

Company Registration No. 766251

New Holland Tractor Limited

Report and Financial Statements

31 December 2012



New Holland Tractor Limited

Report and financial statements 2012

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	6
Independent auditors' report	7
Profit and loss account	9
Note of historical cost profits and losses	10
Statement of total recognised gains and losses	10
Balance sheet	11
Notes to the financial statements	12

New Holland Tractor Limited
Company Registration No. 766251

Report and financial statements 2012

Officers and professional advisers

Directors

L De Splentere
B Noppe
G Adams

Secretary

Charles RR De Alwis

Registered office

Cranes Farm Road
Basildon
Essex
SS14 3AD

Bankers

KBC Bank NV
Havenlaan 2
1080 Brussel

Auditor

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

New Holland Tractor Limited
Company Registration No. 766251

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2012

Principal activities

The principal activity of the company continues to be the manufacture and assembly of tractor components. The directors do not anticipate any change in the company's operations. The company operates its business wholly in Antwerp, Belgium.

Enhanced business review

The results for the year are set out in the profit and loss account on page 9.

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

The total turnover for the company in 2012 was €452,495,000 (2011 €374,911,000). Of this amount €419,750,000 (2011 €340,952,000) was realised for drivelines, €3,079,000 (2011 €11,026,000) related to rear axles, €28,137,000 (2011 €21,213,000) related to component parts and €1,529,000 (2011 €1,720,000) to services, work orders and scrap.

In terms of volume, 29,965 drivelines were sold in 2012 (2011 18,928), 1,216 rear axles (2011 5,314) and 589,774 component parts (2011 454,136). No significant changes were made to the tractor components manufactured by the company during 2012.

Sales were mainly made to other subsidiary companies of the CNH Global N V group, and total €449,172,000 (2011 €367,078,000). The third party market is small, being €3,323,000 (2011 €7,833,000).

Gross margin for the year ended 31 December 2012 was 7.59% (2011 6.27%).

The company ended the loan to CNH Asian Holding N V Limited (2011 €19,493,864). The loan to CNH Belgium N V for €140,000,000 remains unchanged and there's a new loan to CNH Global for €40,000,000. The company continues to participate in the cash pooling arrangements established with Fiat Industrial Finance Europe S A, with year end funds of €121,604,723 (2011 €84,608,296) in favour of the company.

The directors are satisfied with the performance of the company given the continued difficult trading conditions. The directors do not recommend the payment of a dividend (2011 €nil).

Risk management

The company's activities expose it to the following key risks:

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.

New Holland Tractor Limited

Company Registration No 766251

Directors' report (continued)

Future developments

In 2012 the company noted evidence of a further recovery across most markets such that production volumes are 24% higher compared to 2011 and 76% higher compared to 2009

In 2013 the company expects a reduction in production volumes compared with 2012. This is partly due to a decrease in demand, partly compensated with the launch of the APH CVT 4cyl. In the middle of 2013, the volume of industrial rear axles will be limited to axles for Fargo and components for Caterpillar. It is anticipated that by the end of 2013, the production of industrial rear axle will cease.

In 2012, the company invested in the launch and production of the APH CVT 4cyl. This was not the only investment, also € 6.1 million was invested in improvement of the work environment, improvement of safety, reduction of the environmental risk, investment to retain or increase existing capacity and projects of cost reduction.

In 2013, the implementation of the World Class Manufacturing (WCM) program will continue. This comprises a ten step programme aimed at achieving World Class standards in the following areas:

- Safety and security
- Quality control
- Logistics and customer service
- Cost deployment
- Focused improvement
- Autonomous activities
- Professional maintenance
- Early system management and service development
- People development
- Environment

Attention is also given to the following ten organisational factors of success:

- Commitment
- Motivation
- Communication
- Insight
- Follow up
- Deployment
- Implementation
- Evaluation
- Visual standards
- Documentation

Continued application of the WCM will lead to further operating improvements by reducing quality errors and losses caused by machinery breakdowns.

Further development of the WCM programme is considered an appropriate strategy to improve the profitability of the company by eliminating waste and losses within the manufacturing operations and to establish a good foundation for further growth.

Directors' report (continued)

Research and development

The company does not undertake any research and development. Research and development (R&D) of new components used by the company is performed by other locations within the CNH Global N V group. These R&D departments develop new products (new models of agricultural and industrial tractors, new types of rear axles, transmissions and other components of tractors) and improve existing products. Their work includes building prototypes, testing and validating new products before these items enter full production.

Research and development focuses both on the immediate needs of providing the customer with a quality product, and on the long term objective of establishing the New Holland brand as a market leader for agricultural and industrial tractors and equipment through the provision of technologically progressive, quality products.

Because research and development is key to increasing market share, discretion is essential for the success of the R&D programmes. Therefore information about the programmes is treated confidentially.

The costs made by the research departments is recharged to the involved plants (Antwerp, Basildon, Zedelgem, Brazil) and to the sales organisations, in line with hours and other expenses of the program.

In 2012 and 2011, no charge was incurred.

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 exposed 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.

The company is exposed to price risk from suppliers although with a centralised purchasing function now in place across much of the group, this risk has been largely minimised.

The company is not greatly exposed to credit risk owing to the majority of its trading being with fellow group companies. Similarly the company is a net lender to other group companies and therefore although affected by fluctuations in interest rates, as this is not the primary operation of the business, interest rate risk is not deemed significant.

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. Company policy is to abide by these terms.

Fiat Industrial SpA

Directors

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.

New Holland Tractor Limited
Company Registration No 766251

Directors' report (continued)

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.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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



L. De Splentere
Director

30 August 2013

Directors' responsibilities statement

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 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 judgements 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 adequate accounting records which are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditor's 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 2012 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes 1 to 21. 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 an auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 directors' report 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 company's affairs as at 31 December 2012 and of its 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.

Company Registration No 766251

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Ernst & Young LLP

Chris Nobbs (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

2 SEPTEMBER 2013

New Holland Tractor Limited
Company Registration No. 766251

Profit and loss account
Year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Turnover	2	452,495	374,911
Cost of sales		(418,164)	(351,415)
Gross profit		34,331	23,496
Distribution costs		(18)	(24)
Administrative expenses		(873)	(404)
Other operating expenses		(2,708)	(743)
Operating profit		30,732	22,325
Interest receivable and similar income	5	13,423	14,404
Interest payable and similar charges	5	(38)	(81)
Profit on ordinary activities before taxation	6	44,117	36,648
Tax charge on profit on ordinary activities	7	(14,163)	(10,684)
Profit for the financial year		29,954	25,964

All results derive from continuing operations

New Holland Tractor Limited
Company Registration No. 766251

Note of historical cost profits and losses
Year ended 31 December 2012

	2012 €'000	2011 €'000
Reported profit on ordinary activities before taxation	44,117	36,648
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	76	76
Historical cost profit on ordinary activities before taxation	44,041	36,724
Historical cost profit for the year retained after taxation	29,954	26,040

Statement of Total Recognised Gains and Losses
Year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Profit for the financial year		29,954	25,964
Actuarial (loss)/gain on pension scheme	19	(4,031)	860
Movement on deferred Tax on pension fund deficit		2,233	(283)
Total recognised gains in the year		28,156	26,541

New Holland Tractor Limited
Company Registration No. 766251

Balance sheet
31 December 2012

	Notes	2012 €'000	2011 €'000
Fixed assets			
Tangible assets	8	55,584	56,023
Current assets			
Stocks	9	36,612	35,086
Debtors			
- due within one year	10	208,906	151,167
- due after more than one year	10	140,000	140,000
Cash at bank and in hand		1	1
		385,519	326,254
Creditors: amounts falling due within one year	11	(139,098)	(112,382)
Net current assets		246,421	213,872
Total assets less current liabilities		302,005	269,895
 Provisions for liabilities and charges	12	(4,303)	(4,309)
Net assets excluding pension liability		297,702	265,586
 Pension liability	19	(12,638)	(8,678)
Net assets		285,064	256,908
Capital and reserves			
Called up share capital	14	9,631	9,631
Revaluation reserve	15	2,247	2,323
Profit and loss account	15	273,186	244,954
Shareholders' funds		285,064	256,908

These financial statements were approved by the Board of Directors and signed on its behalf by



L. De Splentere
Director

30 August 2013

Notes to the financial statements

Year ended 31 December 2012

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 and in accordance with applicable United Kingdom accounting standards, and in compliance with the Companies Act 2006.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 2. The financial position of the company is as shown in the balance sheet on page 11.

As also described in the Directors' Report on page 2, the vast majority of the revenue and profits of the company are earned from trading with other members of the CNH Global N V group. The company has access to considerable financial resources from across the CNH group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries and taking into consideration the profitability and financial position of the company, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Trade debtors

Trade debtors represent the gross amount of unpaid debts to the company less amounts factored without recourse and other similar advances.

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.

Finance leases

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 the shorter of the lease terms and their useful lives. The capital elements of the 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.

Notes to the financial statements
Year ended 31 December 2012

1. Accounting policies (continued)

Operating 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 its employees through a defined benefit scheme (CNH pension scheme) in which certain other related group companies also participate. The scheme is administered by OFP Voorzorgsfonds Groep New Holland België. The defined benefit contributory pension schemes for certain employees. For this defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest and the expected return on assets are shown as a net amount of other finance costs adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

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. Revenue is recognised ex-works for all intercompany sales and in accordance with the terms of the sales agreement for third party transactions.

Cash flow statement

The company is a wholly-owned subsidiary of CNH Global N.V. and is included in the consolidated financial statements of CNH Global N.V. which are publicly available from the address in note 21. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996).

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.

Notes to the financial statements

Year ended 31 December 2012

1 Accounting policies (continued)

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- deferred tax assets 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. Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is taken directly to the statement of total recognised gains and losses in due course

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
Company Registration No 766251

Notes to the financial statements
Year ended 31 December 2012

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:

	2012 €'000	2011 €'000
United Kingdom	280,258	234,065
Rest of Europe	145,113	112,928
North America	21,488	19,005
South America	4,933	3,911
Australia, Asia and Middle East	171	1,240
India	532	3,762
	<u>452,495</u>	<u>374,911</u>

3. Directors' remuneration

No emoluments (2011: €nil) were paid to any director during the year in respect of qualifying services. The remuneration of the director was borne by another group company.

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:

	2012 No.	2011 No.
Hourly paid	979	942
Salaried employees		
- Management	11	11
- Other	87	81
	<u>1,077</u>	<u>1,034</u>

(b) Employment costs of all employees included above:

	2012 €'000	2011 €'000
Wages and salaries	45,333	40,988
Employer's social security	12,910	11,232
Pension costs	1,254	1,045
	<u>59,497</u>	<u>52,265</u>

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

5. Interest receivable and interest payable

	2012 €'000	2011 €'000
Interest receivable from group companies	13,423	14,404
Bank interest payable and similar charges	(34)	(77)
Intercompany interest payable and similar charges	(4)	(4)
Interest payable and similar charges	(38)	(81)

6 Profit on ordinary activities before taxation

	2012 €'000	2011 €'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's annual accounts	35	35
Operating lease rentals		
- Other	3,043	2,953
- Plant and machinery	85	67
Depreciation of tangible fixed assets		
- owned	8,384	7,393
- leased	0	640
Loss on disposal of fixed assets	(16)	124
Finance income on the defined benefit pension scheme	543	(437)

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

7. Tax on profit on ordinary activities

The tax charge comprises

	2012 €'000	2011 €'000
<i>Current tax</i>		
Belgium corporation tax	13,360	10,589
	<u>13,360</u>	<u>10,589</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (see note 13)	803	95
	<u>803</u>	<u>95</u>
Total deferred tax movement	<u>803</u>	<u>95</u>
Total tax charge on profit on ordinary activities	<u>14,163</u>	<u>10,684</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:

	2012 €'000	2011 €'000
Profit on ordinary activities before tax	<u>46,582</u>	<u>36,648</u>
Tax on profit on ordinary activities at standard Belgian corporation tax rate of 33.99% (2011: 33.99%)	15,833	12,456
Effects of		
Depreciation	27	(219)
Pension	(570)	(78)
Adjustments in respect of prior years	(183)	34
Expenses not deductible for tax purposes	531	617
Notional interest deduction	(2,512)	(2,368)
Movement in short-term timing differences	(76)	50
Investment allowances	-	(137)
Tax increase insufficient prepayments	298	234
Derivatives	12	-
	<u>13,360</u>	<u>10,589</u>
Current tax charge for the year	<u>13,360</u>	<u>10,589</u>

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

8. Tangible fixed assets

	Freehold land and buildings €'000	Plant, machinery and other equipment €'000	Special tooling €'000	Total €'000
Cost and valuation				
At 1 January 2012	27,119	166,599	29,020	222,738
Additions	387	6,058	1,486	7,931
Disposals	172	(2,303)	(7,794)	(9,925)
At 31 December 2012	<u>27,678</u>	<u>170,354</u>	<u>22,712</u>	<u>220,744</u>
Accumulated depreciation				
At 1 January 2012	19,523	123,788	23,404	166,715
Charge in the year	658	5,281	2,445	8,384
Disposals	-	(2,079)	(7,860)	(9,939)
At 31 December 2012	<u>20,181</u>	<u>126,990</u>	<u>17,989</u>	<u>165,160</u>
Net book value				
At 31 December 2012	<u>7,497</u>	<u>43,364</u>	<u>4,723</u>	<u>55,584</u>
At 31 December 2011	<u>7,597</u>	<u>42,811</u>	<u>5,616</u>	<u>56,023</u>

Freehold land, amounting to € 559,000 (2011 €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 in 1983 by Naamloze Vennootschap Industriële Schattingen Job & Co. The amount of the revaluation is included as follows

	2012 €'000	2011 €'000
Revalued amounts	7,193	7,193
Accumulated depreciation	<u>(4,946)</u>	<u>(4,870)</u>
	<u>2,247</u>	<u>2,323</u>

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

8 Tangible fixed assets (continued)

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

	2012	2011
	€'000	€'000
Cost	20,485	19,926
Accumulated depreciation	(15,235)	(14,652)
	<u>(5,250)</u>	<u>5,274</u>

9. Stocks

	2012	2011
	€'000	€'000
Raw materials and consumables	27,823	26,314
Work in progress	8,789	8,755
Finished goods and goods for resale		17
	<u>36,612</u>	<u>35,086</u>

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

Notes to the financial statements
Year ended 31 December 2012

10. Debtors

	2012	2011
	€'000	€'000
Due within one year		
Trade debtors	1,415	1,152
Amounts held in group treasury accounts	121,604	84,609
Amounts owed by fellow group undertakings	69,073	48,113
Other debtors	14,174	14,049
Deferred tax asset	2,634	3,238
Prepayments and accrued income	6	6
	<u>208,906</u>	<u>151,167</u>
Due after more than one year		
Amounts owed by fellow group undertakings	140,000	140,000
	<u>140,000</u>	<u>140,000</u>
	<u>348,906</u>	<u>291,167</u>

At 31 December 2012, amounts owed by fellow group undertakings within one year include interest bearing loans (EURIBOR plus a spread), repayable within one year from CNH Global of € 40m. The loan previously extended to CNH Asian Holding of €19.5m was repaid during the year. The remainder of the balance arises from normal trading activity.

The amount owed by fellow group undertakings due after more than one year comprises a €140.0m loan extended to CNH Belgium N.V. in June 2010. The profit participation loan attracts interest at 8.89% p.a. and is due for repayment on 31 December 2014.

Amounts held in group treasury represents cash balances held in a group treasury function which is readily convertible to cash in this company.

11. Creditors: amounts falling due within one year

	2012	2011
	€'000	€'000
Obligation under finance leases and hire purchase contracts	47	12
Trade creditors	100,678	76,185
Amounts owed to fellow group undertakings	5,133	5,602
Other taxation and social security	18,308	15,559
Deferred tax liability	6,892	6,694
Accruals	8,040	8,330
	<u>139,098</u>	<u>112,382</u>

Notes to the financial statements
Year ended 31 December 2012

12. Provisions for liabilities

	Environmental reserve €'000
At 1 January 2012	4,309
Created	-
Utilised during the year	(6)
Released	-
	<u>4,303</u>
At 31 December 2012	<u>4,303</u>

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 expected that the majority of Plant 2 expenditure will be incurred within three years of the balance sheet date. The timing of Plant 1 expenditure is uncertain.

13. Deferred taxation

The movement on the deferred tax liability is as follows

	2012 €'000	2011 €'000
Balance at 1 January	3,456	3,361
Charged to profit and loss account	803	95
	<u>4,258</u>	<u>3,456</u>
Balance at 31 December	<u>4,258</u>	<u>3,456</u>

The deferred tax included in the balance sheet is as follows

	2012 €'000	2011 €'000
Asset in respect of short term timing differences (see note 10)	2,634	3,238
Liability for accelerated depreciation of fixed assets under Belgian GAAP (see note 11)	(6,892)	(6,694)
	<u>(4,258)</u>	<u>(3,456)</u>
Net deferred tax liability	<u>(4,258)</u>	<u>(3,456)</u>

14 Called up share capital

	2012 €'000	2011 €'000
Authorised.		
53,070,000 ordinary shares of €1 each	84,012	84,012
	<u>84,012</u>	<u>84,012</u>
Called up, allotted and fully paid:		
6,084,100 ordinary shares of €1 each	9,631	9,631
	<u>9,631</u>	<u>9,631</u>

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

15 Reconciliation of movements in shareholders' funds

	Share Capital €'000	Revaluation Reserve €'000	Profit and loss account €'000	Total reserves €'000
Opening shareholders' funds at 1 January 2011	9,631	2,399	218,337	230,367
Profit for the financial year and net addition to shareholders' funds	-	-	25,964	25,964
Actuarial gain on defined benefit pension scheme	-	-	860	860
Deferred tax movement thereon	-	-	(283)	(283)
Transfer from revaluation reserve	-	(76)	76	-
Opening shareholders' funds as at 1 January 2012	9,631	2,323	244,954	256,908
Profit for the financial year and net addition to shareholders' funds	-	-	29,954	29,954
Actuarial loss on defined benefit pension scheme	-	-	(4,031)	(4,031)
Deferred Tax movement on pension fund deficit	-	-	2,233	2,233
Transfer from revaluation reserve	-	(76)	76	-
Closing shareholders' funds at 31 December 2012	9,631	2,247	273,186	285,064

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

16 Capital commitments

The estimated aggregate of contracts committed but not provided for in the financial statements is €2,504,130 (2011 €4,637,926)

New Holland Tractor Limited
Company Registration No. 766251

Notes to the financial statements
Year ended 31 December 2012

17. Operating lease commitments

At 31 December 2012, the company has annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings €'000	Other €'000	Land and buildings €'000	Other €'000
Operating leases which expire				
Within one year	-	-	-	-
Between two and five years	-	837	-	723
After five years	2,215	-	2,151	-
	<u>2,215</u>	<u>837</u>	<u>2,151</u>	<u>723</u>

18. Other financial commitments

The company is committed to pay approximately €852,400 (2012 €1,023,000) under a service agreement with Fiat Services Belgium, a fellow group undertaking

New Holland Tractor Limited
Company Registration No 766251

Notes to the financial statements
Year ended 31 December 2012

19. Pension costs

New Holland Tractor Tractor Limited NV provides pension arrangement for its employees

All white collar workers of the company are member of the Tractor Pension Plan, a defined benefit pension fund, as of the month in which the white collar worker reach the age of 25, but only after 1 year of membership the amounts are assigned to the employee

The Tractor Pension Plan also has life and invalidity insurance components. All white collar workers have the rights on this components as of the first day of employment in New Holland Tractor

The Tractor Pre-Pension Plan contains the provisions in line with the agreements made on sector level in Belgium for blue collar workers (C A O – ‘Collectieve Arbeids Overeenkomst’ for P C 111 – ‘Paritair Comité 111’) and white collar workers (C A O for P C 209). Both sector agreements are valid until June 30, 2013 and include the possibility for employees to early retire at the age of 58

The company provides pension arrangements for its employees through a 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

The major assumptions used by the actuary were:

	2012	2011	2010
Discount rate	3.00%	4.70%	4.20%
Expected return on scheme assets	5.75%	5.75%	5.75%
Inflation – RPI	2.00%	2.00%	2.00%
Inflation – CPI	2.00%	2.00%	2.00%

Pensioner mortality has been based on PM/FAC00 base mortality adjusted by the addition of three years of age, with medium cohort improvements subject to a 1% underpin in both 2010 and 2009. In 2008, the PA92 base mortality adjusted by the additional of three years of age, with medium cohort improvements was used

The assets in the scheme and the expected rate of return were:

	2012 €000	2011 €000	2010 €000
Benefit plan			
Total fair value of assets	8,457	7,935	8,731
Present value of scheme liabilities	(27,602)	(20,887)	(22,749)
Deficit in the scheme	(19,145)	(12,952)	(14,018)
Related deferred tax asset (at 33%/33.99%)	6,507	4,274	4,626
Net pension liability	(12,638)	(8,678)	(9,392)

Notes to the financial statements
Year ended 31 December 2012

19 Pension costs (continued)

Analysis of the amount charged to operating profit

	2012 €'000	2011 €'000	2010 €'000
Current service cost	(889)	(892)	(803)

Analysis of the amount credited/(charged) to net finance charges

	2012 €'000	2011 €'000	2010 €'000
Expected return on pension scheme assets	387	475	453
Interest on pension scheme liabilities	(930)	(912)	(1,025)
	543	(437)	(572)

Analysis of the actuarial (loss)/gain in the statement of total recognised gains and losses

	2012 €'000	2011 €'000	2010 €'000
Actual return less expected return on pension scheme assets	450	(723)	448
Experience gains and losses arising on the scheme liabilities	(1,178)	620	(665)
Changes in method and assumptions underlying the present value of the scheme liabilities	(3,303)	963	(1,609)
	(4,031)	860	(1,826)

Changes in the present value of the defined benefit obligations are analysed as follows

	2012 €000	2011 €000	2010 €000
At 1 January	20,887	22,749	21,127
Past service cost	889	892	877
Interest cost	930	912	1,025
Benefits paid	(2,012)	(2,083)	(2,554)
Past service cost	2,427		
Actuarial (gains) and losses	4,481	(1,583)	2,274
At 31 December	27,602	20,887	22,749

Notes to the financial statements
Year ended 31 December 2012

19. Pension commitments (continued)

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

	2012	2011	2010
	€000	€000	€000
At 1 January	7,935	8,731	8,777
Expected return on plan assets	387	475	453
Actuarial gains and (losses)	450	(723)	448
Benefits paid	(2,012)	(2,083)	(2,554)
Contribution by employer	1,697	1,535	1,607
At 31 December	<u>8,457</u>	<u>7,935</u>	<u>8,731</u>

Movement in the plan deficit in the year

	2012	2011	2010
	€'000	€'000	€'000
At 1 January	(12,952)	(14,018)	(12,350)
Other financial income/(expenditure)	(2,162)	206	158
Actuarial (loss)/gain	(4,031)	860	(1,826)
At 31 December	<u>(19,145)</u>	<u>(12,952)</u>	<u>(14,018)</u>

Movements over previous five years

	2012	2011	2010	2009	2008
	€000	€000	€000	€000	€000
Fair value of scheme assets	8,457	7,935	8,731	8,777	8,563
Present value of defined benefit obligation	<u>27,602</u>	<u>20,887</u>	<u>22,749</u>	<u>21,127</u>	<u>21,577</u>
Deficit in the scheme	(19,145)	(12,952)	(14,018)	(12,350)	(13,014)
Experience adjustments arising on plan liabilities	(1,178)	620	(665)	(568)	-
Gain/(loss) from changes in assumptions on value of scheme liabilities	(3,303)	963	(1,609)	(505)	-
Experience adjustments arising on plan assets	<u>450</u>	<u>(723)</u>	<u>448</u>	<u>822</u>	<u>-</u>

New Holland Tractor Limited
Company Registration No 766251

Notes to the financial statements
Year ended 31 December 2012

20. Related party transactions

As a subsidiary of CNH Global N V 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 N V in which the company is included are available at the address given in note 21.

Transactions on an arm's length basis with other group companies not fully 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 Services Belgium N V	1,070	-	-
Fiat Finance & Trade Ltd	-	121,604	-
Fiat Finance SpA	4	-	-
	<u>1,074</u>	<u>121,604</u>	<u>-</u>

21. 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 N V, a company incorporated in the Netherlands.

For the year ended 31 December 2012, the directors regard Fiat Industrial SpA, a company incorporated in Italy, as the ultimate parent company and controlling party, and CNH Global N V as the parent undertaking of the smallest group of which the company is a member and for which group accounts are drawn up. CNH Global N V is a 90% subsidiary of New Holland Holdings N V, and for the year ended 31 December 2012, New Holland Holdings N V was a wholly owned subsidiary of Fiat Industrial SpA.

Copies of the CNH Global N V accounts are available from World Trade Centre, Amsterdam Airport, Schiphol Boulevard 217, 1118BH, Schiphol, Holland.

Copies of the Fiat Industrial SpA group accounts are available from the Company Secretary, Fiat Industrial SpA, Corso Marconi 10, Turin, Italy.