions by scheme participants	424	440
Interest cost	4,604	4,766
Foreign currency reserve	(2,247)	2,254
Actuarial losses/(gains)	2,337	8,086
Benefits paid	(3,629)	(3,509)
Administration expenses	(1,451)	(1,146)
	<u>112,634</u>	<u>109,969</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€'000	€'000
Opening fair value of scheme assets	88,169	78,874
Contributions by employer	2,563	2,499
Contributions by scheme participants	424	441
Foreign currency reserve	(1,815)	1,897
Expected return on plan assets	4,953	4,874
Actuarial (losses)/gains	9,032	4,239
Benefits paid	(3,629)	(3,509)
Administration expenses	(1,451)	(1,146)
	<u>98,246</u>	<u>88,169</u>

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€'000	€'000
Actuarial gains / (losses)	<u>6,539</u>	<u>(3,833)</u>
	<u>6,539</u>	<u>(3,833)</u>
Cumulative amount of actuarial losses	<u>(8,001)</u>	<u>(14,540)</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2013

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.13	31.12.12
	€'000	€'000
Equities	69,755	61,718
Bonds	16,702	15,871
Gilts	11,789	10,580
	<u>98,246</u>	<u>88,169</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.12.13	31.12.12
Discount rate	4.40%	4.45%
Inflation assumption	3.40%	2.95%
Rate of salary increases	3.60%	3.45%
	31.12.13	31.12.12
Rate of increase in pensions in payment		
- Between 6 April 1997 and 5 April 2006	3.40%	2.95%
- From 6 April 2006	2.40%	2.15%
Rate of increase for deferred pensioners		
- Between 6 April 1997 and 5 April 2006	3.40%	2.95%
- From 6 April 2006	2.40%	2.15%
Expected rates of return on scheme assets		
- Equities	6.75%	6.75%
- Corporate Bonds	4.10%	4.45%
- Fixed interest gilts	2.90%	3.00%
- Index interest gilts	2.90%	3.00%
- Other assets	2.90%	2.40%
Post retirement mortality		
Current pensioners at 65 - male	21.7	21.7
Current pensioners at 65 - female	23.7	23.7
Future pensioners at 65 - male	23.5	23.5
Future pensioners at 65 - female	25.7	25.6

Amounts for the current and previous four periods are as follows:

	31.12.13	31.12.12	31.12.11	31.12.10	31.12.09
	€'000	€'000	€'000	€'000	€'000
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(112,634)	(109,969)	(97,219)	(93,175)	(84,337)
Fair value of scheme assets	98,246	88,169	78,874	76,630	65,032
Deficit	(14,388)	(21,800)	(18,345)	(16,545)	(19,305)
Experience adjustments on scheme liabilities	(967)	488	1,622	(265)	(790)
Experience adjustments on scheme assets	(8,876)	4,224	4,722	(4,668)	(7,694)

**21. ULTIMATE PARENT COMPANY**

In September 2012 the ultimate parent company became Hyster-Yale Materials Handling, Inc., a company incorporated in the state of Delaware, United States of America, following the spin off of the materials handling business from NACCO Industries Inc.. The only group in which the results of NACCO Materials Handling Group Limited and its subsidiary undertakings are consolidated is that headed by Hyster-Yale Materials Handling, Inc. whose principal place of business is at 5875 Landerbrook Drive, Mayfield Heights, Ohio 44124. The consolidated financial statements of Hyster-Yale Materials Handling, Inc. are available at that address.

**22. CONTINGENT LIABILITIES**

The group has contingent liabilities in respect of:

- i. Guarantees issued for bids and performance bonds of €1,564,063 (2012 - €2,071,213).
- ii. Guarantees and indemnities in respect of VAT, duty and leases €536,788 (2012 - €547,136).
- iii. Cross guarantees on overdrafts and other liabilities of certain other group undertakings for an unlimited amount.

**23. CAPITAL COMMITMENTS**

At the end of the year, the group had capital commitments of €2,257,086 (2012 - €481,769).

**24. OTHER FINANCIAL COMMITMENTS**

The group has entered into leases in respect of land and buildings and plant and equipment. The minimum annual rentals under these leases are as follows:

	31.12.12 €'000	31.12.12 €'000
Operating leases which expire		
Within 1 year		
- Land and buildings	-	-
- Plant and equipment	721	588
Between 2 and 5 years		
- Land and buildings	3,378	1,269
- Plant and equipment	975	631
	<u>5,074</u>	<u>2,488</u>

**25. RELATED PARTY DISCLOSURES**

During the year the group purchased in the ordinary course of business €10,800,644 (2012 - €10,261,602) of raw materials from Sumitomo NACCO, a joint venture between NACCO Materials Handling Group Inc and an independent Japanese entity. At the year end the group had a creditor balance of €2,381,153 (2012 - €1,719,571) with Sumitomo NACCO included within trade creditors.

**26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	31.12.13	31.12.12
	€000	€000
Profit for the financial year	14,716	19,701
Dividends	(941)	(419)
	<u>13,775</u>	<u>19,282</u>
Other recognised gains and losses relating to the year (net)	6,539	(3,833)
	<u>20,314</u>	<u>15,449</u>
<b>Net addition to shareholders' funds</b>	<b>20,314</b>	<b>15,449</b>
Opening shareholders' funds	39,735	24,286
	<u>60,049</u>	<u>39,735</u>
<b>Closing shareholders' funds</b>	<b>60,049</b>	<b>39,735</b>

**Company**

	31.12.13	31.12.12
	€000	€000
Profit for the financial year	196	14
Dividends	(941)	(419)
	<u>(745)</u>	<u>(405)</u>
<b>Net reduction of shareholders' funds</b>	<b>(745)</b>	<b>(405)</b>
Opening shareholders' funds	58,406	58,811
	<u>57,661</u>	<u>58,406</u>
<b>Closing shareholders' funds</b>	<b>57,661</b>	<b>58,406</b>