Annual Report 2003

AT A GLANCE

Jungheinrich Group		1999	2000	2001	2002	2003	2002/2003 Change in %
Net Sales							
Germany	million €	459	488	476	417	407	– 2.4
Abroad	million €	894	1,027	1,075	1,059	1,064	0.5
Total	million €	1,353	1,515	1,551	1,476	1,471	– 0.3
Foreign ratio	%	66	68	69	72	72	–
Production of materials handling equipment	units	56,900	64,600	65,500	54,700	59,200	8.2
Balance sheet total	million €	1,344	1,395	1,471	1,485	1,498	0.9
Stockholders' equity	million €	264	283	316	346	358	3.5
thereof capital stock	million €	102	102	102	102	102	0.0
Capital expenditures[1]	million €	35	33	32	36	61	69.4
Research and development	million €	27	28	28	30	33	10.0
Earnings before interest and taxes (EBIT)	million €	52	55	70	74	78[3]	5.4
EBIT return on sales (ROS)	%	3.9	3.6	4.5	5.0	5.3	–
EBIT return on capital employed (ROCE)[2]	%	12.9	14.6	19.5	21.3	22.5	–
Net income	million €	9	32	39	54	21[4]	– 61.1
Employees[5]							
Germany	Dec. 31	4,287	4,436	4,519	4,427	4,452	0.6
Abroad	Dec. 31	4,704	4,803	4,769	4,821	4,781	– 0.8
Total	Dec. 31	8,991	9,239	9,288	9,248	9,233	– 0.2
Earnings per share	€	0.25	0.94	1.16	1.60	0.63[4]	– 60.6
Dividend per share – common stock	€	0.36	0.36	0.39	0.39	0.39[6]	–
– preferred stock	€	0.42	0.42	0.45	0.45	0.45[6]	–

[1] Not including trucks for short-term hire and leasing and financial assets

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

[3] Not including closure expenses MIC S.A.

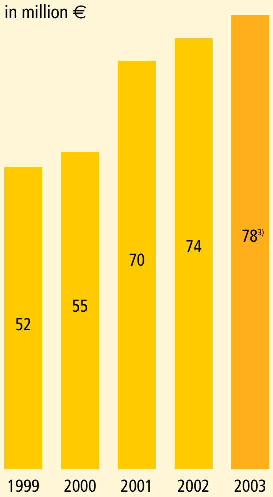
[4] Including closure expenses MIC S.A.

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

[6] Proposal

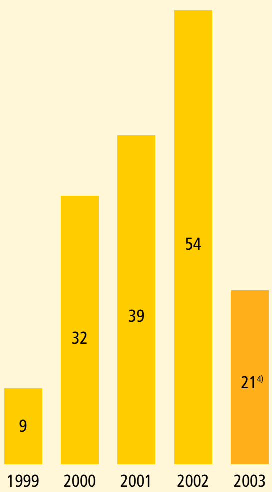
Earnings before interest and taxes/EBIT

in million €



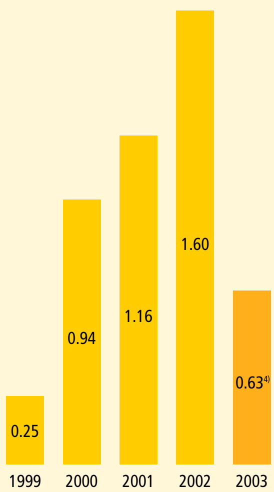
Net income

in million €



Earnings per share

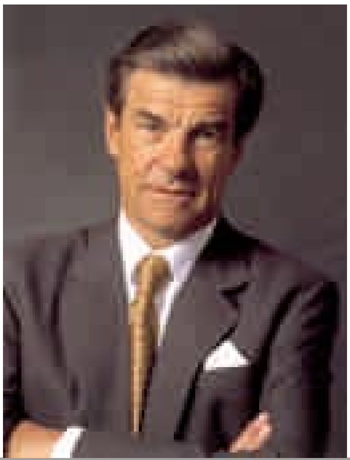
in €



Annual Report 2003

Table of Contents

To our shareholders	4
A strong team	6
The Jungheinrich share	8
Group Management Report	14
Human resources	28
Group overview	32
Consolidated financial statements	46
Report of the Supervisory Board	86
The Supervisory Board	88
The Board of Management	90
Major operating companies of the Jungheinrich Group	91
Five-year overview of the Jungheinrich Group	92



Dear Shareholder!

"Jungheinrich – well worthwhile." The Jungheinrich Group has not only placed the year 2003 and the celebration of its 50 years of existence under this motto, but has also started a world-wide programme for a re-positioning of the Jungheinrich brand. For the first time in its history, the Group is presenting the Jungheinrich brand to its customers with a single, uniform face at the international level.

In the anniversary year, a number of new products were launched onto the market, more than ever before, thus again demonstrating the innovative capacity of Jungheinrich. Outstanding in this context is the new generation of reach trucks with their performance capacity, economic efficiency and ergonomic design. The product that has secured Jungheinrich ongoing growth is thus again setting new standards. Three-phase ac technology is applied in all of the new order picking and three-sided forklift trucks for maximum performance in the narrow-aisle warehouse. This is also implemented in the new battery-powered four-wheel forklift truck with a lifting capacity of four to five tons. Jungheinrich therefore now offers all battery-powered trucks in the segments from one to five tons with three-phase ac technology.

The tasks of expanding R&D capacities and expenditure to safeguard the technological trendsetter role of the Group with its full-liner product range continues to have top priority.

Notwithstanding the ongoing difficult economic situation in many parts of the world that also did not leave our company unscathed, the Jungheinrich Group was able to improve its economic basis. Incoming orders and sales were maintained at the prior-year level, the Jungheinrich Group managed to improve its operating income for the fourth year in succession and to increase its return on sales as compared with the year before. The basis for this success was the constant work to improve operational sequences, the cost structures and the re-orientation of the Jungheinrich brand worldwide. This would not have been possible without the deep commitment of all employees.

A sign of appreciation for the consistent, earnings-oriented management of the company is the positive reaction of the capital markets. The Jungheinrich share is more than ever in demand among the international investors. It has been able to establish itself as a long-term, stable capital investment and it reached a new all-time high at the beginning of the year 2004. This meant that after the increase in the inner corporate value, the external corporate value was also greatly enhanced.

To strengthen Jungheinrich's international presence, among other things sales and distribution companies were founded in Russia, Latvia and Lithuania. To cater for this expansion of our international business, we also strengthened our personnel management work. This involved not only building up executive staff in other countries but also promoting the exchange of employees within the world-wide organization.

Jungheinrich invested a great deal of effort in recruiting and training junior staff for the future. In recent years, the number of trainees and apprentices has continued at a high level and was also slightly increased despite the flagging economy in Germany. In this way Jungheinrich makes its contribution to the integration of young people into the work process.

In order to improve the earning power of the Group, at the beginning of the year 2003 it was necessary to decide to transfer production of the diesel counterbalanced trucks from the Leighton Buzzard plant in the United Kingdom to the plant in Moosburg, Germany. The relocation of employees is being carried out to schedule and in a cost-conscious manner and production operations in Leighton Buzzard will be terminated as planned in June 2004.

The enormous pressure of competition on the production of hand pallet trucks in the Argentan plant of MIC S.A. could not be compensated by internal restructuring measures. To stop costs at MIC S.A. from rising indefinitely, the Supervisory Board consented to the proposal of the Board of Management to terminate the business activities of MIC S.A. At the same time, after careful examination it was decided to obtain the hand pallet trucks from China in future.

In the current fiscal year, the Board of Management will again make every effort to strengthen the earning power of the Group in order on the one hand to safeguard the economic independence of the company in the long term, but on the other hand also to improve the global market position. This will include the expansion of sales channels in other countries as well as the review and further development of the production locations and the manufacturing technologies.

Jungheinrich is a strong company with a major brand. We want to expand both further.

Our thanks go to our shareholders and customers for their loyalty to the company as well as to our employees who decisively contributed to the success of Jungheinrich through their commitment and hard work.

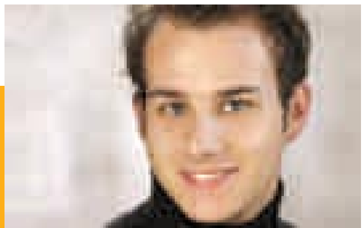
Dr. C. v. Pichler

Thomas Dämmich

"We are perfectly attuned to each other. Each move must be spot on."

A strong team

Jungheinrich successfully positioned itself anew in the anniversary year 2003. In the centre of this new positioning stands the success of the Jungheinrich customers. Employees from all sectors at Jungheinrich – from purchasing via product development and production through to sales and distribution with its technical consultants and service engineers – work to achieve this. Only the well-coordinated team in which each individual knows that things depend on him or her can develop comprehensive solutions tailored to the customer and thus contribute to the latter's success.



Pascal Dätwyler

"I keep the field workers up-to-date."

How filled with life the team concept is among the Jungheinrich employees is manifested here in the example of some racing cyclists. The international Jungheinrich Team at the Hamburg Cyclassics 2003 was made up of some 170 employees from Germany, France, Austria, the Czech Republic and Switzerland. They, too, can rely on each other. They frequently cycle in groups, pacing each other, and are therefore stronger as a team than any solo competitor. They receive further support from the voluntary Jungheinrich helpers in the start and finish zones as well as along the route with drinks and encouraging words. Like all Jungheinrich employees, the team concept also plays an important role in their day-to-day work.

Pascal Dätwyler is the head of Sales Support in Switzerland. Without him, the technical consultants would be left sitting high and dry. He supplies them with all the necessary information and figures and analyzes the need for supplementary sales promotion measures. In addition, he supports the key account executives and organizes the co-operation

Mathias Salterberg

"Good to know I can rely on my team."

Bettina Feßler

"As a team we achieve top results in urgent spare parts business."

with International Key Account Management. Mathias Salterberg is a sales representative and as such is dependent on a powerful team. This also includes the service engineers. They supply him with important information about the customers, for example about the need to exchange forklift trucks or for additional trucks. Vice versa he supports the further R&D work on the trucks by securing test customers for trial use of the prototypes. The R&D people benefit from the experience gained with the trucks in use, which he then passes on to them from the customers.
Petr Marsalek is one of the mobile service engineers who are out in the field every day for Jungheinrich's customers. On his own maybe, but with the backing of the strong team in the Prague branch office: he works with precise product information on his notebook and can depend on being supplied with parts very fast from the central European spare parts warehouses.
This is ensured by Bettina Feßler and her colleagues. As a spare parts scheduler in a team of thirteen, she makes sure that stocks in the spare parts warehouses do not fall below certain minimum quantities. Sales and distribution and service rely on her prediction regarding the delivery time when major repairs are to be carried out. Furthermore, she ensures fast delivery when parts are ordered that are not held in stock. It goes without saying that the planning and scheduling team is so well-coordinated that any one member can step in for any of the others. The supply of components must function smoothly not only in after-sales service but also in production. The technicians who produce the pedestrian-controlled trucks at the Norderstedt plant depend on parts supply supervisor Thomas Dämmich. It is his job to make sure that parts are available at the right time. He orders the components and climbs onto the forklift truck himself to deliver them to the assembly workstations.

They all form a strong team – together on two wheels in the Cyclassics and above all in their day-to-day work for the customers.

Petr Marsalek

"We work hand in hand for our customers."

The Jungheinrich share

Price performance outdoes German stock price indices

Jungheinrich share greatly improved in stock market ranking

Stable dividend guaranteed despite high special burdens

Higher ratio of foreign institutional investors

Investor relations extended to further financial centres

The Jungheinrich share held up very well as a sound and attractive investment in a troubled stock market environment. Its performance again exceeded that of the leading German stock price indices. The ratio of foreign investors increased further. Capital market communications were extended to additional financial centres.

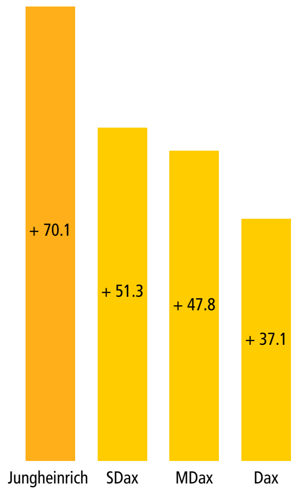
Strong recovery of the capital market in the stock market year 2003

After a turbulent stock market year 2003, after three years of decline in succession the German stock market ended with strong price gains. At the beginning of the year, above all the uncertain global political situation had a negative effect on the development of stock markets. Later, an upward trend set in as assessments of the future economic outlook became increasingly optimistic. After ending the year 2002 at 2,893 points, the DAX ended 2003 with a rise of 37.1 per cent to 3,965 points. The MDax, which is made up of companies with medium market capitalization (Mid Caps) reached 4,469 points (prior year: 3,025 points), an increase of 47.7 per cent. The SDax, comprising companies with a smaller market capitalization (Small Caps), did even better, adding 51.3 per cent to reach 2,586 points (prior year: 1,709 points).

Performance of the Jungheinrich share surpassed leading German stock price indices

At the beginning of the year, the price trend of the Jungheinrich share followed the general negative trend in the German stock market. The index changeover from the MDax to the SDax by the stock market operator Deutsche Börse AG within the framework of the new segmentation of the German stock market also exerted a negative influence for a while. However later on positive stimuli characterized the further development of the Jungheinrich share price. This trend was

Performance over the year 2003
in %



Coverage by analysts in the year 2003

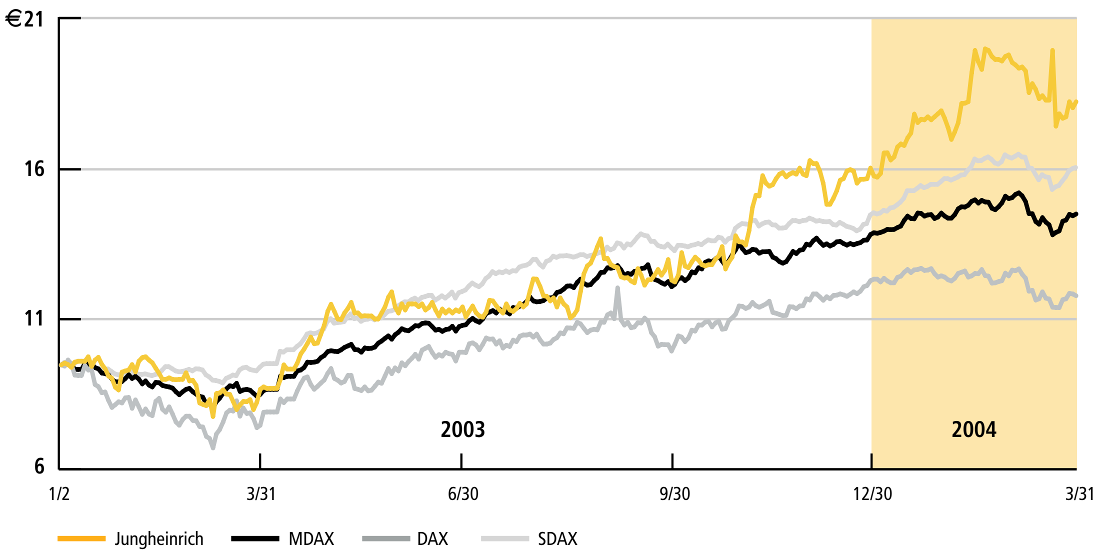
- Bankgesellschaft Berlin
- Berenberg Bank
- CAI Chevreux
- Cazenove
- Commerzbank
- Dresdner Kleinwort Wasserstein
- DZ Bank
- Hamburger Sparkasse
- HSBC Trinkhaus & Burkhardt
- HypoVereinsbank
- Independent Research
- Landesbank Baden-Württemberg
- Lehmann Brothers
- M. M. Warburg
- Sal. Oppenheim
- West LB Panmure

helped above all by recommendations to buy on the part of analysts and by the brisk interest of institutional investors after corporate presentations in Germany and abroad. Starting at € 9.48 at the beginning of 2003, the Jungheinrich share price moved within a bandwidth ranging from the low of € 7.77 at March 12, 2003 up to the peak of € 16.25 at December 2, 2003. With an end-of-year price of € 15.65 (prior year: € 9.20), the Jungheinrich share marked up a price gain of 70.1 per cent in a year-on-year comparison. The Jungheinrich share therefore achieved significantly better price performance than the leading German stock price indices for the third year in succession and successfully presented itself as a sound and attractive investment. In comparison with the preceding years, the rating of the Jungheinrich share by the capital market improved significantly.

Still highly regarded by the capital market

Notwithstanding the new assignment of the Jungheinrich share to the SDax index, the index changeover had no effect on the hitherto comprehensive stocks research of the financial institutions for the Jungheinrich share. In trading in the Jungheinrich share at the Frankfurt exchange, a volume of € 84.3 million (prior year: € 69.7 million) changed hands last year. With a rise in stock exchange turnover of some 21 per cent and the strong price performance, the Jungheinrich share achieved a significant improvement in its stock market ranking. With an index weight of 4.4 per cent, the Jungheinrich share was the second-strongest stock in the SDax in terms of market capitalization and thus even surpassed some stocks from the MDax in size.
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 common stocks of Jung-

Development of the Jungheinrich share better than the market



heinrich AG continue to be held in equal proportions by the families of the founder of the enterprise.

Price gain in the first quarter of 2004

The upward trend from the prior year continued in the first quarter of 2004 with a strong price gain. Supported by heavy demand, the Jungheinrich share reached a new all-time high of € 19.95 at February 20, 2004 and at March 31, 2004 at € 18.20 it was 16.3 per cent higher than the closing price at December 31, 2003. The Jungheinrich share has thus also proved to be a profitable investment in the current year. During the same period, the DAX was 2.7 per cent lower at 3,857 points. The MDax on the other hand at 4,750 points chalked up a rise of 6.3 per cent. An even stronger rise was achieved by the SDax by 13.1 per cent to reach 2,925 points.

Stable dividend payment guaranteed

For the year 2003, the Board of Management and Supervisory Board will submit a proposal to the Annual General Meeting held at June 2, 2004 that a, compared with the prior year, unchanged dividend of € 0.39 be paid on each no-par-value common share and that an also unchanged dividend of € 0.45 be paid on each no-par-value preferred share. A stable dividend payment is thus guaranteed despite the high special burden from the closure of the production locations in Argentan (France). The unchanged high dividend compared with the prior year is at the same time an expression of the confidence of the Board of Management in the development of business in the future. As a result of the strong price gain in 2003, relative to the stock market price at December 30, 2003 the dividend yield for the Jungheinrich share is admittedly lower but is still attractive at 2.9 per cent (prior year: 4.9 per cent).

Development of the value of a Jungheinrich specimen portfolio

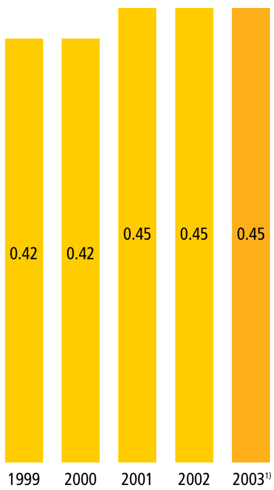
As a guide for the long-term investor, the table below shows the development of the value of a capital investment in Jungheinrich preferred stock over a period of three, five and ten years for an investment amount of € 10,000.

Investment period		10 years	5 years	3 years
Portfolio value at end of 2003	€	15,778	14,929	13,853
Average return per annum	%	4.7	8.3	11.5
Reference indices				
DAX	%	5.7	– 5.5	– 14.3
MDax	%	–	2.3	– 1.6

As an example, the starting point for a ten-year period is as follows: at the beginning of 1994, at a share price of DM 262.47 (converted € 134.20) an investor needed capital of € 13,420 (not including transaction costs) to buy 100 Jungheinrich preferred shares with a nominal value of DM 50.00 (converted € 25.56). Because of the stock split in October 1998, this today corresponds to 1,000 no-par-value stocks. Through re-investing the dividends and subscription rights to further preferred stock, the portfolio increased to 1,353 no-par shares. At year-end 2003 this corresponds to a fair value of € 21,174.

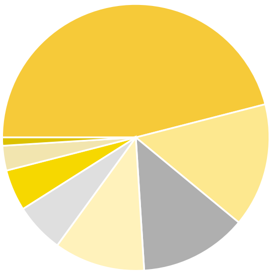
Stable dividend despite special burden

on each preferred share in €



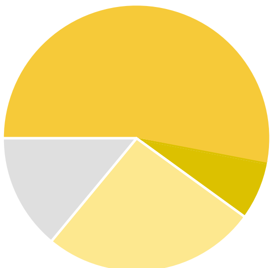
[1] Proposal

Breakdown by countries



- 46 % Germany
- 15 % United Kingdom
- 13 % Luxembourg
- 11 % France
- 6 % USA
- 5 % Switzerland
- 3 % Belgium
- 1 % Other countries

Investors



- 60 % Institutional investors
- of which 7 % mutual funds in Germany
- 26 % Private investors
- 14 % Investment management companies Other companies

Success of value-oriented company management

The value-oriented mode of management to which the Jungheinrich management has committed itself and which forms the basis of the compensation systems is paying off. The greater orientation of the company to value-added variables and ratios such as return on sales and return on capital employed have already led to a sustainable increase in value for the Jungheinrich Group and its shareholders. The trend of earnings in recent years shows that the Group has succeeded in earning higher operating margins in comparison with earlier economic cycles, even in a weak economic environment. This achievement has meanwhile caught the attention of the capital market and been rewarded by the markedly higher share price.

Treasury stock

The company continues to hold a total of 360,000 treasury stocks. This corresponds to 2.25 per cent of the preferred capital stock or 1.06 per cent of the total capital stock (common and preferred stock).

Investor relations extended to further financial centres

The dialogue between the Jungheinrich management and the capital market was further intensified. In the direct contacts between the company and German and foreign institutional investors, the number of people we have been able to talk to within the framework of Road Shows and individual meetings practically doubled compared with the year before. Information for investors and analysts was provided with minimum delay and with the same priority for both groups within the framework of regular reporting, which was also placed in the Internet under the address www.jungheinrich.com. This ensured that private investors could participate in corporate communications on an equal footing. The up-to-date recommendations with regard to the Jungheinrich share that were currently inserted as updates and maintained for one year on a roll-over basis supplemented the supply of information.

In the past year, Jungheinrich expanded its investor relations activities to additional financial centres – above all in Europe. For the first time Jungheinrich presented itself in Belgium, Scandinavia, Italy and in the Netherlands as well as in Toronto (Canada). The increased demand for Jungheinrich shares associated with the strong price gain are also visible proof of the positive response of the market players to the expanded investor relations measures in the year 2003. A further increase in the recommendations of analysts and in stock market publications with regard to the Jungheinrich share underline this picture. We have therefore come a big step closer to our target of achieving a fair evaluation of the Jungheinrich share by the capital market. In October 2003, Jungheinrich took part in the 8th Hamburg Stock Exchange Day. At our stand at the stock exchange, which again welcomed a large number of visitors, many private investors took the opportunity to inform themselves about the business performance of the company at first hand.

In April 2003 and thus earlier than in the year before, the company presentation was made before the members of the Deutsche Vereinigung für Finanzanalysten und Anlageberatung e.V. (DVFA). At the presentation in Frankfurt/Main, which was very well attended, interest was focussed on corporate strategy and on the course of business. In this context, the restructuring of the production plants was a topic of special interest.

Again higher ratio of foreign institutional investors

The commitment of foreign institutional investors increased further during the reporting year as compared with 2002. According to a survey carried out in November 2003, 54 per cent (2002: 37 per cent) of the preferred stock covered by the poll was held by foreigners. Altogether, institutional investors world-wide held 60 per cent (2002: 50 per cent) of the preferred stock capital. The decline in the ratio of private investors thus continued, falling from 42 to 26 per cent. In the wake of this shift to institutional investors, the number of Jungheinrich shareholders decreased to 9,200 (2002: 11,500). Foreign shareholders were represented in a total of 35 countries (2002: 40 countries) throughout the world. The biggest ratio of 15 per cent was held in United Kingdom.

Corporate Governance Code

In December 2003, the Board of Management and the Supervisory Board of Jungheinrich Aktiengesellschaft issued the joint declaration in respect of the recommendations of the government commission "Deutscher Corporate Governance Kodex" (in the version dated May 21, 2003). The exact wording of the declaration in accordance with § 161 German Stock Corporation Law can be viewed in the Internet on the Jungheinrich Investor Relations page under the heading of "Corporate Governance Code".

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

			2002	2003
Dividend per share	Common stock	€	0.39	0.39[1]
	Preferred stock	€	0.45	0.45[1]
Dividend yield	Preferred stock	%	4.9	2.9
Distribution volume		thousand €	14,058	14,058
Distribution rate	Preferred stock	%	28.1	66.5
Earnings per share		€	1.60	0.63[2]
EBIT[3] per share		€	2.20	2.31[4]
EBITDA[5] per share		€	6.01	5.76
Stockholders' equity per share		€	10.28	10.65
Stock market price[6]	High	€	11.05	16.25
	Low	€	7.30	7.77
	End-of-year	€	9.20	15.65
Performance over the year		%	12.9	70.1
Market capitalization		million €	309.5	526.5
Stock exchange trading volume Frankfurt		million €	69.73	84.31
Average daily turnover		thousand shares	28.70	28.09
P/E ratio (basis highest price)		factor	6.9	25.8
P/E ratio (basis lowest price)		factor	4.6	12.3
No. of shares	Common stock	million shares	18.00	18.00
	Preferred stock[7]	million shares	15.64	15.64
	Total[7]	million shares	33.64	33.64
Securities identification numbers	ISIN: DE0006219934 // WKN: 621993			
Ticker abbreviation Reuters/Bloomberg	JUN_p.de/JUN3 GR			
Going public	August 30, 1990			

[1] Proposal
[2] Including closure expenses MIC S.A.
[3] Earnings before interest and taxes
[4] Not including closure expenses MIC S.A.
[5] Earnings before interest, taxes, depreciation and amortization
[6] Xetra closing prices, Frankfurt
[7] Not including 2.25 per cent or 0.36 million treasury stocks

Group Management Report

Jungheinrich successful despite weak market environment

All set for restructuring the production locations

One-time negative effect through plant closure in France

Research and development expanded

Attractive new products launched onto the market

Further increase in capital spending

Jungheinrich held up well in the year of its 50th anniversary despite the weak market environment. On the production side, everything was put in place for future-oriented development. Attractive new products in all segments were launched onto the market and have again furnished proof of Jungheinrich's innovative capacity.

General Economic Situation

World

The global economic recovery that had been hoped for in 2003 failed to materialize. Whereas global economic development in the first half of the year 2003 was still characterized by a persistent phase of weakness that was additionally influenced by the uncertain political situation world-wide, there were signs of a slight recovery of the global economy in the second half of the year. This was led by significantly accelerated growth in the USA. There economic growth rose to 2.7 per cent in a year-on-year comparison after 2.4 per cent in 2002. In Japan, the economic situation improved and higher-than-average growth was achieved in some Asian countries. Growth of the global economy as a whole increased from 1.8 per cent to 2.0 per cent.

Europe

Economic development in Europe remained a long way behind expectations; important investment and consumption decisions were put at the back of the shelf. In the eurozone countries, the growth rate of the gross domestic product (GDP) halved to 0.4 per cent (prior year: 0.9 per cent). Some Central and East European countries on the other hand achieved above-average growth.

Germany

The trend of economic activity in Germany still lagged behind the growth rate of the European community. Economic performance diminished for the first time since 1993. It decreased by 0.1 per cent (prior year: plus 0.2 per cent). Investments in machinery and equipment and capital spending on new construction were down by 4.0 per cent and

Development of economic growth (GDP*)

	2002	2003
Global economy	1.8	2.0
USA	2.4	2.7
Eurozone	0.8	0.4
Germany	0.2	– 0.1

* Gross domestic product

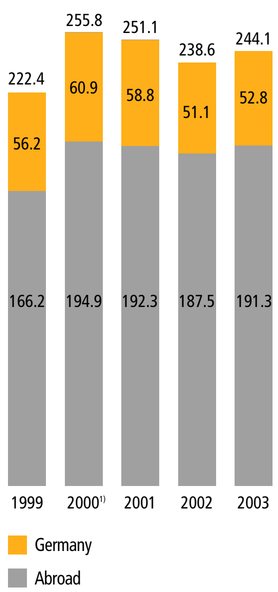
3.4 per cent respectively. Foreign trade growth again slowed to a rate of 1.1 per cent after 3.4 per cent the year before. German mechanical engineering achieved slight growth of 2 per cent in incoming orders (prior year: minus 2 per cent). However, output decreased by some 1 per cent year-on-year (prior year: minus 4 per cent).

Development of the market for materials handling equipment

Despite the difficult economic environment, demand for materials handling equipment strengthened throughout the world. The world market volume (including China) in terms of units sold rose to 593 thousand (prior year: 557 thousand). The Asian market expanded strongest of all – largely due to the growth in China – by some 10 per cent to 147 thousand units (prior year: 134 thousand units). The market volume in North America added 5 per cent to 155 thousand units (prior year: 147 thousand units). The weakest market development was that in Europe with a rise of some 2 per cent to 244 thousand forklift trucks (prior year: 239 thousand units). Domestic demand strengthened slightly by 3 per cent to some 53 thousand trucks (prior year: 51 thousand units). Of the four biggest individual markets outside Germany (France, United Kingdom, Italy and Spain), the market in Italy showed negative growth. In a comparison of the product segments in Europe, the market for warehousing trucks could point to higher demand, predominantly for smaller trucks, with a rise of some 5 per cent. The market for counterbalanced trucks on the other hand declined by just under 1 per cent. There was hardly any change in the competitive situation in the materials handling technology market in the year 2003. In comparison with its most important competitors, Jungheinrich was able to hold up well despite the weak market environment and the ongoing strong competition with the associated strained price situation in the materials handling equipment industry. In the world rankings, Jungheinrich is still in fourth place in terms of units sold.

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

in thousands of units



[1] from 2000 including Greece and Turkey

Business trend

In 2003, the Jungheinrich Group took some important steps to secure and strengthen the earning power of the company. Attention was focussed on restructuring the production locations. Changed competitive conditions had made an optimization of the production structures an urgent necessity.

- In February 2003, Jungheinrich AG decided to transfer production of the IC engine powered forklift trucks that have until now been produced in the plant in Leighton Buzzard (United Kingdom) to Moosburg (Germany) by mid-2004 and then to close the plant in Leighton Buzzard. The process of transferring the first of three series was completed according to plan at the end of 2003. At the beginning of the current year, the first IC engine powered counterbalanced trucks of this series that were produced in Moosburg were delivered on schedule.

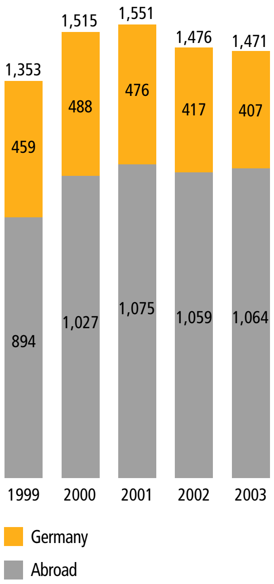
■ Development of the subsidiary companies in France was not satisfactory even if it had proved possible to achieve a significant reduction of the losses as a result of the efforts made in recent years by MIC S.A. at its production location in Argentan. Despite the progress achieved, the fundamental changes in the world market for hand pallet trucks preclude the continued operation of the MIC plant in Argentan on a long-term profitable basis. Jungheinrich AG therefore decided at the end of the year 2003 to terminate the business activities of MIC S.A. in the course of the year 2004. Some 380 employees are affected by this move. The necessary negotiations concerning a social plan in accordance with the rules of the French labour laws were already started in 2003.

■ Following the implementation of the Group sales and distribution strategy, the Jungheinrich Group launched a global programme designed to achieve a new positioning of the Jungheinrich brand under the motto "Jungheinrich – well worthwhile".
This step, which involves all the employees throughout the Group, will strengthen Jungheinrich's position in the market and point its way into the future. For the first time in the history of Jungheinrich, the Group is approaching its customers with a Jungheinrich brand that features a uniform brand posture at the international level.

■ The market and service presence of the Jungheinrich direct sales network was expanded further by setting up sales and distribution companies among other things in the Baltic area (Latvia and Lithuania). At the same time, human resources were again augmented in the existing companies. The European Jungheinrich direct sales network now covers 24 countries, 10 of these being countries in east and south-east Europe. Financial services business, which is strategically important and less vulnerable to cyclical fluctuations, was intensified further. In the meantime, every third Jungheinrich forklift truck in Europe is leased.
Further intensive effort went into expanding the biggest Internet marketplace for used forklift trucks and warehousing equipment in the world. By the end of 2003, the number of registered dealers had risen to some 2,000 in nearly 70 countries. The number of forklift trucks offered via Supralift rose to some 13,500 units (prior year: 7,400). This corresponds to coverage of almost 40 % of the volume of the European used trucks market.
Within the framework of the Group's IT strategy, the standard software SAP R/3 was introduced throughout the sales and distribution network in Germany in 2003. In addition, the Group-wide switchover of the software was continued to support the business processes in the sales and distribution companies in other European countries.

■ The autumn of the reporting year saw the market launch in Hamburg and Moosburg of new high-performance products in all segments. These included the completely revamped "Anniversary" reach truck – initially with a lifting capacity of 1.4/1.6 tons – and a new manoeuvrable high-rack truck and order picker. This narrow-aisle truck with a lifting capacity of 1.0 tons supplements the current series of order pickers in the middle high-rack segment. As for the counterbalanced trucks, here Jungheinrich rounded out

Net sales (million €)



its range of battery-powered four-wheel forklift trucks with trucks offering lifting capacities of up to 5 tons. A new hand pallet truck with a quick-action stroke as a standard feature completed the introduction of new products in the field of warehouse and material flow technology.
Within the framework of the brand enhancement project, the decision was taken in the spring to introduce a revised nomenclature system and to change all type data sheets to conform with the VDI standard. Both innovations are very complex processes and will therefore be carried out step by step until 2005, as a rule in parallel with the introduction of new products.

The course of business of the Jungheinrich Group during the reporting year was characterized by the weak economic environment as well as by the restructuring of the production locations with the associated changes and burdens. Incoming orders for materials handling equipment in new sales business rose throughout the Group from 57 thousand forklift trucks to 58 thousand units. The market position was maintained. Due to the greater demand for less expensive trucks, the value of incoming orders fell by 1 per cent year-on-year to € 1,476 million (prior year: € 1,493 million). This figure included among other things several large orders covering up to some 1,100 trucks from the food industry. Orders on hand at December 31, 2003 were, at € 157 million, higher than the prior-year figure of € 151 million. The order horizon remained constant at about 2 months. Output for global sales increased to 59 thousand forklift trucks in 2003 (prior year: some 55 thousand units). Of these, 36 thousand warehouse trucks (prior year: almost 33 thousand units) were produced in the biggest production plant in Norderstedt.
Group sales in 2003 at € 1,471 million almost attained the prior-year level (€ 1,476 million). Domestic sales were slightly down on the year before; the foreign ratio was unchanged at 72 per cent. The 3 per cent decline in sales in new sales business was offset by growth in after-sales service at a rate of 5 per cent (prior year: 7 per cent). After-sales business again benefited from the larger 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 ratio of service and maintenance business in the sales figure improved to 33 per cent (prior year: 32 per cent). Used trucks/short-term hire business remained on a par with the prior-year level.

Earnings position

When assessing the trend of earnings in the reporting year, it is especially important to take account of the additional burdens deriving from the forthcoming closures of the plants in Leighton Buzzard (United Kingdom) and Argentan (France). EBIT return on sales (ROS) improved to 5.3 per cent (prior year: 5.0 per cent). The corresponding operating earnings before interest and taxes at some € 78 million were 5 per cent higher than the result of the prior year (€ 74 million). This does not contain the burden in the amount of some € 39 million deriving from the discontinuation of the business activities of MIC S.A. Including this separately carried expense item, earnings before the financial result and income taxes amounted to € 39 million. Income taxes of the Group at € 17 million were lower than in the prior year (€ 19 million). As a result of the negative one-time effect, overall net income decreased compared with the prior year from € 54 million to € 21 million.

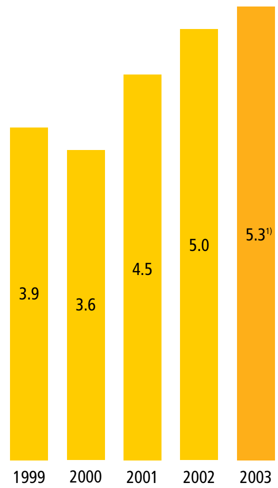
Capital expenditures on fixed assets

Capital expenditures on fixed assets – not including additions to trucks for short-term hire and leasing as well as financial assets – were, at € 61 million, significantly higher than the prior-year volume (€ 36 million). The capital spending ratio correspondingly grew to 4.1 per cent of sales (prior year: 2.4 per cent). Priority capital spending items included above all the expansion of the company's own sales and distribution companies in Europe and the extension of the production facilities for counterbalanced trucks in Moosburg (Germany) including the new frame production operation.

Financial and net assets position

The financial and net assets position improved further in the fiscal year 2003. The balance sheet total at the end of the year at € 1,498 million was higher than the prior-year level (€ 1,485 million).
In connection with the figure stated for financial services business, it must be noted that, in accordance with the US-GAAP, 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 identical maturity 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 grew proportionally faster than new sales business by 9 per cent to 60 thousand trucks (prior year: 55 thousand units) with a value new of more than € 980 million (prior year: over € 940 million).

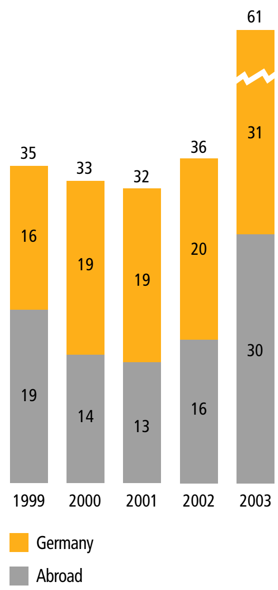
EBIT return on sales in % (ROS)



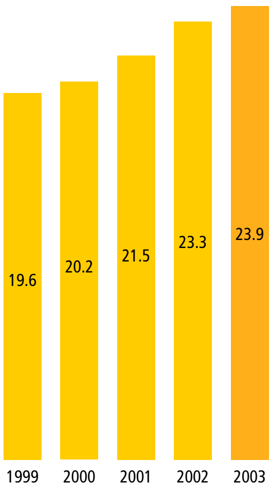
[1] Not including closure expenses MIC S.A.

Capital expenditures on fixed assets (million €)

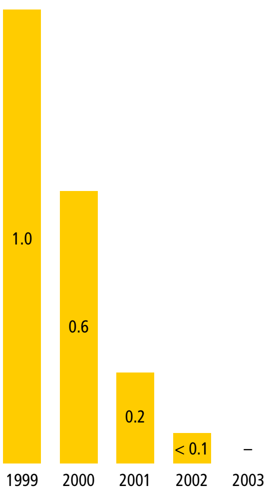
(Not including trucks for short-term hire and leasing and financial assets)



Equity ratio (%)



Indebtedness ratio (years)[1]



[1] Net indebtedness to EBITDA

Fixed assets were € 8 million lower at € 501 million (prior year: € 509 million). Whereas the volume of capital expenditures on tangible fixed assets expanded strongly in comparison with 2002, there was above all a decrease in trucks for short-term hire in order to adjust to the weaker economic situation. As a consequence of the increased output, inventories were stocked up from € 137 million to € 143 million compared with the prior year. Trade accounts receivable went down from € 309 million to € 294 million. Receivables from financial services rose from € 188 million to € 202 million reflecting the business trend.

Liquid assets and securities increased by € 6 million to € 210 million (prior year: € 204 million). The overall financial liabilities of the Group were reduced to € 212 million (prior year: € 216 million). As a result, the net financial liabilities of the Group decreased in comparison with the prior year by € 10 million to only € 2 million. Trade accounts payable remained constant at the prior-year level of € 80 million. Overall liabilities from financial services also stayed at the prior-year level of € 410 million.

Due to the low net income, stockholders' equity only increased to € 358 million after € 346 million in the year before. The equity ratio nevertheless improved to 24 per cent (prior year: 23 per cent). Fixed assets – not including trucks for leasing from financial services – were covered by stockholders' equity to an almost unchanged extent of 111 per cent (prior year: 109 per cent) at the balance sheet date. Not taking account of liabilities from financial services, which are covered by corresponding receivables from customers, the Jungheinrich Group had no net indebtedness. The debt ratio at Jungheinrich, measured as the relationship between net indebtedness according to EBITDA (earnings before interest, taxes, depreciation and amortization) was therefore zero. EBITDA, in which the operating income affecting liquidity is expressed, decreased slightly in the reporting year by € 9 million to € 194 million (prior year: 202 million).

Accrued liabilities grew in comparison with the prior year from € 332 million to € 351 million. This increase is due to the high accrual in connection with the expenses involved in the closure of MIC S.A. As a result of this special effect, the ratio of accrued liabilities in the balance sheet total grew to 23 per cent after 22 per cent in the prior year. We use derivative financing instruments exclusively to hedge against interest and currency risks. As at December 31, 2003, hedges against interest rate exposure on underlying business transactions in the Jungheinrich Group had a total volume of € 32 million (prior year: € 32 million), while foreign exchange hedging transactions totalled € 94 million (prior year: € 55 million). The existing foreign exchange hedging transactions mainly have a term of less than one year.

Return on capital

As in the prior year, EBIT return on interest-bearing capital employed (ROCE) was higher than the long-term ROCE target of the Group of 20 per cent. Not taking account of the one-time negative effect from the closure expenses of MIC S.A., the return on capital employed reached 22.5 per cent (prior year: 21.3 per cent).

(Chart see page 24)

When the non-recurring cost in the amount of some € 39 million deriving from the MIC S.A. closure is taken into account, this substantially reduces the return on stockholders' equity and the return on total capital employed.

Return on stockholders' equity dropped to 6.0 per cent after 16.2 per cent in the prior year. The return on total capital employed, which is adjusted by the liabilities deriving from financial services, went down from 6.6 per cent to 3.7 per cent. Without the one-time burden, the results would have been comparable returns on capital of 14.4 and 6.6 per cent respectively as against the prior year.

(Charts see page 25)

Employees

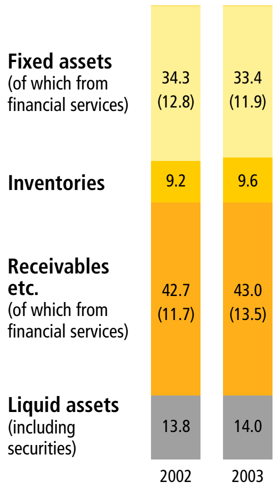
As at December 31, 2003, the number of employees throughout the Group decreased slightly to 9,233 (prior year: 9,248). This figure includes 256 (prior year: 247) trainees and apprentices. 4,781 personnel or 51.8 per cent (prior year: 52.1 per cent) were employed abroad and 4,452 in Germany. Due to the consolidation measures and the lower utilization of production capacity, there was a cutback in personnel capacities at the production locations of the Group in Germany and abroad. This was offset by the recruiting of new service engineers on a relatively small scale to strengthen the European service networks. The number of personnel with temporary employment contracts remained constant compared with the prior year at some 110 employees. By making use of flexible working time models, it was possible to implement necessary capacity adjustments at the production plants rapidly and flexibly. In addition, as in the year before, short-time working was carried out to safeguard employment at the production locations in Argentan and Moosburg. The ratio of personnel in the after-sales service organization was unchanged at 47 per cent of the total workforce. As a member of the employers' association, Jungheinrich Aktiengesellschaft adopted the collective wage agreement for Germany that had been concluded in the year 2002. The collective agreement is valid until December 31, 2003.

(Chart see page 22)

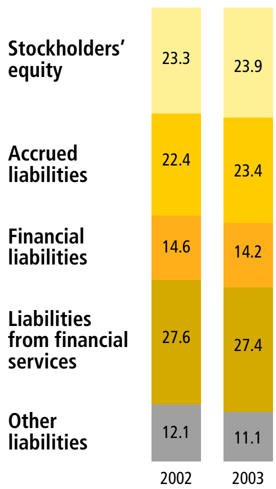
Research and development

To strengthen its innovative capacity, the Jungheinrich Group invested strongly in the field of research and development (R&D) in the fiscal year 2003. Expenses including R & D-related production scheduling rose to € 33 million (prior year: € 30 million). This corresponds to 5.7 per cent (prior year: 4.8 per cent) of sales of new trucks. The number of employees working on research and development tasks throughout the Group in the year 2003 averaged 341 (prior year: 321). The capacity and efficiency of the R&D sectors were substantially improved further. The concentration of R&D for counterbalanced trucks in Moosburg made a major

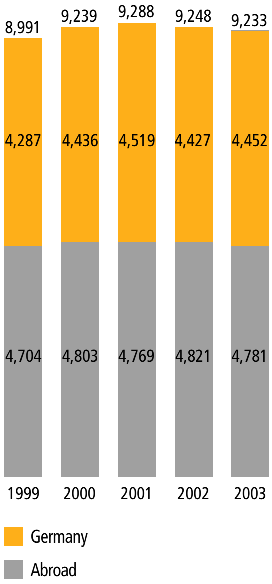
Assets (%)



Liabilities and stockholders' equity (%)



Employees
(on 31.12)



contribution to this. Further synergy effects will derive from the setting up of a comprehensive product data management system that will ensure optimum platform and modular R&D work Group-wide among the individual R&D sectors at the various production locations.
In the reporting year, 58 (prior year: 36) applications for patents were filed in the Group and 20 patents were granted (prior year: 19). In this way it was again possible to achieve major product improvements for the Group. In 2003, the individual R&D sectors worked mainly on the following projects:

Fundamental research

During the reporting year, fundamental research for the whole Group concentrated among other things on further developments in drive technology for three-phase ac drives as well as for drives with internal-combustion engines. Decisive innovations were achieved in both fields by applying automatic control engineering methods. Highly dynamic driving performance in conjunction with low energy consumption is a hallmark of Jungheinrich trucks.
In view of the constantly growing flood of performance data, special attention was focussed on a further improvement of forklift truck safety and corresponding concepts were worked out. In parallel to the product innovations, the methods of calculation were developed further. Efficient simulation models exist for the dynamic driving characteristics of the major types of truck.
Standardization was developed further as Group-wide function. The standardization of materials and interfaces makes it possible to exploit purchasing advantages and to improve product quality.

Components development

In the development of electronics components, energy-saving three-phase ac controls were developed for pedestrian low-lift trucks. The systematic switchover to encapsulated controls and the exclusive use of sealed connectors brought a significant increase in quality. A hoist frame with substantially improved stiffness was developed for the new series of reach trucks using the most up-to-date calculation methods.

Trucks development

A number of developments made further progress or were completed at the Group production locations during the reporting year. The development of the new reach truck, which convinces by virtue of its considerably improved performance data and functionally improved ergonomics, marked the birth of a new generation of forklift trucks. Besides this special point of focus, new pedestrian low-lift trucks were developed for special application fields in warehousing technology. At the Moosburg plant, a battery-powered counterbalanced forklift truck with a lifting capacity of up to 5 tons was developed which comes up to the performance range of IC engine powered forklift trucks. In addition, in the field of narrow-aisle trucks the spectrum of man-up warehouse system trucks was expanded by a newly developed model in the lower performance segment.

Purchasing and logistics

The demand for less expensive trucks led to a slight decline in the purchasing volume in the Group to € 837 million (prior year: € 850 million) despite an increase in the production volume in terms of units produced. The whole purchasing volume is controlled with the aid of product category management and efficient purchasing controlling. In project controlling alone, some 700 individual measures are traced in detail throughout the Group with regard to content and result. In addition, purchasing controlling compresses the purchasing data for all locations on the basis of standard software. This makes for complete transparency and allows the purchasing volume of the Group to be concentrated. As a result, it was possible to achieve a further overall reduction in purchase prices despite the smaller purchasing volume and the higher prices for raw materials.

The buyers are involved in project teams for all newly developed products, such as for example the new reach truck. The early integration of the potential suppliers, who are assessed and selected by means of a uniform selection process, makes it possible to arrive at cost-efficient and innovative solutions.

In Eastern Europe, China and India, it was possible to open up new sources of supply and to develop the local structure of suppliers further.

The system of direct deliveries of materials handling equipment to the ultimate customer from all production plants is meanwhile a standard feature of distribution logistics at Jungheinrich. It not only forms the basis for the procurement and subsequent installation of bought-in products such as for example traction batteries, battery chargers and attachments for the production locations, but also permits made-to-measure modifications. All versions of each item can therefore be delivered directly to the ultimate customer, thus avoiding detours via additional intermediate warehouses. Jungheinrich is the only supplier of materials handling equipment to have implemented this supply chain process so consistently and successfully in the whole of Europe.

Quality management

On the basis of the uniform development process for new products Group-wide, in the year 2003 a concept was developed and harmonized for a uniform procedure throughout the Group for changes to products. The most important feature of this procedure is the ensuring of an invariably high product quality that already acts as a yardstick for new products in the Group R&D process. Synergy effects covering all product lines result from the harmonized common use of subassemblies and components. These Group-wide standards will be introduced in 2004.

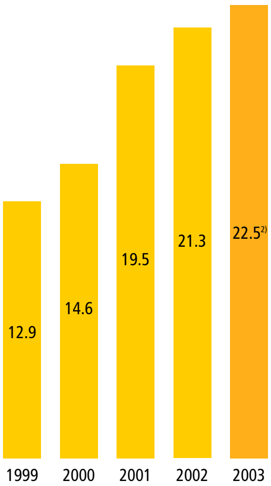
Also defined in the reporting year were the Jungheinrich sales and distribution processes throughout the Group. The smooth introduction of these was assured through their depiction via the Intranet for all employees with graphics support in 17 European languages. The implementation of the standardized processes in the sales and distribution companies also made allowance for any features particular to specific countries. The SAP/R3 system that was introduced into the sales and distribution organization permits a comparison of quality at the level of the process. The greater transparency allows existing potentials for optimization of the business sectors to be identified faster and improvements to be implemented more efficiently.

Environmental management

The Jungheinrich Group also continuously improved its environmental protection measures in 2003. In the past year, a total of some € 2 million (prior year: € 3.6 million) was invested in the Moosburg and Norderstedt plants. A large part of these capital expenditures was ploughed into the Moosburg plant for new painting shop systems for both powder coating and water lacquer-based processes.

In the Norderstedt and Moosburg plants it was possible to reduce energy costs in the long term. This was achieved by installing sensor-controlled lighting in several factory buildings and by replacing mercury vapour lamps by modern lighting elements. Compared with the mercury vapour lamps, the new lighting elements supply twice the quantity of light for half the energy consumption. When the switchover has been completed, the use of this environmentally-friendly technology will moreover mean that there will be no more wastes containing mercury to be disposed of.

EBIT return on capital employed (ROCE)[1]



[1] EBIT in % on the employed interest-bearing capital (not including liabilities from financial services and accrued pension liabilities)
[2] Not including closure expenses MIC S.A.

Data protection

By applying the Group-wide security principles of information technology, in 2003 Jungheinrich continued to ensure compliance with data privacy and data protection. All employees who have anything to do with personal data of customers, of the company or of employees were put under a special obligation to observe rights to data protection by their corresponding superiors. Within the framework of a workshop held for all data protection co-ordinators in the Group, amendments to the laws and possible problem areas were dealt with in depth and the problem awareness of the participants was sharpened. Compliance with data protection measures was verified in spot checks within the framework of diverse audits conducted by Group accounting control in Germany and abroad.

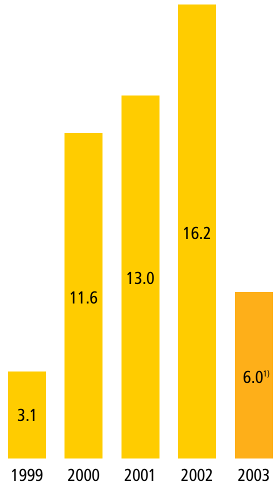
Risk management

Within the framework of its global business activities 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. To limit these risks, the company has set up a comprehensive Group-wide risk management system that is developed further on a continuous basis. The risk management system is an integral part of the management, planning and controlling process.

Besides the early recognition of risks, the Group Risk Committee that meets at least once a quarter is the pivotal element of the risk management system. The managers of the operating units are competent and responsible for risk management within

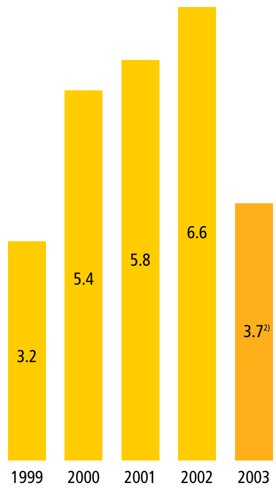
their spheres of responsibility. An essential kernel element besides the regular review of risks at the meetings of the management is their obligation to carry out a risk inventory four times a year. The results are consolidated by the Risk Committee at Group level taking account of appropriate value limits and are then regularly passed on to the Supervisory Board as a so-called risk inventory and discussed with that body. If any individual risks arise in the meantime, with especially defined threshold values acting as a criterion separate reports are then immediately submitted to the Risk Committee.
At the end of 2003, a rotational Group-wide risk inventory was carried out. Its results were intensively analyzed 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.
Within the framework of its comprehensive 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 with the guaranteed residual values for leased trucks in each case reveals a shortfall, these risks are reasonably taken into account when drawing up the balance sheet by forming adequate accruals.
Jungheinrich holds more than 17 thousand trucks available for short-term hire throughout Europe as a service offer for its customers. At times when the economy is flagging and demand sinks as a result, it is possible for stocks to exceed requirements. By constantly adjusting the stock of trucks to changes in demand, during the reporting year it was still possible to achieve a high capacity utilization level for the trucks for short-term hire.
In contrast to the varied range of services offered in the field of logistics, the production and sale of new trucks are heavily dependent on the behaviour of demand under the prevailing economic conditions. For this reason, a careful watch is kept on the development of the economy in general – above all in Europe. Market assessments are therefore 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.
The markets in which Jungheinrich has a presence were kept under especially intensive observation as regards the behaviour of the competition. Also in view of the weak market environment, changes in the competitive environment in the direction of bigger com-

Return on equity after income taxes (%)



[1] Adjusted for closure expenses MIC S.A. 14.4%

Return on total capital employed[1] (%)



[1] Not including financial services
[2] Adjusted for closure expenses MIC S.A. 6.6%

panies with the consequence of increasing pressure on prices on the demand side constitute direct risks. The Jungheinrich Group counteracts these above all by further strengthening its direct sales for improved penetration of the market and through the expansion of its service offerings. Jungheinrich is well set up to meet the demands which the market, competitors and parameter conditions make on the Group, also in the future.

General contract risks are largely excluded by the guidelines that are prescribed throughout the Group. In addition, key accounts are centrally supported and managed. At present, no major litigation is in progress with third parties.

After the closure of the plant of MIC S.A. in Argentan, the supply of hand pallet trucks will be ensured by obtaining products of equal quality made to the Jungheinrich specification from China. Production of the pedestrian pallet trucks and forklift trucks that are also assembled in Argentan will be transferred back to the Norderstedt plant in the course of the current fiscal year. Discontinuation of the business activities of MIC S.A. is scheduled for completion in the course of this year. Risks deriving from the implementation of this project have been reduced to a minimum through careful preparation and the well co-ordinated organization of the project under the leadership of the Board of Management.

Events after the close of the fiscal year 2003

No events of major importance came about after the close of the fiscal year.

Outlook

Positive signals and increasingly improved economic sentiment point to a world-wide economic recovery. Despite some uncertainties in the assessment of the economic trend, the prospects of growth for the European national economy are again considered to have improved. In their predictions, the leading economic research institutes in Germany are assuming GDP growth rates of 1.7 per cent for both Germany and the eurozone for the year 2004.

Economic development in the countries acceding to the European union is likely to be significantly better.

Against the background of the ongoing uncertainty regarding the development of the overall economy, reliable predictions about the development of the materials handling equipment industry are difficult. Nevertheless, even a cautious assessment for the year 2004 would still see the possibility of slight growth of the market volume for materials handling equipment in Europe. This will mean an increase in incoming orders for the Jungheinrich Group with positive effects for the development of business and earnings. Additional stimuli for after-sales business will result from a further rise in the Jungheinrich truck population in the markets.

Capital spending in the current year will have the same volume as in the prior year due to the ongoing strengthening and expansion of the world-wide direct sales network. Besides this, the new R&D and testing centre that is to be built at the Norderstedt location numbers among the bigger projects. Within the framework of the Group's IT strategy, the process of introducing the standard software SAP R/3 in the European sales and distribution organization is continuing in 2004.
With a comprehensive product range, the only close-knit direct sales and service network in Europe and its flexible spectrum of financial services, the Jungheinrich Group is well positioned to successfully defend its dominant position in warehousing technology against strong competition. In this context, there is a growing trend towards offers of networked, complete solutions. The continuous renewal of the products with a wide range of innovations will support the strong position of the company as one of the leading logistics suppliers in the world.
On the basis of the research and development planning for the coming years, new development projects are being carried out in the year 2004. These will lead to efficient and reliable products that will contribute to the further strengthening of the product brand "Jungheinrich". The R&D projects that have been started in order to open up the American market are still in progress.
After the successful implementation of the sales and distribution strategy, with the solution planned for MIC S.A. the Jungheinrich Group is also putting everything in place on the production front for the future-oriented development of the company and its secure existence in the long term. The development of the result in the year 2004 will be determined not only by the effects from the closure of the plants in Leighton Buzzard (United Kingdom) and Argentan (France) but also and in particular by the economic trend and the expected higher production and sales performance.
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 include, among others, changes in the economic and business environment, fluctuations of exchange rates and interest rates and the introduction of rival products.

Forecast for 2004

		2003	Trend 2004
Market volume in Europe	thousand units	244	→
Incoming orders	million €	1,476	↗
Net sales	million €	1,471	↗
EBIT return on sales (ROS)	%	5.3[1]	→
EBIT return on interest-bearing capital employed (ROCE)	%	22.5[1]	→

[1] Not including closure expenses MIC S.A.


Human resources

International sales and distribution strengthened

Personnel development oriented to target groups

Intensified co-operation between locations in Germany and abroad

Through the expansion of our spectrum of English-speaking basic and supplementary training schemes and an international exchange programme for our employees we are in the process of strengthening our international orientation.

A fundamental prerequisite for Jungheinrich's business success is the high level of personal involvement and creativity of its employees. In order to expand their motivating working environment further, the personnel development measures are being more strongly oriented to target groups. Here the employees are to take a decisive part in determining their own personal development needs together with their superiors. Their suggestions are taken into account in the measures that are individually tailored to fit their requirements.

The strong identification of the employees with Jungheinrich leaves its stamp on the corporate culture both internally and externally. The basis for this is the vision: Jungheinrich wants to become the strongest brand world-wide, for which "Jungheinrich – well worthwhile." expresses the conviction of the customers.

A customer focus, competence, reliability and fairness are some of the values that are filled with life and communicated by the Jungheinrich employees with this purpose in mind. With a strong sense of responsibility, each individual employee contributes to Jungheinrich being perceived as a strong and fair partner.

More than 9,200 employees world-wide

At December 31, 2003, 9,233 employees worked for the Jungheinrich Group throughout the world. It is thanks to their commitment that Jungheinrich has been able to develop, produce and distribute its wide spectrum of products and services. 68.8 per cent (prior year: 68.3 per cent) of the workforce were employed in sales and distribution, that is 40 employees more than in 2002. The fast and efficient Junghein-

Development of the number of employees

Jungheinrich Group	2001	2002	2003
Jungheinrich AG[1]	3,515	3,603	3,648
Jungheinrich UK Ltd.[2]	898	972	939
Jungheinrich France SAS[3]	683	938	924
Jungheinrich Italiana S.r.l.	595	653	695
Other foreign sales and distribution companies	1,413	1,576	1,636
MIC S.A.[3]	704	390	371
Jungheinrich Moosburg GmbH	908	813	788
Boss Group[2]	365	209	145
Other companies1[1]	207	94	88
Total	**9,288**	**9,248**	**9,233**

(Dec. 31)

[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 sales and distribution to Jungheinrich France SAS

rich service organization was expanded further. The number of service engineers rose to 2,912 in the reporting year. 85 employees were newly recruited especially to build up the European service network. Restructuring measures at the foreign production locations led to a reduction of the local work forces by some 100 employees.

Internationalization

In the reporting year, Jungheinrich started the project Going Global, part of which involves an international exchange of personnel. The intensified co-operation between the Jungheinrich locations in Germany and abroad is a big advantage for the international alignment of the Group. The company encourages the employees to apply for one of the programmes which promote not only international teamwork but also collaboration in projects in the host country. Furthermore, the Jungheinrich management programme (JUMP) for junior executives with exceptional potential contributes to the closer co-operation with the foreign companies through cross-frontier project work.

Organizational development

December 2003 saw the signing of an in-house agreement for the “Annual Dialogue” at the Norderstedt location. The objective of the talks that will be held on a regular basis in the future is to promote the dialogue between executive personnel and the employees. The in-house agreement created a basis for extending the possibility of such a dialogue to all employees of Jungheinrich AG covered by the collective agreement. After the positive feedback messages from the reporting year, the second half of the management feedback for the executive-level employees is being started in spring 2004. Here executive personnel receive feedback from the employees directly subordinate to them about their style of management as experienced by the employees. Due to the good experience gained with this instrument, it is to be extended to all employees who bear responsibility for personnel.

Personnel development

The trend towards designing personnel development measures even more in line with requirements is reflected in the range of internal seminars offered. 115 after-sales service training seminars were carried out in 2003. 782 employ-

Employees by fields of work

Jungheinrich Group	2001	2002	2003
Sales and distribution	6,205	6,315	6,355
Manufacturing	2,609	2,520	2,345
Total Service Center/Administration	474	413	533
Total	**9,288**	**9,248**	**9,233**

(Dec. 31)

ees participated in these and were e. g. trained as systems engineers. Numerous sales and distribution employees were trained in 65 seminars. The seminars are also increasingly being conducted in English. To be able to offer the customers made-to-measure financing solutions, Jungheinrich trains its employees in this field in 2–3 workshops every year. Further personnel development measures were conducted in the areas of management, working methods and leadership as well as communications and teamwork.

Promotion of future personnel

Ever since Jungheinrich was founded more than 50 years ago, the company has felt committed to the training of school-leavers and university-level graduates.

In 2003, in the technical sector the company recruited young people to be trained as design engineers, mechatronics technicians, industrial mechanics and electronics technicians as well as engineers with a qualification in economics. In the commercial sector, it is possible to receive training in the professions of industrial clerk, office clerk and IT clerk as well as business administrator. In their first year of training, the future business administrators went to our national companies in Denmark and Portugal for ten weeks, whereas the industrial clerks visited one of the German sales and distribution centres for eight weeks for an exchange of experience.

For more than 20 years Jungheinrich has offered trainee programmes in the sectors of sales and distribution, technology, finance and personnel management. Under the motto "Join us and get things moving", the trainees learn the ropes in the company in up to 24 months. They pass through the flexibly designed programme modules and participate in accompanying activities such as project work, working groups and seminars. The ongoing internationalization of the Group also makes it possible to send the trainees on assignments in Germany and abroad.

Development of the number of employees – by functions –

Jungheinrich Group	2001	2002	2003
Service engineers	2,684	2,827	2,912
Workshop technicians	343	325	299
Manufacturing	1,828	1,796	1,695
Technical consultants	607	614	610
Administration service	3,376	3,330	3,355
Temporary workers	183	109	106
Trainees and apprentices	267	247	256
Total	**9,288**	**9,248**	**9,233**

(Dec. 31)

Thanks to the employees

We thank all our employees for their hard work and personal commitment. It is only their dedication and awareness of their responsibility that have made our business success in the year 2003 possible. We also thank the employees' representatives in Germany and abroad for their constructive collaboration.

Employees by countries

Jungheinrich Group	2001	2002	2003
Germany	4,519	4,427	4,452
France	1,387	1,328	1,295
United Kingdom	1,263	1,190	1,084
Italy	595	653	695
Rest of Europe	1,484	1,611	1,669
Other countries	40	39	38
Total	**9,288**	**9,248**	**9,233**

(Dec. 31)

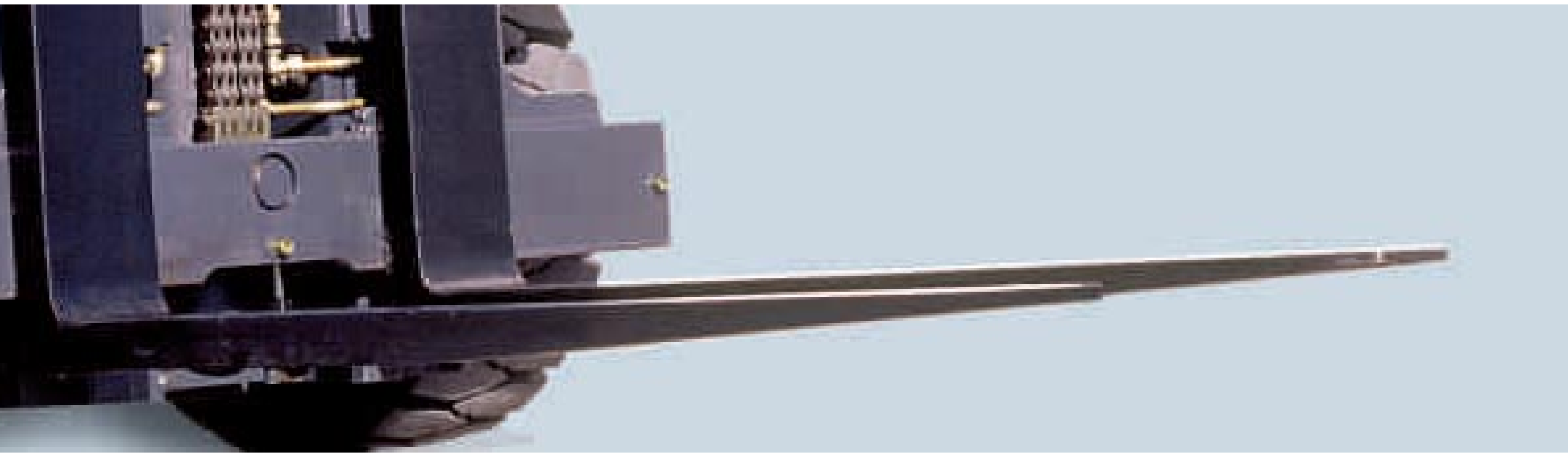
Group overview

Clear positioning of the brand

New generation of products

Further sales and distribution companies in Eastern Europe

Restructuring of the production locations



Jungheinrich offers made-to-measure solutions: for small and medium-sized customers, for key accounts and as the general contractor for the planning of complete warehouses. With a Jungheinrich team as a strong partner that has the success of the customers as its objective.

Jungheinrich marked its 50th anniversary by presenting a new generation of reach trucks that are distinguished by high performance capacity and economic efficiency. With these forklift trucks and further new equipment, Jungheinrich was able to widen its reputation as one of the world's leading suppliers of materials handling equipment.

By setting up new sales and distribution companies in Russia, Latvia and Lithuania, Jungheinrich has further strengthened its international presence. Jungheinrich is today present with its highly efficient direct sales and service network in 18 German locations and in 26 countries in and outside Europe. The company is represented in 58 further countries by representative offices.

The restructuring of the production locations continues apace. In this way, after the successful implementation of the sales and distribution strategy, also on the production front Jungheinrich has prepared the ground for a forward-looking orientation of the Group. Jungheinrich has newly positioned itself worldwide with a uniform presentation of the brand. The company focusses on the customers and in each case offers the solution that is tailored to their needs and is thus the best and the most economical solution – with a full product range, strong direct sales as well as a sophisticated programme of technical service and other services.

Technical innovations

In 2003, four forklift trucks and pallet trucks with innovative truck technology and a new design were launched onto the market. The travel, lifting and steering motors of the battery-powered forklift trucks and pallet trucks are designed with three-phase ac technology for dynamic driving performance and high handling turnover rates in conjunction with reduced operating costs. The encapsulated electronics make it possible to also use these trucks in environments with dust, moisture and chemicals. Jungheinrich is meanwhile fitting the third generation of three-phase ac technology. With their dynamic three-phase ac drives, the battery-powered counterbalanced forklift trucks up to a lifting capacity of 5 tons come up to the performance range of IC engine powered forklift trucks.

With simulation processes for the driving dynamics, the trucks have been thoroughly analyzed during the development phase. The results achieved there make it possible to increase the quality and safety of the forklift trucks while at the same time improving the handling turnover rate.

Battery-powered reach trucks ETM/ETV 214/216

On the occasion of its 50th anniversary Jungheinrich presented a new generation of the reach truck, one of the core products of the company. The ETM/ETV 214/216 is distinguished by its high speed, great manoeuvrability, sophisticated ergonomics and its endurance. Energy recovery makes it possible to operate the trucks for up to two shifts on one battery charge. The 48 volt class is seeing the emergence of a new generation with lifting capacities of 1.4 and 1.6 tons.

New in this class of trucks is the electric 360 degree endless steering system that can also be switched on at the touch of a button while driving. This permits fast changes in the direction of travel without first coming to a standstill and without having to switch over the direction of travel. That saves time when picking up pallets in the anterior zone and when driving into and out of the rack aisles. When shunting within narrow rack aisles, the 180 degree steering system is a big advantage. The travel, lifting and steering motors featuring three-phase ac technology give the ETM/ETV speed, endurance and low maintenance requirements. The three-phase ac drive already supplies high torque in the low speed range, dynamic driving performance and thus high handling turnover rates.

At 14 km/h, the truck reaches a peak value. The new ergonomically designed cockpit offers the driver greater comfort and convenience: via the lowered entrance threshold he comfortably reaches the driver's stand with its 5-way adjustable high-comfort seat and the steering wheel that is steplessly adjustable not only vertically but also horizontally. The optimized MULTI-PILOT control lever is horizontally adjustable together with the armrest. A new overhead guard, the lowered hoods and the panorama mast carriage with an optimized hose layout provide for very good outward visibility.

The hoist frame was designed to be even more robust. The result is more work cycles per day thanks to higher lifting speeds and higher residual lifting capacities. The fork can be tilted independently of the mast at big lifting heights: that saves energy and minimizes oscillations of the hoist frame. Jungheinrich Curve Control automatically reduces the travel speed depending on the size of the steering angle.

Battery-powered four-wheel forklift trucks EFG 540-550

With the battery-powered four-wheel forklift trucks EFG 540-550 (lifting capacities 4.0 to 5.0 tons) Jungheinrich now offers battery-powered trucks with three-phase ac technology in all segments from 1 to 5 tons lifting capacity. Distinguishing features of the EFG 540-550 are the high driving and lifting speeds and its good acceleration and climbing ability. Even at higher handling turnover rates, longer operating times on one battery charge are achieved as a result of the optimum efficiency. This is partly attributable to the effective energy recovery system: energy is fed back to the battery when the accelerator pedal is no longer being pressed down. This raises economic efficiency and lowers operating costs.

The counterbalanced trucks are suitable for work indoors and outdoors. Thanks to their electric drives they are emission-free and quiet. Encapsulation protects the 80-volt three-phase ac motor and the electronics against dust, chemicals and moisture and makes it possible to also operate the trucks under extreme conditions. In automotive engineering and in the components supply industry as well as at forwarding companies, long fork tines ensure that up to six pallets or latticed box pallets can be loaded at one go. However, the EFG 540-550 is also suitable for other industries: in the beverages industry, the paper industry, the timber industry and in mechanical engineering, bulky and heavy loads can be moved safely, fast and with low environmental impact.

Order picker/three-sided forklift truck EKX 410

The new order picker/three-sided forklift truck EKX 410 stands for top performance in the narrow-aisle warehouse. The driver's cab travels upwards with the fork. The driver can move whole pallets into or out of storage, or he can also order pick individual articles out of the rack. The EKX 410, with a lifting capacity of 1.0 ton and a lifting height of up to 8.0 metres, incorporates the systematic use of 48-volt three-phase ac technology for dynamic movement patterns. This will first be built into the medium combi class for the travelling drive as well as for the hydraulic and steering drives in order to also be able to work even more economically in this performance segment. It is the third generation of the three-phase ac control that is being fitted into this truck. The cabin is clearly laid-out and generously proportioned. In the centre stands the control panel that is adjustable in height and angle with easy-running rotating switches for the driving and lifting control system, with an electric steering system and an information display.

Hand pallet truck AM 2200

The new AM 2200 with a lifting capacity of 2.2 tons is distinguished by its simple, comfortable operator control system and high manoeuvrability. A highlight is the standard quick-action lifting stroke: only five strokes of the pump and the maximum lifting height has already been reached. Besides saving time, this primarily also saves the strength of the operator. The new ergonomic control element is equally convenient and easy to handle for both right-handed or left-handed drivers. At the same time it permits the truck to be manoeuvred safely with only one hand on the control shaft head. The truck is supplied in many variant forms, among other things with numerous different fork lengths, with special paint finishes and also in stainless steel.

Information technology

Uniform international software basis

The switchover to SAP R/3 was systematically continued in Germany and the national companies in 2003. The software was successfully introduced in the Netherlands, the Czech Republic and Germany. This measure covered sales and distribution, financial services and the central divisions financial bookkeeping and controlling. The countries Poland, Spain and United Kingdom are scheduled for 2004. Moreover, the spare parts division with the last remaining old SAP R/2 application will also be

switched over to R/3 in autumn 2004. Jungheinrich can therefore largely work on a uniform international software basis which accelerates the processes and improves transparency within the company.

International Internet presentation

In 2003 Jungheinrich thoroughly revised its Internet presentation. The new on-line offering is divided up into a Group presentation that can be called up in German and English as well as individual offerings of the various countries. In terms of graphics, all the Websites adhere to the new corporate design introduced in 2003. Jungheinrich is thus represented in the Internet in more than 20 languages and is identifiable everywhere in the world.

Utilization of the Jungheinrich Internet presentation increased significantly in 2003. This can be seen from the visitor figures and from the number of concrete inquiries. They range from an initial contact through to obtaining an offer.

The Intranet was also redesigned and given a clearer structure. Hamburg, Norderstedt and Moosburg as well as the national companies with corresponding data processing equipment meanwhile use the Group framework with the possibility of inserting local information. An area especially provided for this purpose makes it possible to supply local information to the locations and the national companies.

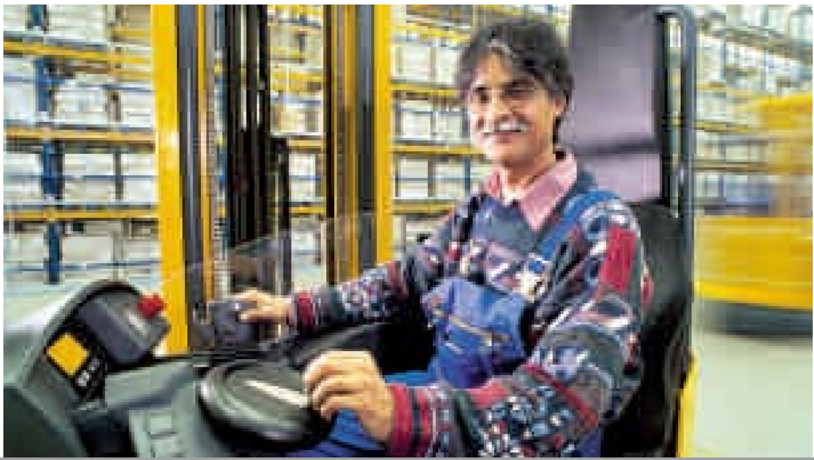
Logistic services

Turn-key overall solutions

A special focus of attention in 2003 was the further expansion of system and project business. Jungheinrich realizes overall solutions in the field of intralogistics, the intra-company flow of materials. Individual concepts offer the customers more efficiency and quality in the flow of materials. In this context transport and warehouse capacities are optimally distributed and utilized.

The system and project business of Jungheinrich covers many areas, from the optimization of existing warehouses, the concept development of greenbelt projects, automation with high-rack storage and retrieval units and materials handling technology through to optimization by means of warehouse management software and radio data transmission.

Jungheinrich accompanies its customers from the first material flow consulting session via planning and concept development, the coordination of all work during implementation through to handing over the key and it offers follow-up service.



Rental on the advance

In the field of financial services, three trends continued in 2003:

– The customers are investing more in their own core competences instead of in forklift trucks. Consequently, forklift trucks are increasingly being rented instead of bought.

– The customers wish to have a single contact partner for sales, service and financial services. Jungheinrich offers this through its direct sales with a close-knit service network and its own financial services company.

– The customers expect flexible contracts with which they can constantly adapt their fleet of forklift trucks to changing requirements Jungheinrich offers the solution that matches these trends.

Classical leasing business is increasingly being superseded by rentals. Rental agreements include the financing with integrated full service. In the meantime they account for 70 per cent of financial services business at Jungheinrich.

Jungheinrich offers rental customers close customer relationships through its decentralized organization as well as good coverage with high consulting capacity and competence.

With its fleet programme ComFLEET, Jungheinrich can cater to individual wishes of the customers such as for example a premature exchange or return of the trucks. Flexibility is also the keyword for the billing systems. There is an increasing demand for invoicing on the basis of operating hours. The financing consultants are equipped to answer questions relating to international accounting. These are already taken into account in the offers. Furthermore, the customer’s fleet is constantly checked with regard to its optimization potential. Key data regarding fleet size, location and age structure as well as the utilization levels of the trucks are regularly reported.

ComFLEET is also increasingly in demand outside of Germany, especially by key accounts who demand a cross-frontier, homogeneous financial services programme. The basis for this is the uniform SAP R/3 platform which correspondingly acts as the platform for financial services business.

In 2003, the population of forklift trucks financed by Jungheinrich comprised 60,000 units. 16,000 of these were newcomers in 2003 alone.

After-sales service strengthened

In intralogistics, forklift trucks and pallet trucks are exposed to tough operating conditions each day. To ensure that the trucks run reliably and safely, Jungheinrich has further strength-

ened its after-sales service at the international level. The objective is to always be able to offer the customer “everything from a single source” in a first-class and competent manner with made-to-measure after-sales service offerings through to full service and environmental service. One of the currently more than 2,900 mobile service engineers in Europe alone is soon on the spot with his service van – and with a large selection of spare parts on board. The Jungheinrich service engineer knows “his” forklift trucks exactly. His qualification guarantees efficient and economic maintenance and repairs – fast and flexibly – to the advantage of the customer. With the aid of the MTA notebook (Mobile Technician’s Assistant), fault diagnosis can be carried out, control parameters can be adjusted on the forklift truck and if necessary – i.e. if they are not available in the service van – spare parts can be ordered. On the basis of the serial number, the service engineer has immediate access to the whole life history of the forklift truck via a mouse click. In most European countries, any spare parts that are not available in the Jungheinrich service van are delivered by direct overnight delivery. This means that the Jungheinrich service engineers get the spare parts delivered to their service trucks by overnight express by the start of work the next morning. The spare parts logistics center in Norderstedt (near Hamburg) supplies the North and East European areas as well as areas outside Europe, while the logistics center in Lahr (Baden-Württemberg) supplies the whole area of Southern Europe. Both Group warehouses have a total assortment of some 50,000 spare parts.
Jungheinrich workshops are available for repairs that cannot be carried out on the spot as well as for overhauls of parts and general overhauls.

Jungheinrich wins logistics prize

In the “European Supply Chain Excellence Award 2003”, Jungheinrich AG was elected the overall winner from among 250 companies throughout Europe. The prize was awarded by the trade journal “Logistics Europe” together with the management consultants Cap Gemini Ernst & Young. Jungheinrich asserted itself against strong international competition and was declared the “Overall Winner” by the jury. Jungheinrich was selected “for the breadth of coverage and complexity of the logistic processes as well as the pace of improvements over recent years”. Special emphasis was furthermore placed on Jungheinrich’s customer focus – from design through to after-sales.

Forward-looking orientation of short-term hire and used trucks business

Despite the weakness of the economy and a general decline in demand, Jungheinrich was able to continue to position itself as an attractive supplier of trucks for short-term hire in Germany and abroad. Jungheinrich maintains a fleet of trucks for short-term hire of some 16,500 units.

Through setting up further short-term hire stations in Eastern Europe, our short-term hire business is following the growing trend to internationalization and the demand for a close-knit network of short-term hire stations. Trucks for short-term hire are meanwhile available to the customers in 25 countries.

The continuing introduction of the SAP R/3 software in the sales and distribution units is improving access to decentralized information. For the short-term hire customer that means a wider choice and higher availability of trucks. The co-ordination of supra-regional and international truck assignments gained in importance in the past year, for example the provision of trucks for major events throughout Europe.

The used trucks business also expanded further in 2003. With the Jungheinrich database-aided "Used Trucks Market", Jungheinrich can at any time offer the customer a truck that is optimally designed for his needs from a Europe-wide stock of some 10,000 Jungheinrich used trucks. Jungheinrich combines this wide choice of professionally reconditioned used trucks with a maker's guarantee with attractive financing options. For many customers, this represents an interesting alternative to new trucks in terms of price.

The Internet platform "Supralift", which was set up in 2002 together with a competitor, last year established itself as the world's biggest on-line marketplace for used materials handling equipment. The number of visitors doubled to nearly 60,000 a month. The number of trucks offered also rose to more than 13,000 units. At the end of 2003, more than 2,000 registered dealers were able to fall back on the Supralift offers in 68 countries and in 21 languages.

International projects

World-wide framework agreement with DHL

The product spectrum of DHL, the leading express and logistics company world-wide and a wholly-owned subsidiary of Deutsche Post World Net, covers made-to-measure solutions in air and ocean freight as well as in overland transport. In an international network, DHL connects more than 220 countries and territories.

DHL relies on materials handling equipment from Jungheinrich in many European countries, in Germany, the United Kingdom, Belgium, Spain, Austria and Hungary among others. Throughout Germany, some 330 trucks are operated at 22 locations. Jungheinrich has concluded a global framework agreement with DHL and thus benefits from a preferred supplier status.

An example of the efficiency of DHL is the logistics centre in Dortmund (Germany) operated for the US manufacturer Johnson & Johnson by the business division DHL Solutions. The German market is supplied with hygiene articles from this logistics centre. The buyers are drugstore chains, trading companies, hospitals and pharmacies. The heart of the centre that came on stream in March 2003 is a narrow-aisle warehouse with 34,378 pallet slots. It has 48 aisles with ten metre high racks in which run six high-rack forklift trucks ETX-Kombi 150 with three-phase ac drives. The trucks, which work in a three-shift operation, obtain their energy from busbars in the aisles; an advantage that dispenses with time-consuming changes of battery. For its intra-company transport, DHL Solutions uses a further 45 trucks from Jungheinrich. The fleet comprises reach trucks, battery-powered pedestrian trucks and battery-powered pedestrian-controlled pallet trucks. The scope of the rental agreement contract with a term of five years includes an interface with the radio data transmission system of the user.

In three shifts the logistics centre handles up to 2,000 pallet movements, including re-supply for the order picking slots. Altogether, DHL Solutions order picks almost 30,000 items a day.

Wide range of uses at Carrefour

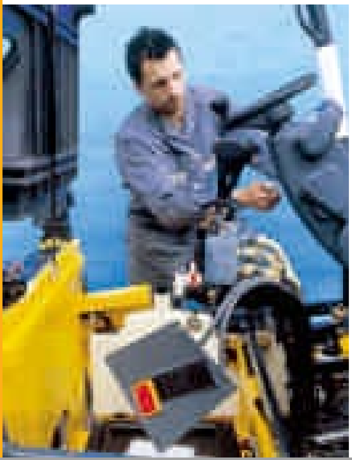
In the year 2003, Jungheinrich delivered some 700 forklift trucks to the Carrefour Group which operates more than 10,000 shops in 30 countries. This swelled the fleet of trucks at this customer to some 4,500 units. With the exception of France, the company with its headquarters in Levallois near Paris collaborates with Jungheinrich in many other European countries such as for example in Italy, Spain, Belgium or Poland. The business activities of Carrefour are mainly focussed on the three business divisions of consumer markets, hypermarkets and supermarkets as well as discount shops. Whereas the consumer markets offer a wide spectrum of some 70,000 products, the hypermarkets and supermarkets concentrate almost entirely on food and consumer articles, while the discount shops also offer inexpensive merchandise. The subsidiary company Logidis is responsible for logistic tasks within the group. For example, the logistics service provider with its 450 employees supplies the region around Marseilles from Salon de Provence. There Logidis has a 72,000 square-metre food warehouse in which special areas have been set up for fresh products and deep-frozen merchandise. The more than 300 trucks which Jungheinrich delivered to Salon de Provence include 70 battery-powered low platform trucks, ten battery-powered high-lift trucks, 50 reach trucks, ten diesel powered forklift trucks and 160 horizontal order pickers. 181 of these trucks work in the warehouse for fresh products and in the cold store at temperatures as low as minus 25 °C. The trucks are used for transports, for movements into and out of storage and for order picking. In this way approx. 6,000 pallets are handled each day.

Campina stacks with Jungheinrich in Russia

For the international dairy cooperative association Campina, Jungheinrich has equipped a production plant in Stupino some 100 kilometres to the south of Moscow with materials handling equipment. The Dutch company is one of the most important suppliers of dairy products in Belgium, Germany and the Netherlands. Furthermore, Campina supplies to the whole European market as well as to customers in Africa and in the Middle and Far East.

One member of the cooperative association is the group Campina International, which produces dairy and yoghurt products in Stupino, Russia, with 230 employees and which operates a distribution warehouse. On an area of 7,500 square metres, goods with a weight of 85,000 tons are produced each year. The associated 7,200 square-metre distribution warehouse with 13,500 pallet slots offers storage space for the 40 dairy and yoghurt products produced in Stupino, for articles from other European plants of the group as well as for packing materials for production.

Jungheinrich has five high-rack forklift trucks and order pickers with inductive guidance in operation at Campina as well as reach trucks, battery-powered three-wheel forklift trucks, diesel powered forklift trucks, battery-powered pedestrian-controlled pallet trucks and pedestrian forklift trucks. Furthermore, Campina has concluded a 48-month full service agreement for this location. Campina uses the trucks for loading and unloading HGVs, for moving goods into and out of storage as well as for transport and handling tasks. The materials handling equipment works in a three-shift operation and handles some 1,500 pallets a day.



Production locations

Brisk progress is being made in restructuring the production locations. By merging the production of IC engine powered and battery-powered counterbalanced trucks at the plant in **Moosburg**, Germany, Jungheinrich is seeking to achieve synergy effects and to cut costs. To this end, the production of IC engine powered counterbalanced trucks is gradually being transferred from the plant in **Leighton Buzzard**, United Kingdom, to Moosburg, a process that is to be completed by mid-2004.

The business activities of MIC S.A. in France, which mainly consist in the production of hand pallet trucks at the plant in **Argentan**, are to be terminated in the current year 2004. However, hand pallet trucks will continue to form an integral part of the Jungheinrich product range.

The plant in **Norderstedt**, Germany, is where the battery-powered low platform trucks and high-lift trucks as well as the battery-powered reach trucks are produced. In addition, the plant manufactures mast carriages, electronic truck controls and battery chargers.

The introduction of a new generation of reach trucks in 2003 necessitated a new concept for logistics and assembly. By reducing the production times it was possible to significantly shorten the delivery times. The series of Jungheinrich controls was expanded. The high quality standard of the controls ensures the low energy consumption of the trucks.

With the introduction of Jungheinrich batteries, it is possible to offer "energy packages" consisting of battery and battery charger that are precisely attuned to each other from a single source. The conservation of resources project that has been running successfully since 2001 and that relates to the acquisition of energy consumption rate data for electricity, gas and water has already led to a significant reduction of consumption rates as well as to cost savings and a growing environmental awareness among the personnel. Also in the year 2003, further ambient air conditioning systems with integrated heat recovery and automatic control engineering were systematically installed in the plant in accordance with a plan by stages.

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. 2003 was characterized by a wide range of truck modifications as well as by complete new developments in the field of small series-built products.

Transferring the production of the diesel and LPG powered trucks to the **Moosburg** plant has created a product centre that is distinguished by concentrated high technical competence. All counterbalanced trucks as well as the warehouse and warehouse system trucks for the Jungheinrich Group are now built at this production location. The reporting year saw the series launch of a new battery-powered counterbalanced forklift truck in the segment with a lifting capacity of 4–5 tons and of a new battery-powered high-rack forklift truck in the segment with a lifting capacity of 1 ton. Both trucks are fitted with three-phase ac technology for all functions and are distinguished by their capacity data and high economic efficiency. Production and assembly for the counterbalanced trucks at the Moosburg plant were expanded to cater for integration of the diesel and LPG powered forklift trucks. Linked to this is a logistics and assembly concept that makes it possible to achieve short door-to-door throughput times. In the autumn of 2003, a new frame production and painting shop came on stream for the counterbalanced trucks. In these production facilities, the truck chassis are produced and painted in a 15-minute cycle with the aid of three welding robots. The plant **"Jungheinrich Producción S.A."** in Madrid, Spain, produces semi-electric pallet trucks and battery-powered pedestrian-controlled forklift trucks with lifting capacities from 1.0 to 1.2 tons for the Group. To optimize costs in the procurement of small parts and to improve internal logistics, a management system for small parts was introduced in the assembly stations. An integrated quality system (environment/quality/industrial safety) was certified as a preliminary step of the Total Quality Management system.

Consolidated financial statements

Statement of the Board of Management

Independent Auditor's Report

Consolidated statements of income

Consolidated balance sheets

Consolidated statements of cash-flows

Consolidated statements of changes in stockholders' equity

Statements of changes in consolidated fixed assets

Notes to the consolidated financial statements

Statement of the Board of Management

The responsibility for preparing the consolidated financial statements rests with the Board of Management of Jungheinrich Aktiengesellschaft. In preparing the consolidated financial statements, the accounting principles of the United States of America (US-GAAP) were considered. To exempt the company from the obligation of preparing consolidated financial statements according to German law, the consolidated financial statements have been supplemented by a group management report as well as by further explanatory notes to the consolidated financial statements in accordance with § 292a HGB.

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 audit.

Taking account of the statutory regulations, we have brought together existing early warning systems in the Group to create a risk management system in accordance with the requirements of the German Law regarding Controls and Transparency in the Corporate Sector (KonTraG). This enables the Board of Management to recognize major risks at an early stage and to initiate corresponding countermeasures.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, has examined the consolidated financial statements prepared in accordance with United States accounting principles and has issued the independent auditor’s report printed hereafter. The consolidated financial statements, the Group management report as well as the audit report have been discussed in detail together with the auditors in the Finance and Audit Committee of the Supervisory Board and at the balance sheet meeting of the whole Supervisory Board.

Jungheinrich Aktiengesellschaft
The Board of Management

Dr. von Pichler   Fischer   Dr. Kirschneck   Dr. Lüer

Independent Auditor's Report

We have audited the consolidated balance sheet of Jungheinrich Aktiengesellschaft, Hamburg, and subsidiaries as of 31 December 2003, and the related consolidated statement of income, statement of changes in equity and cash flows as well as notes for the year then ended. These consolidated financial statements prepared in accordance with United States Generally Accepted Accounting Principles are the responsibility of 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 for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also 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 consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements referred to above present fairly, in all material respect, the net assets and financial position of Jungheinrich Aktiengesellschaft, Hamburg, as of 31 December 2003, and of its result of operations and its cash flow for the year then ended in conformity with United States Generally Accepted Accounting Principles.

Our audit, which also extends to the group management report prepared by the Board of Managing Directors for the business year from 1 January to 31 December 2003, 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 1 January to 31 December 2003 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, 15 March 2004

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Rosorius	Schulz
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

CONSOLIDATED STATEMENTS OF INCOME

	Notes	2003 in thousand €	2002 in thousand €
Net sales	(30)	**1,470,873**	**1,475,891**
Cost of sales		1,082,156	1,077,941
Gross profit on sales		**388,717**	**397,950**
Selling expenses		246,514	260,674
Research and development expenses		33,102	29,811
General and administrative expenses		33,830	33,006
Other operating income	(2)	4,094	4,458
Other operating expenses		2,053	4,825
Operating income		**77,312**	**74,092**
Net income (loss) from investments	(3)	409	60
Earnings before interest and taxes and before closure expenses MIC S.A.		**77,721**	**74,152**
Closure expenses MIC S.A.	(4)	38,926	–
Earnings before interest and taxes		**38,795**	**74,152**
Financial income (loss)	(5)	– 903	– 1,387
Income taxes	(6)	16,761	19,019
Net income		**21,131**	**53,746**
Earnings per share (in €)	(31)	**0.63**	**1.60**

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

CONSOLIDATED BALANCE SHEETS

ASSETS	Notes	Dec. 31, 2003 in thousand €	Dec. 31, 2002 in thousand €
Fixed assets			
Intangible assets	(7)	7,813	6,612
Tangible assets	(8)	197,653	178,394
Trucks for short-term hire		104,454	120,848
Trucks for leasing from financial services	(9)	177,819	190,554
Financial assets	(10)	13,135	12,611
		500,874	**509,019**
Current assets			
Inventories	(11)	143,310	137,234
Trade accounts receivable	(12)	294,093	308,748
Receivables from financial services	(13)	202,285	187,813
Other receivables and other assets	(14)	102,185	100,196
Securities	(15)	45,687	46,465
Liquid assets	(16)	164,565	157,839
		952,125	**938,295**
Deferred tax assets	(6)	**39,457**	**31,769**
Prepaid expenses	(17)	**5,989**	**5,627**
		1,498,445	**1,484,710**

STOCKHOLDERS' EQUITY AND LIABILITIES	Notes	Dec. 31, 2003 in thousand €	Dec. 31, 2002 in thousand €
Stockholders' equity	(18)		
Capital stock		102,000	102,000
Additional paid-in capital		76,952	76,952
Retained earnings		195,250	188,177
Accumulated other comprehensive income (loss)		(10,230)	(15,778)
Treasury stock		(5,687)	(5,687)
		358,285	**345,664**
Accrued liabilities			
Accrued pension liabilities and similar obligations	(19)	143,628	143,799
Other accrued liabilities	(20)	207,763	188,111
		351,391	**331,910**
Liabilities			
Financial liabilities	(21)	212,380	216,478
Liabilities from financial services	(22)	410,492	409,797
Trade accounts payable	(23)	79,597	79,861
Other liabilities	(24)	40,293	48,074
		742,762	**754,210**
Deferred income	(25)	**46,007**	**52,926**
		1,498,445	**1,484,710**

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

CONSOLIDATED STATEMENTS OF CASH-FLOWS

	2003 in thousand €	2002 in thousand €
Net income	21,131	53,746
Depreciation of trucks for short-term hire and leasing	81,650	94,978
Depreciation and amortization of other fixed assets	34,380	33,194
Changes in accrued liabilities	19,481	13,312
Other expenses and income not affecting payments	219	1,495
Gains/losses on disposals of fixed assets	28	305
Changes in deferred tax assets	– 7,688	6,524
Changes in items held as current assets and in other operating assets and liabilities:		
– Inventories	– 6,076	15,152
– Trade accounts receivable	14,655	– 3,747
– Receivables from financial services	– 14,472	– 21,685
– Trade accounts payable	– 264	– 20,369
– Other operating assets	13,311	– 22,175
– Other operating liabilities	– 12,516	– 1,858
Cash provided by operating activities	**143,839**	**148,872**
Proceeds from disposals of tangible and intangible fixed assets	53,505	57,461
Payments for investments in trucks for short-term hire and leasing	– 109,139	– 127,842
Payments for investments in tangible and intangible fixed assets	– 61,340	– 35,702
Proceeds from disposals of financial assets	67	–
Payments for investments in financial assets	– 838	– 787
Changes in other cash investments of current assets	– 424	– 2,000
Cash used for investing activities	**– 118,169**	**– 108,870**
Dividends paid	– 14,058	– 14,058
Changes in short-term liabilities due to banks	– 19,694	3,214
Proceeds from long-term financial loans	7,027	–
Repayment of long-term financial loans	– 1,851	– 9,581
Changes in leasing liabilities and in liabilities from financial services	8,932	– 854
Cash provided by (used for) financing activities	**– 19,644**	**– 21,279**
Changes in cash and cash equivalents affecting payments	**6,026**	**18,723**
Changes in cash and cash equivalents due to exchange rates	– 501	– 1,037
Changes in cash and cash equivalents	**5,525**	**17,686**
Cash and cash equivalents at beginning of year	**199,158**	**181,472**
Cash and cash equivalents at end of year	**204,683**	**199,158**

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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)			Treasury stock	Total
				Currency translation adjustment	Minimum pension liability	Derivative financial instruments		
	T€	T€	T€	T€	T€	T€	T€	T€
As of Dec. 31, 2001	**102,000**	**76,952**	**150,238**	**844**	**– 7,707**	**– 635**	**– 5,687**	**316,005**
Currency translation adjustment	–	–	–	2,386	–	–	–	2,386
Dividend for the prior year	–	–	– 14,058	–	–	–	–	– 14,058
Net income 2002	–	–	53,746	–	–	–	–	53,746
Other changes	–	–	– 1,749	1,749	– 12,811	396	–	– 12,415
As of Dec. 31, 2002	**102,000**	**76,952**	**188,177**	**4,979**	**– 20,518**	**– 239**	**– 5,687**	**345,664**
Currency translation adjustment	–	–	–	– 1,689	–	–	–	– 1,689
Dividend for the prior year	–	–	– 14,058	–	–	–	–	– 14,058
Net income 2003	–	–	21,131	–	–	–	–	21,131
Other changes	–	–	–	–	6,671	566	–	7,237
As of Dec. 31, 2003	**102,000**	**76,952**	**195,250**	**3,290**	**– 13,847**	**327**	**– 5,687**	**358,285**

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

STATEMENTS OF CHANGES IN CONSOLIDATED FIXED ASSETS

	Acquisition and manufacturing costs					
	As of Jan. 1, 2003 thousand €	Changes and adjustments thousand €	Additions thousand €	Disposals thousand €	Transfers thousand €	As of Dec. 31, 2003 thousand €
Intangible assets						
Licenses and software	15,787	(151)	2,331	3,099	–	14,868
Goodwill	42,508	433	–	–	–	42,941
	58,295	**282**	**2,331**	**3,099**	**–**	**57,809**
Tangible assets						
Land, land rights and buildings including buildings on land owned by others	183,582	(3,167)	29,239	2,731	3,754	210,677
Technical equipment and machinery	69,919	(751)	6,758	1,177	2,266	77,015
Other equipment, factory and office equipment	129,111	(2,229)	16,501	12,798	1,763	132,348
Advance payments and construction in progress	3,543	(30)	6,511	385	(7,783)	1,856
	386,155	**(6,177)**	**59,009**	**17,091**	**–**	**421,896**
Trucks for short-term hire	**200,345**	**(4,093)**	**55,131**	**66,651**	**–**	**184,732**
Trucks for leasing from financial services	**288,761**	**(7,985)**	**54,008**	**53,643**	**–**	**281,141**
Financial assets						
Investments in affiliated companies	4,341	–	835	–	–	5,176
Investments in associated companies	7,492	–	3	286	–	7,209
Long-term securities	744	–	–	–	–	744
Other loans	2,432	–	–	–	–	2,432
	15,009	**–**	**838**	**286**	**–**	**15,561**
Total fixed assets	**948,565**	**(17,973)**	**171,317**	**140,770**	**–**	**961,139**

Cumulative depreciation Dec. 31, 2003 thousand €	Net carrying value Dec. 31, 2003 thousand €	Net carrying value Dec. 31, 2002 thousand €	Depreciation and amortization Cumulative depreciation Jan. 1, 2003 thousand €	Changes and adjustments thousand €	Depreciation in the fiscal year thousand €	Cumulative depreciation on disposals thousand €	Cumulative depreciation Dec. 31, 2003 thousand €
11,465	3,403	2,714	13,073	(132)	1,567	3,043	11,465
38,531	4,410	3,898	38,610	(79)	–	–	38,531
49,996	**7,813**	**6,612**	**51,683**	**(211)**	**1,567**	**3,043**	**49,996**
72,693	137,984	117,734	65,848	(951)	9,072	1,276	72,693
59,771	17,244	15,766	54,153	(679)	7,440	1,143	59,771
91,779	40,569	41,351	87,760	(1,571)	16,273	10,683	91,779
–	1,856	3,543	–	–	–	–	–
224,243	**197,653**	**178,394**	**207,761**	**(3,201)**	**32,785**	**13,102**	**224,243**
80,278	**104,454**	**120,848**	**79,497**	**(1,840)**	**36,960**	**34,339**	**80,278**
103,322	**177,819**	**190,554**	**98,207**	**(3,108)**	**44,690**	**36,467**	**103,322**
–	5,176	4,341	–	–	–	–	–
–	7,209	7,492	–	–	–	–	–
102	642	667	77	–	25	–	102
2,324	108	111	2,321	–	3	–	2,324
2,426	**13,135**	**12,611**	**2,398**	**–**	**28**	**–**	**2,426**
460,265	**500,874**	**509,019**	**439,546**	**(8,360)**	**116,030**	**86,951**	**460,265**

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

Notes to the consolidated financial statements

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/short-term hire and sales financing of the products, the maintenance and repair of forklift trucks and equipment and the sale of used forklift 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 (UK). Production at the plant in Leighton Buzzard will gradually be transferred to Moosburg by mid-2004. The business activities of MIC S.A. in France, which mainly consist in the production of hand pallet trucks, will be terminated by mid-2004.
For the product brand Jungheinrich the company maintains a large and close-knit direct marketing network with 18 sales and distribution centres/branch establishments in Germany and 23 company-owned sales and service companies in other European countries. Further national companies are located in Brazil, Singapore and in the USA. In addition, Jungheinrich products overseas are distributed via local dealers. Supplementary to Jungheinrich's direct sales in Europe, a partial assortment is offered in certain defined regions under the operating responsibility of the relevant national Jungheinrich organization 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 investments has been carried out by the book value method by setting off the acquisition cost against that share of the stockholders' equity held by the parent company at the time of the acquisition. Any difference between the acquisition cost and the prorated stockholders' equity is attributed in whole or in part to the assets of the subsidiary company. Any remaining differential amount on the assets side is capitalized as goodwill.
Goodwill is no longer amortized to schedule over the probable useful life but is instead examined at least once a year in respect of the need for any non-scheduled amortization.
All receivables and liabilities, all sales, expenses and income as well as intercompany results within the scope of consolidation are eliminated within the framework of the consolidation.

Foreign currency translation

Receivables and liabilities in foreign currency in the annual financial statements of the Group companies are translated at the exchange rate valid at the balance sheet date and any differences resulting from such translation are stated affecting 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 local 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 local currency.

With the exception of stockholders' equity, all assets and debts in annual financial statements prepared in foreign currencies are translated at the exchange rate valid at the balance sheet date. Stockholders' equity, 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 prior year or in the case of stockholders' equity as against translation at historic rates, as well as translation differences between the statement of income and the balance sheet are stated in stockholders' equity within the item "Accumulated other comprehensive income (loss)" not affecting net income.

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

Currency	Exchange rate at the balance sheet date 12/31/2003 Basis € 1	12/31/2002 Basis € 1	Annual average rate 2003 Basis € 1	2002 Basis € 1
GBP	0.7048	0.6505	0.6920	0.6288
CHF	1.5579	1.4524	1.5212	1.4672
PLN	4.7019	4.0210	4.3396	3.8584
NOK	8.4141	7.2756	8.0033	7.5094
SEK	9.0800	9.1528	9.1242	9.1606
DKK	7.4450	7.4288	7.4307	7.4305
CZK	32.4100	31.5770	31.8460	30.8038
HUF	262.5000	236.2900	253.6200	242.9730
USD	1.2630	1.0487	1.1312	0.9455

Revenue recognition

Revenue is recognized after deduction of bonuses, discounts or rebates, when the price risk has been transferred ("realized") 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 certain. In the case of long-term contracts, revenues are recognized in accordance with the "Percentage-of-Completion" method (PoC).

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 affecting sales until the residual value guarantee falls due.

Product-related expenses

Expenses for advertising and sales promotion as well as other sales-related expenses affect net income at the time when they are incurred. Freight and dispatch costs have been carried under cost of sales. We form accruals for warranties at the time of selling the products or at the time of initiating new warranty measures. The estimate of the warranty expenses that are carried as a liability is predominantly based on historical empirical values.

The accruals allow for rights of recourse to component manufacturers, insofar as components are contained in the sold products for which Jungheinrich issues a warranty which are covered by the warranty obligations of the component manufacturer.

Research and development expenses are stated affecting net income at the time when they are incurred.

Earnings per share

Net income per share is based on the average number of the individual share certificates issued during a fiscal year. In the fiscal years 2003 and 2002, no stockholders' equity 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 amortization over their useful life of 3 to 5 years insofar as their useful life is limited. Through the first-time application of SFAS 142 as of January 1, 2002, goodwill deriving from acquisitions and intangible assets with an indeterminable or unlimited useful life is no longer amortized by standard amortization but is tested for impairment at least once a year. The examination of the recoverability of major goodwills of the Group carried out within the framework of the first-time application of SFAS 142 that was necessary did not result in any non-scheduled amortization.

Prior to the first-time application of SFAS 142, goodwill was amortized by standard straight-line amortization over the probable useful life and was regularly tested for impairment. The examination of the useful life and remaining carrying value of the purchased intangible assets carried out within the framework of the first-time application of SFAS 142 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 depreciation. 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 capitalized. 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 affecting net income.
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 depend on 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 capitalized as “Trucks for leasing from financial services”. The financing of these long-term contracts with customers (“capital and operating leases”) is taken up with identical maturity 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 capitalized as “Trucks for leasing from financial services”. The proceeds from the sale are deferred and are dissolved over the term of the contract

affecting sales. Under liabilities from financial services, the future sales still outstanding for the remaining period of the contract are therefore stated under liabilities in the item "Liabilities from sales deferrals" as of the balance sheet date.
Outside of their financial services business, Jungheinrich Group companies lease tangible assets as well as customers' trucks for short-term hire. If it is a case of a so-called "capital lease", they capitalize 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 contract is agreed.

Financial assets
Major investments in which a decisive degree of influence is exerted are accounted for by the equity method. All other investments are stated at the depreciated acquisition cost.

Impairment of fixed assets
At every balance sheet date or whenever there are indications that a loss of value may have been incurred, the fixed assets in question are tested for impairment. 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 fair 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 life is correspondingly adjusted.

Current assets
Current assets cover inventories, receivables, securities and liquid assets. Amounts with a probable remaining time to maturity 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 expenses but also the attributable material and production overhead costs as well as production-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 realizable 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 their fair value at the balance sheet date. Unrealized profits and losses from the fair valuation of these securities are stated affecting net income.
Furthermore, Jungheinrich holds securities that are not disposable in order to secure its obligations under the partial retirement plan 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 fair value.

Liquid assets

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

Deferred tax assets

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 affecting taxes. This procedure is applied for all assets and liability items with the exception of goodwill from the consolidation of investments.
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.

Accumulated other comprehensive income (loss)

Stated in this item are changes in the stockholders' equity not affecting net income insofar as these are not based on capital transactions with stockholders. These include currency translation adjustment and minimum pension liability as well as derivative financial instruments.

Accrued Liabilities

The accrued pension liabilities and similar obligations are valued on the basis of actuarial calculations in accordance with SFAS 87 by applying the projected unit credit 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 accrued 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 losses from pending transactions – in all cases all those cost ingredients are taken into account that are also capitalized under inventories.

Restructuring accruals

Restructuring accruals are formed if a formally approved plan regarding a measure that is to be implemented exists prior to the balance sheet date, 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 fair value.

Depending on whether it is a question of a fair value hedge or a cash flow hedge, any change in the fair value of the derivative is taken into account in the result or in the stockholders' equity (as part of "Accumulated other comprehensive income (loss)"). In the case of a fair value hedge, the results from changes in the fair value of derivative financial instruments are stated affecting net income. The changes in the fair value of the derivatives that are to be classified as cash flow hedges are carried in the balance sheet under stockholders' equity in the amount of the hedge-effective part not affecting 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 statements of income as well as in the balance sheets are summarized. 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 at the balance sheet date and on the statements of income and expenses during the reporting period. It is possible for the actual amounts to deviate from the estimates.

New accounting rules

No or no major effects on accounting and valuations in the consolidated financial statements resulted from the first-time application of the new standards SFAS 143, SFAS 146, FIN 45 and FIN 46 (revised in December 2003), which are described in detail in the Jungheinrich Annual Report 2002. In December 2002, the Emerging Issue Task force (EITF) of the FASB published the final version of EITF 00-21 "Revenue Arrangements with Multiple Deliverables", which regulates when and how net sales deriving from contractual relationships pertaining to the supply of several individual products or services are to be divided up. Jungheinrich must apply EITF 00-21 to all contracts that were or will be concluded after June 30, 2003. The application of EITF 00-21 had no major effects on the consolidated financial statements.
In April 2003, the FASB published SFAS 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 contains supplements and clarifications with regard to reporting obligations in the accounting and in the notes to the financial statement for derivative financial instruments and hedging activities in accordance with SFAS 133, including certain derivatives embedded in other contracts. This standard must be applied to all contracts concluded or modified after June 30, 2003. The application of SFAS 149 had no major effects on the consolidated financial statements.
In December 2003, the FASB published SFAS 132 (revised 2003) "Employers' Disclosure about Pensions and Other Postretirement

Benefits – an Amendment of FASB Statements Nos. 87, 88 and 106". This accounting standard requires additional disclosures in the notes to the financial statements with regard to the plan assets, pension obligations and net pension costs as well as to the cash flows. Jungheinrich supplies the additionally demanded information in the notes to the financial statement as at December 31, 2003.

Basis of consolidation

The basis of consolidation includes Jungheinrich Aktiengesellschaft, Hamburg, as the parent company, and all major subsidiary companies. The basis of consolidation of the fully consolidated companies is only slightly changed as compared with the prior year. One foreign sales and distribution company that formerly operated as a private company has been merged with the general partner in an incorporated company. The basis of consolidation therefore now comprises 21 foreign and 5 German companies. Two companies have been stated in the balance sheets through application of the equity method. 14 active affiliated companies and 11 inactive affiliated companies were not included in the consolidated financial statements as their influence on the net assets, financial and earnings position is immaterial in every respect.

Notes to the consolidated statements of income

(1) Personnel expenses

The following personnel expenses are included in the expense items of the statements of income:

(in thousand €)	2003	2002
Wages and salaries	380,607	385,124
Social security contribution	83,932	85,133
Pension costs and other benefits	16,562	17,646
	481,101	**487,903**

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

	2003	2002
Hourly-paid employees	4,944	4,963
Salaried employees	4,004	4,019
Trainees and apprentices	236	252
	9,184	**9,234**

The total remuneration of the members of the Supervisory Board for the fiscal year 2003 amounted to € 683 thousand. This figure includes income of € 39 thousand relating to other periods.
The total remuneration of the members of the Board of Management in 2003 amounted to € 2,906 thousand. The remuneration of members of the Board of Management that was granted in the fiscal year 2003 but that has not yet been stated in any annual financial statement amounted to € 198 thousand. Former members of the Board of Management received remuneration in the amount of € 332 thousand.

As of December 31, 2003, no advances and loans to members of the Board of Management and of the Supervisory Board of Jungheinrich Aktiengesellschaft existed. As of December 31, 2003, Jungheinrich Aktiengesellschaft had formed an accrual for pension liabilities for former members of the Board of Management in an amount of € 5,424 thousand.

(2) Other operating income

Other operating income includes income from the disposal of fixed asset items in an amount of € 907 thousand (prior year: € 1,455 thousand).

(3) Net income (loss) from investments

Net income (loss) from investments in the reporting year contains income of € 409 thousand (prior year: expenses of € 440 thousand) from the result from associated companies. In the prior year, this item also included income from the disposal of investments of € 36 thousand as well as income from investments of € 464 thousand.

(4) Closure expenses of MIC S.A.

The closure expenses of MIC S.A., Rungis/France, that are separately reported in this item would otherwise be contained in the cost of sales or selling expenses. The expenses mainly relate to the costs of the social plan associated with the discontinuation of activities at the locations Argentan and Rungis. Apart from the termination benefits for almost 380 employees in production, sales and distribution and management, these expenses in the amount of € 31,264 thousand also include wage and salary payments that will probably have to be made until the end of the period of notice and for which MIC S.A. will receive no further services in return. Furthermore, expenses for measures relating to early retirement, training and the re-integration of employees are also included. Against the background of the closure of the plant in Argentan in the current fiscal year, non-scheduled depreciation has been applied to fixed assets in the amount of € 6,295 thousand and expenses of € 1,367 thousand has been taken into account for valuation allowances of production inventories and the termination of contracts with components suppliers.

(5) Financial income (loss)

(in thousand €)	2003	2002
Other interest and similar income	19,944	18,603
Interest and similar expenses	20,872	20,052
Net interest income (loss)	**– 928**	**– 1,449**
Income from securities and loans	25	62
Other financial income (loss)	**25**	**62**
	– 903	**– 1,387**

In the reporting year, the financial services sector earned interest income in the amount of € 12,975 thousand (prior year: € 10,922 thousand) and incurred interest expenses in the amount of € 9,372 thousand (prior year: € 7,576 thousand). The net interest income of the prior year was adjusted due to the changed presentation of long-term hire business in Italy (cf note to (12)).

(6) Income taxes

The income taxes of the Group consist of the following:

(in thousand €)	2003	2002
Current taxes		
Germany	11,235	– 1,201
Other countries	14,309	9,729
Deferred taxes		
Germany	5,157	10,671
Other countries	– 13,940	– 180
	16,761	**19,019**

Tax effects at the consolidation level are contained in the current taxes. The increase in current taxes in 2003 is almost exclusively attributable to effects deriving from the consolidation.

The effective tax burden in Germany continues to be characterized by the fact that an additional volume of depreciation for tax purposes exists at Jungheinrich Aktiengesellschaft with regard to the consolidated balance sheets as a result of the reorganization process in 1989. This can still be used until the year 2004 (inclusive) in an annual amount of approx. € 24 million.

No deferred taxes are taken into account in connection with the goodwill disclosed for tax purposes only within the framework of the 1989 reorganization.

In the consolidated financial statements as of December 31, 2003 and December 31, 2002, the deferred tax items accounted for by Germany are calculated at an overall tax rate of 38.7 per cent in each case (corporate income tax rate of 25.0 per cent plus solidarity tax surcharge of 5.5 per cent on the corporate income tax rate and trade tax rate of 12.325 per cent). The increase in the corporate income tax rate as a result of the German flood victim solidarity act in 2003 has not been taken into account in calculating the deferred taxes for 2002 due to negligibility.

To be seen from the following table is the transition from expected tax expenses to reported tax expenses. Shown as expected tax expenses is the amount arrived at when the overall tax rate of 40.0 per cent (prior year: 38.7 per cent) that is valid for the controlling company of the Group is applied to the Group result before income taxes. The overall tax rate in 2003 is higher as a result of the German flood victim solidarity act (corporate income tax rate of 26.5 per cent plus solidarity tax surcharge of 5.5 per cent on the corporate income tax rate, trade tax rate of 12.042 per cent).

(in thousand €)	2003	2002
Expected tax expenses	15,157	28,160
Change in the tax rate	– 297	165
Foreign tax differentials	1,683	3,675
Change in valuation allowances	5,553	– 595
Income corrections	– 8,018	– 10,181
Other	2,683	– 2,205
	16,761	**19,019**

The income corrections show among other things the tax-reducing effect deriving from the reorganization process in 1989. This amounts to some € 9.8 million (prior year: € 9.5 million).

The overall tax quota for the Group increased as compared with the prior year from 26.1 per cent to 44.2 per cent. The increase is due in particular to the closure expenses of MIC S.A. in the reporting year.

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

(in thousand €)	12/31/2003	12/31/2002
Fixed assets	5,486	3,660
Inventories	942	848
Receivables	8,787	1,798
Tax loss carryforwards	81,234	79,325
Accrued pension liabilities	11,970	13,792
Other accrued liabilities	17,845	15,721
Liabilities	152,929	149,841
Other	23,790	16,910
Valuation allowances	(69,513)	(72,026)
Deferred tax assets	**233,470**	**209,869**
Fixed assets	105,294	108,492
Inventories	3,926	1,810
Receivables	78,703	72,396
Other accrued liabilities	8,457	5,503
Liabilities	7,757	80
Other	771	1,437
Deferred tax liabilities	**204,908**	**189,718**
Net deferred taxes	**28,562**	**20,151**

In view of the changes in the attribution of individual balance sheet items, the amounts of the prior year have been reclassified for the purposes of comparability.

As at December 31, 2003, corporate income tax loss carryforwards of some € 251 million (prior year: € 243 million) existed in the Group as well as trade tax loss carryforwards of € 32 million (prior year: € 53 million). The increase in corporate income tax carryforwards is mainly attributable to the development of MIC S.A.

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 United Kingdom.

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

	12/31/2003		12/31/2002	
(in thousand €)	Total	> 1 year	Total	> 1 year
Deferred tax assets	39,457	20,856	31,769	20,388
Deferred tax liabilities	10,895	5,716	11,618	5,444
Net deferred taxes	**28,562**	**15,140**	**20,151**	**14,944**

Notes to the consolidated balance sheet

The change in fixed assets is shown in detail in the statements of changes in consolidated fixed assets.
The column "Changes and adjustments" in the statements of changes in consolidated fixed assets contains, apart from differences from foreign currency translation and insignificant effects from changes in the basis of consolidation, effects from the merger in Austria.
The full list of the stockholdings of Jungheinrich Aktiengesellschaft has been separately deposited with the Amtsgericht (District Court) in Hamburg, in the Commercial Register, Department B, under No. 44885.

(7) 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 € 512 thousand from a subsequent increase in the purchase price for the shares in the company Steinbock Boss Fördertechnik GmbH, Brunn am Gebirge (Austria), which Jungheinrich Austria Vertriebsg. mbH, Vienna, had acquired in 2001. This increase resulted from an adjustment agreement. Jungheinrich Austria Vertriebsg. mbH and Steinbock Boss Fördertechnik GmbH merged with effect from January 1, 2002. The test of the recoverability of the goodwill did not lead to any non-scheduled amortization.

The additions in the item "Licenses and software" in the amount of € 2,331 thousand relate above all to software purchased from third parties.
Related to the carrying values of the "Licenses and software" as of December 31, 2003, the following amortization is estimated for the next five years: € 1,672 thousand in 2004, € 1,072 thousand in 2005, € 586 thousand in 2006, € 17 thousand in 2007 and € 6 thousand in 2008.

(8) Tangible assets

Most of the additions are in connection with the expansion of the sales and distribution companies in Europe and with the expansion of the production facilities for counterbalanced trucks at the Moosburg plant. The tangible fixed assets include rented buildings in the total amount of € 50,257 thousand (prior year: € 29,789 thousand), which, by virtue of the terms of the leasing contracts (so-called "capital leases"), are attributed to the Group as the economic owner. Depreciation on rented buildings for the year amounted to € 1,911 thousand (prior year: € 1,637 thousand).
As a result of the discontinuation of production and the closures of the plants at the locations Argentan and Leighton Buzzard planned for 2004, non-scheduled depreciation in the amount of € 7,513 thousand was charged to buildings, machines and technical equipment as well as to office and factory equipment in the reporting year. € 6,295 thousand of this amount is contained in the separate item for the closure expenses of MIC S.A. (cf note to (4)) while an amount of € 1,218 thousand is included under cost of sales.

(9) Trucks for leasing from financial services

Within the framework of financial services business in which Jungheinrich Group companies act as lessors, those trucks are capitalized 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. Contracts with customers concluded with a leasing company acting as an intermediary are also capitalized under this item on the basis of the amount of an agreed residual value guarantee with more than 10 per cent of the fair value of the leasing equipment. The trucks for leasing from financial services are classified as follows:

(in thousand €)	12/31/2003	12/31/2002
"Operating lease" contracts with customers	47,999	54,783
Contracts concluded with a leasing company acting as an intermediary	129,820	135,771
	177,819	**190,554**

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 useful life.

Future proceeds from the "operating lease" contracts as of December 31, 2003 are due as follows:

(in thousand €)	
2004	16,417
2005	10,644
2006	5,668
2007	2,097
2008	289
thereafter	–
	35,115

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

(10) Financial assets

The securities held as financial assets are above all fixed-interest government securities that serve to cover the accruals included in Austrian balance sheets for claims of employees at the time of their leaving the company. Loans comprise mainly residential housing loans to employees.

(11) Inventories

(in thousand €)	12/31/2003	12/31/2002
Raw materials and supplies	32,474	30,298
Work in process	13,987	11,930
Finished goods and merchandise	67,741	60,012
Spare parts	32,167	34,864
Advance payments	2,880	3,925
Advance payments received on account of orders	– 5,939	– 3,795
	143,310	**137,234**

The advance payments received on account of orders are due within one year.

(12) Trade accounts receivable

(in thousand €)	12/31/2003	12/31/2002
Trade accounts receivable	304,740	319,293
Valuation allowances	– 10,647	– 10,545
	294,093	**308,748**

Within the framework of the changed presentation of the long-term hire business in Italy, for the purposes of comparability the amounts of the prior year (€ 14,093 thousand) have been reclassified from trade accounts receivable to receivables from financial services.
Of the trade accounts receivable, a total amount of € 2,885 thousand (prior year € 2,538 thousand) is due after more than one year.

(13) 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 capitalized if a leasing contract exists with the customer that is classified as a "capital lease" in accordance with the US-GAAP.
Of the receivables from financial services, an amount of € 140,889 thousand (prior year: € 131,312 thousand) is due after more than one year.
As of December 31, 2003, the following amounts fall due in subsequent years for receivables – including the interest income of following fiscal years in the amount of € 24,238 thousand – corresponding to the long-term leasing contracts concluded with the customers:

(in thousand €)	
2004	71,793
2005	58,124
2006	45,080
2007	30,661
2008	13,794
thereafter	7,071
	226,523

(14) Other receivables and other assets

(in thousand €)	12/31/2003	12/31/2002
Receivables from affiliated companies	17,386	12,197
Receivables from companies in which participations are held	2,838	–
Other assets	81,961	87,999
	102,185	**100,196**

Of the other receivables and other assets, an amount of € 49,488 thousand (prior year: € 53,301 thousand) is due after more than one year. The other assets include tax receivables from consolidation measures in the amount of € 56,012 thousand (prior year € 59,641 thousand) and receivables from current taxes in the amount of € 8,715 thousand (prior year € 12,972 thousand). Receivables from loans and advances granted to personnel amount to € 1,167 thousand (prior year € 1,209 thousand).

(15) Securities

Securities are held in an amount of € 5,569 thousand (prior year: € 5,146 thousand) to secure obligations under partial retirement agreements. These securities are money market fund shares which, however, are currently not freely available due to the security purpose. These are valued at their fair value. Currently the partial retirement obligations are completely covered.
In addition, at the balance sheet date Jungheinrich AG held shares in money market funds available at short notice in an amount of € 40,118 thousand (prior year: € 41,319 thousand. Unrealized gains from changes in fair value were booked affecting net income in the amount of € 767 thousand (prior year: € 1,317 thousand).

(16) Liquid assets

Liquid assets include bank balances, cash balances, balances at the German central bank and checks. They have an original maturity of three months or less.

(17) Prepaid expenses

The prepaid expenses consist mainly of advance payments on rents, lease payments, interest and insurance premiums.
Of the prepaid expenses of the reporting year, an amount of € 5 thousand is due after more than one year. The prepaid expenses of the prior year were all due within one year.

(18) Stockholders' equity

Number of stocks issued

The capital stock is divided into 18,000,000 no-par-value common stocks and 16,000,000 no-par-value preferred stocks without voting rights.

Treasury stock

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

Authorized capital

On the basis of a resolution passed by the general meeting and with the consent of the separate meeting of the preferred stockholders, both of which meetings were held on June 19, 2000, authorized capital has been created in the amount of € 6,000,000. In accordance with the statutes and with the consent of the Supervisory Board, in the period up to June 30, 2005 the Board of Management is since then authorized to increase the capital stock of the company by up to a total of € 6,000,000 by the issue of new bearer stocks for cash by means of either a single issue or repeat issues (authorized capital). The stocks issued shall in each case be non-voting preferred stocks. The Supervisory Board is authorized to revise the corresponding sections of the statutes of the company following a total or partial implementation of the increase in the capital stock or after the time limit of the authorization has expired.

Accumulated other comprehensive income (loss)

The accumulated other comprehensive income (loss) and its effects on taxes are as follows:

(in thousand €)	2003 Gross	2003 Tax effect	2003 Net	2002 Gross	2002 Tax effect	2002 Net
Currency translation adjustment	(1,689)	–	(1,689)	4,135	–	4,135
Minimum pension liability	6,337	334	6,671	(12,861)	50	(12,811)
Derivative financial instruments	745	(179)	566	380	16	396

In 2002, a re-classification not affecting net income was carried out between retained earnings and the currency translation adjustment in an amount of € 1,749 thousand due to the fact that the opening balance sheet was drawn up according to US-GAAP in 1998.

(19) Accrued pension liabilities and similar obligations

Pension plans

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

In countries outside Germany, pension plans for managers and employees exist at several companies. The major part of the pension claims in other countries 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 costs and the pension obligations stated in the consolidated balance sheets:

Composition of the net pension costs:

(in thousand €)	2003	2002
Service cost	5,764	7,048
Interest cost	11,609	11,686
Expected return on plan assets	– 3,839	– 4,058
Amortization of unrecognized initial net obligation	–	202
Amortization of unrecognized net actuarial losses	2,075	1,726
Net pension costs	**15,609**	**16,604**

Changes in projected benefit obligations:

(in thousand €)	12/31/2003	12/31/2002
Projected benefit obligations at beginning of year	221,403	208,746
Foreign currency exchange rate changes	– 8,160	– 5,959
Service cost	5,764	7,048
Interest cost	11,609	11,686
Employee contributions	1,478	1,354
Actuarial gains/losses	– 7,086	4,561
Benefits paid for pension obligations	– 5,846	– 6,033
Projected benefit obligations at end of year	**219,162**	**221,403**

Changes in plan assets:

(in thousand €)	12/31/2003	12/31/2002
Fair value of plan assets at beginning of year	53,125	61,015
Foreign currency exchange rate changes	– 4,191	– 3,712
Actual return (loss) on plan assets	5,635	– 8,699
Employer contributions	4,471	4,951
Employee contributions	1,478	1,354
Benefits paid for pension obligations	– 1,164	– 1,784
Fair value of plan assets at end of year	**59,354**	**53,125**

Reconciliation to the final accrued pension liabilities stated in the balance sheets:

(in thousand €)	12/31/2003	12/31/2002
Funded status of plan assets*	159,808	168,278
Unrecognized actuarial gains/losses	– 31,112	– 45,275
Net amount recognized	**128,696**	**123,003**

* Difference between projected benefit obligations and fair value of plan assets

The net amount recognized is contained in the following balance sheet items:

(in thousand €)	12/31/2003	12/31/2002
Accrued pension liabilities and similar obligations	143,628	143,799
Accumulated other comprehensive income (loss)	– 14,932	– 20,796
Net amount recognized	**128,696**	**123,003**

The accumulated benefit obligations, not taking account of compensation increases, at the end of the year 2003 have a total amount of € 202,631 thousand (prior year: € 196,586 thousand).

Assumptions on which the valuation is based: The valuation of almost all pension obligations and plan assets of Jungheinrich was carried out in autumn 2003.
The calculations of pension obligations were based on the following weighted average assumptions:

	2003	2002
Discount rate	5.6 %	5.5 %
Expected rate of compensation increase	3.4 %	3.2 %
Expected rate of pension increase	2.4 %	2.4 %

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

	2003	2002
Discount rate	5.5 %	5.8 %
Expected long-term return on plan assets	7.5 %	7.0 %
Expected rate of compensation increase	3.2 %	3.4 %
Expected rate of pension increase	2.4 %	2.4 %

(20) Other accrued liabilities

The other accrued liabilities consist of the following:

(in thousand €)	12/31/2003	12/31/2002
Tax accruals	22,253	24,148
Accrued personnel and social costs	79,680	75,434
Restructuring accruals	42,363	14,137
Accruals for outstanding incoming invoices	13,465	16,344
Accruals for warranty obligations	16,895	21,633
Other accruals	33,107	36,415
	207,763	**188,111**

Of the other accrued liabilities, an amount of € 29,454 thousand (prior year: € 30,770 thousand) is expected to be due after more than one year.

The accrued personnel and social costs relate to accruals for holiday entitlements, to early retirement arrangements, to partial retirement agreements, to anniversary obligations and to other deferred personnel costs.

The accruals for outstanding incoming invoices 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 accruals comprise accruals for pending losses, environmental risks and miscellaneous liabilities.

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

as of December 31, 2001	**22,373**
Utilizations	– 8,533
Reversals	– 3,612
Additions	3,909
as of December 31, 2002	**14,137**
Utilizations	– 8,493
Additions	36,719
as of December 31, 2003	**42,363**

The additions to the restructuring accruals in the reporting year relate to the closure expenses of MIC S.A., Rungis/France, and the closure of the plant in Leighton Buzzard/United Kingdom.

A total of some 580 employees are affected by the measures. The expenses deriving from the additions to the restructuring accruals are contained in an amount of € 31,740 thousand in the separate item for the closure expenses of MIC S.A. (cf note to (4)) and in an amount of € 4,979 thousand in the cost of sales.

Jungheinrich issues different kinds of product warranties that usually guarantee the function of a product or a service that is to be provided and that are valid for a certain guarantee period. The accruals for warranty obligations contain not only expected expense from statutory and contractual warranty claims but also expected expense for voluntary concessions and recall actions. The accruals for warranty obligations developed as follows:

as of December 31, 2002	**21,633**
Currency differences	– 269
Utilizations	– 14,468
Other changes in product warranties issued in 2003	13,908
Other changes in product warranties issued in preceding years	– 3,909
as of December 31, 2003	**16,895**

The item "Other changes in product warranties issued in 2003" covers the product-related warranty expenses of the year 2003 for materials handling equipment sold in the year 2003. The item "Other changes in product warranties issued in preceding years" comprises corrections of the warranty obligations due to the positive outcome of negotiations with components suppliers who could finally be claimed against in respect of the corresponding components covered by their product warranties vis-à-vis Jungheinrich.

(21) Financial liabilities

(in thousand €)	12/31/2003	thereof maturities up to 1 year	thereof maturities more than 5 years	12/31/2002
Bank loans and overdrafts	127,681	121,146	4,123	142,200
Leasing liabilities	76,984	24,055	28,978	68,747
Drafts and notes payable	7,715	7,715	–	5,531
	212,380	**152,916**	**33,101**	**216,478**

As of December 31, 2003, Jungheinrich has unused short-term credit lines at various banks in the amount of € 172,534 thousand (prior year: € 160,707 thousand).
The credit lines, which are predominantly utilized in the form of a Group credit line, include revolving credit facilities in an amount of € 260,852 thousand (prior year: € 268,719 thousand).
There are no restrictions on the use to which the credits are put.
Of the bank loans and overdrafts, an amount of € 7,850 thousand (prior year: € 7,859 thousand) is secured by mortgage liens.

The leasing liabilities are in connection with the financing of tangible fixed assets and trucks for short-term hire via leasing contracts which according to US-GAAP are to be classified as "capital lease" contracts. The assets must be correspondingly capitalized in the 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:

(in thousand €)	
2004	152,916
2005	10,853
2006	6,597
2007	5,029
2008	3,884
thereafter	33,101
Total	**212,380**

(22) Liabilities from financial services

(in thousand €)	12/31/2003	thereof maturities up to 1 year	thereof maturities more than 5 years	12/31/2002
Liabilities from sales deferrals	171,113	54,898	1,685	185,687
Liabilities from financing	239,379	68,623	3,360	224,110
	410,492	**123,521**	**5,045**	**409,797**

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 obligation according to US-GAAP to capitalize this ownership 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 the terms affecting sales until the residual value guarantee falls due.

The liabilities from financing result from the financing of the long-term contracts with customers with identical maturities.

According to whether the economic ownership is attributed to the Jungheinrich Group companies or not, these contracts are capitalized 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 contracts, are due in the next five years and thereafter as follows:

(in thousand €)	
2004	68,623
2005	59,370
2006	52,775
2007	36,685
2008	18,566
thereafter	3,360
Total	**239,379**

(23) Trade accounts payable

All trade accounts payable are due within one year.

(24) Other liabilities

(in thousand €)	12/31/2003	thereof maturities up to 1 year	thereof maturities more than 5 years	12/31/2002
Payables to affiliated companies	850	850	–	786
Payables to companies in which participations are held	778	778	–	1,779
Other liabilities	38,665	38,140	–	45,509
	40,293	**39,768**	**–**	**48,074**

Included in other liabilities are amounts from taxes of € 13,653 thousand (prior year: € 18,577 thousand) and social security payables of € 14,369 thousand (prior year: € 14,346 thousand). Furthermore, this item includes liabilities to employees of € 1,375 thousand (prior year: € 2,049 thousand) and payables deriving from long-term contracts of € 438 thousand (prior year: € 0 thousand) that are valued according to the PoC method.

(25) Deferred income

Deferred income mainly includes deferrals of income from the financing of trucks for leasing under sale-and-lease-back arrangements. The deferrals of income are reduced pro rata temporis over the term of the leasing contracts.
Of the deferred income, amounts totalling € 24,545 thousand (prior year: € 27,884 thousand) are due after more than one year.

Notes to the consolidated statements of cash-flows

(26) Consolidated statements of cash-flows

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 disposable securities of Jungheinrich Aktiengesellschaft with an original maturity of three months or less in an amount of € 40,118 thousand (prior year: € 41,319 thousand).
The following payments are included in cash provided by operating activities:

(in thousand €)	2003	2002
Interest paid	22,688	22,662
Income taxes paid	11,983	9,313

Other notes

(27) 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 expenses. 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 expenses 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 income, the resultant contingent obligations will in our estimation have no major impact on the consolidated financial position.

(28) Contingencies and commitments

(in thousand €)	12/31/2003	12/31/2002
Contingent liabilities from discounted bills of exchange	7,136	9,770
Liabilities from guarantees	9,722	3,301
	16,858	**13,071**

The liabilities from guarantees result above all from letters of comfort issued to banks to secure the credit lines of non-consolidated affiliated companies. The maturity of these guarantees always corresponds to the maturity of the corresponding liabilities of the non-consolidated affiliated companies. The parent company of the Group, Jungheinrich Aktiengesellschaft, has also issued letters of comfort to secure the credit lines of consolidated affiliated companies in the amount of € 131,097 thousand. All intercompany guarantees are eliminated within the framework of the consolidation and are therefore not included in the above table. At the balance sheet date there were no amounts to be carried as accrued liabilities for the contingencies shown. Jungheinrich regularly initiates voluntary service and recall actions in order to ensure customer satisfaction, safety and compliance with environmental standards in respect of the trucks sold. The Group forms accruals for product warranty at the time when the products are sold based on past experience. These accruals relate to the assessment of the extent to which warranty obligations must be met in the future and of the cost involved (cf also note to (20)). 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 involved or the nature of the measures to be initiated, which may result in adjustments to the accruals formed. It cannot be excluded that the ultimate cost of these actions may exceed the accruals formed for this purpose in a manner that cannot be foreseen. Although actual expenses in the reporting period of the adjustments to the accruals may have a major influence on the Jungheinrich income, the resultant contingent obligations will in our estimation have no major impact on the consolidated financial position.

Rental and leasing contracts

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

(in thousand €)	
2004	27,831
2005	17,181
2006	12,357
2007	7,546
2008	3,334
thereafter	2,810
Total	**71,059**

Total expenses from this for the year 2003 amount to € 30,708 thousand (prior year: € 32,541 thousand).

(29) 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:

(in thousand €)	12/31/2003	12/31/2002
Currency hedging contracts	93,961	54,982
Interest rate hedging contracts	32,005	32,005

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.

Fair values of financial instruments

The fair value of a financial instrument is the price at which the particular instrument could have been sold in the market at the balance sheet date. The fair values were calculated on the basis of the market information available at the balance sheet date 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 realized in the market.

The fair 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 fair 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:

(in thousand €)	12/31/2003	12/31/2002
Assets		
Currency hedging contracts	1,070	831
Liabilities		
Currency hedging contracts	377	477
Interest rate hedging contracts	617	885

The capitalized amount for the currency hedging contracts forms part of the balance sheet item “Other assets”. The amounts for currency hedging contracts and for the interest rate hedging contracts that are carried as liabilities are contained in the item “Other liabilities”.

Unrealized losses from changes in the fair value of derivative financial instruments resulting from the non-effectiveness of hedging transactions or from the non-examination of hedging transactions for their hedging effectiveness are, in accordance with SFAS 133, included in the statement of income for the year 2003 in an amount of € 139 thousand affecting net income. No profits or losses existed deriving from hedged transactions that have become unlikely.

(30) 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 materials handling equipment, 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. Net sales are shown according to consignee regions and product groups. The long-term assets, capital expenditures and depreciation all relate to the fixed assets not including trucks for short-term hire and for leasing and not including the financial assets.

Net sales by regions

(in thousand €)	2003	2002
Germany	407,303	417,227
Rest of Europe	1,018,301	1,008,497
Other countries	45,269	50,167
	1,470,873	**1,475,891**

Net sales by product groups

(in thousand €)	2003	2002
New products	754,113	800,226
Income from short-term hire and from sales of used equipment	224,513	224,373
After-sales service	486,848	465,500
	1,465,474	**1,490,099**
Adjustments for financial services and miscellaneous	5,399	– 14,208
	1,470,873	**1,475,891**

Further segment information by regions:

	Germany	Rest of Europe	Other countries	Consoli-dation	**Total**
Long-term assets as of 12/31/2003 (thousand €)	126,933	75,691	204	2,638	**205,466**
Capital expenditures (thousand €)	31,442	29,858	40	–	**61,340**
Depreciation (thousand €)	17,114	17,149	89	–	**34,352**
Employees as of 12/31/2003 (number)	4,452	4,743	38	–	**9,233**

(31) Earnings per share

No adjustments have been made to the consolidated earnings for the purpose of calculating the earnings per share. Consolidated earnings correspond to the stated Group net income.

	2003	2002
Consolidated earnings (in thousand €)	21,131	53,746
Weighted average of the issued shares (thousand shares)	33,640	33,640
Earnings per share (€)	**0.63**	**1.60**

Earnings per share are based on the weighted average of the number of the issued individual share certificates (common and preferred stock).
In the fiscal years 2003 and 2002, no equity instruments existed that dilute the earnings per share on the basis of the shares issued.

(32) Events after the balance sheet date

No events of major importance occurred after the balance sheet date.

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

In December 2003, the Board of Management and the Supervisory Board issued the declaration of conformance in accordance with § 161 German Stock Corporation Law and thereafter made this permanently accessible to the stockholders 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 commercial 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 prudence and the protection of creditors in the foreground, the priority objective of US accounting is the supply of information that is relevant to stockholder 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.

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 balance sheet date must not be taken into account. According to US-GAAP, currency gains are to be realized.

Goodwill

According to the US regulations, acquired goodwill must be capitalized. Direct offsetting against stockholders' equity as is possible under German commercial law is not permissible. From January 1, 2002, goodwill and intangible assets with an indeterminable useful life are no longer amortized but are tested at least once a year to verify their recoverability.

Leasing

The capitalization of leased equipment 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 capitalizes the leased equipment 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 capitalize deferred taxes 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 liabilities in the tax balance sheet and the consolidated financial statements, based on the expected rate of taxation at the end of the reporting period 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 recoverability of deferred tax assets is not assured, then a valuation allowance must be made in respect of these. The decisive criterion for assessing the recoverability is whether it is "more likely than not" that these assets will actually be realized in the future.

Treasury stock

According to HGB, treasury stock is stated on the assets side of the balance sheet under a separate item. Corresponding to this, a reserve is formed in the stockholders' equity. According to US-GAAP, treasury stock is set off against stockholders' equity.

Accrued pension liabilities

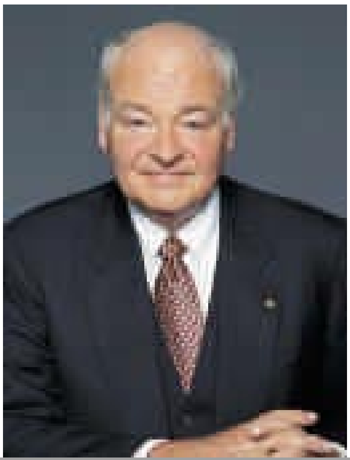
In contrast to the German tax-related going-concern value method, accruals for pensions are calculated taking account of the expected rate of compensation increases. The calculation is not based on a taxation-oriented discount rate of 6 % but on a capital market rate for long-term bonds.

Fundamental differences exist between German and other European companies with regard to the form and financing of company pension plans.

Whereas e. g. in United Kingdom the company pension plan is usually organized via external pension funds, German companies make provision for pensions in their balance sheet by forming accruals for future pension 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 internal obligations and for deferred maintenance are not permissible according to US-GAAP.



Report of the Supervisory Board

During the reporting year, 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 of the Board of Management about the course of the affairs and the development of the company and the Group as well as about 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 statutes of the company or the internal rules of procedure of the Board of Management require the consent of the Supervisory Board.
There are four committees of the Supervisory Board. The personnel committee of the Supervisory Board held five meetings in the fiscal year 2003, the finance and controlling committee met four times and the committee for the product line IC engine powered forklift trucks came together four times. The joint committee with equal representation between employers and employees did not meet during the reporting period.
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 view of the ongoing difficult economic situation and the weak demand for materials handling equipment, the Supervisory Board arranged for possibilities for a further improvement of the result situation to be examined. Accordingly, in the fiscal year 2003 the Supervisory Board was kept especially closely informed about the development of business at the com-

panies Boss Manufacturing Limited in United Kingdom and MIC S.A. in France. The transfer of the production of the plant in Leighton Buzzard, United Kingdom, to Jungheinrich Moosburg GmbH, Germany, that was resolved in February 2003 was a first major step. The Supervisory Board kept itself constantly informed about the implementation of the transfer. The resolution to terminate the business activities of MIC S.A. and to close its plant in Argentan, which was taken in December 2003, was reached after the Supervisory Board had been constantly informed in the course of the year 2003 about the persistent loss situation of MIC S.A. and about the likelihood of continuing pressure on prices in the field of hand pallet trucks.

The recommendations of the Corporate Governance Code were thoroughly discussed in the Board of Management and the Supervisory Board and both bodies declare that the recommendations of the "Government Commission German Corporate Governance Code" are complied with by Jungheinrich in almost all points and were so complied with in the past. The recommendations of the Corporate Governance Code were taken into account in the internal rules of procedure for the Supervisory Board and the Board of Management.

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 fiscal year 2003 have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Hamburg. The auditors stated no reservations and confirmed this by issuing an unqualified auditor's certification of the financial statements.

The consolidated financial statements as of 31st December 2003 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 of the Board of Management regarding the appropriation of the profit for the year. At the meeting of the Supervisory Board on 6th April 2004, the Wirtschaftsprüfer who signed the annual financial statement and the consolidated financial statements 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 statements. On the basis of its own examination of the annual financial statement, of the management report, of the consolidated financial statements and of the Group management report, the Supervisory Board approves the result of the audit by the Wirtschaftsprüfer. At its meeting on 6th April 2004, it approved the annual financial statement and the consolidated financial statements as of 31st December 2003. The annual financial statement is thereby finalized. The Supervisory Board endorses the proposal of the Board of Management regarding the appropriation of the balance sheet profit.

At the end of 2003, Dr. Dieter Helmke, the member of the Board of Management with special responsibility for sales and distribution, retired after having worked in the Group for more than 30 years. The Supervisory Board is deeply grateful to Dr. Helmke for his many years of successful work.

The Supervisory Board thanks all employees for their dedicated work to the benefit of the company and the shareholders.

Dr. D. Schulz 6th April 2004

The Supervisory Board

Consul Dr. Dietrich Schulz
Chairman
Businessman

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

Detlev Böger
Deputy Chairman
Labour Union Secretary

Further offices held
Supervisory Board:
Rheinmetall Defence Electronics GmbH,
Bremen (from May 2003)

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
(until 30.09.2003)
Chairman of EXIDE Europe S.A., Paris
(until 30.09.2003)

Further offices held
Supervisory Board:
Hagen Batterie AG, Soest (Chairman)
Deutsche EXIDE GmbH, Büdingen (Chairman)
(from 1.11.2003)
CEAG AG, Bad Homburg (Deputy 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)
Heinrich AG, Essen

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

Besides having individual control functions in Group companies and in associated companies, the members of the Board of Management of Jungheinrich Aktiengesellschaft, are also members of the following supervisory boards and comparable German and foreign control bodies that are required to be formed by law:

Dr. Cletus von Pichler
Chairman of the Board of Management

External offices held
Supervisory Board:
Krauss-Maffei Process Technology AG, Munich
Minimax Management GmbH, Bad Oldesloe (from 11.02.2004)

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

Dr. Dieter Helmke
Member of the Board of Management
(until 31.12.2003)

Dr. Erich Kirschneck
Member of the Board of Management

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

Dr. Michael Lüer
Member of the Board of Management

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

Matthias Fischer
Deputy member of the Board of Management
(01.07.2003 until 31.12.2003)
Member of the Board of Management
(from 01.01.2004)

MAJOR OPERATING COMPANIES OF THE JUNGHEINRICH GROUP

Name and Corporate Seat of the Company	Share in capital %	Sales 2003 (in million €)	Net income (loss) 2003 (in million €)	Employees (12/31/2003)
Affiliated Companies				
Jungheinrich Aktiengesellschaft, Hamburg	–	761.0	34.6	3,648
Jungheinrich Moosburg GmbH, Moosburg	100	212.0	6.2	788
Jungheinrich Financial Services GmbH, Hamburg	100	66.8	0.2	16
Jungheinrich France SAS, Vélizy-Villacoublay, France	100	235.9	– 11.6	924
Mécanique Industrie Chimie MIC S.A., Rungis, France	100	60.0	– 39.0	371
Jungheinrich (UK) Ltd., Manchester, United Kingdom	100	188.2	4.4	939
Boss Manufacturing Ltd., Leighton Buzzard, United Kingdom	100	55.0	– 8.7	145
Jungheinrich Italiana S.r.l., Trezzano, Milan, Italy	100	155.3	1.6	695
Jungheinrich España SA, Abrera, Barcelona, Spain	100	61.9	1.4	305
Jungheinrich Nederland BV, Alphen a.d. Rijn, Netherlands	100	63.0	4.2	242
Jungheinrich GmbH, Hirschthal, Switzerland	100	61.0	3.5	188
Jungheinrich n.v./s.a., Leuven, Belgium	100	46.0	2.1	172
Jungheinrich Austria Vertriebsges.mbH., Vienna, Austria	100	49.7	2.7	212
Jungheinrich Polska Sp. Z.o.o., Warsaw, Poland	100	24.6	2.4	125
Jungheinrich Norge A/S, Oslo, Norway	100	26.2	– 0.2	101
Jungheinrich (ČR) s.r.o., Prague, Czech Republic	100	26.1	1.0	106
Jungheinrich Svenska AB, Malmö, Sweden	100	19.6	0.4	82
Jungheinrich Hungária Kft., Budaörs, Budapest, Hungary	100	15.3	1.6	58
Jungheinrich Danmark A/S, Tåstrup, Denmark	100	10.2	– 0.6	46
Multiton MIC Corporation, Richmond, Virginia, USA	100	9.0	– 1.1	38
Associated Companies				
JULI Motorenwerk k.s., Moravany/Brno, Czech Republic	50	51.1	2.4	393
Supralift GmbH & Co. KG, Hofheim/Ts.	50	0.6	– 1.4	9

Sales and the net income (loss) are based on the annual financial statements prepared in accordance with the laws of the particular country.

Sales and the net income (loss) are converted at the annual average exchange rate.

FIVE-YEAR OVERVIEW OF THE JUNGHEINRICH GROUP

		1999	2000	2001	2002	2003
Incoming orders, production and sales						
Incoming orders[1]	million €	1,426	1,559	1,576	1,493	1,476
Production of materials handling equipment	units	56,900	64,600	65,500	54,700	59,200
Net sales	million €	1,353	1,515	1,551	1,476	1,471
thereof in Germany	million €	459	488	476	417	407
thereof abroad	million €	894	1,027	1,075	1,059	1,064
Foreign ratio	%	66	68	69	72	72
Employees						
Total	Dec. 31	8,991	9,239	9,288	9,248	9,233
thereof in Germany	Dec. 31	4,287	4,436	4,519	4,427	4,452
thereof abroad	Dec. 31	4,704	4,803	4,769	4,821	4,781
Capital expenditures on fixed assets						
Capital expenditures on fixed assets[2]	million €	35	33	32	36	61
Research and development expenses	million €	27	28	28	30	33
Assets and liabilities structure						
Fixed assets	million €	446	492	538	509	501
thereof trucks for leasing from financial services	million €	128	158	188	191	178
Current assets	million €	898	903	933	976	997
thereof receivables from financial services	million €	135	146	152	188	202
thereof liquid assets and securities	million €	184	152	185	204	210
Total assets	million €	1,344	1,395	1,471	1,485	1,498
Capital structure						
Stockholders' equity	million €	264	282	316	346	358
thereof capital stock	million €	102	102	102	102	102
Accrued pension liabilities	million €	116	123	124	144	144
Other accrued liabilities	million €	130	178	195	188	208
Financial liabilities	million €	331	251	238	216	212
Liabilities from financial services	million €	291	347	397	410	410
Other liabilities	million €	212	214	201	181	166
Total capital	million €	1,344	1,395	1,471	1,485	1,498
Income statement						
Earnings before interest, taxes, depreciation and amortization (EBITDA)	million €	137	166	189	202	194
Earnings before interest and taxes (EBIT)	million €	52	55	70	74	78[3]
Earnings before taxes (EBT)	million €	41	47	67	73	38[4]
Net income	million €	9	32	39	54	21[4]
Earnings per share	€	0.25	0.94	1.16	1.60	0.63[4]
Dividend per share – Common stock	€	0.36	0.36	0.39	0.39	0.39[5]
– Preferred stock	€	0.42	0.42	0.45	0.45	0.45[5]

[1] Sales of new products, after-sales service, short-term hire and used trucks

[2] Not including trucks for short-term hire and leasing and financial assets

[3] Not including closure expenses MIC S.A.

[4] Including closure expenses MIC S.A.

[5] Proposal

		1999	2000	2001	2002	2003
Key financial data						
Equity ratio	%	20	20	21	23	24
Equity to fixed assets ratio	%	83	84	90	109	111
EBIT return on sales (ROS)	%	3.9	3.6	4.5	5.0	5.3
EBIT return on capital employed (ROCE)	%	13	15	19	21	22
Return on equity after income taxes	%	3	12	13	16	6[5]
Return on total capital employed	%	3	5	6	7	4[5]
Dynamic indebtedness ratio	years	1.0	0.6	0.2	< 0.1	–
Net gearing	%	54	32	14	1	–
Equity turnover	years	1.0	1.1	1.1	1.0	1.0

Explanatory notes to the key financial data

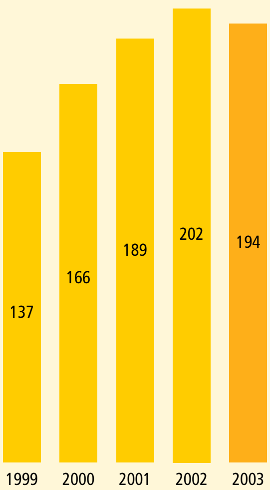
Equity ratio	Stockholders' equity : total capital x 100
Equity to fixed assets ratio	Stockholders' equity : fixed assets (not including trucks for leasing from financial services) x 100
EBIT return on sales (ROS)	EBIT : net sales x 100
EBIT return on capital employed (ROCE)	EBIT : employed interest-bearing capital[6] x 100
Return on equity after income taxes	Net income : average stockholders' equity x 100
Return on total capital employed	Net income + interest expenditure : average total capital x 100
Dynamic indebtedness ratio	Net indebtedness[7] : EBITDA
Net gearing	Net indebtedness[7] : stockholders' equity x 100
Equity turnover	Net sales : average total capital

[6] Stockholders' equity + financial liabilities – bills receivable – accounts receivable from affiliated companies – cash and cash equivalents

[7] Financial liabilities – bills receivable – accounts receivable from affiliated companies – cash and cash equivalents

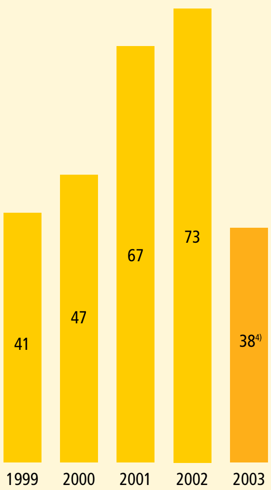
EBITDA

in million €



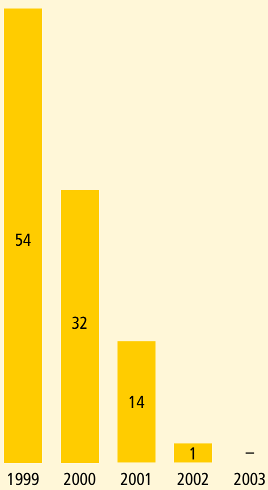
EBT

in million €



Net Gearing

in %



Dates 2004

Balance sheet press conference Hamburg	April 20, 2004, 10.00 a.m.
Analysts Conference Frankfurt am Main	April 21, 2004, 10.00 a.m.
Interim report on the first quarter of 2004	May 11, 2004
Annual General Meeting Congress Centrum Hamburg (CCH)	June 2, 2004, 10.00 a.m.
Dividend payment	June 3, 2004
Interim report on the first half of 2004	August 10, 2004
Interim report on the third quarter of 2004	November 9, 2004

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