

Company Registration No. 1228726 (England and Wales)

YALE MATERIALS HANDLING UK LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005



YALE MATERIALS HANDLING UK LIMITED

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YALE MATERIALS HANDLING UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activities of the company in the year continued to be the selling, servicing and hiring of fork lift trucks.

Results and dividends

The results for the year are set out on page 4.

No dividends have been paid or proposed during the year.

Directors

The following directors have held office since 1 January 2005:

R Eklund
M Brogan
V Rickey

Directors' interests

The directors' interests in the shares of the company were as stated below:

| | Ordinary shares of £ 1 each | |
|----------|-----------------------------|----------------|
| | 31 December 2005 | 1 January 2005 |
| R Eklund | - | - |
| M Brogan | - | - |
| V Rickey | - | - |

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Duncan Sheard Glass be reappointed as auditors of the company will be put to the Annual General Meeting.

YALE MATERIALS HANDLING UK LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2005**

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



A.J. O'Connell

Secretary

12 May 2006

YALE MATERIALS HANDLING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO YALE MATERIALS HANDLING UK LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of Yale Materials Handling UK Limited for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

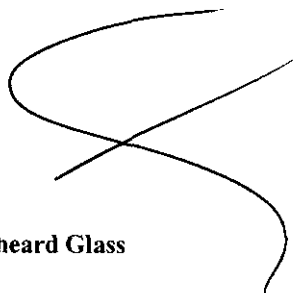
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Duncan Sheard Glass

Chartered Accountants
Registered Auditor

12 May 2006

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

YALE MATERIALS HANDLING UK LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

| | Notes | 2005 £ | 2004 £ |
|--|-----------|------------------|------------------|
| Gross profit | | 2,560,308 | 1,891,252 |
| Administrative expenses | | (2,952,580) | (2,744,399) |
| Operating loss | 2 | (392,272) | (853,147) |
| Other interest receivable and similar income | | 247 | 216 |
| Interest payable and similar charges | 4 | (133,936) | (43,474) |
| Loss on ordinary activities before taxation | | (525,961) | (896,405) |
| Tax on loss on ordinary activities | 5 | - | 8,245 |
| Loss for the year | 15 | (525,961) | (888,160) |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

YALE MATERIALS HANDLING UK LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 6 | 1,437,532 | 1,562,532 |
| Tangible assets | 7 | 2,023,704 | 1,073,866 |
| Investments | 8 | 50,000 | 50,000 |
| | | <u>3,511,236</u> | <u>2,686,398</u> |
| Current assets | | | |
| Stocks | 9 | 1,643,681 | 891,992 |
| Debtors | 10 | 5,648,791 | 3,002,853 |
| | | <u>7,292,472</u> | <u>3,894,845</u> |
| Creditors: amounts falling due within one year | 11 | <u>(7,604,236)</u> | <u>(3,038,283)</u> |
| Net current (liabilities)/assets | | <u>(311,764)</u> | <u>856,562</u> |
| Total assets less current liabilities | | <u>3,199,472</u> | <u>3,542,960</u> |
| Creditors: amounts falling due after more than one year | 12 | <u>(182,473)</u> | <u>-</u> |
| | | <u>3,016,999</u> | <u>3,542,960</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 142 | 142 |
| Share premium account | 15 | 59,996 | 59,996 |
| Other reserves | 15 | 6,518,020 | 6,518,020 |
| Profit and loss account | 15 | (3,561,159) | (3,035,198) |
| Shareholders' funds | 16 | <u>3,016,999</u> | <u>3,542,960</u> |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 12 May 2006


V Rickey
Director

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with accounting principles generally accepted in the United Kingdom requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets acquired. Goodwill is amortised over its useful economic life which is deemed to be 20 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|-------------------------------|--|
| Leasehold buildings | Over the term of the lease. Improvements at 5%-6.67% |
| Plant and machinery | Between 10% and 66.67% straight line |
| Office furniture and fittings | 14.29% to 33% straight line |
| Motor vehicles | 25% straight line |
| Other assets | Between 20% and 33.33% straight line |

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is determined under the last-in, first-out (LIFO) method for manufactured inventories in the United States and for certain retail inventories. The first-in, first-out (FIFO) method is used with respect for all other inventories.

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies (continued)

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of NACCO Industries Inc, a company incorporated in the State of Delaware U.S.A, and is included in the consolidated accounts of that company.

| 2 | Operating loss | 2005 £ | 2004 £ |
|---|--|-------------------|-------------------|
| | Operating loss is stated after charging: | | |
| | Amortisation of intangible assets | 125,000 | 125,000 |
| | Depreciation of tangible assets | 521,213 | 521,197 |
| | Operating lease rentals | 257,100 | 97,333 |
| | Auditors' remuneration | 11,500 | 11,500 |
| | and after crediting: | | |
| | Profit on disposal of tangible assets | (1,600) | (18,835) |
| | | <u> </u> | <u> </u> |
| 3 | Investment income | 2005 £ | 2004 £ |
| | Bank interest | 247 | 216 |
| | | <u> </u> | <u> </u> |
| 4 | Interest payable | 2005 £ | 2004 £ |
| | On bank loans and overdrafts | 128,645 | 34,829 |
| | Hire purchase interest | 5,291 | 8,645 |
| | | <u> </u> | <u> </u> |
| | | 133,936 | 43,474 |
| | | <u> </u> | <u> </u> |

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 5 | Taxation | 2005 £ | 2004 £ |
|---|---|-----------|-----------|
| | Domestic current year tax | | |
| | U.K. corporation tax | - | (8,245) |
| | Current tax charge | - | (8,245) |
| | Factors affecting the tax charge for the year | | |
| | Loss on ordinary activities before taxation | (525,961) | (896,405) |
| | Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%) | (157,788) | (268,922) |
| | Effects of: | | |
| | Non deductible expenses | 51,956 | (65,284) |
| | Depreciation add back | 114,114 | 156,359 |
| | Tax losses utilised | (8,208) | 177,847 |
| | Adjustments to previous periods | - | (8,245) |
| | Other tax adjustments | (74) | - |
| | | 157,788 | 260,677 |
| | Current tax charge | - | (8,245) |

The company has estimated losses of £ nil (2004 - £ 27,359) available for carry forward against future trading profits.

| 6 | Intangible fixed assets | Goodwill £ |
|---|---|---------------|
| | Cost | |
| | At 1 January 2005 & at 31 December 2005 | 2,500,000 |
| | Amortisation | |
| | At 1 January 2005 | 937,468 |
| | Charge for the year | 125,000 |
| | At 31 December 2005 | 1,062,468 |
| | Net book value | |
| | At 31 December 2005 | 1,437,532 |
| | At 31 December 2004 | 1,562,532 |

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Tangible fixed assets

| | Leasehold buildings | Plant and machinery | Office furniture and fittings | Motor vehicles | Total |
|-----------------------|------------------------|------------------------|-------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2005 | 573,110 | 2,147,286 | 322,998 | 73,792 | 3,117,186 |
| Additions | - | 1,506,718 | - | - | 1,506,718 |
| Disposals | - | (544,142) | - | (21,204) | (565,346) |
| At 31 December 2005 | 573,110 | 3,109,862 | 322,998 | 52,588 | 4,058,558 |
| Depreciation | | | | | |
| At 1 January 2005 | 297,148 | 1,366,087 | 306,293 | 73,792 | 2,043,320 |
| On disposals | - | (480,023) | - | (21,204) | (501,227) |
| Charge for the year | 28,276 | 452,648 | 11,837 | - | 492,761 |
| At 31 December 2005 | 325,424 | 1,338,712 | 318,130 | 52,588 | 2,034,854 |
| Net book value | | | | | |
| At 31 December 2005 | 247,686 | 1,771,150 | 4,868 | - | 2,023,704 |
| At 31 December 2004 | 275,962 | 781,199 | 16,705 | - | 1,073,866 |

Included above are assets held under finance leases or hire purchase contracts as follows:

| | Plant and machinery £ |
|---|-----------------------------|
| Net book values | |
| At 31 December 2005 | 135,346 |
| At 31 December 2004 | 105,119 |
| Depreciation charge for the year | |
| At 31 December 2005 | 21,171 |
| At 31 December 2004 | 8,172 |

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|--|
| Cost | |
| At 1 January 2005 & at 31 December 2005 | 50,000 |
| Net book value | |
| At 31 December 2005 | 50,000 |
| | <hr/> |
| At 31 December 2004 | 50,000 |
| | <hr/> |

The company owns 100% of the issued share capital of Mach (Sales & Hire) Limited. This company has reserves of £50,000 and was dormant throughout the year.

9 Stocks and work in progress

| | 2005 £ | 2004 £ |
|-------------------------------------|-----------|-----------|
| Work in progress | 88,652 | 73,206 |
| Finished goods and goods for resale | 1,555,029 | 818,786 |
| | <hr/> | <hr/> |
| | 1,643,681 | 891,992 |
| | <hr/> | <hr/> |

10 Debtors

| | 2005 £ | 2004 £ |
|---------------|-----------|-----------|
| Trade debtors | 5,388,787 | 2,819,476 |
| Other debtors | 260,004 | 183,377 |
| | <hr/> | <hr/> |
| | 5,648,791 | 3,002,853 |
| | <hr/> | <hr/> |

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 11 Creditors: amounts falling due within one year | 2005 £ | 2004 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 4,208,722 | 739,861 |
| Net obligations under hire purchase contracts | 169,500 | 130,061 |
| Trade creditors | 1,223,520 | 800,512 |
| Amounts owed to parent and fellow subsidiary undertakings | 277,589 | 351,555 |
| Taxes and social security costs | 480,452 | 434,015 |
| Accruals and deferred income | 1,244,453 | 582,279 |
| | <u>7,604,236</u> | <u>3,038,283</u> |

Bank overdrafts are secured by cross guarantees with NACCO Materials Handling Limited and NACCO Materials Handling Group limited.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

| 12 Creditors: amounts falling due after more than one year | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Net obligations under hire purchase contracts | <u>182,473</u> | <u>-</u> |
| Net obligations under hire purchase contracts | | |
| Repayable within one year | 169,500 | 130,061 |
| Repayable between one and five years | <u>182,473</u> | <u>-</u> |
| | 351,973 | 130,061 |
| Included in liabilities falling due within one year | <u>(169,500)</u> | <u>(130,061)</u> |
| | <u>182,473</u> | <u>-</u> |

13 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

| | 2005 £ | 2004 £ |
|---|---------------|---------------|
| Contributions payable by the company for the year | <u>90,655</u> | <u>89,673</u> |

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| | | |
|--|------------------------------|-----------------------------------|
| 14 Share capital | 2005 | 2004 |
| | £ | £ |
| Authorised | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| | | |
| Allotted, called up and fully paid | | |
| 142 Ordinary shares of £1 each | 142 | 142 |
| | | |
| 15 Statement of movements on reserves | | |
| | Share premium account | Other reserves (see below) |
| | £ | £ |
| Balance at 1 January 2005 | 59,996 | 6,518,020 |
| Loss for the year | - | - |
| | | |
| Balance at 31 December 2005 | 59,996 | 6,518,020 |
| | | |
| Other reserves | | |
| Reserves for own shares | | |
| Balance at 1 January 2005 & at 31 December 2005 | | 6,518,020 |
| | | |
| 16 Reconciliation of movements in shareholders' funds | 2005 | 2004 |
| | £ | £ |
| Loss for the financial year | (525,961) | (888,160) |
| Opening shareholders' funds | 3,542,960 | 4,431,120 |
| | | |
| Closing shareholders' funds | 3,016,999 | 3,542,960 |
| | | |
| 17 Contingent liabilities | | |

The company has entered into a Cross Guarantee between NACCO Materials Handling Limited and NACCO Materials Handling Group Limited.

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

| | Land and buildings | | | Other |
|--------------------------------|--------------------|----------------|------------------|------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | - | - | 750,362 | 1,263,057 |
| Between two and five years | 65,540 | 65,540 | 1,441,028 | 1,658,759 |
| In over five years | 191,150 | 191,150 | 10,656 | 866 |
| | <u>256,690</u> | <u>256,690</u> | <u>2,202,046</u> | <u>2,922,682</u> |

19 Directors' emoluments

| | 2005 | 2004 |
|---|----------|---------------|
| | £ | £ |
| Emoluments for qualifying services | - | 47,400 |
| Company pension contributions to money purchase schemes | - | 1,102 |
| | <u>-</u> | <u>48,502</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2004 - 1).

YALE MATERIALS HANDLING UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2005 Number | 2004 Number |
|----------------|----------------|----------------|
| Sales | 18 | 28 |
| Rental | 2 | 2 |
| Parts | 12 | 12 |
| Service | 131 | 114 |
| Administration | 13 | 13 |
| | <u>176</u> | <u>169</u> |

Employment costs

| | 2005 £ | 2004 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,946,240 | 4,309,560 |
| Social security costs | 387,233 | 415,027 |
| Other pension costs | 90,655 | 89,673 |
| | <u>4,424,128</u> | <u>4,814,260</u> |

21 Ultimate parent company

The ultimate parent company is NACCO Industries Inc, a company incorporated in the State of Delaware U.S.A. Under the conditions of FRS 8 the company is exempt in relation to related party disclosures in respect of group transactions on the grounds that details of the subsidiary are included in publicly available consolidated accounts, which are available from 5875 Landerbrook Drive, Mayfield Heights, Ohio 44124.