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JUNGHEINRICH (G.B.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1982

The Directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 31 December 1982.

PRINCIPAL ACTIVITY:

The Company is engaged in the sale, hire and servicing of mechanical handling equipment.

CAPITALISATION ISSUE:

At an Extraordinary General Meeting of the members held on 28 April 1982, it was resolved to increase the authorised share capital of the Company to 690,000 ordinary shares of £1 each and to make a capitalisation issue of 230,000 ordinary shares, credited as fully paid, to members on the register at the close of business on 31 December 1981, by way of capitalising £230,000 of retained earnings.

RESULTS OF OPERATIONS:

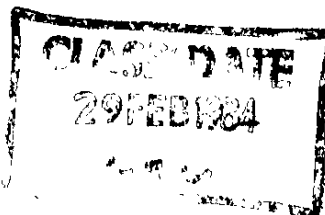
The Directors recommend that the net profit for the year of £68,999 be added to the retained earnings at the beginning of the year of £964,315, after adjusting for the bonus issue on 28 April 1982, and that the balance of £1,033,314 be carried forward.

DIRECTORS:

The Directors of the Company during the year were -

R.A.T. Bischof
M.M.P. Wolgram

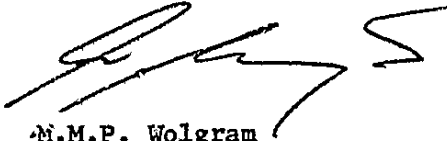
Neither Director has a financial interest which is required to be disclosed under Section 16 (1) of the Companies Act 1967.



AUDITORS;

Arthur Andersen & Co. have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'N.M.P. Wolgram', written over the typed name.

N.M.P. Wolgram
Secretary

9 March 1983

ARTHUR ANDERSEN & Co.

BANK HOUSE
9 CHARLOTTE STREET
MANCHESTER M1 4EU

To the Members of Jungheinrich (G.B.) Limited:

We have audited the accounts of JUNGHEINRICH (G.B.) LIMITED (a wholly-owned subsidiary company) set out on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the historical cost basis, give a true and fair view of the state of the Company's affairs at 31 December 1982 and of the profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice Number 16.

Arthur Andersen & Co.

9 March 1983

BALANCE SHEET -- 31 DECEMBER 1982

R.A.T. Bischof)
) Directors
M.M.P. Wolgram)

The accompanying notes are an integral part of this balance sheet.

JUNGEKIN/ICH (G.B.) LIMITED

STATEMENT OF PROFIT AND LOSS AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 1982

	<u>Note</u>	<u>1982</u>	<u>1981</u>
SALES AND RENTAL INCOME		£ 9,508,837	£ 8,760,782
COST OF SALES (the majority of purchases are made from fellow-subsidiary companies)		4,805,470	4,659,514
Gross profit		£ 4,703,367	£ 4,101,268
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		4,569,566	3,974,480
Profit before taxation	9	£ 133,801	£ 126,788
DEFERRED TAXATION CHARGE at 52%	7	64,802	47,228
Net profit	.	£ 68,999	£ 79,560
RETAINED EARNINGS, beginning of year		1,194,315	1,114,755
CAPITALISATION ISSUE	8	(230,000)	-
RETAINED EARNINGS, end of year		£ 1,033,314 =====	£ 1,194,315 =====

The accompanying notes are an integral part of this statement.

FUSCHTEINRICH (G.B.) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1982

	<u>1982</u>	<u>1981</u>
SOURCE OF FUNDS:		
Net profit	£ 68,999	£ 79,560
Adjustments for items not involving the movement of funds -		
Depreciation of fixed assets	244,652	200,347
Depreciation of leased assets	504,468	347,621
Provision for deferred taxation	64,802	47,228
Profit on sale of fixed assets	(30,515)	(15,213)
Total funds from operations	£ 852,406	£ 659,543
Leasing obligations, net of current maturity	395,248	58,603
Proceeds from sale of fixed assets	108,257	67,762
	£1,355,911	£ 785,908
APPLICATION OF FUNDS:		
Purchase and lease of fixed assets	(1,488,081)	(744,826)
Increase (decrease) in working capital	£(132,170)	£ 41,082
INCREASE (DECREASE) IN WORKING CAPITAL:		
Accounts receivable and prepaid expenses	£ 336,011	£ 86,899
Inventories	452,333	(442,222)
Corporation tax recoverable	-	(43,738)
Accounts payable and accrued liabilities	48,386	404,351
Due to fellow-subsidiary companies, net	(513,697)	9,153
Current portion of leasing obligations	(181,391)	(95,284)
Movement in net liquid funds -		
	<u>1982</u>	<u>1981</u>
Cash	£(17,446)	£ 34,094
Bank overdraft	(256,366)	87,829
	(273,812)	121,923
	£(132,170)	£ 41,082

The accompanying notes are an integral part of this statement.

JUNGHEINRICH (G.B.) LIMITED

NOTES TO ACCOUNTS -- 31 DECEMBER 1982

1. ACCOUNTING POLICIES:

The accounts have been prepared on the historical cost basis, using the following accounting policies -

a. Foreign currency items -

Transactions in foreign currencies during the year are translated into sterling either at rates of exchange specified in forward exchange contracts or at market rates of exchange current at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies in the year-end balance sheet are translated at year-end rates of exchange or, where appropriate, at the rate of exchange in a related forward exchange contract. Exchange gains and losses are reflected in the statement of profit and loss and retained earnings.

b. Accounts receivable -

Accounts receivable are stated net of a provision for doubtful accounts.

c. Inventories -

Inventories are stated at the lower of first-in, first-out cost, including an appropriate portion of duty and inward carriage charges, or net realisable value.

d. Fixed assets -

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their estimated economic lives, as follows -

Motor vehicles	-	3 years
Fixtures and fittings	-	5 years
Plant and equipment	-	5 years
Trucks on hire	-	3 - 5 years

e. Leased assets -

Certain trucks for hire are being leased over a period of three to five years. A sum equivalent to the cost of these assets has been capitalised and is being depreciated over their estimated economic lives. A corresponding amount has been recorded as a long-term liability (excluding that portion payable within one year which is classified as a current liability) and is being reduced by the capital element of the annual lease payments. The interest element of the annual lease payments is being charged to the statement of profit and loss on a basis which approximates to the reducing balance basis over the life of the leases.

f. Taxation -

Corporation tax is provided on taxable profits for the year at the rates current during the year.

Deferred taxation, which arises primarily on timing differences between capital allowances and book depreciation, is provided for in full at the rate of corporation tax ruling at the year-end (the liability method), because the Directors are unable to conclude on reasonable evidence that there will not be a net reversal of these timing differences in the foreseeable future.

g. Sales -

Sales represent invoiced sales, services and rental income, net of trade discounts, allowances and value added tax.

h. Companies Act 1981 -

The Company is not yet required to comply with the new accounting and disclosure provisions of the Companies Act 1981 and has continued to present accounts as in the past. Accordingly, they comply with Section 149A of and Schedule 8A to the Companies Acts 1948.

2. INVENTORIES:

Inventories comprise -

	<u>1982</u>	<u>1981</u>
Trucks	£ 877,452	£ 513,000
Ancillary equipment	341,894	254,013
	<u>£1,219,346</u>	<u>£ 767,013</u>
	=====	=====

3. AMOUNTS DUE FROM (TO) FELLOW-SUBSIDIARY COMPANIES:

The amounts due from (to) fellow-subsubsidiary companies are in respect of normal trading transactions.

4. BANK OVERDRAFT FACILITIES:

The Company had bank overdraft facilities totalling £900,000 at 31 December 1982.

a. The movement in these accounts during the year was as follows -

b. The Company's capital commitments were as follows -

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6. LEASING OBLIGATIONS:

The future minimum lease payments to which the Company is committed at 31 December 1982 under finance leases are as follows -

Year ending 31 December	
1983	£ 754,090
1984	785,813
1985	330,265
1986	297,030
1987	109,330
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	£2,276,528
Less finance charges allocated to future periods	(287,785)
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	£1,988,743
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7. TAXATION:

a. The deferred taxation charge is based on profits for the year at 52% after stock relief benefit of £22,844 (1981 - £54,171).

b. The closing balance of deferred taxation is attributable to -

	<u>1982</u>	<u>1981</u>
Excess of tax allowances over book depreciation of fixed assets	£128,462	£ 97,911
Excess of tax allowances for leased assets over book depreciation and finance charges	6,431	33,197
Tax effect of losses carried forward	(22,863)	(83,880)
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	£112,030	£ 47,228
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c. The movement on deferred taxation comprises -

	<u>1982</u>	<u>1981</u>
Beginning of year	£ 47,228	£ -
Charged (credited) to profit and loss in respect of -		
Capital allowances	30,551	(27,985)
Lease payments	(26,766)	33,197
Losses utilised	61,017	35,832
Short-term timing differences	-	6,184
	<hr/>	<hr/>
End of year	£112,030	£ 47,228
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Tax losses available at 31 December 1982 for offset against future taxable profits of the same trade amounted to approximately £44,000 arising from timing differences. To the extent that tax benefits are recognised in the future from offsetting these losses, provision for deferred taxation may be required in equal amounts.

8. SHARE CAPITAL:

	<u>1982</u>	<u>1981</u>
Authorised, issued and fully paid ordinary shares of £1 each	690,000 =====	460,000 =====

At an Extraordinary General Meeting of the members held on 28 April 1982, it was resolved to increase the authorised share capital of the Company as shown above and to make a capitalisation issue of 230,000 ordinary shares, credited as fully paid, to members on the register at the close of business on 31 December 1981, by way of capitalising £230,000 of retained earnings.

9. SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

- a. The profit before taxation has been determined after charging (crediting) the following -

	<u>1982</u>	<u>1981</u>
Depreciation of fixed assets	£ 244,652	£200,347
Depreciation of leased assets	504,468	347,621
Auditors' remuneration	8,000	8,550
(Gain) loss on exchange	(187,842)	42,344
Directors' emoluments for management services	101,697	93,989
Interest on bank overdraft	72,821	25,966
Interest on lease finance	233,456 =====	83,547 =====

- b. The aggregate emoluments shown above, excluding pension contributions, were paid as follows -

	<u>1982</u>	<u>1981</u>
Emoluments of the highest-paid Director	£ 45,800 =====	£ 43,993 =====

Emoluments of the other Director -

	<u>Number</u>	
£35,001 - £40,000	-	1
£45,001 - £50,000	1	-
	==	==

10. PENSION SCHEME:

The Company maintains a non-contributory pension scheme covering all employees who satisfy the conditions of age and length of service. The scheme, which is funded through an insurance company, provides a variety of defined benefits on retirement or earlier death which comply with United Kingdom Government requirements. The pension cost to the Company for the year was £116,994 (1981 - £94,753). There are no significant unfunded past service costs.

11. ULTIMATE PARENT COMPANY:

The Company is a wholly-owned subsidiary of Jungheinrich International GmbH, incorporated in Switzerland, and its ultimate parent company is Jungheinrich Unternehmensverwaltung KG Hamburg, incorporated in West Germany.