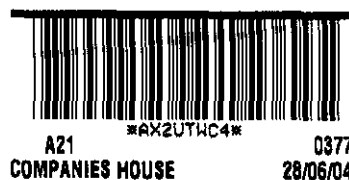


Linde Trifik Limited
(formerly Lansing Linde Trifik Limited)

**Directors' report and financial
statements**

Registered number 2791930

31 December 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities and future developments

The principal activity of the company during the year was dealing in and undertaking specialised servicing and maintenance of mechanical handling equipment. The company will continue to develop its business in line with current activities.

Business review

The directors are of the opinion that the trading results for the year under review are in line with their expectations. The results are detailed on page 4.

On 1 December 2003 the company changed its name from Lansing Linde Trifik Limited to Linde Trifik Limited.

Dividend

The directors do not recommend the payment of a dividend (2002: £nil).

Directors

The directors who served during the year were as follows:

RL Burt
GR Smith
FC Whitby
WD Geuecke
SG Moule (appointed 7 January 2003)

Directors' interests

The interests of RL Burt and FC Whitby in the share capital of Trifik Services Limited are disclosed in the directors' report of that company. Trifik Services Limited holds 68% of the share capital of the company.

According to the register of directors' interests, none of the directors who held office at the year end had any disclosable interest in the shares of the company or rights to subscribe for shares in, or debentures of, the company.

Auditor

In accordance with section 384 of the Companies Act, a resolution for the reappointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



PJ Simmonds
Secretary

Kingsclere Road
Basingstoke
Hampshire
RG21 6XJ

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of Linde Triflik Limited (formerly Lansing Linde Triflik Limited).

We have audited the financial statements on pages 4 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditor*

30 Apr 2004

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Turnover		23,296	21,027
Cost of sales		(16,680)	(17,160)
Gross profit		6,616	3,867
Selling and distribution costs		(4,401)	(3,100)
Administrative expenses		(1,764)	(2,015)
Operating profit/(loss)	2-5	451	(1,248)
Profit on sale of fixed assets	3	219	44
Interest receivable and similar income	6	18	13
Interest payable and similar charges	7	(598)	(708)
Profit/(loss) on ordinary activities before taxation		90	(1,899)
Tax on profit/(loss) on ordinary activities	8	29	178
Profit/(loss) for the financial year		119	(1,721)
Retained loss brought forward		(2,648)	(927)
Retained loss carried forward	17	(2,529)	(2,648)

The results for the current and preceding year represent the results of continuing operations.

Balance sheet
at 31 December 2003

	<i>Note</i>	2003	2002
		£000	£000
Tangible fixed assets	9	7,787	7,836
Current assets			
Residual interest in assets transferred for only part of their life	10	4,157	4,131
Stocks	11	3,944	4,854
Debtors	12	4,500	5,365
Cash at bank and in hand		129	20
		<hr/>	<hr/>
Creditors: amounts falling due within one year	13	12,730 (5,495)	14,370 (7,224)
		<hr/>	<hr/>
Net current assets			
Due within one year		3,981	4,011
Due after more than one year		3,254	3,135
		<hr/>	<hr/>
		7,235	7,146
		<hr/>	<hr/>
Total assets less current liabilities		15,022	14,982
Creditors: amounts falling due after more than one year	14	(15,135)	(15,781)
Provisions for liabilities and charges	15	-	-
		<hr/>	<hr/>
Net liabilities		(113)	(799)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	1,433	1,433
Property revaluation reserve	17	983	416
Profit and loss account	17	(2,529)	(2,648)
		<hr/>	<hr/>
Equity shareholders' deficit		(113)	(799)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30/04/04 and were signed on its behalf by:



RL Burt
Director

Cash flow statement
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
<i>Reconciliation of operating profit/(loss) to net cash flow from operating activities</i>			
Operating profit/(loss)		451	(1,248)
Depreciation charges	9	1,260	1,467
Decrease in stocks		910	606
Decrease in debtors		865	1,313
(Decrease)/increase in creditors		(1,484)	358
Net cash inflow from operating activities		2,002	2,496

Cash flow statement

Cash flow from operating activities		2,002	2,496
Returns on investments and servicing of finance	19(a)	(580)	(763)
Taxation		29	-
Capital expenditure	19(b)	(425)	(803)
Cash inflow before financing		1,026	930
Financing	19(c)	(917)	(961)
Increase/(decrease) in cash in the year		109	(31)

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the year		109	(31)
Cash to repay loans		719	700
Finance lease repayment		199	261
Change in net debt resulting from cash flows		1,027	930
New finance leases entered into during the year		-	(73)
Reclassification of loan interest		-	(671)
Sale of tax losses to Group resulting in a reduction in net debt		-	87
Movement in net debt in the year		1,027	273
Net debt at the start of the year		(12,779)	(13,052)
Net debt at the end of the year	20	(11,752)	(12,779)

Statement of total recognised gains and losses
for the year ended 31 December 2003

	2003 £000	2002 £000
Profit/(loss) for the financial year	119	(1,721)
Unrealised surplus on revaluation of properties	567	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	686	(1,721)
Prior year adjustment in respect of adoption of Financial Reporting Standard 19 'Deferred Tax'	-	(91)
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	686	(1,812)
	<hr/>	<hr/>

Reconciliation of movements in shareholders' deficit
for the year ended 31 December 2003

	2003 £000	2002 £000
Opening shareholders' funds:		
As previously stated	(799)	1,013
Prior year adjustment in respect of adoption of Financial Reporting Standard 19	-	(91)
	<hr/>	<hr/>
As restated	(799)	922
Profit/(loss) for the financial year	119	(1,721)
Unrealised surplus on revaluation of properties	567	-
	<hr/>	<hr/>
Closing shareholders' deficit	(113)	(799)
	<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 31 December 2003

	2003 £000	2002 £000
Reported profit/(loss) on ordinary activities before taxation	90	(1,899)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	25	25
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	115	(1,874)
	<hr/>	<hr/>
Historical cost profit/(loss) for the year retained after taxation	144	(1,696)
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention (modified to include the revaluation of land and buildings).

The financial statements have been prepared under the going concern basis. The company is reliant for its working capital on funds provided through a loan account by Linde Holdings Limited, a 32% shareholder in the company. The directors believe that the company will continue to have access to adequate funding via this loan account to enable it to continue to operate as a going concern.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	50 years
Leasehold improvements	-	10 years
Plant & machinery & office equipment	-	5 years
Motor vehicles	-	4 to 5 years
Hire fleet	-	7 years to a 10% residual

Pension costs

The company contributes to two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge for the year represents contributions payable by the company to the schemes.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred Tax'.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. The turnover and pre-tax profit is all attributable to the principal activity of the company and all goods have been sold and services provided in the United Kingdom.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Sale and repurchase agreements

Where the company has entered into an arrangement whereby fork lift trucks and ancillary equipment are sold to a finance house which leases them on to the end user, and on termination of the lease the company repurchases the equipment, the company has treated the transaction as having disposed of the equipment for only part of its life.

The company's residual interest in the value of the equipment together with related obligations to repurchase them at a guaranteed residual value is therefore recognised in the balance sheet. In addition, the profit on sale is deferred in proportion to the residual value retained. This is recognised on the ultimate sale of the equipment following its repurchase from the finance house or, in the event that the equipment is not repurchased, on termination of the lease arrangement between the finance house and the end user.

Tax liabilities on future sale of properties

The surplus on revaluation of properties is included in reserves. No provision has been made for any tax which might be payable in the event of future sales of assets at book values. However, as the properties are held for the long term, it is not anticipated that a significant proportion of this contingent liability will become payable in the near future. The potential liability is quantified in note 22 to the financial statements.

2 Operating profit/ (loss)

	2003 £000	2002 £000
<i>The operating profit/ (loss) is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit work	26	31
Other	6	8
Depreciation	1,260	1,467
Plant hire	171	261
Hire of other assets - operating leases	535	38
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Profit on sale of fixed asset

During the year, the company entered into a sale and leaseback agreement for their motor vehicle fleet, excluding the Heavy Goods Vehicles. This transaction resulted in a profit on disposal of £219,000. The directors do not believe that any tax will need to be paid in relation to this transaction.

4 Remuneration of directors

	2003 £000	2002 £000
<i>Directors' emoluments:</i>		
Remuneration	339	349
Company contributions to money purchase pension schemes	60	61
	<u>399</u>	<u>410</u>

The aggregate of emoluments of the highest paid director was £148,737 (2002: £170,708) and company pension contributions of £29,780 (2002: £29,648) were made to a money purchase scheme on his behalf.

	Number of directors 2003	2002
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2003	2002
Office and management	25	26
Service and production	198	184
	<u>223</u>	<u>210</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2003 £000	2002 £000
Wages and salaries	5,053	4,800
Social security costs	544	423
Pension contributions	171	163
	<u>5,768</u>	<u>5,386</u>

6 Interest receivable and similar income

	2003 £000	2002 £000
Bank deposit interest	18	13
	<u>18</u>	<u>13</u>

7 Interest payable and similar charges

	2003 £000	2002 £000
On hire purchase and finance lease agreements	11	37
On loan interest	587	671
	<u>598</u>	<u>708</u>

8 Taxation

Analysis of charge in period

	2003 £000	2002 £000
<i>UK corporation tax</i>		
Credit from transfer of tax losses to other group undertakings	(29)	(87)
	<u>(29)</u>	<u>(87)</u>
Total current tax credit	(29)	(87)
	<u>(29)</u>	<u>(87)</u>
Deferred tax credit (see note 15)	-	(91)
	<u>-</u>	<u>(91)</u>
Tax on loss on ordinary activities	(29)	(178)
	<u>(29)</u>	<u>(178)</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The tax charge for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30% , 2002: 30%). The differences are explained below.

	2003 £000	2002 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	90	(1,899)
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	27	(570)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	14
Income not taxable	(268)	-
Movement in accelerated capital allowances	73	237
Increase in losses carried forward	136	123
Losses surrendered to group companies	(29)	117
Items treated as disallowable	34	(11)
Other timing differences	(2)	3
	<hr/>	<hr/>
Total current tax credit (see above)	(29)	(87)
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Freehold property	Leasehold improvements	Plant and machinery and office equipment	Motor vehicles	Hire fleet	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 January 2003	2,288	30	1,205	2,223	8,153	13,899
Additions in the year	5	-	94	-	2,116	2,215
Revaluation	87	-	-	-	-	87
Disposals in the year	-	-	(7)	(2,003)	(2,126)	(4,136)
At 31 December 2003	2,380	30	1,292	220	8,143	12,065
Depreciation						
At 1 January 2003	406	22	853	1,496	3,286	6,063
Provided during year	74	3	182	74	927	1,260
Revaluation	(480)	-	-	-	-	(480)
Disposals in the year	-	-	(4)	(1,380)	(1,181)	(2,565)
At 31 December 2003	-	25	1,031	190	3,032	4,278
Net book value						
At 31 December 2003	2,380	5	261	30	5,111	7,787
At 31 December 2002	1,882	8	352	727	4,867	7,836

Included within tangible fixed assets are assets with a net book value of £nil (2002: £396,000) held under hire purchase contracts. The depreciation for the period on these assets was £58,000 (2002: £132,000).

On 23 April 2004, an independent external valuation of the freehold property was carried out by Barton-Rix, Chartered Surveyors, 39 Stukeley Street, London WC2B 5LT. These were valued on the basis of open market value of the property with vacant possession available on completion.

The historical cost of the properties stated at valuation is approximately £1,246,000.

Notes (continued)

10 Residual interest in assets transferred for only part of their life

	2003 £000	2002 £000
<i>Fork lift trucks and ancillary equipment:</i>		
Due within one year (note 13)	903	996
Due within two to five years (note 14)	3,241	3,089
Due in more than five years (note 14)	13	46
	<hr/> 4,157 <hr/>	<hr/> 4,131 <hr/>

11 Stocks

	2003 £000	2002 £000
New and used equipment	981	1,904
Spares and consumables	2,963	2,950
	<hr/> 3,944 <hr/>	<hr/> 4,854 <hr/>

In the opinion of the directors, the replacement cost of stocks is not materially different from the above amounts.

12 Debtors

	2003 £000	2002 £000
Trade debtors	3,807	4,235
Prepayments and accrued income	681	1,118
Corporation tax recoverable	12	12
	<hr/> 4,500 <hr/>	<hr/> 5,365 <hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2003 £000	2002 £000
Obligations under repurchase agreements (notes 10 & 22)	903	996
Finance leases - hire purchase	-	152
Trade creditors	3,637	5,283
Other creditors including tax and social security	541	183
Accruals and deferred income	414	610
	<u>5,495</u>	<u>7,224</u>

14 Creditors: amounts falling due after more than one year

	2003 £000	2002 £000
Loan	11,881	12,600
Finance leases - hire purchase	-	46
Obligations under repurchase agreements (notes 10 & 22)	3,254	3,135
	<u>15,135</u>	<u>15,781</u>

The loan of £11,881,000 is secured by a fixed and floating charge over the company's assets and is provided by a related party, see note 23. This loan bears interest at 1% above base rate and the term of the loan is to 31 May 2007.

Analysis of finance lease creditors falling due after more than one year:

	2003 £000	2002 £000
Repayable in 1 to 2 years	-	36
Repayable in 2 to 5 years	-	10
	<u>-</u>	<u>46</u>

15 Provisions for liabilities and charges

	Deferred tax 2003 £000	Deferred tax 2002 £000
At beginning of year	-	(91)
Credit to the profit and loss for the year	-	91
	<u>-</u>	<u>-</u>
At end of year	-	-

Notes (continued)

15 Provisions for liabilities and charges (continued)

The elements of unrecognised deferred tax are as follows:

	2003 £000	2002 £000
Tax losses carried forward	506	400
Accelerated capital allowances	(103)	31
Other timing differences	8	9
	<hr/>	<hr/>
Undiscounted unrecognised provision for deferred tax	411	440
	<hr/>	<hr/>

The directors do not believe it is prudent to recognise a deferred tax asset at the current time.

16 Share capital

	2003 £000	2002 £000
<i>Authorised</i>		
Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,433	1,433
	<hr/>	<hr/>

17 Reserves

	Revaluation Reserve £000	Profit and loss account £000
At beginning of year	416	(2,648)
Movement during the financial year	567	119
	<hr/>	<hr/>
At the end of the year	983	(2,529)
	<hr/>	<hr/>

Notes (continued)

18 Pension costs

The company contributes to two money purchase schemes in the UK, the assets of which are held in separate trustee administered funds. With effect from 31 January 2001 the company ceased its participation in a defined benefit scheme although existing members of that scheme could retain their accrued benefits in the scheme. Further information regarding this scheme, including Financial Reporting Standard 17 disclosure, may be found in the financial statements of Linde Materials Handling Limited (formerly Lansing Linde Limited).

The total pension cost for the company was £171,000 (2002: £163,000).

19 Analysis of cash flows for headings netted in the cash flow statement

a) Returns on investments and servicing of finance

	2003 £000	2002 £000
Interest received	18	13
Interest paid	(587)	(739)
Interest element of finance lease rental payments	(11)	(37)
	<u>(580)</u>	<u>(763)</u>

b) Capital expenditure

	2003 £000	2002 £000
Payments to acquire tangible fixed assets	(2,215)	(1,367)
Sale of tangible fixed assets	1,790	564
	<u>(425)</u>	<u>(803)</u>

c) Financing

	2003 £000	2002 £000
Capital element of finance lease rental payments	(198)	(261)
Repayment of amounts borrowed	(719)	(700)
	<u>(917)</u>	<u>(961)</u>

Notes (continued)

20 Analysis of net debt

	At beginning of year £000	Cash flow £000	Non cash movements £000	At end of year £000
Cash in hand, at bank	20	109	-	129
Debt due after one year	(12,600)	719	-	(11,881)
Finance leases	(199)	199	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(12,779)	1,027	-	(11,752)
	<hr/>	<hr/>	<hr/>	<hr/>

21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2003		2002	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	248	-	-
In the second to fifth years inclusive	38	131	38	-
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	38	379	38	-
	<hr/>	<hr/>	<hr/>	<hr/>

22 Obligations and contingent liabilities

The company is committed to buy back certain assets sold to a finance company who subsequently leased them to third parties, at guaranteed residual values which amounted to £5,246,000 (undiscounted) as at 31 December 2003 (2002: £5,261,000). These obligations are included within creditors in the accounts at their discounted values (see note 13 and note 14).

There is a contingent liability in respect of tax on property sales if these were to be made at current valuation. The maximum amount of such contingent liability would not exceed £230,000 at 31 December 2003 (2002: £100,000).

23 Related party transactions

Linde Trifik Limited is a main dealer solely for Linde forklift trucks.

These forklift trucks, and the spare parts therefore, are supplied exclusively by wholly owned subsidiaries of Linde Holdings Limited.

Linde Holdings Limited owns 32% of the issued ordinary share capital of Linde Trifik Limited.

Notes (continued)

23 Related party transactions (continued)

The transactions with Linde Holdings Limited and its wholly owned subsidiaries during the year were as follows:

	2003 £000	2002 £000
Purchase of goods for resale	9,481	12,552
Interest payable on loans	587	671
	<u>10,068</u>	<u>13,223</u>

The balances outstanding within these related parties at the year end were as follows:

	2003 £000	2002 £000
Trade debtors	1,608	1,056
Trade creditors due within one year	(2,795)	(4,355)
Other debtors due within one year	244	-
Other creditors due in more than one year	(11,881)	(12,600)
	<u>(12,824)</u>	<u>(15,899)</u>

24 Ultimate parent company

The ultimate parent company is Trifik Services Limited, registered in England and Wales. Copies of the accounts of Trifik Services Limited can be obtained from Linde Trifik Limited, Unit 1, Charlton Mead Lane, Hoddesdon, Hertfordshire, EN11 0DJ.