Annual Report 2002

AT A GLANCE

Jungheinrich Group		1999	2000	2001	2002	2001/2002 Change in %
Sales						
Germany	million €	459	488	476	417	– 12.4
Abroad	million €	894	1,027	1,075	1,059	– 1.5
Total	million €	1,353	1,515	1,551	1,476	– 4.8
Foreign share	%	66	68	69	72	–
Production of industrial trucks	units	56,900	64,600	65,500	54,700	– 16.5
Balance sheet total	million €	1,344	1,395	1,471	1,485	1.0
Shareholders' equity	million €	264	283	316	346	9.5
thereof subscribed capital	million €	102	102	102	102	–
Capital expenditure[1]	million €	35	33	32	36	12.5
Research and development	million €	27	28	28	30	7.1
Earnings before interest and tax (EBIT)	million €	52	55	70	74	5.7
EBIT return on sales (ROS)	%	3.9	3.6	4.5	5.0	–
EBIT return on capital employed (ROCE)[2]	%	12.9	14.6	19.5	21.3	–
Net income for the year	million €	9	32	39	54	38.5
Employees[3]						
Germany	31.12.	4,287	4,436	4,519	4,427	– 2.0
Abroad	31.12.	4,704	4,803	4,769	4,821	1.1
Total	31.12.	8,991	9,239	9,288	9,248	– 0.4
Earnings per share	€	0.25	0.94	1.16	1.60	37.9
Dividend per share – ordinary shares	€	0.36	0.36	0.39	0.39[4]	
– preferred shares	€	0.42	0.42	0.45	0.45[4]	

[1] Not including trucks for rentals and leasing and financial assets

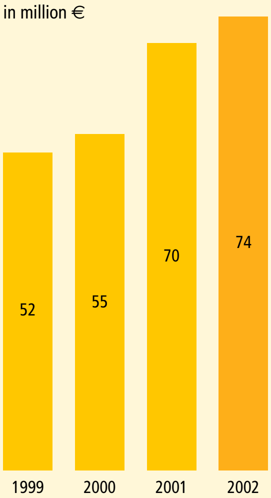
[2] EBIT in % on employed interest-bearing capital

[3] Where reference is made in the text to employees, this is to be understood to include both male and female employees.

[4] Proposal

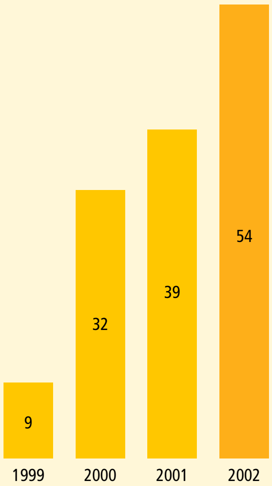
Earnings before interest and tax/EBIT

in million €



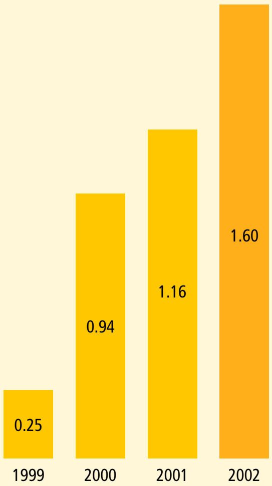
Net income for the year

in million €



Earnings per share

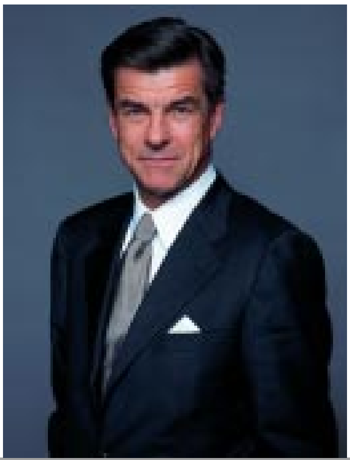
in €



Annual Report 2002

Table of contents

To our shareholders	4
50 years of Jungheinrich	6
The Jungheinrich share	8
Group management report	14
Human resources	30
Overview of the Group	34
Consolidated Annual Financial Statement	48
Report of the Supervisory Board	88
The Supervisory Board	90
The Board of Management	92
Major operating companies of the Jungheinrich Group	93
Five-year overview of the Jungheinrich Group	94



Dear Shareholder!

The Jungheinrich Group is entering the 50th year of its existence with optimism. In the past three years, the Supervisory Board and Board of Management have set the signposts to give the Group a growth and result-oriented structure in the long term. All organisational steps for a uniform brand posture in the market were implemented. The Jungheinrich brand is now stronger than ever. By virtue of our complete product range in the field of materials handling equipment, we can offer the customers comprehensive solutions for all intra-company logistic tasks. Through intensified capital spending not only in the new development but also in the further development of our products we have opened up additional fields of application. These also include the full utilisation of three-phase ac technology for all performance classes. This makes Jungheinrich the world leader in this field.

The business year 2002 was characterised by the strongest economic decline in the field of materials handling products in the last few years. Our company was also affected by the global economic situation, and we had to book declines in the order intake and in sales. Nevertheless, the Jungheinrich Group managed to improve the operating result in 2002 for the third year in succession and to increase the corresponding return on sales as compared with the previous year. This success is based on the systematic implementation of the new corporate strategy and the high commitment of all personnel. These endeavours have paid off. Not only our customers but also the capital markets have taken positive note of the changes in the orientation and culture of the company. The Jungheinrich share has been scarcely affected by the big fluctuations at the international stock exchanges and has maintained its position as a long-term, stable capital investment.

Further substantial investments were made in our production plants, above all in the plants in Moosburg and Norderstedt. In this way the depth of production was increased for individual product lines in order to take account of the high technological requirements necessary to fulfil the quality standards. The concentration of the Europe-wide supply of spare parts in two spare parts logistics centres has further strengthened this service sector which is so important for the Group.

The merger of the sales and distribution activities of MIC and Jungheinrich in France was carried out at the end of 2002. With this, the restructuring of sales and distribution throughout Europe was very largely completed. The expansion of international business was continued further by setting up new sales and distribution companies in other countries.

For the business year 2003, the Board of Management has initiated various steps to cut costs. Within the framework of internal benchmarking, the operating units are compared with each other in order to benefit from the experience of the best for the Group as a whole.

After the concentration of the development activities in the field of counterbalanced trucks in one performance centre at Jungheinrich Moosburg GmbH, the possibility of bringing the production of battery-powered, diesel and LPG powered counterbalanced trucks together at one site was examined. In February 2003, the Supervisory Board consented to this project. This means that a product centre with a capacity of more than 15,000 units annually is being created in Moosburg that is distinguished by concentrated, high technological competence. The infrastructure in all specialist areas that already exists there additionally opens up major synergy potentials. Production at the Leighton Buzzard plant in Britain will be discontinued by mid-2004.

By means of an internationally uniform market presentation under the motto “Jungheinrich – well worthwhile.” we will strengthen our Jungheinrich brand further in our jubilee year.

Our thanks go to our shareholders and customers for their loyalty to the company as well as to our employees who made a decisive contribution to the success of Jungheinrich through their hard work and performance.

Dr. C. v. Pichler

50 years of Jungheinrich: enterprising, customer-focused, brand-conscious

Dr.-Ing. Friedrich Jungheinrich founded the company "H. Jungheinrich & Co. Maschinenfabrik" in Hamburg on 7th August 1953. From a small company with not as many as 10 employees, within 50 years Jungheinrich developed into one of the international leading suppliers in the field of intra-company material flow and has become a world-wide top brand.

Components of success

What are the components of this entrepreneurial success story? Bearing the stamp of the company's founder Friedrich Jungheinrich, a unique company culture rapidly developed which still today determines business dealings and inter-staff relationships at Jungheinrich. When in the 1950s and 1960s, many company owners still ran their companies very directly and according to a strict hierarchy, Friedrich Jungheinrich already relied on dialogue. He delegated responsibility, gave his employees leeway for their own decisions in their work, promoted and demanded an entrepreneurial attitude in thought and deed. The phrase that jokingly did the rounds at Jungheinrich in those days is "Management rule number one": "Do it!".

Until today these are still the best pre-conditions for technical innovation and excellent products. From the invention of the Jungheinrich reach truck Retrak® through to the introduction of three-phase ac technology in materials handling equipment on a broad front – what Jungheinrich engineers develop holds the promise of success. This is due not least to the fact that, via the sales consultants of the Jungheinrich direct sales organisation, they have an ear to the market, to the customers.

Also in sales and distribution, the Jungheinrich company relied on its own strengths from the beginning and built up a close-knit customer-focused direct sales network. In Germany alone the company is represented at 20 sites, from Flensburg to Munich and from Bonn to Dresden. Internationally, Jungheinrich is on the spot with its own sales and service companies in 24 countries in and outside Europe: from Norway to Spain, from the USA via Russia as far as Singapore, plus



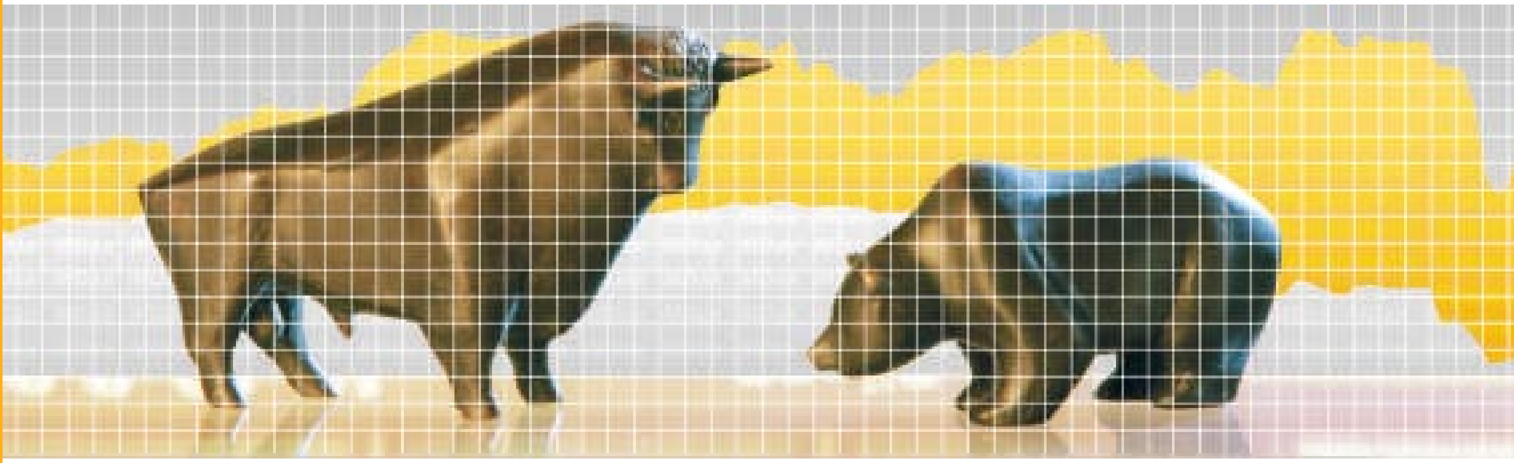
a large number of representative offices such as e. g. in Australia, South Africa and China. Jungheinrich has evolved from a manufacturer of materials handling equipment to a manufacturing logistics service provider: Jungheinrich offers solutions. With a comprehensive product range of materials handling equipment, rack systems and services as well as intensive support of our customers in the case of complex task profiles in intra-company logistics. For example in Europe alone 600 sales consultants, 100 systems consultants as well as almost 2,850 mobile service engineers today offer a close-knit network, competent consulting and comprehensive service.

Jungheinrich positions itself anew

Excellent products, strong sales and distribution and a close-knit after-sales service network – that is what the name Jungheinrich stands for. But this alone is not enough in the hotly contested materials handling equipment market. With its concentration on one brand – Jungheinrich – and direct sales, in 2001 the company adopted a daring future-oriented strategy. In the past business year, a brand positioning was developed on this basis that focuses the spotlight even more on the success of our customers. And this is no lip service for advertising purposes. Our customers will be able to experience it in the jubilee year 2003 and from now on in their daily contact with us. For example, the Jungheinrich employees are being informed in detail about the new market positioning as well as being intensively trained in workshops and seminars. Each employee will always orient the way he or she acts to this positioning. All processes in the company, particularly also inter-divisional processes, have been and will be continuously checked to see how customer-friendly they are and how much they focus on customer benefit. In each case Jungheinrich offers its customers a made-to-measure and thus the best and most economical solution for them. This is based on deep understanding of the customer as well as concentrated know-how of this industry and of logistics. And Jungheinrich makes sure that the customer can also gain optimum benefit from this best solution. This presupposes a strong integration of the customer's requirements right from the product development stage, excellent after-sales service, fast communications as well as the early recognition of new customer requirements.
Our customers should always have the feeling that the decision in favour of Jungheinrich is the right one. They should be utterly convinced: Jungheinrich – well worthwhile.

Brief history

- 1953
  Foundation of H. Jungheinrich & Co. Maschinenfabrik
- 1954
  Building up the German branch offices and service network
- 1956
  First foreign sales and distribution company (Austria), Invention of the reach truck "Retrak®"
- 1974
  Acquisition of MIC S. A. France, the world's biggest manufacturer of hand pallet trucks
- 1976
  Acquisition of Multiton Corp., USA (today MMC)
- 1983
  Full-line supplier: with IC engine powered forklifts
- 1990
  Conversion to an AG and going public
- 1994
  Acquisition of Steinbock Boss and Boss Group/GB
- 1996
  Jungheinrich forklifts with three-phase ac technology
- 2001
  New Group sales and distribution strategy: Focus on direct sales. Focus on Jungheinrich brand 2003
- 2003
  7th August 2003: "50 years of Jungheinrich"



The Jungheinrich share

Strong performance in a difficult stock market environment

Stable dividend payment to shareholders

Return of foreign investors

Successful Road Show in the USA

Strong equity in the new SDax

The Jungheinrich share again proved a sound investment in a stock market year that was otherwise disappointing for many investors. It clearly outperformed the DAX and the MDax. The interest and buying of foreign investors grew. Communications with capital market operators was intensified.

Jungheinrich share with strong performance

The stock market year 2002 was an extremely stormy one and was characterised by serious price losses as a result of political disputes and world-wide growing concern about the economy at the end of the year. In the German stock market, the German share index DAX closed with the greatest loss of value in its history.

In this difficult stock market environment, the Jungheinrich share held up well and again proved itself to be a sound investment in a year-on-year comparison as compared with the negative development of the capital market.

In the course of the year, the share price moved in a bandwidth starting at € 8.10 at the beginning of 2002 via the peak of € 11.05 on 3rd June 2002 to the lowest level of € 7.30 on 2nd October 2002. With an end-of-year price of € 9.20 (previous year: € 8.15) the Jungheinrich share achieved an increase in value of 12.9 per cent year-on-year. In contrast to this, the DAX, which had started at 5,160.10 points at the end of 2001, ended the year on 30th December 2002 at 2,892.63 points, again down on the previous year for the third time in succession, this time by 43.9 per cent. The DAX suffered in particular from the poor performance of financial and technology shares. The MDax, which covers a broad base in the market, being made up of companies with a medium market capitalisation (Mid Caps), lost 30.1 per cent in value to end up at 3,024.82 points (previous year: 4,326.12 points). This meant that the Jungheinrich share could again point to far better performance compared to the German share indices for the second time in succession.

In the first half of the year 2002, the price trend of the Jungheinrich share was buoyed up by increased demand. Besides the general interest in

Investment companies that regularly reported on Jungheinrich AG in 2002

- Cazenove
- Commerzbank
- Conrad Hinrich Donner Bank
- Delbrück
- Deutsche Bank
- Dresdner Kleinwort Wasserstein
- DZ Bank
- HSBC Trinkaus & Burkhardt
- HypoVereinsbank
- Landesbank Baden-Württemberg
- Lehman Brothers
- M. M. Warburg
- West LB Panmure

mechanical engineering shares, positive stimuli came from buy recommendations of analysts and from company presentations before institutional investors. In the second half of the year, however, the Jungheinrich share was caught up in the undertow of the turbulences in the international stock markets that had their origin in the USA. Significant price markdowns were the result, and these gained in severity with the passage of time. The results published in the quarterly reports of the company met with a positive response. At the end of the year 2002, the Jungheinrich share was largely able to withstand the negative trend in the German stock markets.
In trading in the Jungheinrich share at the Frankfurt exchange, a volume of € 69.7 million changed hands last year (previous year: € 69.5 million). The Jungheinrich preferred share is listed for official trading at the stock exchanges in Hamburg and Frankfurt as well as in over-the-counter trading at the other German exchanges. The ordinary shares of Jungheinrich AG continue to be held in equal proportions by the families of the founder of the enterprise.

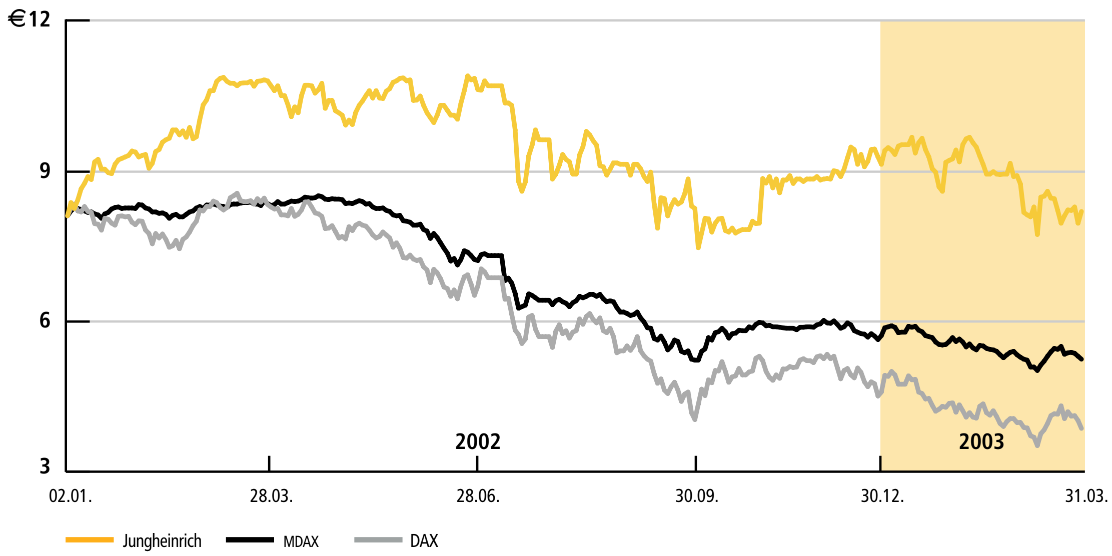
Price downswing in the first quarter of 2003

Events in the international financial markets in the first quarter of 2003 were overshadowed by the Middle East conflict. The Dax closed at 2,423.87 points on 31st March 2003, some 16.2 per cent down from the end-of-year level on 30th December 2002. The MDax fell only 8.4 per cent during the same period to 2,770.16 points. The price trend of the Jungheinrich share was at the same time affected by the changeover in the index of the stock exchange operating company Deutsche Börse AG. At a quotation of € 8.24, the Jungheinrich share showed a drop in the share price of 10.4 per cent.

Unchanged dividend distribution

For the year 2002, the Board of Management and the Supervisory Board will submit a proposal to the Annual General Meeting held on 3rd June 2001 that a, compared with the previous year, unchanged dividend of € 0.39 be paid on each

Development of the Jungheinrich share better than the market



no-par-value ordinary share and that an also unchanged dividend of € 0.45 be paid on each no-par-value preferred share. The dividend that was increased in the previous year can thus be maintained in the year of the company's 50th jubilee despite the difficult economic environment. The constant dividend reflects on the one hand the successful course of business of the company and on the other hand it is an expression of the confidence of the Board of Management in the development of business in the future. Relative to the market price on 30th December 2002, the again attractive net dividend yield of the Jungheinrich share works out to 4.9 per cent (previous year: 5.5 per cent).

Shares in the company's own possession

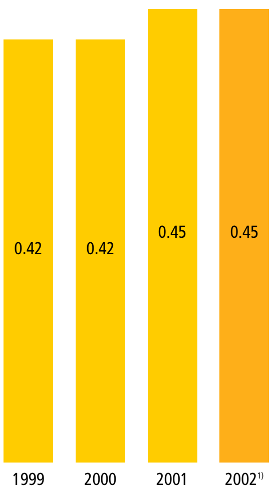
The company continues to hold a total of 360,000 own shares. This corresponds to 2.25 per cent of the preferred share capital or 1.06 per cent of the total capital stock (ordinary and preferred shares).

Investor Relations expanded

The dialogue between the Jungheinrich management and the capital market was intensified on the basis of the regular reports. Since last year, transparency and international comparability are fully guaranteed since the Annual Report and the quarterly reports for periods of less than one year are now published in accordance with the American accounting rules US GAAP. Information for analysts and investors was provided with minimum delay and with the same priority for both groups. This supported the open and trustful exchange of opinion with the German and foreign investors and financial analysts. Furthermore, the parallel placing of the reports as well as supplementary press information in the Internet under the address www.Jungheinrich.com made it easier for private investors to participate in corporate communications on an equal footing. Supplementary to this, up-to-date recommendations with regard to the Jungheinrich share were currently inserted as updates and maintained for one year. Within the framework of our investor relations measures, the period between the preparation of the annual and quarterly accounts and publication of the reports was further shortened during the year under review. The direct contact between the management and the German and foreign institutional investors was expanded further in the past year. The increase in the proportion of shares held by this group of investors shows that it has been possible to strengthen the confidence of the capital market in Jungheinrich. In the past year, Jungheinrich presented itself for the first time in France and Austria with a very good response. Road Shows were held in 2002 in the financial centres Paris, London, Edinburgh, New York, Boston and Frankfurt, among other venues. Furthermore, the management took part in an increased number of individual talks. The main topics of these were not only the strategic orientation of the company but also the experience gained in practice from the implementation of the sales and distribution strategy. Moreover, attention was also focused on the future development of the foreign subsidiary companies and the latest trend of business. The intensified investor relations measures undertaken by the company to supply the capital market with comprehensive and reliable information are reflected in a substantial increase in the

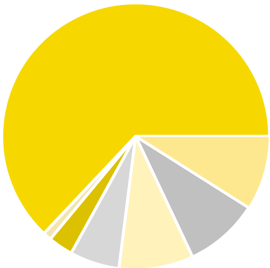
Dividend constant at a high level

per preferred share in €



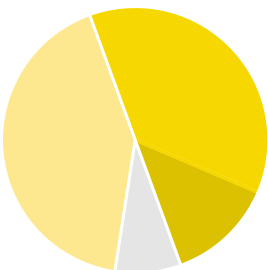
[1] Proposal

Breakdown by countries



63 % Germany
9 % France
9 % United Kingdom
9 % Luxembourg
6 % USA
3 % Switzerland
1 % Other countries

Investors



42 % Private
50 % Institutional
thereof 13 % mutual funds in Germany
8 % Investment management companies Other companies

recommendations of the analysts and stock market publications with regard to the Jungheinrich share. For example, the number of mentions of the Jungheinrich share on the Internet page of one German financial portal almost doubled in the year 2002 to approx. 50. We came a great deal closer to our objective of achieving a fair evaluation of the Jungheinrich share by the capital market.

In October 2002, Jungheinrich took part in the 7th Hamburg Stock Exchange Day. At our stand at the stock exchange, which again welcomed a large number of visitors, the private investors made active use of the opportunity to inform themselves about the business performance and future prospects of the company at first hand.

Analysts' Meeting in Moosburg

In the year 2002, for the second time in succession two company presentations were made before the members of the Deutsche Vereinigung für Finanzanalysten und Anlageberatung e.V. (DVFA). At both presentations in Frankfurt/Main in April and at the production site in Moosburg (Bavaria) in November, both of which were very well attended, the Board of Management informed the participants about progress in the implementation of the strategic re-orientation of the company and about the general development of business and earnings. In Moosburg, the participants at the same time had the possibility to convince themselves of the competence of this production site for the development and production of counterbalanced and narrow-aisle trucks on the spot. Within the framework of the tour of the plant, the participants were also offered the opportunity to form their own picture of the lift trucks that had been freshly launched in the market and to drive the trucks themselves.

Increased commitment of foreign investors

Acquisitions of shares by foreign investors increased strongly in the year under review as compared with 2001. According to the survey carried out in November, 37 per cent (2001: 24 per cent) of the preferred shares covered in the poll were held by foreigners. Altogether, institutional investors in Germany and abroad held 50 per cent (2001: 44 per cent) of the preferred share capital. This compared with a decline from 49 to 42 per cent in the case of private investors. As a result of this shift from a large number of small shareholders to a small circle of bigger investors, the number of Jungheinrich shareholders decreased to 11,500 (2001: 13,000). Foreign shareholders were represented in a total of 40 countries throughout the world (2001: 48 countries). The biggest shares of 9 per cent each were held in France, Luxembourg and Britain. Special mention should be made of the increased level of investment by US American investors with a share of 6 per cent (previous year: 2 per cent).

Value-oriented company management is the basis for efficient remuneration systems

The Jungheinrich management has committed itself to a value-oriented mode of management of the company. This is the basis of the remuneration systems that were introduced from the business year 2002. The remuneration systems are strongly oriented to value-added variables and ratios such as return on sales and return on capital employed in order to achieve a long-term sustainable increase in value for the Jungheinrich Group and its shareholders. The trend of earnings in the past year shows that this principle was successfully implemented. Compared with earlier economic cycles, the Jungheinrich Group is much better positioned as far as the return on capital is concerned. Whereas in good years the operating margin was around 4 per cent, in the difficult economic environment of 2002 the company already achieved a higher EBIT return on capital.

Corporate Governance Code

In December 2002, the Board of Management and the Supervisory Board of Jungheinrich Aktiengesellschaft issued the joint declaration as per § 161 German Stock Corporation Law with regard to the Corporate Governance Code. The exact wording of the declaration in respect of the recommendations of the government commission "Deutscher Corporate Governance Kodex" was published in the Internet on the investor relations page under the heading of "Financial Information".

Jungheinrich a strong equity in the new SDax

At the beginning of the year 2003, a restructuring of the index system came into force through a change in the stock exchange regulations of the company Deutsche Börse AG. This includes a new segmentation of the German stock market. Jungheinrich decided at an early stage in favour of listing according to the superior Prime Standard. This is a prerequisite for acceptance into the selection indices of Deutsche Börse AG. After the decision of Deutsche Börse AG was made in February 2003, the Jungheinrich share was classified in the Sdax, which was reduced to 50 equities and thus also upgraded. Ranking number five in terms of stock market capitalisation, Jungheinrich is a strong equity in this index.

No ad hoc reports published

In the period covered by this report, no ad hoc reports were necessary in compliance with the German Securities Trade Act (WPHG).

Capital market-oriented key data

			2001	2002
Dividend per share	Ordinary shares	€	0.39	0.39[1]
	Preferred shares	€	0.45	0.45[1]
Dividend yield	Preferred shares	%	5.5	4.9
Distribution volume		million €	14.058	14.058
Distribution rate	Preferred shares	%	38.8	28.1
Earnings per share		€	1.16	1.60
EBIT[2] per share		€	2.09	2.20
EBITDA[3] per share		€	5.63	6.01
Net cash flow per share		€	4.62	5.92
Equity capital per share		€	9.39	10.28
Stock market price[4]	High	€	10.80	11.05
	Low	€	7.05	7.30
	End-of-year	€	8.15	9.20
Performance over the year		%	– 4.0	12.9
Market capitalisation		million €	274.2	309.5
Stock exchange trading volume Frankfurt		million €	69.49	69.73
Average daily turnover		thousand shares	30.90	28.70
P/E ratio	High	factor	9.3	6.9
	Low	factor	6.1	4.6
No. of shares	Ordinary shares	million shares	18,00	18.00
	Preferred shares[5]	million shares	15.64	15.64
	Total[5]	million shares	33.64	33.64
Securities identification numbers	ISIN: DE0006219934 // WKN: 621993			
Ticker abbreviation Reuters/Bloomberg	JUN_p.de/JUN3 GR			
Going public	30th August 1990			

[1] Proposal
[2] Earnings before interest and taxes
[3] Earnings before interest, taxes, depreciation and amortisation
[4] Xetra closing prices, Frankfurt
[5] not including 2.25 per cent or 0.36 million shares in the company's own possession

Group Management Report

Jungheinrich successful in a difficult market environment

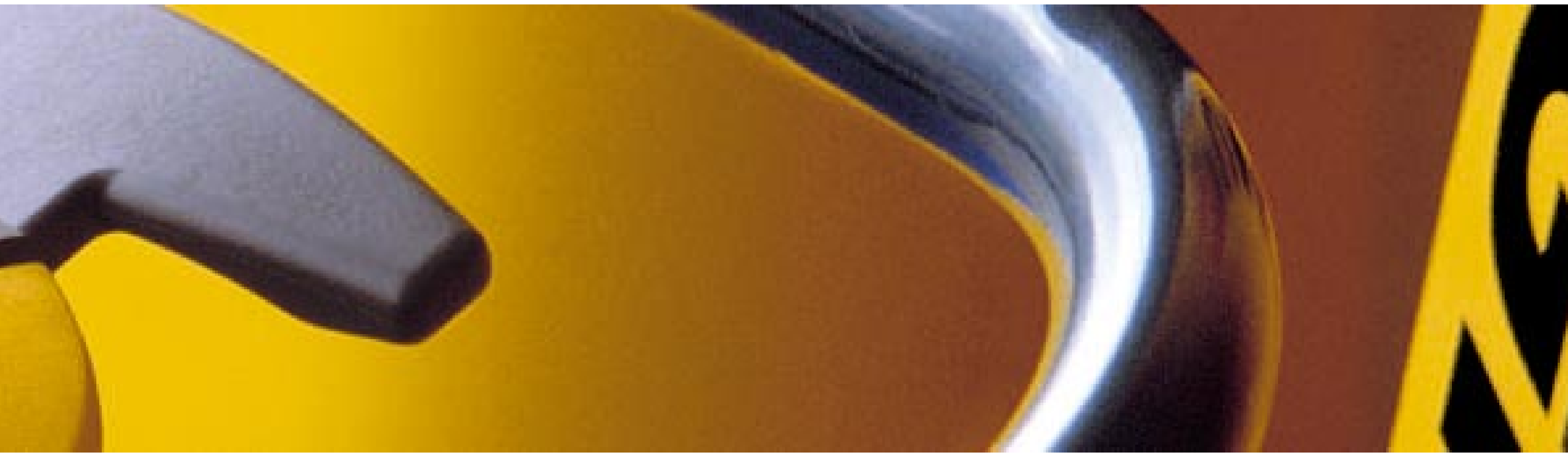
Results again improved

Implementation of the sales and distribution strategy largely completed

Three-phase ac technology throughout the product range

Jungheinrich prepared for economic upswing

Moderate growth in order intake and sales anticipated in 2003



Jungheinrich held up well against the background of the difficult economic conditions and achieved further progress in earnings. The re-orientation of the sales and distribution organisation was largely completed and the production site Moosburg was expanded to a competence and performance centre.

General Economic Situation

World

In the year under review the development of the global economy was impacted by the economic recovery in the USA. However this fluctuated strongly on a flat path of growth. By far the biggest contribution to growth came from private consumption, which received substantial stimuli from the US American monetary and fiscal policies. This benefited the emerging economies of Asia, which again recorded higher growth rates. In contrast to this, the economies in Latin America were drawn into the undertow of the economic and financial crisis in Argentina. In the USA, economic growth rose to 2.4 per cent after only 0.3 per cent in 2001. Growth in the global economy on the other hand decreased from 2.5 per cent to some 1.6 per cent.

Europe

In Europe, the economic climate initially brightened but then, against expectations, the hoped-for economic recovery in the second half of 2002 failed to materialise. The growth rate of the real gross domestic product (GDP) halved again in the Euro area countries, to some 0.8 per cent after 1.5 per cent in the previous year. The decisive reason for this was not only the strong decline in investments in machinery and equipment but also the flagging export economy. At the same time, private consumption failed to come up to expectations. The Central and Eastern European countries – with the exception of Poland – withstood the world-wide downswing without major effects. Altogether they almost managed to maintain the growth rate of the previous year of some 3 per cent.

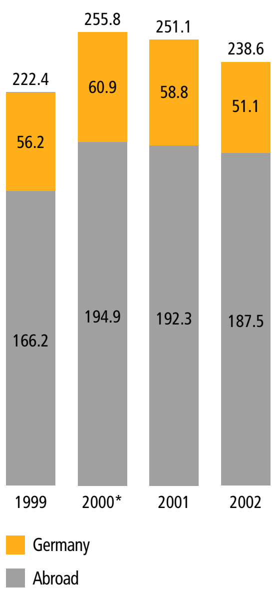
Development of economic growth (GDP*)

	2001	2002
Global economy	2.5	1.6
USA	0.3	2.4
Euro area	1.5	0.8
Germany	0.6	0.2

* Gross domestic product

Unit sales of battery-powered and IC engine powered lift trucks in Europe

in thousands of units
(incl. European-Japanese joint ventures)



* from 2000 incl. Greece and Turkey

Germany

The trend of economic activity in Germany, which followed the moderate momentum in the Euro area, remained below the growth rates of the European Union. Economic growth weakened to 0.2 per cent after 0.6 per cent in the previous year and was thus on the brink of stagnation. As in the previous year, domestic demand was the weak point in the trend of economic activity. Investments in machinery and equipment ended with a minus for the second time in succession, this time with minus 9.4 per cent (previous year: minus 5.8 per cent). Capital spending on new construction decreased for the third time in succession. Although foreign trade pepped up in the second half of the year, the growth rate for exports halved to 2.6 per cent in comparison with the previous year (5.0 per cent). German mechanical engineering also suffered from the weak global economy. The order intake booked an overall decline of 2 per cent. Here, orders from the domestic market decreased by 8 per cent as in the previous year while other countries still reached a plus of 1 per cent for ordering activity. Mechanical engineering output declined by some 4 per cent in a year-on-year comparison (previous year: plus 4 per cent).

Development of the market for materials handling equipment

The trend of the global economy, which was different in the individual regional markets, had a corresponding influence on the demand for materials handling trucks. Although the global sales volume (including China) remained constant at 557 thousand units (previous year: 556 thousand units), the big markets in the world showed a mixed development. Whereas the North American market volume rose 1 per cent to 147 thousand trucks (previous year: 145 thousand units), the Asian market grew by some 9 per cent. The major part of this growth was accounted for by China. The market volume in Europe on the other hand declined in a year-on-year comparison from 251 thousand forklifts to 239 thousand. Although the expected economic recovery failed to happen, the demand for materials handling equipment revived in the second half of the year. This meant that the market decline, which at mid-year had still been 10 per cent, flattened to some 5 per cent overall. The German market, which accounts for a good a fifth of the total market volume in Europe, has lost importance. Here the market volume shrank by some 13 per cent to 51 thousand trucks (previous year: 59 thousand units).
In a comparison of the product segments in Europe, in the period covered by this report warehouse trucks exhibited a more stable development than the counterbalanced trucks with a decline of some 2 per cent. This product segment, which reacts very sensitively to the economic cycle, booked a decline of 7 per cent for battery-powered forklifts and of 9 per cent for IC engine powered forklifts. The only slight decline in warehousing trucks indicates that this product segment has retained its great importance for intra-company transport in a difficult economic environment and that the optimisation of logistic processes in the companies is continuing. Of the five biggest individual European markets (Germany, France, Britain, Italy and Spain), which still account for more than 75 per cent

of the total European market, only Italy and Spain could point to growth. The competitive situation in the materials handling technology business did not change much in the year 2002. Jungheinrich takes fourth place in the world ranking. In comparison with the most important European competitors, Jungheinrich was able to achieve a better-than-average improvement in the development of its results – in terms of the return on sales – despite the declining economy.

Business trend

The Jungheinrich Group held up well in the year 2002 despite the difficult market environment. It was possible to expand the Group further to a cash-generative company. The course of business was largely characterised by the final implementation of the sales and distribution strategy and the strengthening of earning power in a declining market environment. In this context, the focus was on the measures to improve results at the foreign companies Boss Manufacturing Ltd. in Britain and MIC S. A. in France. Furthermore, a number of measures were taken to improve efficiency in our operations.

■ The implementation of the Group sales and distribution strategy, which started in several steps in the year 2001, forged ahead and was largely completed in the year under review. A major step in 2002 was the merger of the direct sales organisations of MIC and Jungheinrich in France that still existed in parallel. The concentration of all sales and distribution forces of each country in the existing Jungheinrich sales and distribution organisation made it possible to expand the highly profitable technical service and services business in connection with the forklift and to streamline structures. In Britain, France and Germany, territorial reforms led to an increase in the number of sales territories. This makes it possible to achieve much better and more concentrated customer support. In Germany, the number of sales consultants was increased by recruiting new personnel in order to support the previous dealer territories under our own administration. In Britain and France, additional sales territories were manned with new personnel by engaging the sales consultants of Boss or MIC. The double branch offices that existed in many places in Britain were shut down to reduce costs.

■ Besides the further build-up of personnel, work continued to expand the market and service presence of the Jungheinrich direct sales networks throughout the Group through

– the foundation of a sales and distribution company in Russia (Moscow) to strengthen our market position in Eastern Europe
– the intensification of the strategically important and more cyclically immune financial services business in other European countries
– bringing the regional warehouses of the Group production sites and of the decentralised sales and distribution organisation together to form only two spare parts logistics centres in south Germany (Lahr) and north Germany (Norderstedt). This step made it possible to extend the fast and flexible in-night supply of the spare parts service to further countries in Europe.
– the further expansion of key account management to comprehensive customer support across national borders

– the expansion of the biggest Internet marketplace for used lift trucks and warehousing equipment in Europe (www.supralift.com). At the end of 2002, more than 850 dealers from over 60 countries were registered with Supralift. With a stock of some 7,400 trucks, Supralift covers almost 20 per cent of the volume of the European used trucks market.

■ In the year under review, Jungheinrich presented new high-performance products in three-phase ac drive technology of the second generation at the Hannover Fair, the most important industrial exhibition in the world. These include a new horizontal order picker and a new compact three-wheel truck in the lifting capacity classes from 1.3 to 2.0 tons. It is by far the most powerful battery-operated three-wheel forklift on the market. Furthermore, a new manoeuvrable pedestrian truck was presented on which the operator can also stand during travel. These products are examples of the constant progress being made in warehousing technology. Further innovations were presented in autumn 2002 that are destined to leave their stamp on the market in the coming months.

■ The Group-wide switchover to SAP R/3 to support the business processes with the latest standard software was continued through its gradual introduction in all sales and distribution companies in other countries and will be completed in the year 2004.

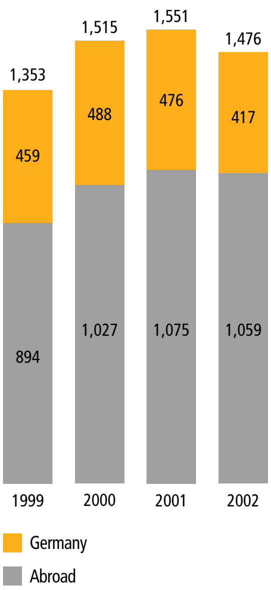
■ In connection with the concentration on the Jungheinrich brand, the company Pro Fis GmbH was re-named Jungheinrich Financial Services GmbH and Steinbock GmbH became Jungheinrich Moosburg GmbH. To strengthen the Jungheinrich brand, a "brand enhancement" project was initiated that aims to make Jungheinrich the strongest brand world-wide in the field of materials handling equipment.

■ With the performance centre for counterbalanced trucks and the competence centre for systems business at the plant in Moosburg (Germany), the activities of these two business sectors were systematically expanded. The business sector Systems Engineering was impressively presented at the Hannover Fair in a pavilion of its own. With its project planning for overall logistic solutions, Jungheinrich takes account of the strengthened demand of the customers for such solutions. The concentration of the know-how at one site is necessary to be able to offer the customers a project-supporting consulting service throughout Europe.

■ The result-improving measures at the production site in Leighton Buzzard (Britain) were continued in the past year and led to a further reduction of the loss at Boss Manufacturing Ltd. However, the weakness of the market and the unchanged high exchange rate of the British pound in the year under review prevented the company from reaching the break-even point despite the progress achieved. As no reasonable contribution is being made to the Group result and is not assured in the long term, this led to the decision taken in the current year to gradually transfer the production of IC engine powered forklifts to the Moosburg plant and to shut down production in Leighton Buzzard by mid-2004.

■ At MIC S. A. in France, a start was made on further restructuring measures. These include the divestiture of MIC sales and distribution and its integration into the French

Sales revenues (million €)



Jungheinrich sales and distribution organisation. Furthermore, the spare part inventories of the decentralised spare parts warehouse were transferred to the logistics centre in Lahr (Germany), which ensures the supply of spare parts for this country.

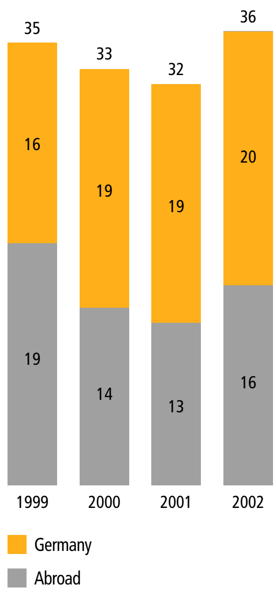
■ At the beginning of the year 2002, value-oriented systems of remuneration were introduced for the Group and its organisational units. The remuneration systems are strongly oriented to key economic data such as sales and the return on capital employed (ROCE) in order to make our operating business more profitable and to achieve a sustained increase in value.

Notwithstanding the difficult general economic situation, Jungheinrich was able to end the year under review on a positive note. Although new sales business decreased, it was possible to raise the level of earnings further. The drops in the order intake that were expected as a result of the weak economic environment and the temporary influences from the implementation of the sales and distribution strategy did in fact materialise in Germany and abroad and were accompanied by increased pressure on prices. The order intake for materials handling equipment in new sales business fell throughout the Group from 64 thousand forklifts to 57 thousand units. The second half of the year saw a flattening of the decline in orders. As expected, due to the effects deriving from the implementation of the sales and distribution strategy it was not possible to maintain the market position as compared with the previous year. The value of the order intake fell by 5 per cent in comparison with the year-earlier period to € 1,493 million (previous year: € 1,576 million). The order book as of 31st December 2002 was, at € 151 million, slightly higher than the previous year's figure of € 148 million. The order horizon was unchanged at some 2 months. Output for global sales decreased in 2002 to 55 thousand forklifts (previous year: some 66 thousand units). Of these, almost 33 thousand warehouse trucks (previous year: over 37 thousand units) were produced in the biggest production plant in Norderstedt, this figure having been adjusted for the products transferred to MIC S. A. in Argentan (France).

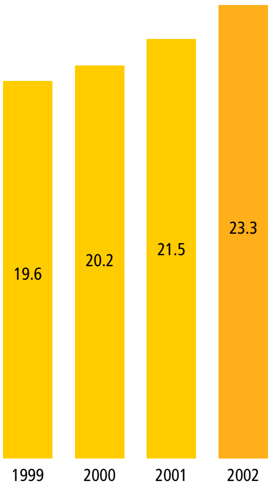
Group sales dropped in 2002 to € 1,476 million (previous year: € 1,551 million). The decline in sales of 5 per cent was due in particular to the drop in new sales business. Domestic sales were down 12 per cent because of the weak state of the market in Germany. For this reason and as a result of the strengthening of the foreign companies, the share of foreign business rose to 72 per cent (previous year: 69 per cent). The lower sales in new sales business were partly offset by the growth in after-sales service. Used trucks / short-term hire business were slightly below the levels of the previous year. The less cyclically-sensitive after-sales service grew at a rate of 7 per cent (previous year: 6 per cent). The performance efficiency of Jungheinrich direct sales is especially reflected in this development. The after-sales sector again benefited from the increased population of Jungheinrich trucks in the markets and from the further expansion of the workforce in our close-to-the-customer service network in Europe. The share of service and maintenance business in the sales figure increased to 32 per cent (previous year: 28 per cent).

Capital expenditure (million €)

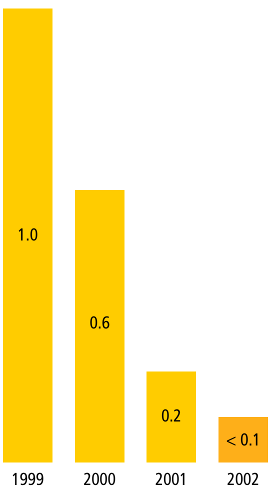
(not including trucks for rentals and leasing and financial assets)



Equity ratio (%)



Indebtedness ratio (years)



Earnings position

In 2002, Jungheinrich was able to maintain the positive trend of earnings of the previous year and to more than balance out the influences of the weak market environment. EBIT return on sales (ROS) improved to 5.0 per cent (previous year: 4.5 per cent). This success is especially notable when the double effect from an economic downturn together with the temporary influences deriving from the sales and distribution strategy is taken into account. The corresponding Group result before interest and taxes was, at € 74 million, 6 per cent higher than the corresponding value in the previous year (€ 70 million). Earnings before taxes (EBT) improved compared with the previous year by 9 per cent from € 67 million to € 73 million.
The decisive reason for this was a more favourable trend of interest levels as compared with 2001 due to further declines in interest rates and again lower net financial liabilities. Income taxes of the Group were € 9 million lower in comparison with the previous year at € 19 million (previous year: € 28 million). Major reasons for this were the absence in 2002 of the burdens that had still existed the year before as well as positive one-time effects in the year under review.
Net income for the year correspondingly improved compared with the previous year from € 39 million to € 54 million.

Capital expenditure

Capital spending – not including additions to the rentals fleet as well as financial assets – were, at € 36 million, higher than the previous year's level (€ 32 million). Major capital spending items in the year under review included the expansion of the company's own sales and distribution companies in Europe, the completed modernisation and extension of the spare parts logistics centre at the Norderstedt plant (Germany) as well as the production of frames for counterbalanced trucks at the Moosburg plant (Germany). The capital spending quota rose to 2.4 per cent of sales (previous year: 2.1 per cent).

Financial and net worth position

The financial and net worth position of the Group again improved due largely to the positive trend of earnings. The balance sheet total at the end of the year was, at € 1,485 million, on a par with the previous year's level (€ 1,471 million). In connection with the figure stated for financial services business, it must be noted that, according to US GAAP accounting rules, the long-term leasing or rental agreements concluded with the customers and the Jungheinrich companies directly or via leasing companies must, depending on the type of contract, be carried on the assets side, either in the fixed assets or in the current assets (as trucks for leasing from financial services or as receivables from financial services). These long-term customer agreements are financed with matching maturities of the agreements and the financing and this financing is stated on the liabilities side under receivables from financial services.
Besides an extension of the balance sheet, there is almost complete congruence between the cash flows from the receipt of receivables from customers and the corresponding financing payments to the banks deriving from this business. The total Europe-

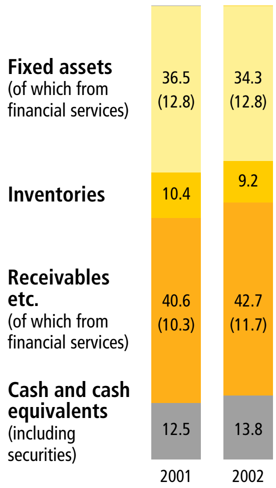
wide volume of contracts outstanding rose by more than 12 per cent to 55 thousand trucks (previous year: 49 thousand units) with a value new of more than € 940 million (previous year: over € 850 million).
Fixed assets were € 29 million lower at € 509 million (previous year: € 538 million). This was due mainly to the lower volume of capital spending on the rentals fleet in comparison with 2001, Inventories were, at € 137 million, substantially down on the previous year (€ 152 million). Trade receivables, at € 323 million, were slightly higher than the year-earlier figure (€ 319 million). Receivables from financial services increased due to the trend of business from € 152 million to € 174 million.
The net financial liabilities of the Group decreased further. Cash and cash equivalents and securities increased by € 19 million to € 204 million (previous year: € 185 million). The overall financial liabilities of the Group were reduced to € 216 million (previous year: € 238 million). Liabilities from financial services rose by € 13 million to € 410 million (previous year: € 397 million). Trade liabilities were down on the previous year, from € 100 million to € 80 million.
Due to the higher net income, the equity capital increased further to € 346 million after € 316 million in the previous year. The equity ratio improved to 23 per cent (previous year: 21 per cent). Fixed assets – not including trucks for leasing from financial services – were covered by the equity capital to an extent of 109 per cent (previous year: 90 per cent) on the closing date of the balance sheet.

The debt ratio at Jungheinrich, measured as the relationship between net indebtedness according to EBITDA (earnings before interest, taxes, depreciation and amortisation) adjusted for the liabilities deriving from financial services, improved further from 0.2 to less than 0.1 years.
Accruals grew in comparison with the previous year from € 319 million to € 332 million. The share of accruals in the balance sheet total remained unchanged compared with 2001 at 22 per cent.
We use derivative financing instruments exclusively to hedge against interest and currency risks. As at 31st December 2002, hedges against interest rate exposure on underlying business transactions in the Jungheinrich Group had a total volume of € 32.0 million as in the previous year, while foreign exchange hedging transactions totalled € 55.0 million (previous year: € 71.3 million). The existing foreign exchange hedging transactions mainly have a term of less than one year.

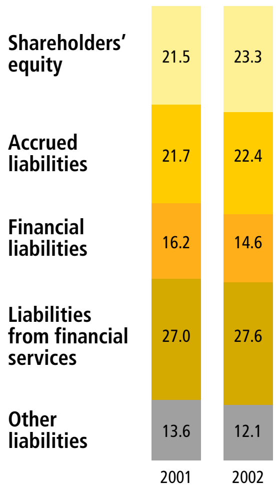
Cash flow / return on capital

Net cash flow reached € 202 million in the year under review and was therefore € 43 million higher than in the previous year (€ 159 million). Capital spending – not including trucks for leasing from financial services – was again fully financed from the net cash flow.
EBIT return on sales (ROS) increased for the second year in succession as a result of the improvement in the operating result, rising to 5.0 per cent (previous year: 4.5 per cent). This development is visible proof of the increased profitability of the Jungheinrich Group in the past few years.
(Chart see page 23)

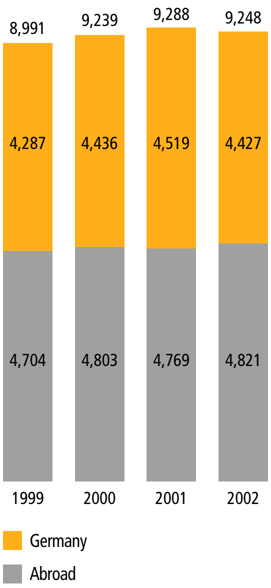
Assets (%)



Liabilities (%)



Personnel
(on 31.12.)



EBIT return on interest-bearing capital employed (ROCE) reached 21.3 per cent (previous year: 19.5 per cent). This meant that the long-term ROCE target of the Group of 20 per cent was already exceeded.
(Chart see page 24)
Reflecting the positive development of the result, the return on equity capital and the overall return on capital both increased. Return on equity capital rose to 16.2 per cent after 13.0 per cent in the previous year. The overall return on capital, which is adjusted by the liabilities deriving from financial services, went up from 5.8 per cent to 6.6 per cent.
(Charts see page 25)

Personnel

As at 31st December 2002, the number of employees throughout the Group decreased to 9,248 (previous year: 9,288). This figure includes 247 (previous year: 267) trainees and apprentices. 4,821 personnel or 52.1 per cent (previous year: 51.3 per cent) were employed in other countries and 4,427 in Germany. Although the workforce was only slightly reduced in the year under review, as in the year before there were some major structural changes. Not only the strategic expansion of direct sales in Germany but also the further strengthening of the European sales and distribution and service network led to the recruitment of new personnel as service engineers and sales consultants. This was offset by a greater reduction of personnel capacities at the production sites of the Group in Germany and abroad and in the sales and distribution administration service due to the lower utilisation of production capacities and the orientation to direct sales. The number of personnel with temporary employment contracts decreased to some 110 employees (previous year: approx. 180). By these measures and by making use of flexible working time models, it was possible to implement the necessary capacity adjustments rapidly and flexibly. Furthermore, to safeguard employment at the production sites in Argentan and Moosburg, short-time working was introduced. The share of personnel in the after-sales service organisation was 47 per cent (previous year: 45 per cent) of the total workforce. This development again reflects the trend of Jungheinrich towards becoming a service provider. As a member of the employers' association, Jungheinrich Aktiengesellschaft adopted the collective wage agreement for Germany that had been concluded in the year 2000. The collective agreement is valid until 31st December 2003.

Research and development

The Research and Development division (R&D) is divided into fundamental research for the whole Group and departments for trucks development and components development. In the year 2002, the number of people employed in R&D throughout the Group averaged 321 (previous year: 318). Capital expenditure of the Jungheinrich Group on R&D including R&D-related production scheduling was some € 30 million (previous year: € 28 million). This corresponds to 4.8 per cent (previous year: 4.0 per cent) of sales of new trucks. The R&D fundamentals were expanded throughout the Group to strengthen the Jungheinrich brand. The process of harmonising R&D subjects and methods, which includes among other things uniform product elements and quality criteria, was continued with great intensity at all levels. Through this process it is possible to substantially improve the capacity and efficiency of the R&D sectors. In the year under review, 36 applications for patents were filed in the Group (previous year: 22) and 19 patents were granted (previous year: 27). In this way it was again possible to achieve major product improvements for the Group. Work in the individual R & D sectors was focused among other things on the following projects:

Fundamental research

The fundamental research sector started work on new kinds of drive concepts in preparation for new truck development projects. The objective is to increase the handling rates of future products. In the case of three-phase ac drives, which are distinguished by ruggedness and good controllability, Jungheinrich's technical edge is ensured by a new sensor as the basic technology.

A special point of focus in methods development was the launching of the Group R&D process. This measure will achieve a high level of R&D activity throughout the Group in conjunction with development times that will be very short for this branch of industry. Using refined simulation processes, it was possible to gain an in-depth analysis of the driving behaviour of the forklifts. Based on these findings, over and above the stability system "Jungheinrich Curve Control" it will be possible to enhance forklift safety even further and at the same time to improve handling turnover.

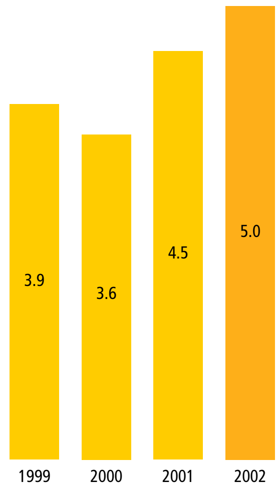
Components development

In the development of electronic components, the three-phase ac drives for small performance ranges were completed. These will be fitted into pedestrian trucks and are used for all-electric steering systems. With this step, three-phase ac technology is now available for the whole performance range. Jungheinrich was therefore again able to lengthen its technical lead in drive technology yet further. A start was made on the development of a hoist frame for a new forklift. With the aid of finite elements calculation, this will offer better visibility together with increased stability.

Trucks development

A number of developments were completed at the Group production sites in the year under review. A reach truck was developed at the Norderstedt plant that is especially manoeuvrable thanks to its 360° all-wheel steering system and that sets new standards for materials handling equipment with its new kind of colour display technology. In a new battery-powered low-lift truck, the behaviour of the truck was optimised by a special undercarriage system. During the period covered by the report, the plant in Argentan (France) completed its development of the scissors lift trucks and the rustless versions of the new hand pallet trucks. At the Moosburg plant, the development activities for IC engine powered forklifts were moved from Leighton Buzzard to Moosburg within the framework of the performance centre for counterbalanced trucks. Through the joint development of battery-powered and IC engine powered forklifts, numerous synergy effects will be achieved at the Moosburg site. The battery-powered three-wheel trucks with

EBIT return on sales
in % (ROS)



rear-wheel drive are fully equipped with the powerful three-phase ac drive technology and can be delivered with the new stability system. The whole product spectrum in the field of warehouse trucks and warehousing system forklifts was rounded out with a new three-sided truck and this has also expanded the company's leading role in this market segment.

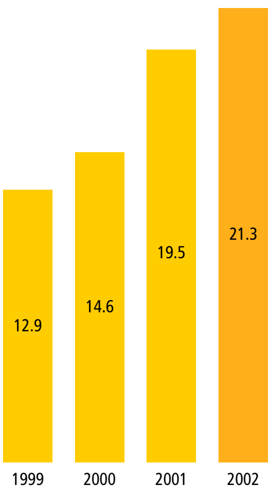
Purchasing and logistics

In the past business year, the drop in the production volume by 17 per cent led to a substantial decrease in the purchasing volume in the Group to some € 850 million. Due to the low depth of production of some 35 per cent, it was in this way possible to adjust the purchased quantities to the reduced demand extremely flexibly. Within the framework of product category management, the whole purchasing volume of one product category is centrally negotiated by one buyer, the Key Account Buyer, for the whole Group. As a result, the purchasing volume in the Group was further concentrated and the purchasing advantages were spread to all Group divisions. Despite the declining volume, it was possible to achieve an overall reduction of the purchasing prices.
All product innovations, such as for example the new horizontal order picker, were jointly developed with the responsible buyer in project teams. The early integration of potential suppliers made it possible to find cost-efficient and innovative solutions that contribute to the success of this series of trucks. All suppliers fulfil the high quality demands and are regularly assessed and audited. The process of selecting suppliers is fundamentally based on criteria deriving from logistics, development, quality and immunity to future developments. The environmental certification of the suppliers is also taken into account in the assessment. This strict criterion is valid worldwide and includes suppliers from Eastern Europe, China and India. In these regions it was possible to open up new sources of supply or to expand existing ones.
The experience gained with direct deliveries of materials handling equipment to the ultimate customer has been positive. For this reason further countries were included in this delivery service and additional supply and service items were added. To a greater extent this means the inclusion of battery chargers and attachments that are procured by the production plants and fitted in the factory. After the CE acceptance testing has been carried out in accordance with the EU standard, the truck or equipment is delivered to the ultimate customer without any detours via intermediate warehouses.

Quality management

On the basis of the new orientation of sales and distribution, the uniform development process for new products Group-wide was revised in the year under review. All new projects in the Group were accompanied by implementation support. By analogy with the development process, in 2002 a start was made on harmonising the procedural sequences of product modifications among the Group sites. This improves the quality of the development work and of the products with a thrifty input of resources. The second half of the year 2002 saw the launch of a

EBIT return on capital employed (ROCE)*



* EBIT in % on the employed interest-bearing capital

project for sales and distribution, the kernel of which is the process-oriented representation of series, system, rental and used trucks business as well as of after-sales service. The objective is to structure the Group-wide kernel processes uniformly in all sales and distribution companies in Germany and abroad while giving special consideration to any features that are particular to a specific country. In connection with the introduction of the standard software SAP R/3 in sales and distribution, best-practice procedures can be established as Europe-wide standards. At the same time, the introduction of the uniform Jungheinrich management system will mean that the requirements of the ISO 9001:2000 standard are fulfilled.

Environmental management

The Jungheinrich Group substantially expanded its environmental protection measures in 2002. Capital spending for environmental protection in the past year amounted to € 3.6 million (previous year: € 1.1 million). The biggest project involving € 2.1 million related to the renewal of the combined heating and power station with a total output of some 7.5 MW at the Moosburg plant. By implementing the latest technology, savings of up to 30 per cent of the heating costs are anticipated. The Norderstedt plant invested some € 1.5 million in various environmental projects (previous year: € 0.9 million). The investment priorities included new regulated heating / ventilation systems for the production operations and the modernisation of the central heating system.

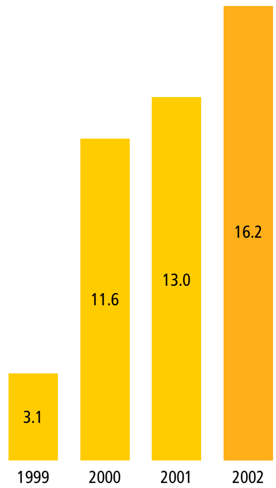
Data protection

The most important field of activity in connection with data privacy and data protection besides the careful handling of data by the personnel is the security of the data processing systems. For this reason, in the year 2002 Jungheinrich began to link the interests of data protection with the security principles of information technology and to pursue both targets at the same time. On the basis of these principles, audits were carried out at different sites, recommendations were made regarding optimisation of the security of the systems and any shortcomings detected were eliminated. The co-operation among the responsible departments together with accounting control achieved a substantial increase in awareness of data protection.

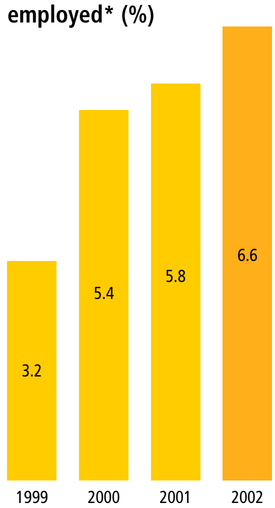
Risk management

Within the framework of its global business in the field of materials handling equipment, warehousing technology and materials flow technology, the Jungheinrich Group is naturally exposed to a large number of risks that are inseparably connected with its business activities. The risk management system of the Group, which is an integral part of the management, planning and controlling process, was developed further in 2002. The management information system forms the foundation for the early recognition of risks. The management meetings that take place in the spring and autumn serve to determine the fundamental orientation of corporate policy of the Jungheinrich Group and its units. The strategic and operational further development is derived from a strengths and weaknesses portfolio as well as from a risk /

Return on equity after income taxes (%)



Return on total capital employed* (%)



* not including financial services

opportunity portfolio. The central element of the risk management system is the Group Risk Committee that meets at least once a quarter. This determines the risk policy of the Group and formulates the corresponding guidelines. The risk management system is continuously developed further and the auditors are involved in this process.
The managers of the operating units are competent and responsible for risk management within their spheres of responsibility. An essential kernel element besides the regular review of risks at the meetings of the management is their obligation to carry out a risk inventory four times a year. This entails the systematic listing and assessment of all individual internal and external risks stating measures that have been or need to be initiated. The results are consolidated as a so-called risk inventory at Group level by the Risk Committee taking account of appropriate value limits. On the basis of these inventories, the Risk Committee in turn prepares a Group risk inventory that is regularly submitted to the Supervisory Board and discussed with that body. If any individual risks arise in the meantime, separate reports are made to the Risk Committee insofar as the defined threshold values are exceeded by more than double.
At the end of 2002, a rotational Group-wide risk inventory was carried out. Its results were intensively analysed within the framework of the meeting of the Group Risk Committee. There are still no developments to be seen that could endanger the continued existence of the Jungheinrich Group. The further implementation of the Group sales and distribution strategy resolved in the previous year continued to constitute a major risk area in the year under review. The process of replacing the contracts with dealers as the most important part project was rapidly carried out. It was already possible to disband the steering committee in mid-2002. The final implementation steps were carried out by the operating managers in their direct spheres of responsibility.
Within the framework of its comprehensive service range of goods and services, the Jungheinrich Group rents out and finances in particular materials handling equipment to or for its customers. Jungheinrich may incur residual value risks when the trucks are handed back for further marketing on expiry of the leasing agreements. These risks are ascertained throughout Europe by means of a quarterly individual examination of all outstanding leasing agreements with a residual value guarantee. Insofar as a comparison of current market values in each case with the guaranteed residual values for leased trucks reveals a shortfall, these risks are reasonably taken into account when drawing up the balance sheet by forming adequate accruals.
Jungheinrich holds more than 16 thousand trucks available for short-term rentals throughout Europe as a service offer for its customers. At times when the economy is flagging, a lack of demand may result in excess stocks. By constantly adjusting the stock of trucks to changes in demand, during the year under review it was possible to achieve a high capacity utilisation level for the rentals fleet.
Whereas the varied range of services in the field of logistics is relatively immune to cyclical fluctuations, production and sales of new trucks are heavily dependent on the behav-

iour of demand under the prevailing economic conditions. For this reason, a careful watch is kept on the development of the economy in general. Market assessments are regularly carried out paying special attention to the trend of economic activity, to the social environment and to developments in the capital markets in particular with regard to changes in exchange rates and interest rates. By virtue of its international activities, the Group is especially exposed to a foreign currency risk, particularly in connection with the British pound. However, this risk is largely compensated by the countercurrent trade flows to and from Britain.
In the case of our foreign subsidiary company MIC S. A. (France), we were able to make further progress in the restructuring measures in the business year 2002. Despite this positive development, MIC S. A. must however still be considered a risk in respect of its future business performance.
The cooling economy and the worsened overall economic prospects had a negative influence on Jungheinrich's production output. In this situation, the flexibility of the structure of the Group production sites proved of great value. Through reducing the number of temporary workers, the exploitation of flexible working time models and through short-time work it was in each case possible to implement necessary capacity adjustments at short notice.
The markets in which Jungheinrich has a presence were kept under especially intensive observation as regards the behaviour of the competition. Changes in the competitive environment in the direction of bigger companies with the consequence of increasing pressure on prices on the demand side – also in view of the economic slowdown – constitute direct risks. The Jungheinrich Group counteracts these above all by strengthening its direct sales for improved penetration of the market and through the expansion of its service offerings. In comparison with earlier economic cycles, Jungheinrich is far better positioned to continue to meet the demands which the market, the competition and the parameter conditions make of the Group in the future.
General contract risks are largely excluded by the guidelines that are prescribed throughout the Group. Since the beginning of 2002, according to the modernisation law for the legal regulations relating to obligations, longer warranty times must be granted in Germany. After the necessary changes to contracts had been made in the previous year, intensive training schemes were carried out for the personnel in sales and distribution and in purchasing.

Events after the close of the business year 2002

After the end of the business year 2002, Jungheinrich AG took the decision to transfer production of the IC engine powered forklifts hitherto produced at the Leighton Buzzard plant (Britain) to Moosburg (Germany) by mid-2004 and then to close down the plant in Leighton Buzzard. The risks associated with the implementation of this will be limited through professional preparation and a close-meshed organisation of this project. The personnel affected by the transfer will receive on-the-spot support in their search for a new job.

Outlook

The overall economic development in the year 2003 is fraught with substantial uncertainties. The further course of economic development will depend decisively on a solution of the crisis in the Near East, which has already had a negative influence on the willingness to invest and on consumer behaviour. As soon as the political situation eases, there are good chances that the global economy – starting from a substantial recovery in the USA – will overcome its phase of weakness. In view of these parameter conditions, positive stimuli for the European economy in the current year can only be reckoned with when the economic horizon in the USA starts to brighten. For this reason, a recovery of the European economy is probably to be expected at the earliest in the second half of the year. In their forecasts for the Euro area, the leading economic research institutes in Germany assume GDP growth rate of 1.5 per cent for the year 2003. Growth of only 1 per cent is anticipated for Germany. Economic development in the Central and Eastern European countries is seen as remaining roughly at the previous year's level. In the second half of the year, positive stimuli are possible here from a more favourable external trade environment.

The business prospects of the German mechanical engineering industry in the current year are founded on a revival of the export markets, because the weak domestic demand is likely to continue. Production is therefore set for a no more than hesitant rise in the course of the year, starting from a level that is already low. Against the background of the uncertainties about the general overall economic trend, it is difficult to make any reliable predictions regarding the development of the materials handling equipment industry in the current year. Assuming that the economy will gradually pick up again, we expect to see a widespread stabilisation of the sales volume for materials handling equipment in Europe in the business year 2003. On this basis, we anticipate higher overall order intakes for Jungheinrich in the course of the year due to its expanded direct sales. Furthermore, positive stimuli for the development of business and earnings in our after-sales service will result from the further rise in the Jungheinrich truck population in the markets. The Group-wide concentration of forces on the product brand Jungheinrich will become fully effective in the current year and will have positive consequences. Furthermore, through a simplification of the processes the efficiency of the Group will be increased and earnings capacity strengthened further. The Europe-wide leading Internet marketplace for used materials handling equipment Supralift will be expanded further and will steadily gain in importance for the marketing of used trucks.
Notwithstanding the uncertain economy situation, Jungheinrich will continue to invest in sales and distribution and in technology.
Overall capital spending, not including additions to trucks for rentals and leasing as well as financial assets, will exceed the volume of the previous year. One of the bigger projects is a testing centre in Norderstedt. Furthermore, new buildings and extensions are envisaged for the existing sales and distribution companies. Within the framework of the

Group’s IT strategy, the standard software SAP R/3 will be introduced throughout the sales and distribution organisation in Germany in 2003.
Looking at 2003, we expect the financial position to improve once more. As things appear at present, the still high net cash flow will be sufficient to finance capital spending – exclusively trucks for leasing from financial services – and to improve the liquidity situation further.
The Product Category Management that has been introduced throughout the Group will gain in importance due to the high overall purchasing volume. The possibilities that arise from a coordinated manner of proceeding will help to bring purchasing prices down further. With a comprehensive product range, the only close-knit direct sales and service network in Europe and the flexible offering of financial services, Jungheinrich is well positioned to continue to be successful against strong competition. The enhancement of the product brand “Jungheinrich” with product innovations and a strong, unmistakable market posture underscore the strong position of the company as one of the world’s leading logistics suppliers in the year of its 50th anniversary.
In the field of research and development, the duration of the development processes will shorten due to the concentration on the product brand Jungheinrich. The uniform procedure in effecting any modifications planned for 2003 forms an important basis for a high and regulated level of re-use of parts covering several product lines and supports work sequences in the case of spatially separate product development and manufacturing. Work on development projects that have already been started will go ahead with high intensity and new product developments that will visibly characterise the brand image of Jungheinrich will be started throughout the Group. New development projects are being prepared to open up the American market. As a competent logistics service provider, Jungheinrich will begin the development of components that are to be available for all truck types.
The development of the result in the year 2003 will be determined not only by the economic trend but also and especially by the expected higher production and sales performance. Should the economy pick up earlier and more strongly than anticipated, this will provide additional stimuli for sales and the result. For the future, the transfer of the IC engine powered forklifts produced at the Leighton Buzzard plant (Britain) to Moosburg (Germany) by mid-2004 promises additional improvements in the result.
Unforeseen developments may cause the actual business trend to deviate from the expectations, which are based on assumptions and estimates of the Jungheinrich company management. The factors that can lead to such deviations are, among others, changes in the economic and business environment, fluctuations of exchange rates and interest rates and the introduction of rival products.

Forecast for 2003

		2002	Trend 2003
Market volume in Europe	thousand units	239	→
Order intake	million €	1,493	↗
Sales	million €	1,476	↗
EBIT return on sales (ROS)	%	5.0	→
EBIT return on employed interest-bearing capital (ROCE)	%	21.3	→



Human resources

Strengthening of sales and distribution

Training at a high level

Dialogue-oriented and feedback-oriented company culture



The strategic orientation to direct sales and the concentration on the Jungheinrich brand led to a strengthening of direct sales and of after-sales business.

Creative and qualified personnel who make high-quality products and develop customer-focused logistics solutions contribute to a very large extent to the success of the company. They leave their stamp on the company culture and represent Jungheinrich as a top brand in the logistics world vis-à-vis the customers.

Workforce

As at 31st December 2002, the number of employees throughout the Group totalled 9,248, of which 68 per cent (previous year 67 per cent) worked in sales and distribution. As in the previous year, more than 150 jobs were newly created in 2002 to strengthen sales and distribution. The number of service engineers increased to some 2,850. As a result of the restructuring measures at the production sites, the workforce there decreased by some 130 employees.

Training

Training has a 50-year long tradition at Jungheinrich. In the year 2002, Jungheinrich was able to offer some 250 first-time job seekers a training place in the commercial and industrial sectors. The trainees and apprentices are offered highly qualified and well-founded professional training in a broad spectrum of vocations.

Development of personnel figures

Jungheinrich Group	2000	2001	2002
Jungheinrich AG[1]	3,358	3,515	3,603
Jungheinrich UK Ltd.[2]	614	898	972
Jungheinrich France SAS[3]	625	683	938
Jungheinrich Italiana S.r.l.	522	595	653
Other foreign sales and distribution companies	1,301	1,413	1,576
MIC S.A.[3]	786	704	390
Jungheinrich Moosburg GmbH	954	908	813
Boss Group[2]	835	365	209
Other companies[1]	244	207	94
Total	**9,239**	**9,288**	**9,248**

(on 31.12.)

[1] Figure for 2002 after transfer of Steinbock Karlsruhe and Steinbock Berlin to Jungheinrich AG
[2] Figure for 2001/2002 after transfer of Boss sales and distribution to Jungheinrich UK Ltd.
[3] Figure for 2002 after transfer of MIC France sales and distribution to Jungheinrich France SAS

Personnel development

In 2002, Jungheinrich catered for the supplementary training of its after-sales service personnel in 150 seminars. These covered basic training on the equipment, information about new products as well as training as systems engineers and trainers. 957 personnel underwent this training. 63 seminars offered by Personnel Development with 693 participants focused on methodical qualification and a broadening of interdisciplinary competence. In this context, some 25 per cent more personnel were trained in the so-called soft skills in the year under review than in the previous year.

The Jungheinrich Management Programme (JUMP) for the promotion of future personnel starts two to four times a year with newly designed two-day orientation workshops. Here, experienced specialists and managers from the Group observe and assess the strengths and potentials of 12 participants. The orientation workshops are held in German and English. Afterwards, individual development steps and measures are agreed upon in personal development talks. In these workshops, the participants have the possibility to obtain feedback from the observers regarding their strengths and weaknesses.

In 2002, project work in the Group was also an important topic in Personnel Development. Methods of effective project management were taught in different seminars. The international exchange of personnel continued to be supported by various incentive measures.

Personnel by fields of work

Jungheinrich Group	2000	2001	2002
Sales and distribution	5,884	6,205	6,315
Manufacturing	2,794	2,609	2,520
Total Service Center/Administration	561	474	413
Total	**9,239**	**9,288**	**9,248**

(on 31.12.)

Organisational development

Personnel work of the past business year centred on the introduction of a dialogue-oriented and feedback-oriented company culture. Here the basis was created for management feedbacks from the employees in respect of their superiors to be systematically recorded and evaluated for the first time in 2003. The objective is to strengthen positive aspects in their co-operation, but also to recognise and to solve problems.

The identification of the personnel with the company is to be increased, the exchange of information is to be intensified and the potentials of the personnel are to be recognised and promoted.

Short-term practical trainees / diploma undergraduates

The programme for short-term practical trainees and diploma undergraduates as well as the university-level marketing activities were successfully continued in the year under review. Despite a general decline in the number of graduates, there was a strong increase in interest in short-term practical training courses at Jungheinrich. The number of inquiries about short-term practical training courses and the duration of the latter both increased. Two thirds of all Jungheinrich short-term practical trainees / diploma undergraduates were deployed in the technical sector, the others were distributed among sales and distribution, central office (Germany) and other countries. The measures designed to tie short-term practical trainees and diploma undergraduates to the company, including among other things feedback talks, tours of the plants and regular meetings of the trainees were further expanded in the year under review. In two-day seminars, the short-term practical trainees / diploma undergraduates learn basic facts about the Jungheinrich Group and the Jungheinrich products. Furthermore, the trainees are offered applicant training.

Thanks to our employees

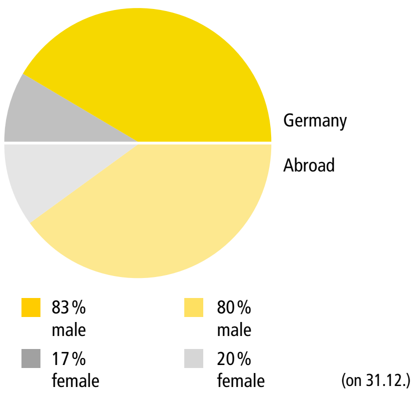
Our special thanks go to the personnel of the Jungheinrich Group. Their personal commitment and their achievements were the foundation for the successful development of our business in the year 2002. We also wish to express our thanks to the employees' representative bodies in Germany and abroad for their constructive collaboration.

Development of personnel figures by functions

Jungheinrich Group	2000	2001	2002
Service engineers	2,473	2,684	2,827
Workshop technicians	318	343	325
Manufacturing	1,965	1,828	1,796
Technical consultants	622	607	614
Administration service	3,408	3,376	3,330
Temporary workers	196	183	109
Trainees and apprentices	257	267	247
Total	**9,239**	**9,288**	**9,248**

(on 31.12.)

Employees male/female in the Jungheinrich Group



Personnel by countries

Jungheinrich Group	2000	2001	2002
Germany	4,437	4,519	4,427
France	1,411	1,387	1,328
United Kingdom	1,449	1,263	1,190
Italy	522	595	653
Rest of Europe	1,370	1,484	1,611
Other countries	50	40	39
Total	**9,239**	**9,288**	**9,248**

(on 31.12.)

Group overview

Product offensive with technical innovations

Expansion of international business

Europe-wide concentration of the spare parts organisation

Jungheinrich has evolved from a manufacturer of materials handling equipment to a manufacturing logistics service provider. The company offers comprehensive solutions for all logistic tasks and is thus well positioned, even in times of a difficult economic environment.

The basis of the company's success is the full-line product range, strong direct sales as well as the sophisticated range of technical service and other services. The framework for success is the clear strategic orientation in the last few years and the powerful market positioning of the Jungheinrich brand in the course of the current business year.

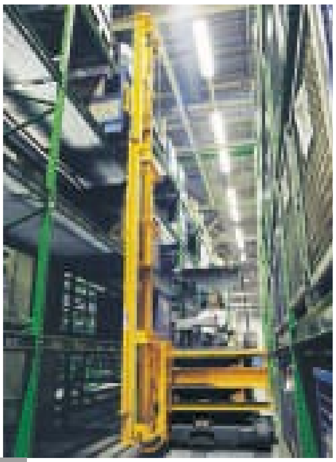
With the introduction of several new trucks distinguished by technical innovations and economic efficiency in the year under review, Jungheinrich strengthened its reputation as one of the leading materials handling equipment suppliers in the world. This applies to a special degree in the case of the three-phase ac drives in battery-powered forklifts. The company strengthened its international presence, which works to the benefit in particular of customers who also operate world-wide. They can rely on Jungheinrich products and services in Europe as in Asia. The Europe-wide concentration of the spare parts organisation in two central logistics centres also strengthens the services sector. The warehouses ensure the fastest possible availability of spare parts and thus serve the customers.


Technical innovations

Jungheinrich is continuing its product offensive with a large number of innovations. In the year under review, five lift trucks and pallet trucks with the most modern truck technology and in a new design were launched onto the market. The drive motors for all functions in the new battery-powered trucks were all designed with three-phase ac technology which makes for high performance data for acceleration, top speed, reversing and braking. The development work for three-phase ac drives with lower output values for pedestrian trucks and all-electric steering systems was completed. Three-phase ac drives are therefore now available for all battery-powered trucks.
The driving behaviour of the forklifts was analysed in depth using refined simulation processes. Based on these findings, it will be possible to increase forklift safety even more and at the same time to improve handling turnover.

Battery-powered multidirectional lift truck Retrak® ETVQac

Wherever long loads are to be transported sideways in narrow aisles with very restricted space, the Retrak® multidirectional lift truck ETV Qac (lifting capacities from 2.0 – 2.5 tons) is the handling unit of choice. Since the new generation features three-phase ac technology, it combines higher performance figures with more efficient energy recovery and less maintenance input. Thanks to its easily selectable travel modes, the reach truck can move in normal, parallel, transverse and diagonal directions or can turn on the spot and can at the same time be manoeuvred with the greatest of ease. This exceptional manoeuvrability is supported by the new three-phase ac powered all-wheel steering system. All wheels are controlled via the steering wheel; this ensures far simpler control and improved tracking. The turning circle is reduced and the forklift can negotiate far tighter curves. The ETVQac can change or reverse the direction of travel while moving. All the wheels can rotate freely round their vertical axis without meeting a stop and are thus endlessly steerable (360°). Without stopping, the forklift can be turned right round in the working aisle or in the space in front of the racks. Jungheinrich sets standards with a new kind of colour display technology.



Battery-powered three-wheel lift truck EFG-DHac

The battery-powered three-wheel lift truck EFG-DHac with rear-wheel drive is the new top unit in the 24-volt class. With the compact, high-performance truck that is offered with lifting capacities from 1.0 to 1.5 tons, Jungheinrich rounds out its range of counter-balanced trucks that feature three-phase ac technology. Core features of this inexpensive first-time buyer's model among counterbalanced forklifts are high economic efficiency, operating convenience and ergonomics, long utilisation intervals as well as manoeuvrability. Thanks to the excellent efficiency of the three-phase ac motors, the EFG-DHac immediately occupies two foremost positions in its class. On the one hand it is the unit that offers the highest performance with regard to the values for acceleration, lifting, lowering, travel speed and climbing ability and on the other hand its deployment time is on average 20 per cent longer due to its low energy consumption. A single battery charge is therefore frequently enough for a full 8-hour shift. Thanks to its compact design, the EFG-DHac is very manoeuvrable and can thus easily be used in extremely confined spaces, for example in bulk storage warehouses and rack warehouses as well as inside road trucks, containers and rail wagons. The active safety system "Jungheinrich Curve Control" is available as an optional extra.

Battery-powered three sideloader EFXac

In the new three-sided forklift EFXac, Jungheinrich unites a truck concept that is unique in the market with a laterally mounted hoist frame for optimum all-round vision and safety. The three-sided forklift, which is delivered in the lifting capacity classes of 1.0 ton (EFXac 100) and 1.25 tons (EFXac 125), is an inexpensive, compact and manoeuvrable forklift for stacking and unstacking a wide range of different load-bearing media up to a stacking height of 6.8 metres. Universal and flexible in use, the EFXac can not only be guided mechanically or inductively but can also travel freely. This means that the truck can be used in narrow aisles, in wide passages and in the anterior zone of the warehouse. The EFXac is fully equipped with three-phase ac drives for travelling, lifting and steering. The benefit associated with this lies in very good efficiency of the drives and in high torques for dynamic movement cycles.

The three-phase ac control guarantees especially gentle starting up and braking that reduce stress on the load and materials. Time and energy savings permit more work cycles per battery charge or shorter loading times. Energy recovery not only when the hoist frame is being lowered but also when the truck is braking lengthens the service lifetime of the battery and reduces power costs.

Battery-powered pedestrian-controlled pallet truck ELEac

The new battery-powered pedestrian-controlled pallet truck ELEac, which comes with lifting capacities from 1.6 to 2.0 tons, is distinguished by manoeuvrability and speed, high lateral stability, three-phase ac technology and the most up-to-date electronics. This makes the truck the prime choice for economical transport in narrow rooms and for loading and unloading HGVs. The compact design predestines the new ELEac to be carried on HGVs. The ELEac convinces through remarkable acceleration and a high travel speed – advantages that derive from a 24-volt motor using high-performance, energy-saving three-phase ac technology. Speed Control for sensitive and stepless regulation of the speed and built-in rollback protection offer the operator safety on upward and downward gradients. A further highlight of the ELEac is the Pro-Trac-Link system, which guarantees high lateral stability in every driving situation. The multi-function control shaft head in ergonomic design combines the greatest simplicity of operation with safety for the hands.

Scissors pallet truck AMX
Hand pallet truck Inox Pro

Jungheinrich offers its customers three new pallet trucks: the scissors pallet trucks AMX and AMX-E as well as the AM 2000 Inox Pro. All the parts on the 2000 Inox Pro are made of stainless steel and the fork tips are enclosed. It is therefore fitted for use in the foodstuffs industry and in corrosion-endangered areas, for example in the chemical industry. The scissors pallet trucks with a manual hydraulic system (AMX) or an electric-motor powered hydraulic system (AMX-E) take the strain off the operator's back. He can bring the truck up to the working height with a few movements of the control shaft or at the touch of a button and thus saves himself the need to bend right down and lift a heavy load.

Made-to-measure warehouse management systems

Warehouse management systems are steadily becoming an important factor for determining the functional efficiency of intra-company material flows. Jungheinrich offers operational sequence solutions that are individually tailored to the particular operator for effective warehouse handling, making optimum use of the transport and storage capacities. With information systems for the comprehensive implemen-

tation of all conceivable logistic approaches from radio data transmission and bar codes via warehouse management, transport control and the linking of automatic systems through to the interface with other IT systems. For Jungheinrich's customer, the advantages lead to savings on warehousing and logistics costs together with a higher throughput rate.
For small warehouses, they mean an inexpensive start into efficient warehouse management with radio data transmission controlled trucks. Medium to big warehouses use systems that feature an interface to higher-level merchandise information systems. The suitable strategies are determined together with the customers in order to generate optimum driving orders and order picking lists. In addition, Jungheinrich implements turn-key overall solutions for big warehouses with optimally matched warehouse movements for forklifts controlled via radio data transmission as well as fully automatic conveying systems.

Information technology

SAP R/3 for Italy and France

Within the framework of the company's information technology strategy, SAP R/3 was introduced in the foreign companies in Italy and France in the year 2002. In this context, the standardised process sequences for sales and distribution have proved to be especially useful. Further introductions of the new sales and distribution system in the Netherlands, the Czech Republic and Germany are planned for 2003. The construction of the central spare parts logistics centres in Lahr (Baden-Württemberg) was a special challenge for information technology in 2002. All information flows well as management of the warehouse inventories are carried out and controlled by the central SAP system at the Norderstedt site.

New media

The Group-wide presence in the Internet was expanded further in 2002. Here, Internet presentations of foreign companies were adapted to match the Group presentation. This process will be continued and very largely completed within the framework of the concentration on the Jungheinrich brand in the course the current business year. The new Jungheinrich corporate design is being integrated into the presentation. The Jungheinrich Group Intranet was also thoroughly re-vamped in 2002. With expanded database applications, additional contents and a new navigation facility, there was a significant increase in the utilisation of this medium for internal information and communications.

Logistic services

Financial services as a factor for success

The growing importance of financial services in the market for materials handling equipment was again confirmed in the year 2002. In the meantime, one forklift in three is no longer sold by the Jungheinrich Group, but is made available to the customer for use on a long-term basis via financial services. Of decisive importance for success are the service components: $^{2}/_{3}$ of the contracts contain a full service agreement, and $^{1}/_{3}$ of the contracts are coupled with a service agreement. The total volume of contracts outstanding in Europe grew by 12 per cent to some 55,000 trucks.
In Germany, Jungheinrich has since 2000 offered its financial services via the Group's own subsidiary company Jungheinrich Financial Services GmbH. In this way, it was possible to concentrate the activities and competence in one company in order to strengthen competitiveness. Integral parts of the ComFOUR package in Germany are the financing forms rental, leasing, lease-purchase agreement and instalments purchase. The variant form rental is by far the most successful financial services product. Here, the forklifts are placed at the disposal of the customers for use for a fixed sum including full service (among other things maintenance, repairs and spare parts) as well as lump-sum compensation for machine breakage. Rental offers the customers an assured calculation basis and with that the resultant risk-free access to his desired logistics solution. The rental concept ComFLEET was especially developed for truck fleets and officially launched onto the market at the CEMAT 2002 fair. A special distinguishing feature is the way in which the contract model can be individually and flexibly adapted. The utility value for the customer lies in the optimisation of his forklift fleet at minimum operating cost. ComFLEET makes it possible for the customer to concentrate completely on his core business. The demand for cross-frontier rental concepts also increased continuously in 2002. Several framework agreements were concluded in the last 12 months with customers who work at the international level. The basis for these solutions is Jungheinrich's direct sales in Germany and abroad. The customer is supported in the corresponding markets with the same high quality.

Expansion of Key Account Management

As a manufacturing service provider with direct sales in practically all European countries, Jungheinrich is a preferred supplier for companies who work internationally. In addition to the wide product spectrum, which goes far beyond the pure offering of materials handling equipment, Jungheinrich is in a position to offer services at a uniform standard throughout Europe. Apart from highly-qualified full service, these include the offering of financial, fleet management and rental services. The restructuring process in our international key account management has produced positive effects. After all, with this offering Jungheinrich guarantees comprehensive customer support across national frontiers with all-included solutions from a single source. Besides the ongoing successful market positioning in the food trade, successes were achieved in 2002 with an expansion of the logistic services for the customer. To meet in particular the requirements of the operators of big fleets, Jungheinrich is developing analysis services that it make it possible to identify rationalisation potentials in the material flow sequences directly on the spot on the customer's premises and to implement optimisation proposals.

New spare parts logistics centre

In September 2002, Jungheinrich was able to start operation of its second central Spare Parts Logistics Centre South in Lahr (Baden-Württemberg). This makes for significantly shorter delivery times of spare parts and thus even faster service for the customer. The new warehouse was jointly planned with TNT Logistics Germany GmbH as the competent service provider, was set up by TNT Logistics and is operated by TNT for Jungheinrich.
With the also modernised Jungheinrich Spare Parts Logistics Centre North in Norderstedt near Hamburg (operated by Jungheinrich) and the new warehouse South, the company now has two equal-ranking Group warehouses with practically the same product range of some 35,000 spare parts in each warehouse. This achieves predominantly direct deliveries to the service engineers in France, Italy, Switzerland and Austria during the night (in-night supply). That means that the Jungheinrich service engineer already has the spare parts in his service van at the start of work. This service is today already assured in Germany, Denmark and the

Benelux countries. In the medium term, such an in-night supply is also targeted for Britain and Scandinavia. Jungheinrich is thus expanding its leading position in spare parts service yet further.

Rentals and used trucks business held steady

The size of the fleet of trucks for rental and leasing in Germany and abroad was again increased as compared with the year before and reached a volume of more than 16,000 units. This makes it possible to meet the demands of the customers for modern and high-performance trucks without their having to tie up capital in the long term. As short-term hire business has also been set up in Ireland, Greece, Brazil and Singapore, the number of rental stations increased in 2002 to more than 100 in 20 countries. Further development possibilities are opened up by the founding of the foreign company in Russia. The introduction of new data processing systems achieves better availability and control of the rental trucks and a higher variety of trucks within the rentals fleet.

In the used trucks business, it was found that, especially in times when the economy is going through a difficult phase, used trucks from Jungheinrich with a manufacturer's warranty are an attractive alternative to new forklifts. As far as financing is concerned, the customer can choose from among various possibilities just as in the case of new trucks. In 2002, more than 15,000 Jungheinrich used trucks were sold and reconditioned according to the customers' wishes. Thanks to the internal Jungheinrich database-aided "Used Trucks Market" that was introduced at the international level in 2002, it is possible to look for a truck that is optimally suited to the customer's needs from a stock of more than 20,000 Jungheinrich used trucks throughout Europe.

The biggest European Internet marketplace for used materials handling equipment "Supralift" that is operated together with an important competitor also developed positively last year. The number of trucks offered under Supralift increased last year to 7,400. Besides enormous growth to more than 30,000 visitors a month, at the end of 2002 over 850 dealers from more than 60 countries were registered with Supralift.

International projects

Strong presence at DaimlerChrysler

DaimlerChrysler AG relies on a large fleet of Jungheinrich forklifts with some 1,350 trucks at 35 sites in Germany, as well as in France, Spain, Austria, England and Sweden. These are used in particular in spare parts logistics for practically all makes and types of vehicle of the Group, for heavy-duty work in the foundry, in the forge and in HGV production. In addition, Jungheinrich forklifts carry out intra-company transport and supply tasks at practically all production and assembly sites.

As well as warehouse trucks and warehouse system trucks, at various plants DaimlerChrysler uses Jungheinrich battery-powered sit-on trucks and tractors with tractive forces of up to 40 tons. In several logistics centres and plants, the forklift fleets are controlled using radio data transmission systems from Jungheinrich.

The products and services supplied by Jungheinrich are agreed annually in the form of framework agreements for new trucks, after-sales service and spare parts. These agreements are valid throughout Europe for all plants and branch establishments and also for subsidiary companies, such as EvoBus GmbH, MTU GmbH and CTS GmbH. A rental contract exists for the Berlin-Marienfelde plant covering some 160 forklifts.

The Global Logistics Center in Germersheim and the associated regional Logistic Centers in Hannover, Mainz, Cologne, Nuremberg and Reutlingen play an important role in the global logistics chain of DaimlerChrysler.

The Central Depot for spare parts guarantees a reliable and fast supply world-wide with 340,000 different parts. In the Logistic Centers, DaimlerChrysler relies on more than 190 forklifts from Jungheinrich with preference given to those featuring three-phase ac technology. The fleet covers high-rack forklifts and order pickers, vertical order pickers, Retrak® reach trucks, battery-powered three-wheel and four-wheel trucks and battery-powered pedestrian trucks. The trucks, which receive their task assignments via radio data transmission, are used for moving spare parts into and out of storage and for order picking. The Global Logistics Center is the biggest central depot for original parts and accessories of the makes Mercedes-Benz and Smart as well as of the luxury make Maybach.

Co-operation with TNT expanded

TNT, as a big European express and logistics company, is one of the leading international providers of fast transports and complete logistics solutions. The express sector delivers documents, parcels and freight to any place on earth. The service spectrum of TNT Logistics furthermore includes complete implementation from the simple warehouse through to complex logistics systems. In Europe alone, TNT delivers 2.1 million consignments each week in the express sector.

In 1996, the Dutch post office took over the group that had been founded in Sydney, Australia, in 1946 and integrated it into the TNT Post Group (TPG) in 1997. With its principal place of business in Hoofdorp, Netherlands, TPG employs some 148,000 personnel in more than 200 countries and transports 134 million packages a week.

In Germany, the previous rental agreement concluded between TNT and Jungheinrich was replaced by a fundamentally new framework agreement. This takes into account the fact that TNT today requires up to 50 types of forklift with different intensities as regards the term of the rental and the degree of utilisation. The contract is valid for all companies of TNT Holdings (Germany) GmbH, including among others TNT Express GmbH and TNT Logistics GmbH. Within the framework agreement, which contains extensive full service components, a ComFLEET Vario contract with high flexibility was concluded for every TNT company. Individual agreements are in force for the different TNT sectors, for example planning support for TNT Logistics. In 2002, the fleet in Germany covered by the agreement numbered 320 forklifts at some 50 TNT sites. Further rental agreements with a total of more than 400 trucks exist among others in Italy, Belgium and the Netherlands. In addition, TPGITNT in the Netherlands has bought some 300 Jungheinrich forklifts and concluded service contracts.

Exemplary for the efficiency of the TNT Group is the Rhine-Main site in Wiesbaden, Germany, that is operated by TNT Express. As the third-biggest site world-wide, it numbers among the most important and most modern systems of the group. On an indoor surface area of 11,500 square metres, consignments with a total weight of around 300 tons are handled each day. Working at this site, which came on

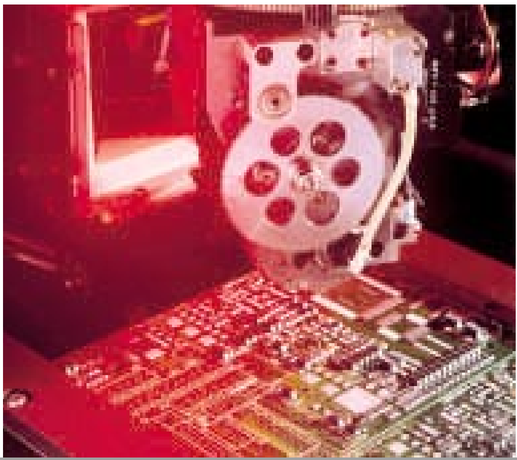


stream in 2001, are 45 forklifts from Jungheinrich, also covered by the rental agreement. Special mention must be made here of 15 high-performance three-phase ac trucks with which Jungheinrich was able to replace LPG powered trucks at TNT for the first time.

JingKeLong in China relies on Jungheinrich products

China is a very interesting growth market for Jungheinrich. One of the Jungheinrich customers there is the JingKeLong Supermarket Chain Group Co., founded in 1994. The strongly expanding chain with its headquarters in Peking operates 120 shopping centres, supermarkets and convenience shops with 3,000 to 40,000 square metres of shop floorspace. The product range covers some 30,000 different articles. These include food, convenience goods, textiles, shoes and furniture. By 2006, the JingKeLong Supermarket Chain Group, which achieves annual sales of some Euro 550 million with some 10,000 personnel, is to be expanded to 300 branches. Parallel to this, the company wishes to permeate the market with the brand name JingKeLong through efficient logistic processes and further supporting measures and thus to strengthen its competitiveness first in Peking and then gradually also in North China as well as in the rest of the country.

Jungheinrich's activities at JingKeLong have so far concentrated on the group's Central Warehouse, which breaks down into six independent areas. The Central Warehouse offers more than 18,000 pallet slots for some 10,000 articles on a total area of 22,000 square metres. Eight high-rack and order pickers ETX-Kombi, two horizontal order pickers ECE and six battery-powered pedestrian-controlled pallet trucks ELE are deployed in the warehouse. With the support of the materials handling equipment delivered by Jungheinrich, the 260 employees in the Central Warehouse handle 130,000 cartons per day.



Production sites

At the biggest Jungheinrich plant in Norderstedt, Germany, with its associated plant in Lüneburg, the introduction of new truck generations meant that the assembly sequences were also revamped and optimised. By improving the logistics sequences and production control, it was possible to shorten the door-to-door throughput times.

The Jungheinrich plant in Norderstedt is where the battery-powered low-lift and high-lift trucks of the Junior series as well as the battery-powered reach trucks Retrak® are produced. In addition to these, the plant manufactures hoist frames, electronic controls and battery chargers. 2002 saw the start of series production of a new, high-performance battery-powered horizontal order picker with three-phase ac technology as well as of a new multidirectional reach truck with three-phase ac technology and electronic all-wheel steering. Since the beginning of 2003, it has been possible to deliver a new, compact battery-powered pedestrian-controlled pallet truck with three-phase ac drive and a lifting capacity of 1.6 – 2.0 tons. With its Norderstedt plant, Jungheinrich has in the past few years been able to position itself as the leading manufacturer of battery chargers and as Europe's biggest manufacturer of electronic truck controls for materials handling equipment.

The conservation of resources project that has been running successfully since 2001 and that relates to the practically instant acquisition of energy consumption rate data for electricity, gas and water has already led to a significant reduction of energy consumption rates as well as to cost savings and a growing environmental awareness among the personnel.

The Lüneburg plant is the plant for special-design trucks and small series trucks in the Jungheinrich Group. The special-design trucks produced here are based on series-produced components and are built and fitted out in accordance with the special wishes of the customers. In 2002, the Lüneburg plant was enlarged by the construction of a new rack warehouse.

The production site in Moosburg, Germany, manufactures battery-powered counterbalanced forklifts as well as the warehouse and system trucks for the Jungheinrich Group. Series production of a new battery-powered three-wheel counterbalanced truck, first in class in the 24-volt compact market, and of a new battery-powered three-sided forklift got off to a successful start. Both trucks are distinguished by three-phase ac drives for high travel performance and economy. In November



2002, the new heating plant with a total output of some 7.5 MW came on stream. Three boilers are operated in a dual process using gas and oil. A newly designed useful substances yard with a disposal area is integrated into this facility. In the year 2003, two welding robots were put into operation for the product line of warehouse trucks and system forklifts for the production of big components. The systems optimise the welding of fork carriers, additional lift masts, outriggers and hoist frames up to a length of 6 m. For the counterbalanced trucks product line, a new frame production operation including a new painting shop is being installed in 2003.

In the wake of the restructuring of the production plants, the production of battery-powered, diesel and LPG powered counterbalanced trucks is being brought together at the Moosburg site. The production of IC engine powered counterbalanced trucks is gradually being transferred from the English plant in Leighton Buzzard to Moosburg, a measure that is due for completion by mid-2004. This restructuring means the end of production at the Leighton Buzzard plant of Boss Manufacturing Ltd. Thus a product centre with a capacity of more than 15,000 units annually and distinguished by concentrated, high technical competence will be created in Moosburg. The infrastructure in all specialist sectors that already exists at Jungheinrich Moosburg GmbH opens up additional major synergy potentials.

The Argentan plant in France produces hand pallet trucks and scissors lift trucks for the Jungheinrich Group. In addition, the transfer of production of the battery-powered pallet truck of the Swift series and of the Junior EJC 10–12 series from the Norderstedt plant to the production site in Argentan was completed in 2002. From the beginning of 2003, the new scissors lift truck, alternatively with manual lift function or an electric lift function, and a hand pallet truck made of stainless steel will be available for delivery.

The production plant "Jungheinrich Producción, S. A." in Madrid, Spain, produces manually operated forklifts and battery-powered pedestrian-controlled forklifts with lifting capacities of 1.0 and 1.2 tons for the pooled Group production. Supplementary to the ISO standard 9001:2000, the Madrid plant has achieved product certification to the USA standard. The products for the USA (design and components) were adapted to meet the requirements of the US standards ASMEB56.1 and UL 583. By means of the "Re-engineering" project, the in-house procedures were revamped to increase efficiency.

Consolidated financial statement

Statement of the Board of Management

Auditor’s certification of the financial statement

Consolidated statement of income

Consolidated balance sheet

Consolidated flow-of-funds analysis

Development of Group equity capital

Development of Group fixed assets

Notes to the financial statements of the Group

Statement of the Board of Management

The responsibility for preparing the consolidated financial statement rests with the Board of Management of Jungheinrich Aktiengesellschaft.

In order to ensure compliance with the pertinent accounting principles as well as to ensure the adequacy of corporate reporting we implement effective internal active and passive control systems. These involve the application of uniform standards throughout the Group, the use of reliable software, the selection and training of suitably qualified personnel as well as ongoing audits by our internal accounting control.

The existing early warning systems correspond to the requirements of the German Law regarding Controls and Transparency in the Corporate Sector (KonTraG). This places the Board of Management in a position to recognise major risks at an early stage and to initiate corresponding countermeasures.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, has examined the consolidated financial statement prepared in accordance with United States accounting principles and has issued the certification of the financial statement printed hereafter.

The Supervisory Board has discussed the consolidated financial statement, the Group management report as well as the audit report in detail together with the auditors.

Jungheinrich Aktiengesellschaft
The Board of Management

Dr. von Pichler   Dr. Helmke   Dr. Kirschneck   Dr. Lüer

Auditor's certification of the financial statement

We have examined the attached consolidated balance sheet of Jungheinrich Aktiengesellschaft, Hamburg, including its subsidiary companies, as of 31st December 2002, as well as the corresponding income statement and the statements of changes in equity and cash flows and the notes to the financial statements (Group accounting) for the business year ending at the closing date of said balance sheet.

The preparation and the content of the consolidated financial statements according to the United States Generally Accepted Accounting (US GAAP) are the responsibility of the company's Board of Managing Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Group accounting is free of material misstatements. The evidence supporting the amounts and disclosures in the Group accounting is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the Group accounting. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the above-named Group accounting gives in all major respects a true and fair view of the net worth and financial position of the Jungheinrich Group as at the 31st December 2002 as well as of its earnings position and payment flows for the business year that ended on that date in accordance with US American accounting principles.

Our audit, which according to German auditing regulations also extends to the group management report prepared by the Board of Managing Directors for the business year from 1st January to 31st December 2002, has not led to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from 1st January to 31st December 2002 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German accounting law.

Hamburg, 18th March 2003

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Rosorius
Wirtschaftsprüfer[1)]

Schulz
Wirtschaftsprüfer[1)]

1) German equivalent of Chartered Accountant/Certified Public Accountant

CONSOLIDATED STATEMENT OF INCOME

	Notes	2002 thousand €	2001 thousand €
Sales revenues	(29)	**1,475,891**	**1,551,232**
Cost of sales		1,077,941	1,145,896
Gross margin		**397,950**	**405,336**
Selling expenses		260,674	277,258
Research and development expenses		29,811	28,591
General administrative expenses		33,006	29,603
Other operating income	(2)	4,458	4,050
Other operating expenses		4,825	3,606
Operating income		**74,092**	**70,328**
Net income from investments in other companies	(3)	60	57
Income before financial result and income taxes		**74,152**	**70,385**
Financial result	(4)	– 1,387	– 2,955
Income taxes	(5)	19,019	28,469
Group net income		**53,746**	**38,961**
Earnings per share (in €)	(30)	**1.60**	**1.16**

The accompanying notes to the financial statements of the Group are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31st Dec. 2002 thousand €	31st Dec. 2001 thousand €
Fixed assets			
Intangible assets	(6)	6,612	6,386
Tangible assets	(7)	178,394	182,563
Rental trucks		120,848	145,714
Trucks for leasing from financial services	(8)	190,554	188,111
Financial assets	(9)	12,611	14,909
		509,019	**537,683**
Current assets			
Inventories	(10)	137,234	152,386
Trade receivables	(11)	322,841	319,094
Receivables from financial services	(12)	173,720	152,035
Other receivables and other assets	(13)	100,196	79,846
Securities	(14)	46,465	33,169
Liquid assets	(15)	157,839	151,449
		938,295	**887,979**
Deferred tax assets	(5)	**31,769**	**38,293**
Prepaid expenses	(16)	**5,627**	**7,232**
		1,484,710	**1,471,187**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31st Dec. 2002 thousand €	31st Dec. 2001 thousand €
Shareholders' equity	(17)		
Subscribed capital		102,000	102,000
Capital reserves		76,952	76,952
Revenue reserves		188,177	150,238
Other changes in shareholders' equity		(15,778)	(7,498)
Own shares		(5,687)	(5,687)
		345,664	**316,005**
Accrued liabilities			
Accrued liabilities for pensions and similar obligations	(18)	143,799	124,065
Other accrued liabilities	(19)	188,111	194,533
		331,910	**318,598**
Liabilities			
Financial liabilities	(20)	216,478	238,400
Liabilities from financial services	(21)	409,797	397,122
Trade liabilities	(22)	79,861	100,230
Other liabilities	(23)	48,074	37,802
		754,210	**773,554**
Deferred income	(24)	**52,926**	**63,030**
		1,484,710	**1,471,187**

The accompanying notes to the financial statements of the Group are an integral part of the consolidated financial statements

CONSOLIDATED FLOW-OF-FUNDS ANALYSIS

	2002 thousand €	2001 thousand €
Net income	53,746	38,961
Depreciation of trucks for rentals and leasing	94,978	86,862
Depreciation of other fixed assets	33,194	32,075
Changes in accrued liabilities	13,312	17,914
Other expenses and income without effect on payments	1,495	1,584
Gains/losses on disposals of fixed assets	305	– 35
Change in the item deferred taxes	6,524	7,718
Changes in items held as current assets and in other operating assets and liabilities:		
– Inventories	15,152	– 1,466
– Trade receivables	– 3,747	7,686
– Receivables from financial services	– 21,685	– 5,804
– Trade liabilities	– 20,369	– 7,731
– Other operating assets	– 22,175	– 4,989
– Other operating liabilities	– 1,858	– 4,874
Cash provided by operating activities	**148,872**	**167,901**
Proceeds from disposals of fixed asset items	57,461	58,725
Payments for investments in trucks for rentals and leasing	– 127,842	– 181,778
Payments for investments in tangible and intangible fixed assets	– 35,702	– 31,726
Payments for investments in financial assets	– 787	– 6,389
Change in other cash investments of current assets	– 2,000	– 1,823
Cash used for investing activities	**– 108,870**	**– 162,991**
Dividends paid	– 14,058	– 13,049
Change in short-term indebtedness to banks	3,214	– 17,154
Proceeds from long-term financial loans	–	9,116
Repayment of long-term financial loans	– 9,581	– 4,225
Change in leasing liabilities and in liabilities from financial services	– 854	49,952
Cash provided by (used for) financing activities	**– 21,279**	**24,640**
Changes in cash and cash equivalents with effect on payments	**18,723**	**29,550**
Exchange rate-induced changes in value of cash and cash equivalents	– 1,037	1,026
Change in cash and cash equivalents	**17,686**	**30,576**
Cash and cash equivalents at the beginning of the year	**181,472**	**150,896**
Cash and cash equivalents at the end of the year	**199,158**	**181,472**

The following notes to the financial statements of the Group are an integral part of the consolidated financial statements

DEVELOPMENT OF GROUP EQUITY CAPITAL

	Subscribed capital	Capital reserve	Revenue reserve	Other changes in shareholders' equity			Own shares	Total
				Difference from translation of foreign currency	Difference from valuation of pensions	Difference from valuation of derivative financial instruments		
	thousand €	thousand €	thousand €	thousand €	thousand €	thousand €	thousand €	thousand €
As of 31st Dec. 2000	**102,000**	**76,952**	**124,326**	**– 3,282**	**– 11,762**	**–**	**– 5,687**	**282,547**
Difference from translation of foreign currency	–	–	–	4,126	–	–	–	4,126
Dividend for the previous year	–	–	– 13,049	–	–	–	–	– 13,049
Group net income 2001	–	–	38,961	–	–	–	–	38,961
Other changes	–	–	–	–	4,055	– 635	–	3,420
As of 31st Dec. 2001	**102,000**	**76,952**	**150,238**	**844**	**– 7,707**	**– 635**	**– 5,687**	**316,005**
Difference from translation of foreign currency	–	–	–	2,386	–	–	–	2,386
Dividend for the previous year	–	–	– 14,058	–	–	–	–	– 14,058
Group net income 2002	–	–	53,746	–	–	–	–	53,746
Other changes	–	–	– 1,749	1,749	– 12,811	396	–	– 12,415
As of 31st Dec. 2002	**102,000**	**76,952**	**188,177**	**4,979**	**– 20,518**	**– 239**	**– 5,687**	**345,664**

The following notes to the financial statements of the Group are an integral part of the consolidated financial statements

DEVELOPMENT OF GROUP FIXED ASSETS

	Acquisition and manufacturing costs					
	As of 1st Jan. 2002 thousand €	Changes and adjustments thousand €	Additions thousand €	Retirements thousand €	Transfers thousand €	As of 31st Dec. 2002 thousand €
Intangible assets						
Rights of usage and software	14,319	(82)	1,819	381	112	15,787
Goodwill	41,663	869	–	24	–	42,508
	55,982	**787**	**1,819**	**405**	**112**	**58,295**
Tangible assets						
Land, land rights and buildings including buildings on land owned by others	182,860	(1,651)	7,106	5,147	414	183,582
Technical equipment and machinery	71,039	(743)	4,743	5,635	515	69,919
Other equipment, factory and office equipment	118,782	(456)	20,116	9,349	18	129,111
Advance payments and construction in progress	4,825	2	2,082	2,307	(1,059)	3,543
	377,506	**(2,848)**	**34,047**	**22,438**	**(112)**	**386,155**
Rental trucks	**216,517**	**(1,759)**	**53,585**	**63,212**	**(4,786)**	**200,345**
Trucks for leasing from financial services	**277,039**	**(5,598)**	**74,257**	**61,723**	**4,786**	**288,761**
Financial assets						
Investments in affiliated companies	5,287	(1,729)	783	–	–	4,341
Investments in associated companies	9,000	(3)	–	1,505	–	7,492
Securities held as current assets	565	179	–	–	–	744
Other loans	2,428	–	4	–	–	2,432
	17,280	**(1,553)**	**787**	**1,505**	**–**	**15,009**
Total fixed assets	**944,324**	**(10,971)**	**164,495**	**149,283**	**–**	**948,565**

Cumulative depreciation 31st Dec. 2002 thousand €	Net carrying value 31st Dec. 2002 thousand €	Net carrying value 31st Dec. 2001 thousand €	**Depreciation** Cumulative depreciation 1st Jan. 2002 thousand €	Changes and adjustments thousand €	Depreciation in the business year thousand €	Cumulative depreciation on retirements thousand €	Transfers thousand €	Cumulative depreciation 31st Dec. 2002 thousand €
13,073	2,714	3,553	10,766	(80)	2,650	302	39	13,073
38,610	3,898	2,833	38,830	(198)	–	22	–	38,610
51,683	**6,612**	**6,386**	**49,596**	**(278)**	**2,650**	**324**	**39**	**51,683**
65,848	117,734	122,072	60,788	(510)	7,824	2,264	10	65,848
54,153	15,766	18,187	52,852	(663)	7,040	4,891	(185)	54,153
87,760	41,351	37,479	81,303	(738)	15,666	8,607	136	87,760
–	3,543	4.825	–	–	–	–	–	–
207,761	**178,394**	**182,563**	**194,943**	**(1,911)**	**30,530**	**15,762**	**(39)**	**207,761**
79,497	**120,848**	**145,714**	**70,803**	**(852)**	**44,422**	**33,882**	**(994)**	**79,497**
98,207	**190,554**	**188,111**	**88,928**	**(2,227)**	**50,556**	**40,044**	**994**	**98,207**
–	4,341	5,287	–	–	–	–	–	–
–	7,492	9,000	–	–	–	–	–	–
77	667	515	50	13	14	–	–	77
2,321	111	107	2,321	–	–	–	–	2,321
2,398	**12,611**	**14,909**	**2,371**	**13**	**14**	**–**	**–**	**2,398**
439,546	**509,019**	**537,683**	**406,641**	**(5,255)**	**128,172**	**90,012**	**–**	**439,546**

The following notes to the financial statements of the Group are an integral part of the consolidated financial statements

Notes to the financial statements of the Group

Basis and methods

(1) Object of the company

The company operates at the international level – with the main focus on Europe – as a manufacturer and supplier of products in the fields of materials handling equipment and warehousing technology as well as of all services connected with these activities. These include the leasing/rental and sales financing of the products, the maintenance and repair of lift trucks and equipment and the sale of used lift trucks. The product range extends from the simple hand pallet truck through to complex, integrated complete systems.
The production pool currently consists of four core plants in Norderstedt and Moosburg (both D), Argentan (F) and Leighton Buzzard (GB). Production at the plant in Leighton Buzzard will gradually be transferred to Moosburg by mid-2004.
For the product brand Jungheinrich the company maintains a large and close-knit direct marketing network with 20 sales and distribution centres/branch establishments in Germany and 21 company-owned sales and service companies in other European countries. Further foreign companies overseas are located in Brazil, Singapore and in the USA. In addition, Jungheinrich products overseas are distributed via local dealers. Supplementary to Jungheinrich direct marketing in Europe, a partial assortment is offered in certain defined regions under the operating responsibility of the relevant national Jungheinrich organisation under the brand name of MIC via free dealers who are not under contract.

(2) Accounting principles

Consolidation

All the major subsidiary companies that are under the legal or factual control of Jungheinrich Aktiengesellschaft are included in the consolidated financial statements.
Active companies in which Jungheinrich holds a share of 20 to 50 per cent are carried in the balance sheet in accordance with the equity method ("associated companies").
Other investments in other companies are carried at their acquisition cost.
The consolidation of capital has been carried out by the book value method by setting off the acquisition cost against that share of the equity capital held by the parent company at the time of the acquisition. Any difference between the acquisition cost and the prorated equity capital is attributed in whole or in part to the assets of the subsidiary company. Any remaining differential amount on the assets side is carried as goodwill.
Goodwill is no longer written down to schedule over the probable asset lifetime but is instead examined at least once a year in respect of the need for any extraordinary depreciation.
All receivables and accounts payable, all sales, expenditures and income as well as intragroup results within the group of consolidated companies are eliminated within the framework of the consolidation.

Foreign currency translation

Receivables and accounts payable in foreign currency in the annual financial statements of the Group companies are translated at the exchange rate valid on the closing date of accounts and any differences resulting from such translation are stated with effect on net income.

The annual financial statements of the foreign subsidiary companies included in the consolidated financial statements are translated according to the concept of the functional currency. This is in each case the national currency if the subsidiary companies are integrated into the currency area of the country in which they are domiciled as economically independent entities. In the case of the companies of the Jungheinrich Group, the functional currency is the national currency.

With the exception of capital, all assets and debts in annual financial statements prepared in foreign currencies are translated at the exchange rate valid on the closing day of accounts. Capital is translated at historic rates. The statements of income are translated at the annual average exchange rates. Differences deriving from foreign currency translation in the case of assets and debts as compared with the translation in the previous year or in the case of capital as against translation at historic rates, as well as translation differences between the statement of income and the balance sheet are stated in equity capital within the item "Other changes in shareholders' equity" with a neutral effect on net income.

The exchange rates of the major currencies for the Jungheinrich Group outside the European Economic and Monetary Union changed as follows:

Currency	Average rate on the closing date of accounts 31.12.2002 Basis € 1	31.12.2001 Basis € 1	Annual average rate 2002 Basis € 1	2001 Basis € 1
GBP	0.6505	0.6085	0.6288	0.6219
CHF	1.4524	1.4829	1.4672	1.5105
PLN	4.0210	3.4953	3.8584	3.6721
NOK	7.2756	7.9515	7.5094	8.0484
SEK	9.1528	9.3012	9.1606	9.2551
DKK	7.4288	7.4365	7.4305	7.4521
CZK	31.5770	31.9620	30.8038	34.0680
HUF	236.2900	245.1800	242.9730	256.5900
USD	1.0487	0.8813	0.9455	0.8956

Basis of the sales figures

Sales are stated in the accounts after deduction of reductions of proceeds such as bonuses, discounts or rebates at the time of the passage of risk or at the time of passage of the price risk ("realised") and when all contractual obligations towards the customer have been essentially fulfilled ("earned"). In general, this is the case when unambiguous proof of the binding conclusion of an agreement exists or the delivery or service in question has been carried out, when the selling price is fixed or determinable and when the receipt of payment is reasonably assured.
Sales from financial services transactions are stated in the amount of the selling value of the leased object if the contract is classified as a so-called "capital lease" and in the amount of the leasing rates in the case of a so-called "operating lease". If a leasing company acts as an intermediary, the proceeds from the sale are deferred and liquidated over time with effect on sales until the residual value guarantee falls due.

Product-related expenditure

Expenditure for advertising and sales promotion as well as other sales-related expenditures have effect on the net result at the time when they are incurred.
Since the beginning of the year 2002, freight and dispatch costs have been carried under selling expenses. The amounts shown under selling expenses in the previous year have been correspondingly re-classified. We form accruals for warranties at the time of selling the products. Expenditure for research and development is stated with effect on the net result at the time when it is incurred.

Earnings per share

Group net income per share is based on the average number of the individual share certificates issued during a business year. In the business years 2002 and 2001, no equity capital instruments existed that could potentially have diluted the earnings per share on the basis of the issued shares.

Intangible assets

Purchased intangible assets are valued at acquisition cost and reduced by standard straight-line depreciation over their useful life expectancy of 3 to 5 years insofar as their useful life expectancy is limited. In accordance with SFAS 142, since 1st January 2002 goodwill deriving from acquisitions and intangible assets with an indeterminable asset lifetime is no longer reduced by standard depreciation but is checked at least once a year to verify its value. The examination of the sustained value of major assets of the Group carried out within the framework of the first-time application of SFAS 142 that was necessary in the year under review did not result in any extraordinary depreciation. Furthermore, the examination of the asset lifetimes and remaining carrying values of the acquired intangible assets did not lead to any adjustment of the values previously stated in Group accounting.

Tangible assets

Tangible assets are stated at historical acquisition cost or at manufacturing cost less cumulative depreciation. The manufacturing costs for self-produced equipment contain not only the direct material and manufacturing expense but also attributable material and production overhead as well as production-related administrative expenses and deprecia-

tion. Maintenance and repair expenses are stated as cost. All costs for measures that lead to an extension of the useful life or a widening of the future possibilities for use of the assets are stated on the assets side.
Depreciable objects are reduced by standard straight-line depreciation. If objects are sold or scrapped, the relevant items are retired from the fixed assets; any resulting profits or losses are taken into account with effect on the net result.
The first-time application of SFAS 144 did not lead to any major adjustments in accounting and valuation.
The following useful lifetimes are taken as the basis for scheduled depreciation:

Buildings	10 – 50 years
Land improvements, improvements in buildings	10 – 50 years
Plant facilities	10 – 15 years
Technical equipment and machines	5 – 10 years
Office and factory equipment	3 – 10 years

Leasing

Within the framework of their financial services business, Jungheinrich Group companies conclude contracts with the customers either directly or with a leasing company acting as an intermediary.
The classification of the leasing transactions and thus the way they are reported in the accounting are in line with the attribution of the economic ownership of the leased object. In the case of so-called "capital lease" contracts, the economic ownership lies with the lessee, and at the Jungheinrich Group companies this leads to receivables from financial services, while under so-called "operating lease" contracts the economic ownership lies with the Jungheinrich Group companies, so that the trucks are carried on the assets side as "trucks for leasing from financial services". The financing of these long-term contracts with customers ("capital and operating leases") is taken up with matching maturities of the loans and the contracts and is stated on the liabilities side under liabilities from financial services in the item "liabilities from financing".
In the case of contracts concluded with customers with a leasing company acting as an intermediary, due to the agreed residual value guarantee that accounts for more than 10 per cent of the value of the truck, the economic ownership lies with the Jungheinrich Group companies, so that according to US GAAP these trucks that are sold to leasing companies must be carried on the assets side as "trucks for leasing from financial services". The proceeds from the sale are deferred and are dissolved over the term of the contract with effect on sales. Under liabilities from financial services, the future sales turnover still outstanding for the remaining period of the contract is therefore stated under liabilities in the item "liabilities from sales deferrals" as of the closing date of accounts.
Outside of their financial services business, Jungheinrich Group companies lease tangible assets as well as customers' rental trucks. If it is a case of a so-called "capital lease", they carry the objects as fixed assets and state leasing liabilities in the same amount at the cash value of the leasing rates. The leasing liabilities are carried in the item "financial liabilities". Depreciation of the fixed assets and reversal of the liabilities are effected over the basic period for which the rental is agreed.

Financial assets

Major investments in other companies in which a decisive degree of influence is exerted are valued by applying the equity method. All other investments in other companies are stated at the depreciated acquisition cost.

Extraordinary depreciation of fixed assets

On every closing date of accounts or whenever there are indications that a loss of value may have been incurred, the value of the fixed assets in question is subjected to an examination. In this case, the estimated future undiscounted cash flow is compared with the remaining carrying value of the asset item. If it is found that the remaining carrying value exceeds the amount of the undiscounted cash flow, the market value or the value of the discounted cash flow is calculated and if necessary the value of the asset item is reduced by depreciation to one of these values. At the same time, the remaining useful lifetime is correspondingly adjusted.

Current assets

Current assets cover inventories, receivables, securities and liquid assets. Amounts with a probable remaining lifetime of more than one year that are contained in the current assets are stated separately in the corresponding items.

Inventories

Inventories are valued at acquisition cost or at manufacturing cost or at lower market prices. On the basis of historical consumption quantities, valuation allowances are made for inventories that exhibit a low turnover or are outdated. Manufacturing costs include not only the direct material and manufacturing expense but also the attributable material and production overhead costs as well as manufacturing-related administrative expenses and depreciation. The average cost method is applied to calculate the acquisition or manufacturing costs of inventories of the same type.

Receivables

Receivables are stated at their nominal value after the deduction of bonuses, discounts and individual valuation allowances (“net realisable value”). Individual valuation allowances are only made if receivables are wholly or partially uncollectable or likely to be uncollectable, in which case it must be possible to determine the amount of the valuation allowances with sufficient accuracy.

Securities

According to US GAAP, securities that form part of the fixed assets or current assets must be attributed to one of the following three categories: securities that are held until maturity (“held-to-maturity securities”), securities that can be sold further (“available-for-sale securities”) and securities the sale of which is intended (“trading securities”). The securities held by Jungheinrich are securities that are intended for sale. Accordingly, they are valued at the market value on the closing date of accounts. Unrealised profits and losses from the market valuation of these securities are stated with effect on net income. Furthermore, Jungheinrich holds securities that are not freely available in order to secure its obligations under the age-related part-time working scheme and the accruals for claims of personnel when they leave the company that are contained in the Austrian balance sheets. These securities are therefore also valued at their market value.

Liquid assets

Liquid assets are cash balances, cheques, and immediately available credit balances at banks with an original term of up to three months.

Deferred taxes

Deferred taxes are stated in accordance with the liability method. Deferred tax assets and deferred tax liabilities are stated when it can be assumed that the difference between commercial and tax-based valuation will in the future be balanced out with an effect on taxes. This procedure is applied for all assets and debt items with the exception of goodwill from the capital consolidation. Deferred taxes are valued at the current rates of taxation. If it is to be expected that the differences will be compensated in years with different rates of taxation, then the latter rates valid at that time are applied. In case there are any changes in the tax rates, these changes will be taken into account in the years in which the relevant changes in tax rates are published.

Valuation allowances are made in respect of deferred tax assets if the tax-reducing effect is unlikely or not to be expected on the basis of the longer-term expectations with regard to the result of the company in question.

Other changes in shareholders' equity

Stated in this item are changes in the equity capital without effect on the net result insofar as these are not based on capital transactions with shareholders. These include the differences deriving from foreign currency translation and from the valuation of pensions as well as from the valuation of derivative financial instruments.

Accrued liabilities

The accrued liabilities for pensions and similar obligations are valued on the basis of actuarial calculations in accordance with SFAS 87 by applying the projected benefit obligation method taking account of the trends of salaries and pensions as well as of fluctuation; the interest rate applied is oriented to the conditions obtaining in the respective capital market for long-term securities.
Pension obligations and similar obligations of some foreign companies are covered by pension funds. Furthermore, claims of employees have been correspondingly deferred which fall due according to national regulations after the employees in question leave the company.
Accruals for taxes and other accruals are formed when an obligation exists vis-à-vis third parties which is likely to be enforced and for which the probable amount of the necessary accrual can be reliably estimated. If the amount of the necessary accrual can only be determined within a certain bandwidth, the most probable value is stated, and if all

amounts are of equal probability then the lowest value is stated. In calculating the other accruals – especially in the case of warranties as well as anticipated losses related to incomplete contracts – in all cases all the cost ingredients are taken into account that are also carried on the assets side under inventories.

Structural accruals

Structural accruals are formed if a formally approved plan regarding a measure that is to be implemented exists prior to the closing day of accounts, if this plan contains the necessary data, if the measures can be implemented as quickly as possible taking account of the legal regulations of the particular country and if the company has passed on the necessary information.

Financial instruments

Derivative financial instruments are used at Jungheinrich only for hedging purposes. SFAS 133 requires that all derivative financial instruments be carried in the balance sheet as assets or liabilities at their market values. Depending on whether it is a question of a fair value hedge or a cash flow hedge, changed market values of the derivative are taken into account in the result or in the equity capital (as part of the other changes in shareholders' equity). In the case of a fair value hedge, the results of the market valuation of derivative financial instruments are stated with effect on net income. The changes in the market value of the derivatives that are to be classified as cash flow hedges are carried in the balance sheet under equity capital in the amount of the hedge-effective part with a neutral effect on net income. These instruments are transferred to the statement of income at the same time as the effect on the result of the underlying transaction. The hedge-ineffective part is directly taken into account in the result.

Classification of accounts

Individual items in the statement of income as well as in the balance sheet are summarised. They are shown separately in the Notes.

Estimates

In the consolidated financial statements, to a certain degree it is necessary to make estimates and assumptions that have an impact on the assets and liabilities included in the balance sheet, on the statement of contingent liabilities on the closing date of accounts and on the statements of income and expenditure during the period covered by the report. It is possible for the actual amounts to deviate from the estimates.

New accounting rules

In June 2001, the FASB published the accounting standard SFAS 143 "Accounting for Asset Retirement Obligations". The standard deals with the duties of accounting for and explaining obligations that arise in connection with the retirement or the shutdown of long-lived tangible assets together with the associated expenditures. SFAS 143 requires that, during the period in which a company enters into a legal obligation in connection with the retirement or the shutdown of long-lived tangible assets, it must show an accrual in the amount of the market value of the obligation. The standard furthermore requires that the carrying value of the long-lived tangible asset be increased by the expenditures deferred as an obligation; the increase of the carrying value of the tangible asset must be written down to schedule over the remaining time to maturity. Jungheinrich applies SFAS 143 for the first time as from 1st January 2003. No major effects on the consolidated financial statements are anticipated from the first-time application of this standard.

In June 2002, the accounting standard SFAS 146 "Accounting for Costs Associated with Exit or Disposal Activities" was published by the FASB. SFAS 146 replaces the previous accounting regulations of EITF Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity" and demands that the costs associated with the discontinuation of business activities may only be taken into account in the balance sheet when the liabilities have in fact been incurred and not at the time when the plan to cease the activity was resolved. The costs of exiting the activity include among other things costs involved in the dissolution of existing rental relationships and certain severance payments in connection with restructuring measures, in connection with discontinued activities, in connection with shutdowns of manufacturing facilities or in connection with comparable events or processes. The regulations of SFAS 146 are to be applied to all activities initiated after 31st December 2002. Jungheinrich assumes that the application of SFAS 146 will have no major effects on the consolidated financial statements; nevertheless this may result in changes regarding times in connection with the stating of expenditures connected with such activities.

In November 2002, the FASB published the interpretation FIN 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". This interpretation clearly defines the duties of a guarantor to disclose in his financial statements the obligations deriving from the guarantees that he has granted. FIN 45 furthermore declares that, at the time when a guarantor commits himself to a guarantee, in respect of the obligation that he has incurred by granting the guarantee he must state an amount on the liabilities side that corresponds to the current market value.

The duty to disclose such obligations is prescribed in interim reports and consolidated financial statements for all periods ending after 15th December 2002. The valuation regulations are valid for guarantees or contingent liabilities that were granted or modified for the first time after 31st December 2002. Jungheinrich is currently examining the effects of the accounting and valuation regulations of FIN 45 on the consolidated financial statement.

In January 2003, the FASB published the interpretation FIN 46 "Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51", which clarifies the application of the consolidation regulations to so-called "variable interest entities". FIN 46 also contains disclosure duties with regard to such companies that in certain circumstances are also valid even if these companies are not consolidated. As regards consolidation, the regulations of FIN 46 must also be applied from 1st July 2003 for variable interest entities that were created before 1st February 2003. To a limited extent, Jungheinrich rents properties that are acquired by such variable interest entities, the owner of which is a third party, and that were financed with equity and borrowed capital. At the end of the rental period, Jungheinrich has the option on the one hand of purchasing the property at the current market value or acquiring the shares in the variable interest entity or on the other hand of renewing the rental. Jungheinrich has capitalised the rented property in the consolidated financial statements and carries the corresponding liabilities on the liabilities side. The variable interest entities, which do not pursue any other business activity apart from letting the properties, are thus fully included in the consolidated financial statements. The accounting fulfils the consolidation duty required in FIN 46 in respect of such variable interest entities. No risk of losses exists for the Group as a result of these activities.

Group of consolidated companies

The group of consolidated companies includes Jungheinrich Aktiengesellschaft, Hamburg, as the parent company, and all major subsidiary companies. The consolidated group of fully consolidated companies is only slightly changed as compared with the previous year. Within the framework of the integration of activities in the English and German Jungheinrich sales and distribution organisation, the four Boss and two Steinbock sales and distribution companies were no longer included in the group of consolidated companies due to their being of subordinate importance. The Group of consolidated companies therefore now comprises 22 foreign and 5 German companies. Two companies have been stated in the balance sheet through application of the equity method. 12 active affiliated companies and 11 inactive affiliated companies were not included in the consolidated financial statements as their influence on the net worth, financial and earnings position is immaterial in every respect.

Notes to the consolidated statement of income

(1) Personnel expenses

The following personnel expenses are included in the expenditure items of the statement of income:

(thousand €)	2002	2001
Wages and salaries	385,124	384,062
Social security contributions	85,133	84,104
Pension and welfare costs	17,646	16,137
	487,903	**484,303**

The average number of employees during the year was as follows::

	2002	2001
Hourly-paid employees	4,963	4,938
Salaried staff	4,019	4,099
Trainees and apprentices	252	263
	9,234	**9,300**

The total remuneration of the members of the Board of Management of Jungheinrich Aktiengesellschaft in the business year 2002 amounted to € 2,244 thousand and that of the members of the Supervisory Board of Jungheinrich Aktiengesellschaft was € 761 thousand. The remuneration of members of the Board of Management that were granted in the business year 2002 but that have not yet been stated in any annual financial statements amounted to € 35 thousand. Former members of the Board of Management received remuneration in the total amount of € 430 thousand.
As of 31st December 2002, no advances and loans to members of the Board of Management and of the Supervisory Board of Jungheinrich Aktiengesellschaft existed.

As of 31st December 2002, Jungheinrich Aktiengesellschaft had formed an accrual for pensions for former members of the Board of Management in an amount of € 5,299 thousand.

(2) Other operating income

Other operating income includes income from the sale of fixed asset items in an amount of € 1,455 thousand (previous year: € 1,113 thousand).

(3) Net income from investments in other companies

Net income from investments in other companies in the year under review contains expenditures of € 440 thousand from the result from associated companies, income from the retirement of investments in other companies of € 36 thousand as well as income from investments in other companies of € 464 thousand.

(4) Financial result

(thousand €)	2002	2001
Other interest and similar income	18,603	21,474
Interest and similar expenses	20,052	24,470
Net interest	**– 1,449**	**– 2,996**
Income from securities and loans	62	41
Other financial result	**62**	**41**
	– 1,387	**– 2,955**

In the year under review the financial services sector earned interest income in the amount of € 9,806 thousand and incurred interest expense in the amount of € 7,576 thousand.

(5) Income taxes

The income taxes of the Group break down as follows:

(thousand €)	2002	2001
Current taxes		
Germany	– 1,201	2,701
Other countries	9,729	14,836
Deferred taxes		
Germany	10,671	11,547
Other countries	– 180	– 615
	19,019	**28,469**

Tax effects at the consolidation level are contained in the current taxes.
The effective tax burden in Germany continues to be characterised by the fact that an additional volume of depreciation for tax purposes exists at Jungheinrich Aktiengesellschaft with regard to the consolidated balance sheet as a result of the reorganisation process in 1989. This can still be used until the year 2004 (inclusive) in an annual amount of approx. € 24 million.
In addition, the change in the law relating to integrated companies that count as a fiscal unit liable to pay trade tax which came into effect in 2002 meant that trade tax had to be paid for the first time in 2002. Taking account of these effects and of the circumstance that no corporation income tax was payable in 2002, for Germany current tax proceeds resulted in a small amount.

No deferred taxes are taken into account in connection with the goodwill disclosed for tax purposes only within the framework of the 1989 reorganisation.
As a result of the law for solidarity with the victims of the floods in 2002, the rate of corporation income tax in Germany has been temporarily raised to 26.5 per cent (plus the solidarity tax surcharge of 5.5 per cent) for the tax period 2003. This regulation only affects the latent tax deferrals that are formed for German companies and that will probably be dissolved in 2003. In view of the insignificance of this regulation, the deferred tax items relating to Germany have been calculated at a uniform tax rate across the board. Taking account of increases in trade tax on earnings, deferred taxes for the German companies are calculated at an overall tax rate of 38.7 per cent (previous year 38.0 per cent). This includes trade tax payable at a rate of 12.325 per cent (previous year 11.625 per cent).
To be seen from the following table is the transition from expected tax expenditure to reported tax expenditure. Shown as expected tax expenditure is the amount arrived at when the overall tax rate of 38.7 per cent (2001: 38.0 per cent) that is valid for the controlling company of the Group is applied to the Group result before income taxes.

(thousand €)	2002	2001
Expected tax expenditure	28,160	25,623
Change in the tax rate	165	2,736
Taxation difference in other countries	3,675	854
Change in the valuation allowances	– 595	5,700
Income corrections	– 10,181	– 7,961
Other	– 2,205	1,517
	19,019	**28,469**

The income corrections show among other things the tax-reducing effect deriving from the reorganisation process in 1989. This amounts to some € 9.5 million (previous year: € 9.3 million).

The tax quota for the Group decreased as compared with the previous year from 42.2 per cent to 26.1 per cent. Major reasons for this are on the one hand burdens that existed in the previous year but which did not exist in 2002 as well as on the other hand positive one-time effects in 2002.

The deferred tax assets and deferred tax liabilities result from differences in the amounts booked in the following balance sheet items:

thousand €)	31.12.2002	31.12.2001
Fixed assets	3,632	7,651
Inventories	848	932
Receivables	1,723	5,624
Tax loss carryforwards	79,325	88,240
Accrued liabilities for pensions	13,792	8,538
Other accrued liabilities	15,749	20,208
Liabilities	147,369	134,873
Other	19,457	23,526
Valuation allowances	(72,026)	(68,354)
Deferred tax assets	**209,869**	**221,238**
Fixed assets	134,086	147,189
Inventories	1,810	2,965
Receivables	26,063	25,902
Other accrued liabilities	5,503	5,605
Liabilities	21,008	5,274
Other	1,248	4,226
Deferred tax liabilities	**189,718**	**191,161**
Net amount of the deferred taxes	**20,151**	**30,077**

As at 31st December 2002, corporate income tax loss carryforwards of € 243 million (2001: € 281 million) existed in the Group as well as trade tax loss carryforwards of € 53 million (2001: € 42 million). The increase in trade tax carryforwards is attributable to a correction of the previous year. The greater part of the loss carryforwards can be carried forward without limitation.

In the case of the statement of deferred tax assets in the balance sheet, it is necessary to estimate the extent to which effective reductions in the tax burden will probably result in the future from existing tax loss carryforwards and the differences in accounting and valuation. In this connection, all the positive and negative influencing factors – such as for example time limits for the eligibility of tax loss carryforwards to be carried forward – have been taken into account. The present assessment regarding this point may alter depending on changes in the earnings position in future years and may necessitate a higher or lower valuation allowance.

No deferred tax assets were stated in the balance sheet for the Group companies in Britain.

After setting off against each other, the deferred tax assets and deferred tax liabilities are shown as follows:

	31.12.2002		31.12.2001	
(thousand €)	Total	> 1 year	Total	> 1 year
Deferred tax assets	31,769	20,388	38,293	28,388
Deferred tax liabilities	11,618	5,444	8,216	3,093
Net amount of the deferred taxes	**20,151**	**14,944**	**30,077**	**25,295**

Notes to the consolidated balance sheet

As regards the changes in intangible assets, in tangible assets, in rental trucks and trucks for leasing from financial services as well in the financial assets, we refer to the development of Group fixed assets.
The column "Changes and adjustments" in the Group analysis of fixed assets contains, apart from the differences from foreign currency translation and insignificant effects from the change in the group of consolidated companies, the effects from the merger in Austria.
The summary of all shareholdings of Jungheinrich Aktiengesellschaft has been separately deposited with the Amtsgericht (District Court) in Hamburg, in the Commercial Register, Department B, under No. 44885.

(6) Intangible assets

The intangible assets include in particular the goodwill from the acquisition of Jungheinrich Moosburg GmbH, Moosburg, in the year 1994.
The increase in goodwill results in an amount of € 1,260 thousand from the merger of Steinbock Boss Fördertechnik GmbH, Brunn am Gebirge (Austria), with Jungheinrich Austria Vertriebsges. mbH, Vienna, as of 1st January 2002. Jungheinrich Austria Vertriebsges. mbH had acquired the shares of the assimilated company for a total purchase price of € 1,718 thousand in the previous year. The examination of the sustained value of the goodwill did not lead to any extraordinary depreciation.

The additions in the item "Rights of usage and software" in the amount of € 1,819 thousand relate above all to software purchased from outside sources.

(7) Tangible assets

Most of the additions are in connection with the expansion of the sales and distribution companies in Europe, with the extension of the central spare parts warehouse in Norderstedt and with the production of counterbalanced trucks at the Moosburg plant.
The tangible assets include rented buildings in the total amount of € 29,789 thousand (previous year: € 31,436 thousand), which, by virtue of the form of the leasing contracts on which the rental relationships (so-called "capital leases") are based, are attributed to the Group as the economic owner. Depreciation on rented buildings over the year amounted to € 1,637 thousand (previous year: € 4,176 thousand).

(8) Trucks for leasing from financial services

Within the framework of financial services business in which Jungheinrich Group companies act as lessors, those industrial trucks are carried under assets as trucks for leasing for which a leasing contract has been concluded with the ultimate customer that is classified as an "operating lease" in accordance with the US GAAP accounting principles. Contracts with customers concluded with a leasing company acting as an intermediary are also carried as assets under this item on the basis of the amount of an agreed residual value guarantee with more than 10 per cent of the value of the leased object.

The trucks for leasing from financial services are classified as follows:

(thousand €)	31.12.2002	31.12.2001
"Operating lease" contracts with customers	54,783	55,115
Contracts concluded with a leasing company acting as an intermediary	135,771	132,996
	190,554	**188,111**

Depreciation on the trucks for leasing that result from "Operating Lease" contracts is charged over the term of the leasing contracts if the trucks are refinanced. In all other cases, the trucks for leasing are written down by 20 per cent a year over the first three years and thereafter by the straight-line method until the end of their economic asset lifetime.

Future proceeds from the "Operating Lease" contracts are due as follows as of 31st December 2002:

(thousand €)	
2003	18,944
2004	13,041
2005	7,225
2006	2,713
2007	648
thereafter	–
	42,571

Depreciation on the trucks for leasing that result from contracts concluded with a leasing company acting as an intermediary is charged over the useful economic life of the trucks.

(9) Financial assets

The securities held as financial assets are above all fixed-income investment government securities that serve to cover the accrued liabilities included in Austrian balance sheets for claims of employees at the time of their leaving the company. Lendings are mainly accounted for by residential housing loans to employees.

(10) Inventories

(thousand €)	31.12.2002	31.12.2001
Raw materials and consumables	30,298	35,444
Work in process	11,930	15,544
Finished products and goods	60,012	68,569
Spare parts	34,864	33,343
Own payments on account	3,925	6,101
Received payments on account	– 3,795	– 6,615
	137,234	**152,386**

The received payments on account are due within one year.

(11) Trade receivables

(thousand €)	31.12.2002	31.12.2001
Trade receivables	333,386	327,903
Valuation allowances	– 10,545	– 8,809
	322,841	**319,094**

Of the trade receivables, a total amount of € 2,538 thousand (previous year € 4,565 thousand) is due after one year.

(12) Receivables from financial services

Within the framework of the financial services business in which Jungheinrich Group companies act as lessors, receivables from financial services are carried as assets if a leasing contract exists with the customer that is classified as a "capital lease" in accordance with the US GAAP accounting principles.
Of the receivables from financial services, an amount of € 122,434 thousand (previous year: € 105,821 thousand) is due after one year.
As of 31st December 2002, the following amounts fall due in the coming years for receivables – including the interest income of following business years in the amount of € 22,178 thousand – corresponding to the long-term leasing contracts concluded with the customers:

(thousand €)	
2003	60,792
2004	51,376
2005	38,984
2006	27,046
2007	14,188
thereafter	3,512
	195,898

(13) Other receivables and other assets

(thousand €)	31.12.2002	31.12.2001
Receivables from affiliated companies	12,197	7,264
Receivables from companies in which a participating interest is held	–	277
Other assets	87,999	72,305
	100,196	**79,846**

Of the other receivables and other assets, an amount of € 53,301 thousand (previous year: € 43,725 thousand) is due after one year. The other assets include tax receivables from consolidation measures in the amount of € 59,641 thousand (previous year € 51,522 thousand) and receivables from current taxes in the amount of € 12,972 thousand (previous year € 6,885 thousand). Receivables from loans and advances granted to personnel in the year under review amount to € 1,209 thousand (previous year € 1,369 thousand).

(14) Securities

Securities are held in an amount of € 5,146 thousand to secure obligations under the age-related part-time working scheme. These securities are money market fund shares which, however, are currently not freely available due to the arrangements for security. These are valued at their market value. Currently no security shortfall exists between the age-related part-time working scheme obligations and the security values of the portfolio. In addition, on the closing date of accounts Jungheinrich Aktiengesellschaft held shares in money market funds available at short notice in an amount of € 41,319 thousand. Unrealised profits from the market valuation were booked with effect on net income in the amount of € 1,317 thousand.

(15) Liquid assets

Liquid assets cover credit balances at banks, cash balances, Bundesbank balances and cheques. They have an original term of max. three months.

(16) Prepaid expenses

The prepaid expenses consist mainly of advance payments on rents, leasing fees, interest and insurance premiums.
The prepaid expenses of the year under review are all due in less than one year. Of the prepaid expenses of the previous year, an amount of € 2 thousand is due after more than one year.

(17) Equity capital

Number of shares issued

The subscribed capital is divided into 18,000,000 no-par-value ordinary shares and 16,000,000 no-par-value preferred shares without voting rights. The subscribed capital has been switched over to Euro in accordance with the authorisation issued by the general meeting on 30th June 1998 and in accordance with a motion passed by the Supervisory Board on 21st April 1999.

Own shares

In accordance with the authorisation issued by the general meeting on 22nd June 1999 and with the consent of the Supervisory Board, the Board of Management has purchased own shares of Jungheinrich Aktiengesellschaft in order to re-sell same.
On the closing date of accounts, the 360,000 preferred shares that had been purchased on 2nd July 1999 at a price of € 15.75 per share were still held by the company. The amount of the share capital accounted for by own shares is € 1,080 thousand or 1.06 per cent of the share capital.

Approved capital

On the basis of a motion passed by the general meeting and with the consent of the separate meeting of the preferred shareholders, both of which meetings were held on 19th June 2000, approved capital has been created in the amount of € 6,000,000. Under the Articles of Incorporation of the company and with the consent of the Supervisory Board, in the period up to 30th June 2005 the Board of Management is since then empowered to increase the share capital of the company by up to a total of € 6,000,000 by the issue of new bearer shares for cash by means of either a single issue or repeat issues (approved capital). The shares issued shall in each case be non-voting preferred shares.
The Supervisory Board is empowered to revise the corresponding provisions of the Articles of Incorporation of the company following a total or partial implementation of the increase in the share capital or after the time limit of the authorisation has expired.

Other changes in shareholders' equity

The other changes in shareholders' equity and their effects on taxes are as follows:

	2002			2001		
(thousand €)	Gross	Tax effect	Net	Gross	Tax effect	Net
Difference from translation of foreign currency	4,135	–	4,135	4,126	–	4,126
Difference from valuation of pensions	(12,861)	50	(12,811)	4,250	(195)	4,055
Difference from valuation of derivative financial instruments	380	16	396	(911)	276	(635)

In the year under review 2002, a re-classification was carried out between the revenue reserves and the differential amount from the translation of foreign currency in an amount of € 1,749 thousand with a neutral effect on the result due to the fact that the opening balance sheet was drawn up according to US GAAP in 1998.

(18) Accrued liabilities for pensions and similar obligations

Pension schemes

The accrued liabilities for pensions mainly include the commitments entered into in Germany and regulated in individual and collective agreements regarding performance-oriented pension schemes for members of the Board of Management, managers and employees of Jungheinrich AG and Jungheinrich Moosburg GmbH. In the case of commitments entered into within the framework of collective agreements, the amount of the pension entitlement depends on the number of eligible years of service at the time when the payment of termination benefits is to start as well as on the monthly average income of the beneficiary. The company pension schemes of Jungheinrich Aktiengesellschaft and of Jungheinrich Moosburg GmbH have been closed to hourly employees and salaried employees since 1st July 1987 and since 14th April 1994 respectively.

In countries outside Germany, pension schemes for managers and employees exist at several companies. The major part of the pension claims is covered by separately set up funds.

The pension obligations have been valued in accordance with the regulations of SFAS 87. The following tables show the net pension expenditure and the pension commitments stated in the consolidated balance sheet:

Composition of net pension expenditure:

(thousand €)	2002	2001
Actuarial present value of the claims founded in the year under review	7,048	7,720
Interest accruing on the expected pension obligations	11,686	10,857
Expected earnings of fund assets	– 4,058	– 4,853
Discharge of obligations deriving from the changeover to SFAS 87	202	202
Discharge of the actuarial losses carried forward	1,726	279
Net pension expenditure	**16,604**	**14,205**

Changes in the projected benefit obligation (PBO):

(thousand €)	31.12.2002	31.12.2001
Projected benefit obligation (PBO) at the beginning of the year under review	208,746	187,065
Foreign currency exchange rate changes	– 5,959	2,071
Actuarial present value of the claims founded in the year under review	7,048	7,720
Interest accruing on the expected pension obligations	11,686	10,857
Employee contributions	1,354	1,497
Actuarial gains and losses	4,561	4,973
Benefits paid for pension commitments	– 6,033	– 5,437
Projected benefit obligation (PBO) at the end of the year under review	**221,403**	**208,746**

Changes in fund assets:

(thousand €)	31.12.2002	31.12.2001
Current market value of the fund assets at the beginning of the year under review	61,015	65,056
Foreign currency exchange rate changes	– 3,712	1,679
Actual earnings/losses of the fund assets	– 8,699	– 10,454
Employer contributions	4,951	4,936
Employee contributions	1,354	1,497
Benefits paid for pension commitments	– 1,784	– 1,699
Current market value of the fund assets at the end of the year under review	**53,125**	**61,015**

Calculation of the final accrued liability for pensions for statement in the balance sheet:

(thousand €)	31.12.2002	31.12.2001
Funded status of the fund assets*	168,278	147,731
Unrecognised actuarial gains/losses	– 45,275	– 31,399
Unrecognised net liabilities at the date of transition to SFAS 87	–	– 202
Balance sheet figure	**123,003**	**116,130**

* Difference between the projected benefit obligation (PBO) and the current market value of the fund assets

The balance sheet figure is included in the following balance sheet items:

(thousand €)	31.12.2002	31.12.2001
Accrued liabilities for pensions	143,799	124,065
Other changes in shareholders' equity	– 20,796	– 7,935
Balance sheet figure	**123,003**	**116,130**

The calculations of pension obligations were based on the following weighted average assumptions:

	2002	2001
Discount rate	5.5 %	5.8 %
Expected long-term return on fund assets	7.5 %	7.0 %
Expected increases in salaries	3.2 %	3.4 %

(19) Other accrued liabilities

The other accrued liabilities consist of the following:

(thousand €)	31.12.2002	31.12.2001
Accruals for taxes	24,148	15,586
Accrued personnel and social costs	75,434	79,780
Structural accruals	14,137	22,373
Accruals for sales not yet billed	16,344	16,957
Accruals for warranty obligations	21,633	24,482
Miscellaneous accrued liabilities	36,415	35,355
	188,111	**194,533**

Of the accrued liabilities, an amount of € 30,770 (previous year € 38,032 thousand) is probably due after one year.

The accrued personnel and social costs relate to accruals for holiday entitlements, to early retirement arrangements, to age-related part-time working agreements, to jubilee obligations and to other deferred personnel costs.

The accrued liabilities for sales not yet billed represent obligations in respect of products or services that have already been delivered or rendered but for which no invoices have yet been received.

The other accrued liabilities comprise accruals for impending losses on unfilled orders, environmental risks and miscellaneous contingent liabilities.

The development of structural accruals is shown in the following table:

as of 31st December 2000	9,369
Utilisations	– 7,273
Liquidations	– 1,066
Additions	21,343
as of 31st December 2001	22,373
Utilisations	– 8,533
Liquidations	– 3,612
Additions	3,909
as of 31st December 2002	**14,137**

It was possible to dissolve part of the accruals formed in the year under review for terminating the German and European Steinbock dealer network as a result of the successful negotiations.

The additions during the year under review relate to the personnel lay-offs and other implementation measures necessary within the framework of the integration of the MIC sales and distribution organisation in France. Expenditure from the additions to the structural accruals is included in the cost of sales in the full amount.

(20) Financial liabilities

(thousand €)	31.12.2002	thereof maturities up to 1 year	thereof maturities more than 5 years	31.12.2001
Amounts due to financial institutions	142,200	109,665	2,969	148,567
Leasing liabilities	68,747	16,963	19,231	82,275
Liabilities from acceptance of drawn bills and from issue of own bills	5,531	5,531	–	7,558
	216,478	**132,159**	**22,200**	**238,400**

As of 31st December 2002, Jungheinrich has unused short-term credit lines at various banks in the amount of € 160,707 thousand (previous year: € 168,087 thousand).
The credit lines, which are predominantly utilised in the form of a Group credit line, include revolving credit facilities in an amount of € 268,719 thousand. There are no restrictions on the use to which the loans are put.
Of the amounts due to financial institutions, an amount of € 7,859 thousand (previous year: € 11,628 thousand) is secured by mortgages.
The leasing liabilities are in connection with the financing of tangible assets and trucks for rentals and leasing via leasing contracts which according to US GAAP are to be classified as "capital lease" contracts and under which the assets are to be carried as fixed assets by Jungheinrich as the lessor. The leasing liabilities are reduced over the term of the leasing contracts.

The financial liabilities fall due in the next 5 years and thereafter as follows:

(thousand €)	
2003	132,159
2004	43,473
2005	10,872
2006	4,805
2007	2,969
thereafter	22,200
Total	**216,478**

(21) Liabilities from financial services

(thousand €)	31.12.2002	thereof maturities up to 1 year	thereof maturities more than 5 years	31.12.2001
Liabilities from sales deferrals	185,687	54,952	905	186,224
Liabilities from financing	224,110	68,296	2,949	210,898
	409,797	**123,248**	**3,854**	**397,122**

The liabilities from sales deferrals relate to the leasing contracts concluded with a leasing company acting as an intermediary. Here the economic ownership lies with the companies of the Jungheinrich Group despite the sale of the truck to the leasing company due to the agreed residual value guarantee with more than 10 per cent of the value of the truck. The resultant duty according to US GAAP to carry this ownership as an asset leads to the deferral of the proceeds that have already been achieved through the sale to the leasing company. The liabilities from sales deferrals are reduced over time with effect on sales until the residual value guarantee falls due.

The liabilities from financing result from the refinancing of the long-term contracts with customers with matching maturities of the loans and the contracts. According to whether the economic ownership is imputed to the Jungheinrich Group companies or not, these contracts are carried as assets under receivables from financial services ("Capital Leases") or under trucks for leasing from financial services ("Operating Leases").

The liabilities from financing, which are reduced over the term of the leasing contract, are due in the next five years and thereafter as follows:

(thousand €)	
2003	68,296
2004	60,392
2005	46,297
2006	31,059
2007	15,117
thereafter	2,949
Total	**224,110**

(22) Trade liabilities

All trade liabilities are due within one year.

(23) Other liabilities

(thousand €)	31.12.2002	thereof maturities up to 1 year	thereof maturities more than 5 years	31.12.2001
Liabilities to affiliated companies	786	786	–	1,259
Liabilities to companies in which an equity interest is held	1,779	1,779	–	2,581
Other liabilities	45,509	44,920	589	33,962
	48,074	**47,485**	**589**	**37,802**

Included in other liabilities are amounts from taxes of € 18,577 thousand (previous year: € 11,122 thousand) and liabilities within the framework of social security in the amount of € 14,346 thousand (previous year: € 8,040 thousand). Furthermore, this item includes liabilities to personnel of € 2,049 thousand (previous year: € 1,642 thousand).

(24) Deferred income

The item deferred income mainly includes profit deferrals from the financing of trucks for leasing under sale-and-lease-back arrangements.
The profit deferrals are reduced pro rata temporis over the term of the leasing contracts.
Of the deferred income, amounts totalling € 27,884 thousand (previous year: € 36.102 thousand) are due after one year.

Notes to the consolidated flow-of-funds analysis

(25) Consolidated flow-of-funds analysis

Cash and cash equivalents at the end of the year correspond to the item stated in the balance sheet for the liquid assets plus the holdings of freely available securities of Jungheinrich Aktiengesellschaft with an original time to maturity of up to three months in an amount of € 41,319 thousand.
The following payments are included in the cash flow from business activities:

(thousand €)	2002	2001
Interest paid	22,662	27,480
Income taxes paid	9,313	18,743

Other notes

(26) Litigation and claims

Various lawsuits, investigations by public authorities as well as other claims against Group companies are pending or could be initiated or asserted in the future including class actions and actions for high amounts of damages that could lead to substantial expenditures. Litigation is subject to many imponderables so that the outcome of individual proceedings cannot be predicted with certainty. It cannot be excluded that Jungheinrich may on the basis of definitive judgements in some of these cases incur expenditures that exceed the accruals formed for this purpose and the timing and scope of which cannot be predicted with any certainty. Although the outcome of such cases during the reporting period of the adjustments of accruals may have a major influence on the Jungheinrich result, the resultant contingent obligations will in our estimation have no major impact on the financial and earnings position of the Group.

(27) Contingent liabilities and other financial obligations

(thousand €)	31.12.2002	31.12.2001
Contingent liabilities from discounted bills of exchange	9,770	10,524
Liabilities from warranties	3,301	1,436
	13,071	**11,960**

Insofar as is prescribed by law or is considered to be necessary and reasonable, Jungheinrich initiates voluntary exchange actions and recall actions for the products it sells in order to ensure customer satisfaction and compliance with its own safety standards. The Group establishes reserves for product warranty, which also cover the anticipated cost of such actions. The estimates of the scope of the anticipated expenditures are based above all on past experience. Estimates of the future cost of such actions are inevitably subject to numerous uncertainties, e. g. in respect of the introduction of new laws and regulations, in respect of the number of products sold or the nature of the measures to be initiated, which may result in adjustments to the established reserves. It cannot be excluded that the ultimate cost of these actions may exceed the reserves established for this purpose in a manner that cannot be foreseen. Although the actual expenditure in the reporting period of the adjustments of accruals may have a major influence on the Jungheinrich result, the resultant contingent obligations will in our estimation have no major impact on the financial and earnings position of the Group.

Rental and leasing contracts

At its various sites, the Group has concluded rental and leasing contracts ("operating leases") for business premises, data processing systems, office equipment and vehicles. The future minimum payments up to the first contractually agreed termination date are due as follows:

(thousand €)	
2003	26,312
2004	18,236
2005	11,172
2006	7,447
2007	5,024
thereafter	8,188
Total	**76,379**

Total expenditures from this for the year 2002 amount to € 32,541 thousand (previous year: € 30,664 thousand).

(28) Derivative financial instruments

Use of derivative financial instruments

Changes in interest rates and currency exchange rates entail operating risks for the Jungheinrich Group that are actively controlled in the course of risk management. Jungheinrich uses the following financial instruments to control these risks: forward exchange dealings, currency swap transactions and interest rate swaps.

Based on the requirements which the German Law regarding Controls and Transparency in the Corporate Sector (KonTraG) imposes on the risk management of a company, in a procedural guideline we have defined control mechanisms for the use of financial instruments. These include among other things a clear segregation of function with regard to trading, settlement, accounting and controlling.

Nominal values and counterparty risk

The nominal values of derivative financial instruments amount to:

(thousand €)	31.12.2002	31.12.2001
Currency hedging contracts	54,982	71,290
Interest rate hedging contracts	32,005	32,000

The currency hedging contracts contain forward exchange transactions that are used to hedge against rolling 12-month exposure in the individual currencies. As a rule, the term of such contracts does not exceed a period of 12 months.

In interest rate management of the Jungheinrich Group, derivative interest rate instruments as mentioned above are used above all to hedge against the risks of changes in interest rates and to reduce the cost of financing. The terms and nominal values of these interest rate hedging contracts that are used to hedge future variable interest payments within the framework of cash flow are oriented to the underlying loan contracts, which as a rule have a term of less than five years.

The Group is exposed to a counterparty risk that arises through the non-fulfilment of contractual agreements on the part of the counterparties. The contract partners concerned are generally international financial institutions. On the basis of their rating, which is

determined by reputable rating agencies, no major risk ensues for Jungheinrich from dependence on individual counterparties. The general credit risk from the derivative financial instruments used is considered to be negligible.
The contract volumes stated or the nominal values of derivative financial instruments do not always represent volumes that are exchanged by the counterparties and they are therefore not necessarily a yardstick for the risk to which Jungheinrich is exposed through their use.

Market values of financial instruments

The market value of a financial instrument is the price at which the particular instrument could have been sold in the market on the closing date of accounts. The market values were calculated on the basis of the market information available on the closing date of accounts and on the basis of the valuation methods stated below that are based on certain prices. In view of varying influencing factors, the values stated here may differ from the values later realised in the market.
The market values of the interest rate hedging instruments (interest swaps) are calculated on the basis of discounted cash flows that are anticipated for the future; this calculation uses the market interest rates that are valid for the remaining lifetime of the financial instruments.

The market value of forward exchange transactions is determined on the basis of current reference prices of the European Central Bank taking account of the forward premiums or discounts.
The market valuation of the derivative financial instruments is as follows:

(thousand €)	31.12.2002	31.12.2001
Assets		
Currency hedging contracts	831	68
Liabilities		
Currency hedging contracts	477	709
Interest rate hedging contracts	885	270

The amount of € 831 thousand carried on the assets side for the currency hedging contracts forms part of the balance sheet item “Other assets”. The amounts of € 477 thousand for currency hedging contracts and of € 885 thousand for the interest rate hedging contracts that are carried on the liabilities side are contained in the item “Other liabilities”.

No unrealised profits or losses from the market valuation of derivative financial instruments resulting from the non-effectiveness of hedging transactions or the non-examination of hedging transactions for their hedging effectiveness that according to SFAS 133 must be included in the statement of income with effect on net income existed as of 31st December 2002. Similarly, no profits or losses existed deriving from hedged transactions that have become unlikely.

(29) Segment reporting

Jungheinrich operates at the international level – with the main focus on Europe – as a manufacturer and supplier of products in the fields of industrial trucks, warehousing and material flow technology as well as of all services connected with these activities.
The Board of Management at Jungheinrich acts and makes decisions with overall responsibility for all divisions of the Group. The economic ratios and reports submitted monthly to the entire managing board are oriented to inter-divisional control variables. Consequently, in accordance with the "Management Approach" Jungheinrich is in its core business a single-segment company.
Sales revenues are shown according to consignee regions and product groups. The long-term assets, capital spending and depreciation all relate to the fixed assets not including rental trucks and trucks for leasing and not including the financial assets.

Sales by regions

(thousand €)	2002	2001
Germany	417,227	475,854
Rest of Europe	1,008,497	1,016,736
Other countries	50,167	58,642
	1,475,891	**1,551,232**

Sales abroad of the previous year were adjusted to correct a mistake in allocation.

Sales by product groups

(thousand €)	2002	2001
New products	800,226	939,496
Income from rentals and from sales of used vehicles	224,373	228,476
After-sales service	465,500	436,530
	1,490,099	**1,604,502**
Adjustments for financial services and miscellaneous	– 14,208	– 53,270
	1,475,891	**1,551,232**

Further segment information by regions:

	Germany	Rest of Europe	Other countries	Consoli-dation	**Total**
Long-term assets as of 31.12.2002 (thousand €)	114,013	68,047	308	2,638	**185,006**
Capital expenditures (thousand €)	19,919	15,786	161	–	**35,866**
Depreciation (thousand €)	12,899	20,158	123	–	**33,180**
Personnel as of 31.12.2002 (No. of employees)	4,427	4,782	39	–	**9,248**

(30) Earnings per share

For the purpose of calculating the earnings per share, no adjustments have been made to the consolidated earnings. The consolidated earnings correspond to the stated Group net income.

	2002	2001
Consolidated earnings (thousand €)	53,746	38,961
Weighted average of the issued shares (thousand shares)	33,640	33,640
Earnings per share (€)	**1,60**	**1.16**

Earnings per share are based on the weighted average of the number of the issued individual share certificates (ordinary and preferred shares).

In the business years 2002 and 2001, no equity capital instruments existed that dilute the earnings per share on the basis of the shares issued.

(31) Events after the closing date of accounts

After the end of the business year 2002, Jungheinrich Aktiengesellschaft took the decision to transfer production of the IC engine powered lift trucks hitherto produced at the plant in Leighton Buzzard (GB) to Moosburg (D) by mid-2004 and then to close the plant in Leighton Buzzard.

(32) Issuing of the declaration with regard to the Corporate Governance Code in accordance with § 161 German Stock Corporation Law

On 12th December 2002, the Board of Management and the Supervisory Board issued the first declaration of conformance in accordance with § 161 German Stock Corporation Law and made this permanently accessible to the shareholders on the Website of Jungheinrich Aktiengesellschaft.

Explanatory comments to the major accounting, valuation and consolidation methods applied in the Jungheinrich Group and contained in the prescribed consolidated financial statements and that deviate from German law

Fundamental differences

German accounting and US American accounting are each based on fundamentally different approaches. Whereas accounting according to German commercial law puts the principle of caution and the protection of creditors in the foreground, the priority objective of US accounting is the provision of information that is relevant to shareholder decision-making. For this reason, US GAAP attaches greater importance to the comparability of the annual financial statements – both over a number of years and from different companies – as well as to the determination of earnings on an accrual basis than is the case with German commercial law.

Presentation of the consolidated statement of income in accordance with the cost of sales method

A consolidated statement of income in accordance with the cost of sales method is structured in conformity with § 275 section 3 of the HGB. In this form of presentation there is no systematic separation of the operating expenses from the other costs. According to US GAAP, costs must be stated according to the operating function that caused these costs. The statement of income of Jungheinrich Aktiengesellschaft also presents a demarcation of the operating functions as against the other costs.

Currency gains

According to HGB, short-term receivables or liabilities in foreign currency must be stated at the exchange rates valid on the day on which they come into being. Currency gains at the closing date of accounts must not be taken into account. According to US GAAP, currency gains are to be realised.

Goodwill

According to the US regulations, acquired goodwill must be carried as an asset. Direct offsetting against equity capital as is possible under German commercial law is not permissible. Goodwill can only be written down over its probable useful economic lifetime until 31st December 2001. From 1st January 2002, goodwill and intangible assets with an indeterminable asset lifetime are no longer reduced by depreciation but are checked at least once a year to verify their value.

Leasing

The carrying of leased objects as assets is not treated in a fundamentally different way under US GAAP to that practised in accordance with the regulations of German commercial law. Such objects are not attributed to the assets of the legal owner but to those of the economic owner. However, the criteria for attributing a leased item of economic value differ in detail. In the case of financing leasing ("capital lease"), the risks and opportunities deriving from ownership of the leased asset lie predominantly with the lessee without legal ownership being simultaneously transferred to the latter. According to US GAAP, such financing arrangements are treated as a purchase. Consequently, the lessee books the leased object as an asset and enters a corresponding liability on the liabilities side.

Deferred taxes

According to HGB, only residual credit and debit balances are entered into the consolidated financial statements as tax deferrals. Furthermore, it is not permissible to book deferred taxes on the assets side that derive from tax losses carried forward. According to US GAAP, deferred taxes are calculated on temporary valuation differences between the statements of assets and debts in the tax balance sheet and the consolidated financial statements, based on the expected rate of taxation at the end of the period covered by the report in accordance with the enacted tax law, for the time when the differences are reversed.

According to US GAAP, deferred tax assets are also calculated on tax loss carryforwards. If the sustained value of deferred tax assets is not assured, then a valuation allowance must be made in respect of these. The decisive criterion for assessing the sustained value is whether it is "more likely than not" that this asset will actually be realised in the future.

Own shares

According to HGB, own shares are stated on the assets side of the balance sheet under a separate item. Corresponding to this, a reserve is formed in the equity capital.

According to US GAAP, own shares are set off against the equity capital.

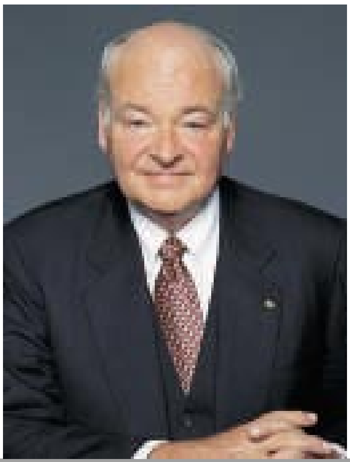
Accruals for pensions

In contrast to the German tax-related lower partial value method, accruals for pensions are calculated taking account of expected increases in wages and salaries. The calculation is not based on a taxation-oriented discount rate of 6 % but on a capital market interest rate for long-term bonds.

Fundamental differences exist between German and other European companies with regard to the form and financing of company retirement schemes. Whereas e. g. in Britain the company pensions scheme is usually organised via external pension funds, German companies make provision for retirement benefits in their balance sheet by forming accruals for future pensions payments. These structural differences, due above all to different tax legislation, are also reflected in the consolidated financial statements.

Other accruals

The regulations regarding the possibilities for forming accruals are substantially more restrictive in US accounting than is the case under German commercial law. According to the latter, accruals are to be formed if an obligation exists vis-à-vis a third party, if the corresponding claim is likely to be asserted and if the probable amount of the necessary accrual can be reliably estimated. Accruals for expenditures and for omitted maintenance expenses are not permissible according to US GAAP.



Report of the Supervisory Board

During the year under review, the Supervisory Board constantly supervised the management of the company and assisted in an advisory capacity. At five meetings, the Supervisory Board received detailed verbal and written reports about the course of the affairs and the development of the company and the Group as well as the earnings position and the strategic orientation and discussed these in depth with the Board of Management as well as dealing with all other matters which according to the law, the Articles of Association of the company or the internal rules of procedure of the Board of Management require the consent of the Supervisory Board. One transaction requiring consent was dealt with in writing.

There are four committees of the Supervisory Board. The personnel committee of the Supervisory Board held six meetings in the business year 2002. The finance and controlling committee met five times. The committee for the product line IC engine powered lift trucks came together three times. The joint committee with equal representation between employers and employees did not meet during the period under review.

In addition, outside of the meetings of the Supervisory Board the Chairman of the Supervisory Board was in regular contact with the Chairman of the Board of Management and discussed important business transactions with him at numerous informal meetings.

Within the framework of the regular reports of the Board of Management at meetings of the Supervisory Board and of the monthly written reports, the Supervisory Board was informed about the risks pertaining to the development of the company. Special attention was paid to risk management.

In the business year 2002, the Supervisory Board informed itself intensively about the implementation of the restructuring of sales and distribution that was resolved in the year 2001.

The development of business at the companies MIC S.A. in France and Boss Manufacturing Ltd.

in Britain was the subject of extensive reporting. The Supervisory Board directed that possible structural changes for the further improvement of the result situation should be examined.
After long and intensive preliminary work, this led to the decision to transfer production of the plant in Leighton Buzzard in Britain to Jungheinrich Moosburg GmbH and then to close the plant in Leighton Buzzard in mid-2004.
The recommendations of the Corporate Governance Codex were thoroughly discussed in the Board of Management and the Supervisory Board and both bodies have decided to implement these recommendations in almost all points.
The annual financial statement prepared by the Board of Management and the management report of Jungheinrich AG as well as the accounting documents for the business year 2002 have been audited by Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft Hamburg. The auditors stated no reservations and confirmed this by issuing an unqualified auditor's certification of the financial statement.
The consolidated financial statement as of 31st December 2002 and the Group management report were also confirmed through the issuing of an unqualified auditor's certification.
The documents of the financial statement and the audit reports have been presented to the Supervisory Board and were examined by the board including the proposal regarding the appropriation of the profit for the year. At the meeting of the Supervisory Board on 4th April 2003, the Wirtschaftsprüfer[1] who signed the annual financial statement and the consolidated financial statement took part in the corresponding point on the agenda and submitted their final report on their audit of the annual financial statement and the consolidated financial statement.

On the basis of its own examination of the annual financial statement, of the management report, of the consolidated financial statement and of the Group management report, the Supervisory Board approves the result of the audit by the Wirtschaftsprüfer. At its meeting on 4th April 2003, it approved the annual financial statement and the consolidated financial statement as of 31st December 2002. The annual financial statement is thereby finalised. The Supervisory Board endorses the proposal of the Board of Management regarding the appropriation of the balance sheet profit.
At its meeting on 12th December 2002, the Supervisory Board appointed Mr Matthias Fischer as a deputy member of the Board of Management with effect from 1st July 2003 and as a full member of the Board of Management with effect from 1st January 2004. Mr Fischer will take over the responsibility for sales and distribution from Dr. Dieter Helmke, who is retiring at the end of 2003.
The Supervisory Board thanks all employees as well as the Board of Management for their dedicated work to the benefit of the company and the shareholders.

Dr. D. Schulz 4th April 2003

[1] German equivalent of Chartered Accountant/Certified Public Accountant

The Supervisory Board

Consul Dr. Dietrich Schulz
Chairman
Businessman

Further offices held
Supervisory Board:
L. Possehl & Co. mbH, Lübeck (Chairman)
Deutsche Bank Lübeck AG, Lübeck
Süd-Chemie AG, Munich (Deputy Chairman)
Drägerwerk AG, Lübeck
AdCapital AG, Berlin (Chairman)

Detlev Böger
Deputy Chairman
Labour Union Secretary

Sedat Bodur
Member of the Works Council at the
Norderstedt Plant

Wolfgang Erdmann
Chairman of the Works Council at the
Norderstedt Plant

Rolf Haucke
1st Proxy, Chief Executive IG Metall
Administrative Agency in Landshut

Further offices held
Supervisory Board:
RWE Solutions AG, Frankfurt/Main
SAG Netz- und Energietechnik GmbH, Langen

Wolfgang Kiel
Management Consultant

Joachim Kleinwort
Senior Executive

Karl-Helmut Lechner
Chairman of the Group Works Council

Dr. Albrecht Leuschner
Chairman of the Management of
Deutsche EXIDE GmbH, Büdingen
Chairman of EXIDE Europe S.A., Paris

Further offices held
Supervisory Board:
Hagen Batterie AG, Soest (Chairman)
Deutsche Exide Standby GmbH, Büdingen
(Chairman)
CEAG AG, Bad Homburg (Deputy Chairman)
Centra S.A., Poznan/Poland (Chairman)
OEB Traktionsbatterien AG, Zürich/Switzerland

Advisory Board:
Langguth-Erben GmbH & Co. KG,
Traben-Trarbach (Chairman)

Karin Martin
Managing Director of GSA Verwaltungs-
gesellschaft mbH, Hamburg

Further offices held
Supervisory Board:
Hamburg Messe und Congress GmbH,
Hamburg

Jürgen Peddinghaus
Graduate in Economics-Oriented Engineering

Further offices held
Supervisory Board:
Faber-Castell AG, Nuremberg (Chairman)
MAY-Holding GmbH & Co. KG, Erftstadt
(Chairman)
Schwarz-Pharma AG, Monheim
Zwilling J.A. Henckels AG, Solingen
Kühlhaus Zentrum AG, Hamburg (Chairman)

Advisory Board:
Norddeutsche Private Equity GmbH, Hamburg
Severin Elektrogeräte GmbH, Sundern

Franz Günter Wolf
Chairman of the Advisory Board of
LACKFA Isolierstoff GmbH & Co., Rellingen

The Board of Management

Dr. Cletus von Pichler
Chairman of the Board of Management

External offices held
Supervisory Board:
Krauss-Maffei Process Technology AG, Munich

Board of Directors:
Dr. Joachim Schmidt AG & Co. Holding-KG, Berlin

Dr. Dieter Helmke
Member of the Board of Management

Dr. Erich Kirschneck
Member of the Board of Management

Other office held within the Group:
Jungheinrich Moosburg GmbH, Moosburg (Chairman)

Dr. Michael Lüer
Member of the Board of Management

Other office held within the Group:
Jungheinrich Moosburg GmbH, Moosburg

MAJOR OPERATING COMPANIES OF THE JUNGHEINRICH GROUP

Name and Corporate Seat of the Company	Share in capital %	Sales 2002 (million €)	Result after tax 2002 (million €)	Employees (31.12.2002)
Affiliated Companies				
Jungheinrich Aktiengesellschaft, Hamburg	–	721.8	30.1	3,604
Jungheinrich Moosburg GmbH, Moosburg	100	201.1	31.5	813
Jungheinrich Financial Services GmbH, Hamburg	100	68.3	0.1	12
Jungheinrich France S.A.R.L., Vélizy-Villacoublay, France	100	191.2	– 1.2	938
Mécanique Industrie Chimie MIC S.A., Rungis, France	100	97.7	– 2.9	390
Jungheinrich UK Ltd., Manchester, United Kingdom	100	215.5	– 1.0	972
Boss Manufacturing Ltd., Leighton Buzzard, United Kingdom	100	63.7	– 1.5	209
Jungheinrich Italiana S.r.l., Trezzano, Milan, Italy	100	163.3	4.1	654
Jungheinrich España SA, Abrera, Barcelona, Spain	100	59.0	1.4	269
Jungheinrich Producción S.A., Leganés, Madrid, Spain	100	7.7	0.1	35
Jungheinrich Nederland BV, Alphen a.d. Rijn, Netherlands	100	58.7	3.0	232
Jungheinrich GmbH, Hirschthal, Switzerland	100	61.5	4.1	187
Jungheinrich n.v./s.a., Leuven, Belgium	100	40.0	2.0	177
Jungheinrich Austria Vertriebsges.mbH., Vienna, Austria	100	50.9	2.6	219
Jungheinrich Polska Sp. Z.o.o., Warsaw, Poland	100	23.8	2.9	121
Jungheinrich Norge A/S, Oslo, Norway	100	26.6	0.3	103
Jungheinrich (ČR) k.s., Prague, Czech Republic	100	23.6	0.7	98
Jungheinrich Svenska AB, Malmö, Sweden	100	17.7	0.7	77
Jungheinrich Hungária Kft., Budaörs, Budapest, Hungary	100	13.9	1.3	48
Jungheinrich Danmark A/S, Tåstrup, Denmark	100	9.8	– 0.2	46
Multiton MIC Corporation, Richmond, Virginia, USA	100	11.0	– 0.3	39
Associated Companies				
JULI Motorenwerk k.s., Moravany/Brno, Czech Republic	50	48.5	1.1	382
Supralift GmbH & Co. KG, Hofheim/Ts.	50	0.3	– 1.9	12

Sales and the result are based on the annual financial statements prepared in accordance with the laws of the particular country.
Sales and the result after tax are converted at the annual average exchange rate.

FIVE-YEAR OVERVIEW OF THE JUNGHEINRICH GROUP

		1998 HGB	1999 US GAAP	2000 US GAAP	2001 US GAAP	2002 US GAAP
Order intake, production and sales						
Order intake[1]	million €	1,311	1,426	1,559	1,576	1,493
Production of industrial trucks	units	52,975	56,900	64,600	65,500	54,700
Sales	million €	1,346	1,353	1,515	1,551	1,476
thereof in Germany	million €	479	459	488	476	417
thereof abroad	million €	867	894	1,027	1,075	1,059
Foreign share	%	64	66	68	69	72
No. of employees						
Total	31.12.	8,530	8,991	9,239	9,288	9,248
thereof in Germany	31.12.	4,094	4,287	4,436	4,519	4,427
thereof abroad	31.12.	4,436	4,704	4,803	4,769	4,821
Capital spending						
Capital spending[2]	million €	28	35	33	32	36
Research and development	million €	30	27	28	28	30
Assets and liabilities structure						
Fixed assets	million €	225	446	492	538	509
thereof trucks for leasing from financial services	million €		128	158	188	191
Current assets	million €	580	898	903	933	976
thereof receivables from financial services	million €		135	146	152	174
thereof cash and cash equivalents and securities	million €	134	184	152	185	204
Total assets	million €	805	1,344	1,395	1,471	1,485
Capital structure						
Shareholders' equity	million €	271	264	282	316	346
thereof subscribed capital	million €	87	102	102	102	102
Accrued liabilities for pensions	million €	79	116	123	124	144
Other accrued liabilities	million €	128	130	178	195	188
Financial liabilities	million €	168	331	251	238	216
Liabilities from financial services	million €		291	347	397	410
Other liabilities and deferred income	million €	159	212	214	201	181
Total capital	million €	805	1,344	1,395	1,471	1,485

[1] Sales of new products, after-sales service, rentals and used trucks

[2] Not including trucks for rentals and leasing and financial assets

		1998 HGB	1999 US GAAP	2000 US GAAP	2001 US GAAP	2002 US GAAP
Income statement						
Earnings before interest, tax and depreciation (EBITDA)[3]	million €	104	137	166	189	202
Earnings before interest and tax (EBIT)[3]	million €	59	52	55	70	74
Earnings before tax (EBT)[3]	million €	51	41	47	67	73
Net income for the year	million €	39	9	32	39	54
Earnings per share	€	1.14	0.25	0.94	1.16	1.60
Dividend per share – Ordinary	€	0.36	0.36	0.36	0.39	0.39[7]
– Preferred	€	0.41	0.42	0.42	0.45	0.45[7]
Key financial data						
Equity ratio	%	34	20	20	21	23
Equity to fixed assets ratio[4]	%	121	83	84	90	109
EBIT return on sales (ROS)	%	4.4	3.9	3.6	4.5	5.0
EBIT return on employed, interest-bearing capital (ROCE)	%	18	13	15	19	21
Return on equity after income taxes	%	15	3	12	13	16
Return on total capital employed[5]	%	7	3	5	6	7
Dynamic indebtedness ratio[6]	years	0.5	1.0	0.6	0.2	< 0.1
Net gearing (net indebtedness/equity)	%	22	54	32	14	1
Equity turnover	years	1.7	1.0	1.1	1.1	1.0

[3] Up to 1998: before other taxes

[4] Not including trucks for leasing from financial services

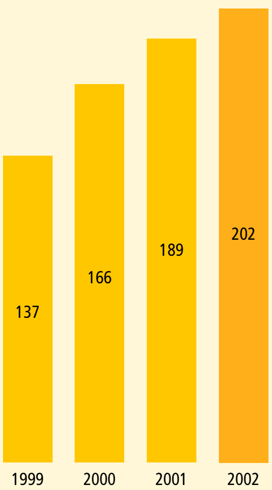
[5] Not including financial services

[6] Net indebtedness to EBITDA

[7] Proposal

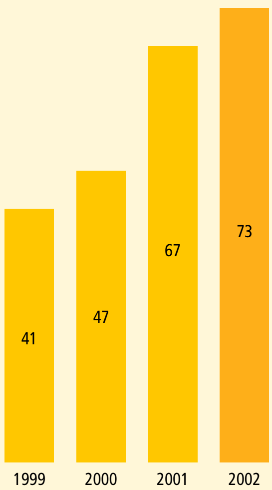
EBITDA

million €



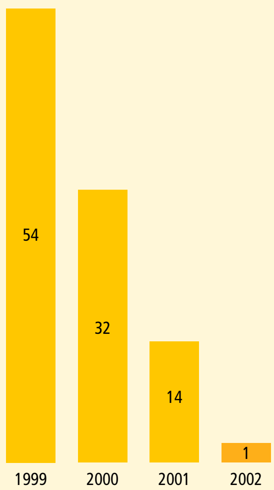
EBT

million €



Net Gearing

%



Dates 2003

Balance sheet press conference Hamburg	15th April 2003, 10.00 a.m.
Analysts Conference Frankfurt am Main	16th April 2003, 10.00 a.m.
Interim report on the first quarter of 2003	13th May 2003
Annual General Meeting Congress Centrum Hamburg (CCH)	3rd June 2003, 10.00 a.m.
Dividend payment	4th June 2003
Interim report on the first half of 2003	7th August 2003
Interim report on the third quarter of 2003	10th November 2003

Published by:
Jungheinrich Aktiengesellschaft Hamburg
Corporate Communications

Photographs: Archives of Jungheinrich AG,
B.C. Möller, L. Schmodde (p. 4 and p. 88),
J. Scheffler, M. Grambow, X. Amau
Photographs taken among other locations at:
DaimlerChrysler/Germany (Germersheim),
TNT Express/Germany (Wiesbaden),
BMW/Austria (Steyr), Meister-Leisten
Schulte GmbH/Germany, PISTOR/Switzerland

Layout & Design: M. Whelan, Hannover

Production:
Kunst- und Werbedruck, Bad Oeynhausen

English Translation: W. R. Dillon-Guy, Stuhr

Paper:
Euroart, matt, bleached without
the use of chlorine

Jungheinrich Aktiengesellschaft
Friedrich-Ebert-Damm 129
22047 Hamburg
Telephone: 0049 40 69 48 0
Telefax: 0049 40 69 48 17 77
Internet: http://www.jungheinrich.com
e-mail: info@jungheinrich.com