

JCB Materials Handling Limited
Directors' Report and Financial Statements
for the year ended 31 December 2011

Registered number 01351843

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JCB Materials Handling Limited

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JCB Materials Handling Limited

Directors and advisors

Directors

Sir Anthony Bamford DL
J C E Bamford
A R Blake
G A Macdonald
J Gill
M W Turner

Company secretary

S E R Ovens

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Slaughter & May
1 Bunhill Row
London
EC1Y 8YY

Bankers

Barclays Bank plc
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

Registered office

Lakeside Works
Rocester
Uttoxeter
Staffs
ST14 5JP

Registered number

01351843

JCB Materials Handling Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of JCB Materials Handling Limited was the design and manufacture of telescopic handling machines and equipment. The company ceased to trade on 1 November 2011, when the trade was transferred to JC Bamford Excavators Limited.

Review of business and future developments

As reported in the 2010 accounts, JCB Materials Handling Limited started 2011 strongly and this strong performance continued throughout the year. Although regional differences remained as to the pace of market growth, the world market grew strongly in 2011 and the company took advantage of this. This resulted in turnover of £305.5 million for the 10 months ended 31 October 2011 (Year ended 31 December 2010 £239.7 million). On 1 November 2011 the trade and assets of JCB Materials Handling Limited were transferred at book value to JC Bamford Excavators Limited for a consideration of £38.5 million. On this date, JCB Materials Handling Limited ceased to trade.

Dividends

The directors approved and paid an interim dividend of £62.5 million during the year (2010 £45.0 million). The directors do not recommend the payment of a final dividend.

Research and development

The company invested in product research and development with expenditure during the year of £4.1 million (2010 £3.4 million).

Charitable and political contributions

The company made no charitable contributions or political contributions during the year (2010 £nil).

Statutory Records

The company is incorporated in England and its company registration number is 01351843.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Sir Anthony Bamford DL

J C E Bamford

A R Blake

G A Macdonald

J Gill

M W Turner (appointed 1 January 2012)

Directors Indemnity Insurance

The company purchases liability insurance cover for directors and officers of the company which gives appropriate cover for any legal action brought against them in their capacity as directors or officers. The company also provides indemnity for its directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This indemnity does not provide cover should a director be proved to have acted fraudulently or dishonestly.

Employees

The directors acknowledge the need to encourage employee involvement by supplying information on matters of importance through regular consultation with employees. Information is provided by various means, including audio-visual presentations, company newspapers and information bulletins. There is also an annual review of the company's performance, which is presented to all employees. Employees are encouraged to participate in local schemes designed to improve performance in the areas in which they work.

The company discharges, equitably, its statutory and social duties in respect of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and the Employment Equality Regulations on sexual orientation, religion, belief or age. An equal opportunities policy is in operation. For those employees becoming disabled during the course of their employment, every effort is made, whether through training or redeployment, to provide an opportunity for them to remain with the company.

JCB Materials Handling Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that 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.

Statement of disclosure of information to auditors

Each director of the company, in office at the time of approval of this report, acknowledges that

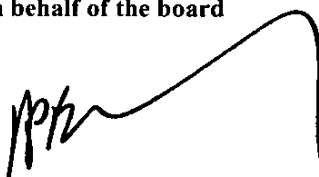
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors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

This statement is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



Sir Anthony Bamford DL
Chairman

13 JUL 2012

JCB Materials Handling Limited

Independent Auditors' Report to the members of JCB Materials Handling Limited

We have audited the financial statements of JCB Materials Handling Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 2011 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.

Opinion on other matters 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.



Nicholas Boden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

13 July 2012

JCB Materials Handling Limited

Profit & loss account for year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	305,493	239,677
Cost of sales		(247,823)	(187,622)
Gross profit		57,670	52,055
Distribution costs		(13,218)	(10,473)
Administrative costs		(5,728)	(4,562)
Operating profit	3	38,724	37,020
Interest receivable and similar income	6	58	50
Interest payable and similar charges	7	(592)	(367)
Profit on ordinary activities before taxation		38,190	36,703
Tax on profit on ordinary activities	8	(10,798)	(10,210)
Profit for the financial year	18	27,392	26,493

All activities are derived from discontinued operations

The company has no recognised gains or losses for the year other than the results above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents

JCB Materials Handling Limited

Balance Sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	10	-	4,276
Current assets			
Stocks	11	-	5,969
Debtors	12	-	38,567
Cash at bank and in hand		-	26,189
		-	70,725
Creditors – amounts falling due within one year	13	-	(35,885)
Net current assets		-	34,840
Total assets less current liabilities		-	39,116
Provisions for liabilities and charges	15	-	(4,023)
Net assets		-	35,093
Capital and reserves			
Share capital	16	-	-
Profit and loss account	18	-	35,093
Total shareholders' funds	19	-	35,093

The financial statements on pages 5 to 13 were approved by the board of directors on **13 JUL 2012** and were signed on its behalf by



Sir Anthony Bamford DL
Chairman

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011

1. Accounting policies

Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The company ceased to trade on 1 November 2011. There are no material differences in preparing the financial statements on a break-up basis and the going concern basis.

A summary of the more important accounting policies is set out below.

Cash flow statement and related party disclosure

The company is ultimately a wholly-owned subsidiary of JCB Service and is included in the consolidated financial statements of JCB Service, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the JCB Service group or investees of the JCB Service group. For details of other related party transactions see note 20.

Turnover

Turnover represents the invoice value of products and services supplied to customers, excluding VAT and sales taxes and net of sales incentives. The company recognises revenue from sales of products upon shipment.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the original cost by equal annual instalments over the expected useful economic lives of the assets concerned.

The principal rates used are

Plant and machinery	10%
Fixtures, fittings and office equipment	10% - 25%

Additional depreciation is provided where, in the opinion of the directors, there has been a permanent diminution in the value of the fixed asset.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. Cost includes direct materials, labour and appropriate works overhead. Net realisable value is based on selling prices less anticipated costs to completion and selling costs.

Deferred taxation

Deferred taxation 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.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates that have been enacted or substantially enacted at the balance sheet date.

The deferred tax assets and liabilities are not discounted.

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Warranty

Provision is made for the company's estimated liability on all machines still under warranty, including claims already received. The provision is charged against trading profits and is included in provisions for liabilities and charges, with amounts recoverable from suppliers included within other debtors.

Research and development

Expenditure on research and development is incurred continuously and is expensed as incurred.

Repairs and renewals

All repairs and renewals are expensed as incurred.

Pension

Retirement benefits for eligible employees are primarily provided by two defined benefit schemes which are funded by contributions from the company and employees into separately administered trust funds. The company is unable to identify its share of the underlying assets and liabilities of these schemes. As a result, the company accounts for contributions to the schemes as if they were defined contribution schemes by charging them to the profit and loss account as incurred.

The defined benefit schemes are closed to new entrants and have been replaced by a stakeholder scheme which is a defined contribution scheme. Pension costs relating to defined contribution arrangements are charged to the profit and loss account as incurred. The assets of the scheme are held in an independently administered fund.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. Turnover

An analysis of turnover by geographical market is given below.

	2011 £'000	2010 £'000
United Kingdom	123,743	98,409
Europe	127,375	97,616
North America	21,060	12,376
Middle East	9,164	14,342
Far East	12,470	10,198
Africa	2,997	541
Latin America	8,647	6,131
India	37	64
	305,493	239,677

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3. Operating profit

Operating profit is stated after charging

	2011 £'000	2010 £'000
Hire of machinery and equipment	358	340
Hire of land and buildings	453	493
Services provided by the company's auditor		
Fees payable for the audit	16	16
Foreign currency losses	475	4
Depreciation of tangible fixed assets	734	898
Research and development expenditure	4,085	3,396

4. Particulars of employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2011 Number	2010 Number
Directors	5	5
Administration and service	76	78
Production	336	466
	417	549

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	15,781	16,784
Social security	1,189	1,159
Defined contribution pension cost	1,751	1,833
	18,721	19,776

5. Directors' emoluments

The directors' emoluments for the year were as follows

	2011 £'000	2010 £'000
Directors' emoluments	279	405
Defined benefit pension cost	13	15

During the year the number of directors who were accruing benefits under company pension schemes was as follows

	2011 Number	2010 Number
Defined benefit	1	1

The aggregate emoluments of the highest paid director (excluding pension contributions) were £262,000 (2010 £384,000)

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6. Interest receivable and similar income

	2011 £'000	2010 £'000
Group interest	58	50

7. Interest payable and similar charges

	2011 £'000	2010 £'000
Group discounting charges	592	367

8. Tax on profit on ordinary activities

Analysis of charge in the year	2011 £'000	2010 £'000
Current tax		
UK corporation tax charge at 26.5% (2010: 28%)	10,127	10,304
Adjustment in respect of prior year	16	75
UK corporation tax	10,143	10,379
Deferred tax		
Origination and reversal of timing differences	(6)	(27)
Adjustments in respect of prior year	661	(142)
Total deferred tax	655	(169)
Total tax on profit on ordinary activities	10,798	10,210

Factors affecting current year tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2010: higher than) the standard rate of corporation tax in the UK of 26.5% (2010: 28%).

The differences are explained below	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	38,190	36,703
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	10,121	10,277
Excess of depreciation charge over capital allowances	15	28
Remeasurement of deferred tax – change in UK tax rate	(9)	(1)
Adjustment in respect of prior year	16	75
Total current tax for the year	10,143	10,379

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9. Dividends

	2011 £'000	2010 £'000
Ordinary shares		
Interim paid of £624,850 (2010 £450,000) per share	62,485	45,000

10. Tangible fixed assets

	Plant & Machinery £'000	Fixtures, Fittings & Office Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost				
As at 1 January 2011	14,707	956	-	15,663
Additions	337	68	104	509
Disposals	(51)	-	-	(51)
Transfer to JC Bamford Excavators Limited	(14,993)	(1,024)	(104)	(16,121)
As at 31 December 2011	-	-	-	-
Depreciation				
As at 1 January 2011	10,591	796	-	11,387
Charge for the year	704	30	-	734
Eliminated on disposals	(37)	-	-	(37)
Transfer to JC Bamford Excavators Limited	(11,258)	(826)	-	(12,084)
As at 31 December 2011	-	-	-	-
Net book value at 31 December 2011	-	-	-	-
Net book value at 31 December 2010	4,116	160	-	4,276

11. Stocks and work in progress

	2011 £'000	2010 £'000
Raw materials	-	5,029
Work in progress	-	940
	-	5,969

12. Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings (2011 £100)	-	35,399
Deferred tax	-	432
Taxation and social security	-	1,044
Other debtors	-	1,514
Prepayments and accrued income	-	178
	-	38,567

Deferred tax

The movement in the deferred tax asset during the year was

	2011 £'000	2010 £'000
As at 1 January 2011	432	263
Deferred tax (charged)/credited to the profit and loss account	(655)	169
Transfer to JC Bamford Excavators Limited	223	-
As at 31 December 2011	-	432

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12. Debtors (continued)

Deferred tax (continued)

The deferred tax asset consists of the tax effect of timing differences in respect of

	2011 £'000	2010 £'000
Difference between taxation allowances over depreciation on fixed assets	-	432

13. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	-	13,881
Amounts owed to group undertakings	-	12,662
Amounts owed to other related parties outside JCB Service group	-	69
Corporation tax	-	5,332
Other creditors	-	70
Accruals and deferred income	-	3,871
	-	35,885

14. Pension schemes

The company is a participating employer in two defined benefit schemes J C Bamford Lifeplan & J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefit scheme. These schemes have a combined deficit of £70.0 million (2010 £23.2 million) calculated in accordance with FRS 17. Details of these schemes are disclosed in the financial statements of JCB Service.

15. Provisions for liabilities and charges

Warranty provision

	2011 £'000	2010 £'000
As at 1 January 2011	4,023	3,345
Charged to the profit and loss account	3,238	2,445
Amounts utilised during the year	(3,024)	(1,767)
Transfer to JCB Bamford Excavators Limited	(4,237)	-
As at 31 December 2011	-	4,023

16. Share capital

	2011 £	2010 £
Allotted, called up and fully paid up		
100 Ordinary shares of £1 each (2010 100 Ordinary shares of £1 each)	100	100

17. Contingent liabilities

The company is a guarantor to the £85.0 million unsecured term facility advanced to JCB Service by Barclays Bank plc. The outstanding liability as at 31 December 2011 was £80.0 million (2010 £81.4 million).

JCB Materials Handling Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

18. Reserves

	Profit & Loss Account £'000
Balance as at 1 January 2011	35,093
Profit for the year	27,392
Dividends paid (note 9)	(62,485)
Balance as at 31 December 2011	-

19. Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	27,392	26,493
Dividends paid (note 9)	(62,485)	(45,000)
Net movement in shareholders' funds	(35,093)	(18,507)
Opening shareholders' funds	35,093	53,600
Closing shareholders' funds	-	35,093

20. Related party transactions

The company has taken advantage of the exemption, allowed under FRS8, available to wholly-owned subsidiary companies, whose results are included in the consolidated financial statements that are made publicly available, not to disclose details of transactions with entities that are part of the JCB Service group or investees of the group qualifying as related parties

The company subcontracted some of its research and development projects to JCB Research, a company in which Sir Anthony Bamford DL is the sole shareholder. The total value of services purchased by the company during the year was £1,017,000 (2010: £1,018,000). The net amount due by the company at 31 December 2011 was £nil (2010: £69,000).

21. Ultimate controlling party

The company is ultimately a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. JCB Service is the smallest company to consolidate the results of the company. The largest company to consolidate the accounts of JCB Service is Transmissions and Engineering Services Netherlands BV, a company incorporated in the Netherlands. Transmissions and Engineering Services Netherlands BV is ultimately controlled by Bamford family interests. Financial statements for Transmissions and Engineering Services Netherlands BV can be obtained from the Chamber of Commerce in Rotterdam.