

Company Registration No. 766251

New Holland Tractor Limited

Report and Financial Statements

31 December 2006



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New Holland Tractor Limited

Report and financial statements 2006

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New Holland Tractor Limited

Report and financial statements 2006

Officers and professional advisers

Directors

L De Splentere
G Adams
D Ducheyne

Secretary

C DeAlwis

Registered office

Cranes Farm Road
Basildon
Essex
SS14 3AD

Bankers

KBC Bank NV
Havenlaan 2
1080 Brussel

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

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New Holland Tractor Limited

Director's report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2006

Principal activities

The principal activity of the company continues to be the manufacture and assembly of tractor components. The company operates its business wholly in Antwerp, Belgium. The company is a dual resident company in the UK and Belgium.

Enhanced Business Review

The results for the year are set out in the profit and loss account on page 8.

The sales are generated from the production of tractor components, more specifically drivelines and rear axles, and associated component parts.

The total sale for New Holland Tractor in 2006 was € 245,255,562 (in 2005 € 246,563,172). Of this amount € 203,249,863 (in 2005 € 193,634,440) was realised for drivelines, € 20,309,074 (in 2005 € 36,905,648) for rear axles and € 21,696,625 (in 2005 € 16,023,084) for associated component parts.

Volume sales for 2006 were 17,830 drivelines (in 2005 17,262), 10,976 rear axles (in 2005 22,309) and 794,505 component parts (in 2005 908,984).

The sales were mainly to other subsidiary companies of CNH, with a total value of €236,263,807. The third party market is rather small and gives a total sale of € 8,991,755.

Gross margin in the year ended 31 December 2006 was 9.27 %, while in 2005 it was 10.02 %.

No significant changes were made to the tractor components manufactured by New Holland Tractor in 2006.

New Holland Tractor has an outstanding loan with CNH Global for an amount of € 99,572,893.52, and with CNH Belgium for € 35,000,000. Its cash pool position with Fiat Finance & Trade at the end of 2006 was € 12,345,213.07 in favour of New Holland Tractor.

The directors are satisfied with the performance of the company given the difficult trading conditions. The directors do not recommend the payment of a dividend (2005: €nil).

Manufacturing Risk

The company's manufacturing facilities could be disrupted for reasons beyond the company's control such as fire, structural damage due to severe weather, work force actions or other issues. The company has recognised these issues and has instigated a disaster monitoring and recovery policy.

Environmental Risk

As a manufacturing entity, the company recognises the risk it carries to the environment and is aware of its responsibility to ensure that all toxic waste and any other manufacturing waste materials are disposed of safely and within the statutory regulations for Waste Management.



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New Holland Tractor Limited

Director's report

Future developments

The budget for the year ending 31 December 2007 includes an increase of 97,000 labour hours as result of higher volumes and additional insourcings anticipated during the year. Focus on quality, cost reductions and customer satisfaction remain key targets for the company. Kaizen events and best practices will be utilised to support these areas of focus. In addition, developments within the CISS program will be made to enhance safety and the working environment.

Research and development

During the year the company continued to invest in improving production processes with the aim of improving customer satisfaction and service. During 2006, the company directly invested €206,701 in research and development (2005: €153,520).

Financial risk management

The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. The company is open to risk from exchange gains and losses due to its heavy involvement in international sales and purchases. The company therefore reviews and manages its exchange position regularly.

Supplier payment policy

The company negotiates payment terms with its suppliers on an individual basis to ensure that they know the terms on which payment will take place when business is agreed. It is our policy to abide by these terms.

Directors and their interests

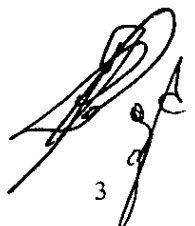
The names of the directors who served during the year are shown on page 1.

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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.



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New Holland Tractor Limited

Director's report

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on its behalf by

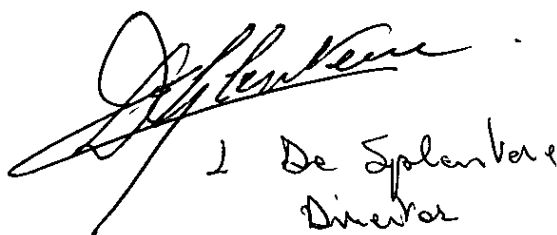


G Adams

Director

11/10/

2007



J De Spolentere
Director

New Holland Tractor Limited

Statement of directors' responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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Independent auditors' report to the members of New Holland Tractor Limited

We have audited the financial statements of New Holland Tractor Limited for the year ended 31 December 2006 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 an auditors' report 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



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Independent auditors' report to the members of New Holland Tractor Limited (continued)

Opinion

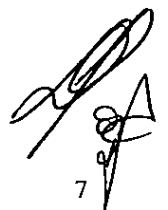
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

4 October 2007



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New Holland Tractor Limited

Profit and loss account Year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Turnover	2	247,218	247,942
Cost of sales		(218,525)	(228,864)
Gross profit		28,693	19,078
Distribution costs		(73)	(83)
Administrative expenses		(7,806)	(14,465)
Other operating income/(expense)		10,522	(61)
Operating profit		31,336	4,469
Loss on sale of freehold land and buildings		(6)	(379)
Interest receivable and similar income	5	9,626	6,673
Interest payable and similar charges	5	(3)	(1)
Profit on ordinary activities before taxation	6	40,953	10,762
Tax charge on profit on ordinary activities	7	(12,607)	(3,855)
Retained profit for the financial year	16,17	28,346	6,907

All results derive from continuing operations

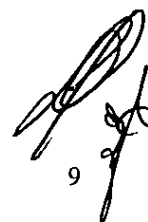
There are no recognised gains or losses other than those shown in the profit and loss account, therefore no statement of total recognised gains and losses is presented



New Holland Tractor Limited

Note of historical cost profits and losses Year ended 31 December 2006

	2006 €'000	2005 €'000
Reported profit on ordinary activities before taxation	40,953	10,762
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	<u>77</u>	<u>76</u>
Historical cost profit on ordinary activities before taxation	<u>41,030</u>	<u>10,838</u>
Historical cost profit for the year retained after taxation	<u><u>28,423</u></u>	<u><u>6,983</u></u>



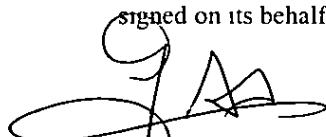
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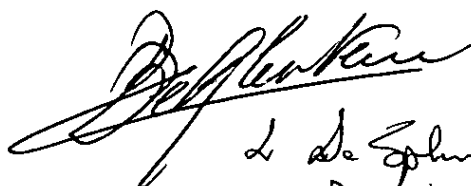
New Holland Tractor Limited

Balance sheet 31 December 2006

	Notes	2006 €'000	2005 €'000
Fixed assets			
Tangible assets	8	32,575	36,653
Current assets			
Stocks	9	22,397	22,166
Debtors			
- due within one year	10	160,091	122,733
- due after more than one year	10	2,262	3,417
Cash at bank and in hand		12,276	16,704
		197,026	165,020
Creditors: amounts falling due within one year	11	(47,463)	(47,468)
Net current assets		149,563	117,552
Total assets less current liabilities		182,138	154,205
Provisions for liabilities	12	(7,540)	(7,953)
Net assets		174,598	146,252
Capital and reserves			
Called up share capital	14	9,631	9,631
Revaluation reserve	15	2,704	2,781
Profit and loss account	16	162,263	133,840
Shareholders' funds	17	174,598	146,252

These financial statements were approved by the Board of Directors on 11/10/2007 and signed on its behalf by


Guy Adams
Director


L. de Spink
Director

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom law and accounting standards.

Foreign currency

Transactions in foreign currencies are translated into Euros at rates ruling on the dates of the transactions or at contracted forward rates of exchange where applicable.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euros at the rates of exchange prevailing at that date or contracted forward rates of exchange where applicable. Exchange differences are taken to the profit and loss account and are included in other income.

Research and development

All research and development costs, including those related to the design and launch of new models, are written off as incurred.

Leases

Costs in respect of operating leases are charged to the profit and loss account over the term of the lease on a straight-line basis, even if the payments are not made on such a basis.

Pension costs

The Company provides pension arrangements for the majority of its full time employees through a defined benefit scheme (CNH pension scheme) in which certain other related group companies also participate. The scheme is administered by the corporate trustee, New Holland Trustee Limited. It is not possible to identify the share of the underlying assets and liabilities in this scheme that are attributable to the Company on a consistent and reasonable basis. Therefore, the Company has applied the provisions of FRS 17 to account for the scheme as if it were a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pensions and other post retirement benefits is contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is provided using the straight line method on the original cost or valuation of categories of tangible assets at rates appropriate to write off the costs of the assets over their expected useful lives as follows

Freehold land	Nil
Freehold buildings	20-33 years
Plant, machinery and other equipment	4-10 years
Special tools	4 years

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost consists of direct material and labour costs together with an appropriate proportion of factory overheads based on normal levels of activity and is stated on a first-in first-out basis. Net realisable value is based on estimated selling price less further costs expected. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cash flow statement

The company is a wholly-owned subsidiary of CHN Global NV (formerly New Holland NV) and is included in the consolidated financial statements of CNH Global NV which are publicly available from the address in note 23. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assets in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 a non-discounted basis.

Revaluation of freehold land and buildings

The group has taken advantage of the transitional provisions of FRS 15 'Tangible fixed assets' and retained the book amounts of certain freehold land and buildings which were revalued prior to implementation of that standard. The freehold land and buildings were last revalued at 31 December 1983 and the valuations have not subsequently been updated.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

2. Segmental information

Turnover represents sales invoiced to customers net of sales tax. The company operates in the agricultural industry in Belgium. All turnover and profit before tax originates in Belgium and is attributable to the manufacture and assembly of tractor components that are considered by the directors to constitute a single class of business. A geographical analysis of turnover by destination is as follows:

	2006 €'000	2005 €'000
United Kingdom	182,185	178,648
Rest of Europe	46,543	39,515
North America	4,515	17,519
South America	10,287	9,238
Australia, Asia and Middle East	248	239
South Africa	10	-
India	3,430	2,783
	<u>247,218</u>	<u>247,942</u>

The directors are of the opinion that disclosing turnover by external and internal customer, profit on ordinary activities before taxation and net assets on a segmental basis would be seriously prejudicial to the interests of the company.

3. Directors' remuneration

	2006 €'000	2005 €'000
Aggregate directors' remuneration		
- Emoluments	<u>-</u>	<u>-</u>

The directors' emoluments above represent payments to no directors (2005: none) in respect of qualifying services.

No director had any interest in the shares or debentures of other group undertakings.

No director accrued retirement benefits under money purchase schemes or defined benefit schemes.

4. Employee information

- (a) The average monthly number of persons employed by the company during the year (including directors) is analysed below:

	2006 No	2005 No
Hourly paid	750	792
Salaried employees		
- Management	9	9
- Other	<u>88</u>	<u>89</u>
	<u>847</u>	<u>890</u>

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

4. Employee information (continued)

(b) Employment costs of all employees included above

	2006 €'000	2005 €'000
Wages and salaries	28,906	29,259
Employer's social security	10,430	11,042
Pension costs	1,461	2,726
	<u>40,797</u>	<u>43,027</u>

5 Interest receivable and interest payable

	2006 €'000	2005 €'000
Interest receivable from group companies	<u>9,626</u>	<u>6,673</u>
Interest payable and similar charges	<u>3</u>	<u>1</u>

6 Profit on ordinary activities before taxation

	2006 €'000	2005 €'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
- Audit services	117	61
Operating lease rentals		
- Other	2,487	2,603
- Plant and machinery	2,065	2,034
Depreciation of tangible fixed assets		
- owned	7,483	7,964
- leased	-	16
Loss on disposal of fixed assets	361	46
Research and development costs	<u>207</u>	<u>154</u>

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New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

7. Tax on profit on ordinary activities

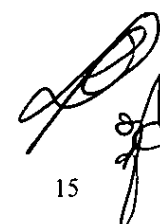
The tax charge comprises

	2006 €'000	2005 €'000
Current tax		
Belgium corporation tax	1,164	-
	<u>1,164</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	11,433	3,847
Adjustment to the estimated recoverable deferred tax assets arising in previous periods	10	8
	<u>11,443</u>	<u>3,855</u>
Total deferred tax (see note 13)		
	<u>12,607</u>	<u>3,855</u>

Under the Belgian/UK double tax treaty, the company is not subject to UK corporation tax. Belgium corporation tax is due in respect of current profits since all brought forward losses have been utilised in 2006.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of Belgian corporation tax to the profit before tax is as follows:

	2006 €'000	2005 €'000
Profit on ordinary activities before tax	<u>40,953</u>	<u>10,762</u>
Tax on profit on ordinary activities at standard Belgian corporation tax rate of 33.99% (2005 – 33.99%)	13,920	3,658
Effects of		
Expenses not deductible for tax purposes	(1,323)	189
Movement in short-term timing differences	(2,578)	(1,079)
Utilisation of tax losses	(8,855)	(2,768)
	<u>1,164</u>	<u>-</u>
Current tax charge for the year		



New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

8. Tangible fixed assets

	Freehold land and buildings €'000	Plant, machinery and other equipment €'000	Special tools €'000	Total €'000
Cost or valuation:				
At 1 January 2006	29,770	142,718	24,045	196,533
Additions	225	1,620	1,864	3,709
Disposals	(747)	(1,293)	-	(2,040)
At 31 December 2006	29,248	143,045	25,909	198,202
Depreciation:				
At 1 January 2006	22,723	117,012	20,145	159,880
Charge for the year	357	4,627	2,499	7,483
Disposals	(443)	(1,293)	-	(1,736)
At 31 December 2006	22,637	120,346	22,644	165,627
Net book value:				
At 31 December 2006	6,611	22,699	3,265	32,575
At 31 December 2005	7,047	25,706	3,900	36,653

Freehold land, amounting to €559,000 (2005 €559,000) has not been depreciated

Freehold land and buildings were revalued on an open market existing use basis at 31 December 1983. The most recent valuation was carried out by Naamloze Vennootschap Industriële Schattingen Job & Co. The amount of the revaluation is included as follows

	2006 €'000	2005 €'000
Revalued amounts	7,193	7,193
Accumulated depreciation	(4,489)	(4,413)
	2,704	2,780

Had the freehold land and buildings not been revalued they would have been included at the following historical amounts

	2006 €'000	2005 €'000
Cost	22,055	22,577
Accumulated depreciation	(18,148)	(18,310)
	3,907	4,267

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

9. Stocks

	2006 €'000	2005 €'000
Raw materials and consumables	13,517	13,859
Work in progress	2,121	2,650
Finished goods and goods for resale	6,759	5,657
	<u>22,397</u>	<u>22,166</u>

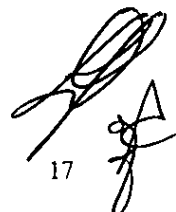
There are no material differences between the cost and replacement value of stock

10 Debtors

	2006 €'000	2005 €'000
Due within one year		
Trade debtors	504	2,842
Amounts owed by fellow group undertakings	158,204	108,432
Other debtors	961	861
Prepayments and accrued income	174	62
Deferred tax asset (see note 13)	248	10,536
	<u>160,091</u>	<u>122,733</u>
Due after more than one year		
Deferred tax asset (see note 13)	2,262	3,417
	<u>2,262</u>	<u>3,417</u>
	<u>162,353</u>	<u>126,150</u>

11. Creditors: amounts falling due within one year

	2006 €'000	2005 €'000
Trade creditors	36,179	34,487
Amounts owed to fellow group undertakings	1,753	4,503
Corporation tax	1,164	-
Other taxation and social security	3,277	3,321
Other creditors	649	665
Accruals	4,441	4,492
	<u>47,463</u>	<u>47,468</u>



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New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

12 Provisions for liabilities

	Bridge pension €'000	Model changeover €'000	Litigation €'000	Rationalisation €'000	Environmental €'000	Total €'000
At 1 January 2006	3,657	46	21	27	4,202	7,953
Created	530	28	39	7	120	724
Utilised during the year	(929)	(30)	(1)	(6)	(135)	(1,101)
Released	-	(36)	-	-	-	(36)
	<u>3,258</u>	<u>8</u>	<u>59</u>	<u>28</u>	<u>4,187</u>	<u>7,540</u>
At 31 December 2006	3,258	8	59	28	4,187	7,540

Under the terms of a national collective labor agreement, salaried and hourly people have the opportunity to choose for bridge pension until they become entitled to regular pension benefits at the age of 65 for both male and female employees. The provision represents the amount needed to cover the anticipated future cost of this programme. The majority of the expenditure will be incurred within 7 years of the balance sheet date.

Model changeover represents the companies estimated liability for terminating long term supply contracts. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

The rationalisation program covers the amount for supplementary payment on top of social funding for a very limited number of people.

The environmental provision represents the estimated costs necessary to fulfil environmental obligations arising from soil contamination incurred at the two plants. The timing of this expenditure is dependant upon the dates of sale of the two plants. It is expected that the majority of Plant 2 expenditure will be incurred within four years of the balance sheet date. The timing of Plant 1 expenditure is uncertain.

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

13. Deferred taxation

	2006 €'000	2005 €'000
Balance at 1 January	13,953	17,808
Charged to profit and loss account	(11,443)	(3,855)
Balance at 31 December	<u>2,510</u>	<u>13,953</u>
	2006 €'000	2005 €'000
Short term timing differences	2,510	4,253
Trading losses	-	9,700
Undiscounted deferred tax asset	<u>2,510</u>	<u>13,953</u>

The deferred tax asset has been recognised as the directors believe that there will suitable sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted

14 Called up share capital

	2006 €'000	2005 €'000
Authorised:		
53,070,000 (2005 53,070,000) ordinary shares of £1 each	<u>84,012</u>	<u>84,012</u>
Called up, allotted and fully paid.		
6,084,100 (2005 6,084,100) ordinary shares of £1 each	<u>9,631</u>	<u>9,631</u>

15 Revaluation reserve

	2006 €'000
Balance at 1 January 2006	2,781
Transfer to profit and loss account	(77)
Balance at 31 December 2006	<u>2,704</u>

The revaluation reserve relates to the revaluation of freehold land and buildings (see note 8)

New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

16. Profit and loss account

	2006 €'000
At 1 January 2006	133,840
Retained profit for the financial year	28,346
Transfer from revaluation reserve	77
At 31 December 2006	<u>162,263</u>

17. Reconciliation of movements in equity shareholders' funds

	2006 €'000	2005 €'000
Retained profit for the financial year and net addition to equity shareholders' funds	28,346	6,907
Opening equity shareholders' funds at 1 January 2006	<u>146,252</u>	<u>139,345</u>
Closing equity shareholders' funds at 31 December 2006	<u>174,598</u>	<u>146,252</u>

18. Capital expenditure

The estimated aggregate of contracts committed but not provided for in the financial statements is €nil (2005 €238,871)

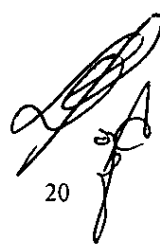
19. Operating lease commitments

At 31 December 2006, the company has annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land and buildings €'000	Other €'000	Land and Buildings €'000	Other €'000
Operating leases which expire				
Between two and five years	-	2,482	-	2,601
After five years	<u>1,974</u>	<u>-</u>	<u>1,929</u>	<u>-</u>
	<u>1,974</u>	<u>2,482</u>	<u>1,929</u>	<u>2,601</u>

20. Other financial commitments

The company is committed to pay approximately €1.07 million in 2007 under a service agreement with Fiat Services Belgium, a fellow group undertaking



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New Holland Tractor Limited

Notes to the financial statements Year ended 31 December 2006

21 Pension costs

The company provides pension arrangements for its full time employees through a defined benefit pension fund in which certain other related group companies also participate, providing benefits based on final pensionable pay. The assets of the scheme are invested and held separately from those of the company. Contributions to the scheme are based on a global contribution rate advised by the scheme's actuary.

In accordance with FRS 17, the company accounts for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a reasonable basis. The latest actuarial valuation of the scheme shows a deficit of €7,861,849 at 31 December 2006 (2005 €7,455,311).

The company's regular pension contribution in the period was €1,460,913, premium taxes included (2005 €2,366,241). No benefit enhancements have been paid in 2006 (2005 €359,546).

22 Related party transactions

As a subsidiary of CNH Global NV (formerly New Holland NV) the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related party disclosures" not to disclose transactions with other related companies within the group. The consolidated financial statements of CNH Global NV in which the company is included are available at the address given in note 23.

Transactions on an arms length basis with other group companies under 90% owned by the ultimate parent undertaking Istituto Finanziario Industriale SpA, are as follows:

Related party	Services received/ purchases from €'000	Amounts owed by €'000	Amounts owed to €'000
Fiat Ges. Co Belgium N V	1,192	-	-
Fiat Finance & Trade Ltd	-	12,325	-
Fiat Ge Va SpA	2	-	-
Fiat Gesco SpA	116	-	29

23. Holding company and ultimate parent company

The company is a wholly-owned subsidiary of New Holland Holding Limited, a company incorporated in Great Britain and registered in England and Wales. New Holland Holding Limited does not publish consolidated financial statements.

New Holland Holding Limited is in turn a wholly-owned subsidiary of CNH Global NV, a company incorporated in the Netherlands.

CNH Global N V is the parent undertaking of the smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the accounts are available from World Trade Centre, Amsterdam Airport, Schipol Boulevard 217, 1118BH, Schipol, Holland.

CNH Global N V is a 90% subsidiary of New Holland Holdings N V, a wholly owned subsidiary of Fiat SpA.

The directors regard Fiat SpA, a company incorporated in Italy, as the ultimate parent company and controlling party. Fiat SpA, a company incorporated in Italy is the parent company of the largest group of which the company is a member and for which group accounts are available from the Company Secretary, Fiat SpA, Corso Marconi 10, Turin, Italy.

New Holland Tractor Limited

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