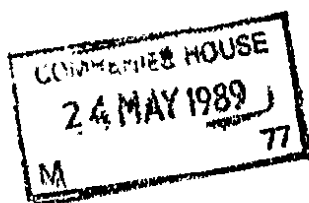


ARTHUR  
ANDERSEN  
& CO.



JUNGHEINRICH (G.B.) LIMITED  
=====

ACCOUNTS -- 31 DECEMBER 1988

TOGETHER WITH DIRECTOR'S AND AUDITORS' REPORTS

JUNGHEINRICH (G.B.) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1988

The director presents his annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1988.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company continues to be the sale, hire and servicing of mechanical handling equipment.

1988 was a year of considerable achievement in which turnover increased by 40 per cent and profit before tax increased 125%. The director expects the general level of activity to continue during 1989.

**RESULTS OF OPERATIONS**

The director recommends that the profit for the financial year of £675,085 be added to the retained earnings at the beginning of the year of £1,831,577 and that the balance of £2,506,662 be carried forward.

No dividends are proposed.

**DIRECTORS AND THEIR INTERESTS**

The director of the company during the year was -

R.A.T. Bischof - Chairman

The director had no financial interest which is required to be disclosed under Section 235 of the Companies Act 1985.

**TANGIBLE FIXED ASSETS**

Information relating to changes in tangible fixed assets is given in Note 9 to the accounts.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the 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 its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

#### 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

P.L. Schofield  
Secretary

17 April 1989

ARTHUR ANDERSEN & Co.

BANK HOUSE  
9 CHARLOTTE STREET  
MANCHESTER M1 4EU

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

We have audited the accounts set out on pages 4 to 15 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 December 1988 and of the profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

*Arthur Andersen & Co.*

17 April 1989

JUNGHEINRICH (G.B.) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1988

|   | <u>Notes</u> | <u>1988</u>                 | <u>1987</u>                 |
|---|--------------|-----------------------------|-----------------------------|
| TURNOVER  |              | £36,972,066                 | £26,401,434                 |
| Change in stocks of finished goods                            |              | 2,335,171                   | (68,466)                    |
| Other operating income  |              | 51,218                      | 57,179                      |
|   |              | <u>£39,358,455</u>          | <u>£26,390,147</u>          |
| Raw materials and consumables                                 |              | (22,763,781)                | (12,896,098)                |
| Other external charges  |              | (81,297)                    | (71,635)                    |
| Wages and salaries  | 2, 3, 4      | (5,757,043)                 | (4,618,847)                 |
| Social security costs   |              | (474,540)                   | (386,772)                   |
| Other pension costs   |              | (316,380)                   | (190,915)                   |
| Depreciation and amounts written off<br>tangible fixed assets |              | (4,181,011)                 | (3,642,312)                 |
| Other operating charges                                       |              | (3,692,156)                 | (3,080,765)                 |
| OPERATING PROFIT  |              | <u>£ 2,092,247</u>          | <u>£ 1,502,803</u>          |
| Interest receivable and similar income                        | 5            | 649,026                     | 89,405                      |
| Interest payable and similar charges                          | 6            | (1,601,188)                 | (1,085,441)                 |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION              |              | <u>£ 1,140,085</u>          | <u>£ 506,767</u>            |
| Tax on profit on ordinary activities                          | 7            | (465,000)                   | (264,255)                   |
| PROFIT FOR THE FINANCIAL YEAR                                 | 8            | <u>£ 675,085</u>            | <u>£ 242,512</u>            |
| RETAINED PROFIT, beginning of year                            |              | 1,831,577                   | 1,589,065                   |
| RETAINED PROFIT, end of year                                  |              | <u>£ 2,506,662</u><br>===== | <u>£ 1,831,577</u><br>===== |

The accompanying notes are an integral part of this profit and loss account.

JUNGHEINRICH (G.B.) LIMITED

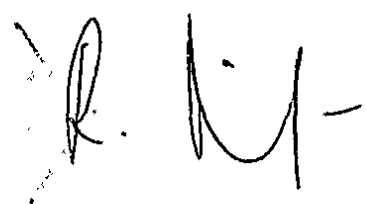
BALANCE SHEET -- 31 DECEMBER 1988

|   | <u>Notes</u> | <u>1988</u>          | <u>1987</u>          |
|---|--------------|----------------------|----------------------|
| FIXED ASSETS  |              |                      |                      |
| Tangible assets   | 9            | £12,658,808<br>----- | £11,289,207<br>----- |
| CURRENT ASSETS  |              |                      |                      |
| Stocks  | 10           | £ 3,518,722          | £ 2,246,796          |
| Debtors   | 11           | 17,443,890           | 9,887,009            |
| Cash at bank and in hand                                |              | 34,342               | 154,147              |
|   |              | -----                | -----                |
|   |              | £20,996,954          | £12,287,952          |
| CREDITORS: Amounts falling due within one year          | 12           | (15,520,960)         | (12,227,125)         |
|   |              | -----                | -----                |
| NET CURRENT ASSETS                                      |              | £ 5,475,994          | £ 60,827             |
|   |              | -----                | -----                |
| TOTAL ASSETS LESS CURRENT LIABILITIES                   |              | £18,134,802          | £11,350,034          |
| CREDITORS: Amounts falling due after more than one year | 13           | (13,768,378)         | (7,722,695)          |
| PROVISION FOR LIABILITIES AND CHARGES                   | 14           | (169,762)            | (105,762)            |
|   |              | -----                | -----                |
| NET ASSETS  |              | £ 4,196,662<br>===== | £ 3,521,577<br>===== |
| CAPITAL AND RESERVES                                    |              |                      |                      |
| Called-up share capital                                 | 15           | £ 1,690,000          | £ 1,690,000          |
| Profit and loss account                                 |              | 2,506,662            | 1,831,577            |
|   |              | -----                | -----                |
| TOTAL CAPITAL EMPLOYED                                  |              | £ 4,196,662<br>===== | £ 3,521,577<br>===== |

SIGNED BY THE DIRECTOR

R.A.T. Bischof

17 April 1989



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

JUNGHEINRICH (G.B.) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1988

|  | <u>1988</u> | <u>1987</u> |
|--|-------------|-------------|
| <b>SOURCE OF FUNDS</b>   |             |             |
| Profit for the financial year                                  | £ 675,085   | £ 242,512   |
| Adjustments for items not involving the movement of funds -    |             |             |
| Depreciation of tangible fixed assets                          | 4,181,011   | 3,642,312   |
| Deferred tax charge (credit)                                   | 64,000      | (74,308)    |
| (Profit) loss on sale of tangible fixed assets                 | (51,690)    | 488         |
|  | -----       | -----       |
| Total funds from operations                                    | £ 4,868,406 | £ 3,811,004 |
|  |             |             |
| Increase in leasing obligations, net of current maturity       | 6,045,683   | 622,934     |
| Proceeds from sale of tangible fixed assets                    | 430,813     | 24,813      |
|  | -----       | -----       |
|  | £11,344,902 | £ 4,458,751 |
| <b>APPLICATION OF FUNDS</b>                                    |             |             |
| Purchase and lease of tangible fixed assets                    | (5,929,735) | (5,426,967) |
|  | -----       | -----       |
| Increase (decrease) in net current assets                      | £ 5,415,167 | £ (968,216) |
|  | =====       | =====       |
| <b>INCREASE (DECREASE) IN NET CURRENT ASSETS</b>               |             |             |
| Stocks   | £ 1,271,926 | £ (4,778)   |
| Debtors  | 7,556,881   | 2,140,813   |
| Creditors falling due within one year excluding bank overdraft | (3,961,609) | (1,712,277) |
|  | -----       | -----       |
|  | £ 4,867,198 | £ 423,758   |
|  |             |             |
| Movement in net liquid funds -                                 |             |             |
| Cash and bank overdraft  | 547,969     | (1,391,974) |
|  | -----       | -----       |
|  | £ 5,415,167 | £ (968,216) |
|  | =====       | =====       |

The accompanying notes are an integral part of this statement.

JUNGHEINRICH (G.B.) LIMITED

NOTES TO THE ACCOUNTS -- 31 DECEMBER 1988

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are -

a. Basis of accounting

The accounts are prepared under the historical cost convention.

b. Tangible 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                             | - | 4 years  |
| Fixtures, fittings, tools<br>and equipment | - | 5 years  |
| Trucks on hire                             | - | 5 years  |
| Plant and machinery                        | - | 8 years  |
| Land and buildings                         | - | 25 years |

c. Stocks

Finished goods for resale are stated at the lower of first-in, first-out cost (including duty and inward carriage charges) and net realisable value.

Contract work-in-progress is stated at cost less provision in full for anticipated losses as soon as such losses are foreseen, and less progress payments received and receivable.

d. Taxation

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

Deferred taxation has been calculated using the liability method. Deferred tax is provided on all and only those timing differences which will probably reverse, at the rate of tax likely to be in force at the time of reversal.



e. Foreign currency

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

f. Turnover

Turnover represents the sales value of goods made available to customers under finance leases and invoiced sales of goods, services and rental income, net of trade discounts, allowances and value added tax.

Contract turnover and profits are recognised only when a contract is substantially complete because it is not generally possible to predict the final outcome of contracts with reasonable certainty until they are substantially complete.

g. Leased assets

Finance leases -

Certain trucks for hire, motor vehicles and office equipment are held under finance leases. A sum equivalent to the cost of these assets is capitalised and is depreciated over the estimated economic lives of the assets. A corresponding amount is recorded as a creditor and is reduced by the capital element of the annual lease payments. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance.

Back-to-back finance leases -

The company also enters into certain lease transactions whereby it acts as both lessee and lessor in respect of trucks. The capital elements of the obligations under these arrangements payable to lessors are included within creditors with corresponding amounts receivable from lessees included in debtors. Finance charges payable and receivable are allocated to accounting periods over the period of the leases to produce a constant rate of interest on the outstanding balances. Lease payments receivable, to the extent that they exceed lease payments payable, represent maintenance income which is recognised when it arises.

Operating leases -

Certain land and buildings are held under operating leases, for which rentals are charged as they arise. Further information on charges in the year and future commitments is given in note 16.

ii. Pension costs

It is the general policy of the company to provide for pension liabilities on a going concern basis, on the advice of external actuaries, by payments to independent trusts or to insurance companies. Independent actuarial valuations on a going concern basis are carried out every three years. The charge to the profit and loss account represents the employer's contribution payable for the year to the company pension scheme.

2. PERSONNEL NUMBERS

The average weekly number of people employed by the company during the year was -

|                          | <u>Number</u><br><u>1988</u> | <u>Number</u><br><u>1987</u> |
|--------------------------|------------------------------|------------------------------|
| Service                  | 252                          | 229                          |
| Administration and sales | 158                          | 150                          |
|                          | ---                          | ---                          |
|                          | 410                          | 379                          |
|                          | ===                          | ===                          |

3. HIGHER PAID EMPLOYEES

Employees of the company, other than directors, whose duties were wholly or mainly discharged in the United Kingdom, received remuneration (excluding pension contributions) in the following ranges -

|                   | <u>Number</u><br><u>1988</u> | <u>Number</u><br><u>1987</u> |
|-------------------|------------------------------|------------------------------|
| £30,000 - £35,000 | 4                            | 3                            |
| £35,001 - £40,000 | 7                            | 7                            |
| £40,001 - £45,000 | 1                            | 1                            |
| £45,001 - £50,000 | 2                            | 3                            |
| £50,001 - £55,000 | 3                            | 2                            |
| £55,001 - £60,000 | 1                            | 1                            |
|                   | ===                          | ===                          |

#### 4. DIRECTOR'S REMUNERATION

Remuneration was paid in respect of the director of the company as follows -

|  | <u>1988</u>        | <u>1987</u>       |
|--|--------------------|-------------------|
| Emoluments including pension contributions | £ 106,704<br>===== | £ 94,510<br>===== |

The director's remuneration shown above (excluding pensions and pension contributions) comprised -

|                                    | <u>1988</u>       | <u>1987</u>       |
|------------------------------------|-------------------|-------------------|
| Chairman and highest-paid director | £ 95,295<br>===== | £ 85,100<br>===== |

#### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

Included in interest receivable and similar income is the interest element of charges receivable under finance leases amounting to £639,872 (1987 - £83,349).

#### 6. INTEREST PAYABLE AND SIMILAR CHARGES

|  | <u>1988</u>          | <u>1987</u>          |
|--|----------------------|----------------------|
| On bank loans and overdrafts and other loans:        |                      |                      |
| - repayable within five years,<br>by instalments     | £ 1,425,577          | £ 937,905            |
| - repayable within five years, not by<br>instalments | 175,611              | 147,536              |
|  | £ 1,601,188<br>===== | £ 1,085,441<br>===== |

Included in the above is interest payable to group companies of £64,919 (1987 - £49,171) and the interest element of charges payable under finance leases amounting to £1,425,577 (1987 - £854,556).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

|  | <u>1988</u>      | <u>1987</u>      |
|--|------------------|------------------|
| The tax charge is based on the profit for the year and comprises - |                  |                  |
| Corporation tax at 35%   | £ 401,000        | £ 338,563        |
| Deferred taxation arising from:                                    |                  |                  |
| - capital allowances   | 102,000          | 76,515           |
| - lease payments   | (38,000)         | (152,943)        |
| - other timing differences   | -                | 2,120            |
|  | <u>£ 465,000</u> | <u>£ 264,255</u> |
|  | =====            | =====            |

8. PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year is stated after charging -

|  | <u>1988</u>  | <u>1987</u>  |
|--|--------------|--------------|
| Depreciation and amounts written off tangible fixed assets - |              |              |
| Owned  | £ 984,349    | £ 513,566    |
| Leased   | 3,196,662    | 3,728,746    |
| Auditors' remuneration                                       | 20,000       | 19,950       |
| Hire of plant and machinery                                  | 104,804      | 49,447       |
|  | <u>=====</u> | <u>=====</u> |

9. **TANGIBLE FIXED ASSETS**

The movement on these accounts during the year was as follows -

|                                   | Freehold land<br>and buildings | Motor vehicles<br><u>Owned</u> | Leased    | Fixtures, fittings<br>tools and equipment<br><u>Owned</u> | Leased    | Trucks on hire<br><u>Owned</u> | Leased      | Plant and<br>machinery<br><u>Owned</u> | Tot         |
|-----------------------------------|--------------------------------|--------------------------------|-----------|---|-----------|--------------------------------|-------------|--|-------------|
| <b>Cost -</b>                     |                                |                                |           |   |           |                                |             |  |             |
| Beginning of year                 | £ -                            | £1,340,983                     | £ 382,546 | £ 816,544   | £ 155,237 | £1,271,064                     | £15,154,000 | £ 209,614                              | £19,329,988 |
| Additions                         | 48,900                         | 489,168                        | -         | 286,878   | -         | 2,592,808                      | 2,435,771   | 76,210                                 | 5,929,735   |
| Retirements                       | -                              | (240,649)                      | (138,380) | (15,992)  | -         | (346,121)                      | (2,773,245) | (11,527)                               | (3,525,914) |
| End of year                       | £ 48,900                       | £1,589,502                     | £ 244,166 | £1,087,430  | £ 155,237 | £3,517,751                     | £14,816,526 | £ 274,297                              | £21,733,809 |
| <b>Accumulated depreciation -</b> |                                |                                |           |   |           |                                |             |  |             |
| Beginning of year                 | £ -                            | £ 521,768                      | £ 288,038 | £ 488,050   | £ 98,991  | £ 153,476                      | £ 6,401,634 | £ 88,824                               | £ 8,040,781 |
| Charge                            | 1,800                          | 345,408                        | 70,856    | 131,042   | 30,977    | 475,087                        | 3,094,829   | 31,012                                 | 4,181,011   |
| Retirements                       | -                              | (187,479)                      | (134,924) | (15,959)  | -         | (47,660)                       | (2,749,274) | (11,495)                               | (3,146,791) |
| End of year                       | £ 1,800                        | £ 679,697                      | £ 223,970 | £ 603,133   | £ 129,968 | £ 580,903                      | £ 6,747,189 | £ 108,341                              | £ 9,075,001 |
| <b>Net book value -</b>           |                                |                                |           |   |           |                                |             |  |             |
| End of year                       | £ 47,100                       | £ 909,805                      | £ 20,196  | £ 484,297   | £ 25,269  | £2,936,848                     | £ 8,069,337 | £ 165,956                              | £12,658,808 |

## 10. STOCKS

|  | <u>1988</u> | <u>1987</u> |
|--|-------------|-------------|
| Finished goods for resale                                | £ 3,080,955 | £ 2,246,796 |
| Contract work-in-progress:                               |             |             |
| Cost plus attributable profit less<br>foreseeable losses | £ 1,720,028 | £ -         |
| Less payments received and receivable                    | (1,282,261) | -           |
|  | £ 437,767   | £ -         |
|  | £ 3,518,722 | £ 2,246,796 |
|  | =====       | =====       |

In accordance with Statement of Standard Accounting Practice No. 9, the director has included attributable profit amounting to £109,625 (1987 - £Nil) in the value of contract work in progress. This represents a departure from the statutory accounting principles but is regarded by the director as necessary to give a true and fair view.

In the opinion of the director the estimated replacement cost of the above stocks does not significantly differ from their balance sheet value.

## 11. DEBTORS

|  | <u>1988</u> | <u>1987</u> |
|--|-------------|-------------|
| Amounts falling due within one year -                            |             |             |
| Trade debtors  | £ 7,113,675 | £ 6,395,128 |
| Amounts owed by group companies                                  | 48,341      | 658,134     |
| Amounts receivable under leasing agreements                      | 2,300,405   | 843,979     |
| Other debtors  | 262,990     | 337,379     |
| Prepayments and accrued income                                   | 120,556     | 111,285     |
|  | £ 9,845,967 | £ 8,345,905 |
| Amounts falling due after more than one year -                   |             |             |
| Amounts receivable within five years<br>under leasing agreements | 7,597,923   | 1,541,104   |
|  | £17,443,890 | £ 9,887,009 |
|  | =====       | =====       |

The cost of trucks acquired under finance leases, for the purpose of making them available to customers under finance leases, was £8,967,454 (1987 - £1,100,824).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | <u>1988</u>        | <u>1987</u>        |
|--|--------------------|--------------------|
| Amounts payable under leasing agreements | £ 4,542,661        | £ 3,729,848        |
| Bank loans and overdrafts                | 535,442            | 1,203,216          |
| Payments received on account             | 509,743            | 250,000            |
| Trade creditors                          | 3,544,010          | 2,337,960          |
| Amounts owed to group companies          | 3,876,049          | 3,217,088          |
| Other creditors -                        |                    |                    |
| UK corporation tax payable               | 403,971            | 354,758            |
| Value added tax                          | 543,702            | 323,508            |
| Social security and PAYE                 | 136,068            | 282,590            |
| Accruals and deferred income             | 1,429,314          | 528,157            |
|  | <u>£15,520,960</u> | <u>£12,227,125</u> |
|  | =====              | =====              |

The company has bank overdraft facilities totalling £2,075,000.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|  | <u>1988</u> | <u>1987</u> |
|--|-------------|-------------|
| Amounts payable within five years under leasing agreements | £13,768,378 | £ 7,722,695 |
|  | =====       | =====       |

14. PROVISION FOR LIABILITIES AND CHARGES

The full potential liability for deferred taxation, all of which has been provided in the accounts, comprises -

|   | <u>1988</u>      | <u>1987</u>      |
|---|------------------|------------------|
| Excess of tax allowances over book depreciation of owned assets                       | £ 263,165        | £ 161,165        |
| Excess of book depreciation and finance charges for leased assets over tax allowances | (95,523)         | (57,523)         |
| Other short-term differences  | 2,120            | 2,120            |
|   | <u>£ 169,762</u> | <u>£ 105,762</u> |
|   | =====            | =====            |

The movement on deferred taxation comprises -

|   |                  |                  |
|---|------------------|------------------|
| Beginning of year   | £ 105,762        | £ 180,070        |
| Charged (credited) to profit and loss account, in respect of: |                  |                  |
| - owned assets  | 102,000          | 76,515           |
| - leased assets   | (38,000)         | (152,943)        |
| - other short-term differences                                | -                | 2,120            |
| End of year   | <u>£ 169,762</u> | <u>£ 105,762</u> |
|   | =====            | =====            |

# 15. CALLED-UP SHARE CAPITAL

|  | <u>1988</u>          | <u>1987</u>          |
|--|----------------------|----------------------|
| Authorised, allotted, called-up and<br>fully-paid ordinary shares of £1 each | £ 1,690,000<br>===== | £ 1,690,000<br>===== |

# 16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

## a) Capital commitments

At the end of the year capital commitments contracted for but not provided for were £75,378 (1987 - £144,484).

## b) Lease commitments

The company leases certain land and buildings on short and long-term leases. The annual rental on these leases was £277,116 (1987 - £276,209).

In addition the company has entered into operating leases in respect of plant and machinery, the payments for which extend over a period of up to three years. The total annual rental for 1988 was £137,219 (1987 - £49,447).

The minimum annual rentals under the foregoing leases are as follows -

Operating leases which expire -

|                    | <u>Property</u> | <u>Plant and<br/>machinery</u> |
|--------------------|-----------------|--------------------------------|
| - within 1 year    | £ 6,500         | £ 62,375                       |
| - within 2-5 years | 270,616         | 74,844                         |
|                    | -----           | -----                          |
|                    | £277,116        | £137,219                       |
|                    | =====           | =====                          |

## c) Pension arrangements

The company maintains a non-contributory pension scheme covering all employees who satisfy the conditions of age and length of service. The scheme provides a variety of defined benefits on retirement or earlier death. The pension cost to the company for the year was £316,380 (1987 - £190,915). The 1987 cost reflected the benefit of a reduction in contributions payable in that year in accordance with the recommendation of the scheme actuary. There are no significant unfunded past service costs.

# 17. ULTIMATE HOLDING COMPANY

The company is owned by Jungheinrich International GmbH, incorporated in Switzerland, and its ultimate parent company is Jungheinrich Unternehmensverwaltung KG incorporated in West Germany.