



# THE BUSINESS

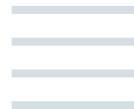
in figures



The Entrepreneurs' Group



L. Possehl & Co. mbH is a group of medium-sized industrial companies managed in Hanseatic tradition. In our more than 130 companies we employ more than 10,000 people worldwide, with over half of them based in Germany. Our companies preserve and maintain their unique identity and continue to develop independently within our Group. As a successful and diversely positioned Group spanning 165 years and counting, the Possehl name stands for entrepreneurship, tradition, and responsibility.



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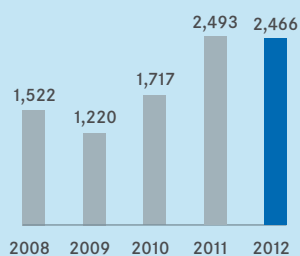
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## Possehl – At a glance

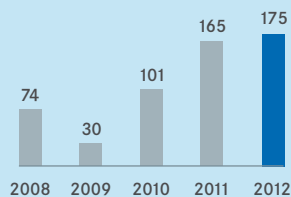
### Key figures

in € million	2008	2009	2010	2011	2012
<b>Earnings</b>					
Sales	1,522	1,220	1,717	2,493	2,466
Germany	666	594	865	1,392	1,348
International	856	626	852	1,101	1,118
Result from ordinary operations (EBIT)	74	30	101	165	175
Earnings before taxes (EBT)	65	21	82	145	158
Consolidated net profit	45	11	58	102	123
Dividend	8	8	10	16	16
EBIT ratio in %	4.9	2.5	5.9	6.6	7.1
Return on equity before taxes in %	20.6	7.3	22.2	33.5	28.5
<b>Structural and financial data</b>					
Balance sheet total	814	802	966	1,146	1,155
Economic equity capital	315	291	367	433	554
Equity ratio in %	38.7	36.2	38.0	38.5	48.6
Working capital	368	310	392	490	457
Net debt (-)/net liquidity (+)	-13	28	49	48	123
Cash flow from operating activities	34	72	97	68	68
Investment in property, plant, and equipment and intangible assets (excluding goodwill)	27	27	52	59	83
Depreciation and amortization of property, plant, and equipment and intangible assets (excluding goodwill)	23	24	31	39	44
<b>Employees</b>					
Employees (yearly average)	7,117	6,486	7,532	9,310	10,760
Germany	3,185	2,998	3,966	5,210	6,735
International	3,932	3,488	3,566	4,100	4,025

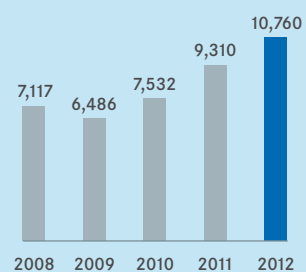
**Net sales**  
in € million



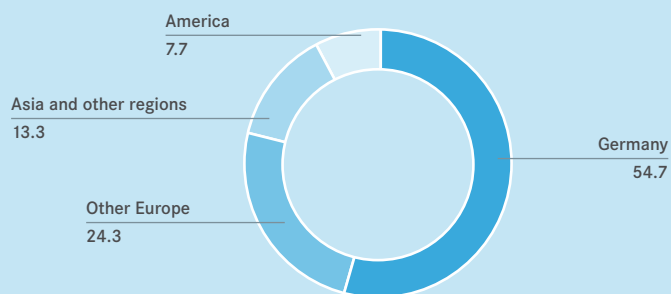
**EBIT**  
in € million



**Employees**  
yearly average



**Net sales in 2012 by region**  
in %



## Our Divisions

### Special Purpose Construction



- Highway construction
- Above and below ground construction
- Industrial and aviation surfaces
- Monument renovation/restoration
- Construction chemicals/specialized mortar
- Silica sand/quartz gravel

### Document Management Systems



- Enveloping machines
- Card mailing systems
- Personalized mailing systems
- Sorting equipment

### Printing Machines



- Web-fed offset newspaper printing
- Web-fed offset publication printing
- Digital printing (as cooperation)

### Precious Metals Processing



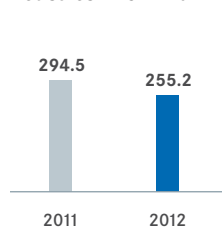
- Precious metals recycling
- Semi-finished precious metal products
- Surface technics
- Precious metals trading/investment products

### Elastomer Plants

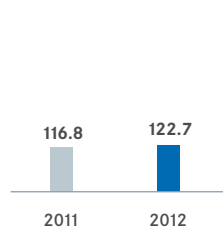


- Mixers and mixing room systems
- Tire-building machines
- Extrusion plants
- Heat presses
- Screw extrusion presses & refinery plants

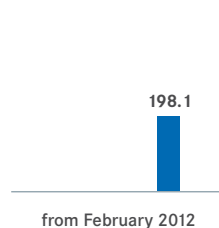
#### Net sales in € million



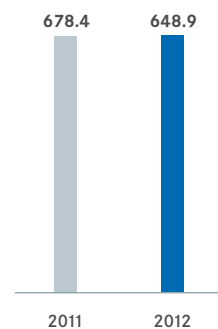
10.4 %



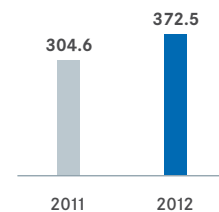
5.0 %



8.0 %



26.3 %



15.1 %

#### Share of Total Net Sales 2012

## Electronics



- Leadframes
- Smartcards and Lamframes
- Electromechanical components
- Connectors

## International Trading



- Minerals
- Ores
- Plastics
- Metals
- Chemicals

## Cleaning Machines



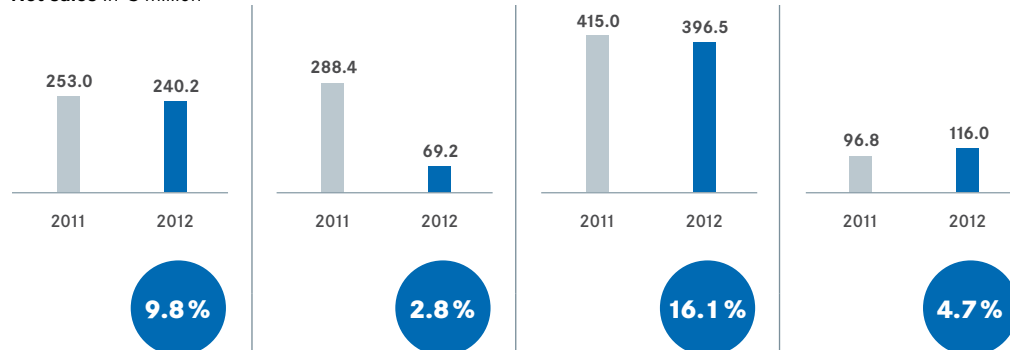
- Commercial cleaning devices
- City cleaning vehicles
- Municipal vehicles

## SME Investments



- Environmental protection
- Insurance broker
- Specialized products (soaps, popsicle sticks, bathroom rugs)
- Conveyor and process technology
- Labeling systems

## Net sales in € million



Share of  
Total Net Sales 2012



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# Management

## Letter from the Executive Board

Dear Business Partners,  
Dear Readers,

The 2012 fiscal year was an eventful and successful year for the Possehl Group. At the beginning of the year, we added a strategic partner for our international trading business. We also finalized an important acquisition with the purchase of web printing operations from manroland at the beginning of the year. At the end of the reporting period, we handed over the majority of our textile machine business to our long-time joint venture partner. We based all of these decisions on the best-owner principle and the long-term success of both the individual companies and the Possehl Group as a whole. At the operative level, we were once again able to match the record earnings of the previous year.

After strong growth in both the 2010 and 2011 fiscal years, demand lessened in many of our divisions during the reporting year. The sovereign debt crisis, particularly in the southern European countries, and the overall weakening of the global economy represented a growing hurdle for our divisions over the course of the year. Thankfully, our key home market of Germany once again developed positively in many industries, which had a stabilizing impact on the Possehl Group's earnings.

### **Sales and Earnings On Par with Previous Year**

At € 2.47 billion, Group net sales were only slightly below the previous year's record level. The changes to the group of consolidated companies offset each other for the most part, with positive and negative sales developments in the existing divisions compensating one another. The Elastomer Plants division showed particularly robust development. Supported by a very high demand for tires, the acquisitions of the past few years have paid off – as have the measures for increasing integration and development at the individual companies. To further strengthen this division, we acquired a production site in Slovakia at the end of the reporting year. Once again, our precious metals business showed its strength, though it has experienced a slight drop in growth since the previous year.

Consolidated net profit before taxes amounted to € 157.7 million, exceeding our record from the previous year. This year's earnings include one-off deconsolidation income from the disposal of the textile machine business and International Trading. As a result, operating profit remained on a level with last year's record figure, which contained income from the sale of the share package in elexis AG. With the exception of the Elastomer Plants, Precious Metals Processing and SME Investments divisions, the remaining divisions generally posted figures down slightly from the previous year. However, when taking the worsened economic conditions into account, we are very satisfied with the result achieved.

### **Solid Balance Sheet Ratios and Stability – Prerequisites for Long-term Success**

We managed to further improve our balance sheet ratios in the reporting period. The expanded economic equity ratio amounted to 48.6% as of the reporting date. It therefore improved by 10.1 percentage points compared to the previous year with a nearly identical balance sheet total.

The Possehl Group remains debt free on a net basis. The net financial position amounted to € 123.4 million at the end of the reporting year and therefore increased by € 75.2 million compared to the previous year. This past fiscal year, we invested a total of € 83 million into improving and expanding our production sites. We also repaid about € 32 million noncurrent bank loans with fixed interest rates. Despite this repayment of bank debt and the considerable investments, we continue to have access to a high level of liquid funds, which can be used to finance future acquisitions using our own resources.

### **Dividend Climbs to € 20 Million**

Our sole shareholder, the Possehl-Stiftung, exclusively promotes charitable organizations and causes in the Hanseatic city of Lübeck. Demand for support in many non-profit sectors, particularly the social and educational sectors, has steadily grown in recent years. As a result, the scope of activity for the Possehl-Stiftung has expanded accordingly. The foundation is also heavily involved in the construction of the European Hansemuseum in Lübeck.

The sustainable success of the Possehl Group has enabled it to distribute a dividend of € 20 million to the Possehl-Stiftung this year and therefore offer substantial financial support to non-profit activities and facilities in Lübeck.

### **Notable Changes to the Portfolio**

As mentioned in the introduction, the 2012 fiscal year was an eventful one for the Possehl Group. With the inclusion of a partner for our international trading business with mineral raw materials as well as the majority transfer of our textile machine business to our long-time joint venture partner, we carried out two divestments this year. This is particularly unusual given the fact that we generally do not sell companies or entire divisions. But in cases where we are convinced that we are not the optimal owner of a business or unit in the long term, we are prepared to follow through on our convictions and break away from these entities. Though the outcome was similar, the reasons for these two divestments were very different:

The trading business with mineral raw materials requires geographic growth as well as medium to long-term expansion of the product range. With the expansion of business in South America over the past several years, we took our first big step in this direction. Taking the next steps requires special knowledge and connections, which we do not have to the necessary extent. In view of this, we entered into a partnership with a well-established, family-owned company based in Hamburg, which has a high level of expertise in the trading business. With this development, we aim to achieve continued success as a team.

The market for textile machines has increasingly shifted to Asia over the past several years and, in particular, to China. In the past, we successfully served the Asian markets primarily through the joint venture Monfongs. For European activities, the relevant market has grown increasingly smaller and less important over time. In this context, it was a logical decision to turn over the majority of our textile machine activities to our long-time joint venture partner Fong`s at the end of the reporting year.

At the beginning of 2012, we purchased the web printing operations from the insolvent company manroland AG – including its newspaper and publication printing systems at its Augsburg site – and are now running the business under the name manroland web systems. In combination with the acquisition of BÖWE SYSTEC in 2011, this represented the second time that we took over a renowned German machine manufacturer that had fallen into insolvency. It should be noted, however, that this does not represent a change to our business model. Rather, our business model has always included target companies that have fallen into difficult circumstances. The prerequisites for a possible acquisition by Possehl are always the same: A company must offer good products, have a solid market position, and a well-qualified workforce. This was the case at both BÖWE SYSTEC and manroland web systems. In our view, both companies meet the basic requirements for doing successful business with streamlined, SME structures – even in a shrinking market.

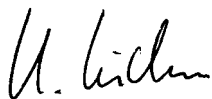
### Outlook for 2013

We look forward to the 2013 fiscal year with reserved optimism. Clearly, there are various risks facing our Company and we must continue to overcome imponderables. In addition to these operating challenges, the ongoing and as yet unresolved sovereign debt crisis in Europe, as well as those in the US and Japan, could have a negative impact on the economic success of our group of companies. In all likelihood, the decrease of demand in the European automotive industry will affect some divisions and the challenges at manroland web systems and BÖWE SYSTEC resulting from shrinking market volumes will certainly be significant factors. On the other hand, we have cost advantages compared to our competitors in this area that we aim to fully utilize.

We are also confident that we will be presented with numerous opportunities over the course of the year. Our companies are profitable, boast solid balance sheet structures, and have strong competitive positions. Our mechanical engineering activities currently have high order backlogs, some of which already stretch into 2014. Our other divisions are either leaders in their markets or operate successfully in their selected niches. And finally, our operating companies also benefit from the solidity and strength of the entire Possehl Group.

We continue to see good possibilities for sustainable and successful growth through acquisitions. The SME segment in particular offers substantial growth potential that we aim to utilize, in addition to complementary acquisitions in existing divisions.

Yours truly,



Uwe Lüders



Dr Joachim Brenk

## Company Boards

### EXECUTIVE BOARD



**Uwe Lüders**, Lübeck  
Chairman

Born in 1952, Uwe Lüders, who has a diploma in economics (Diplom-Volkswirt), became Chairman of the Executive Board in April 2004. Prior to joining Possehl, he successfully managed various diversified groups with a focus on mechanical and systems engineering. Most recently he held the position of Chairman of the Management Board at Buderus AG in Wetzlar.



**Dr. Joachim Brenk**, Lübeck  
Member of the Executive Board

Joachim Brenk, who earned a doctoral degree in engineering, was born in 1961. He has served as Member of the Executive Board since 2009. Previously, he held a number of executive positions with a focus on marketing and sales at various machinery production companies. Most recently he acted as Spokesman of the Management Board of the HOMAG Group AG in Schopfloch.

## SUPERVISORY BOARD

**Dr Lutz Peters,** Hamburg

Chairman

Personally liable shareholder of Schwartauer Werke GmbH & Co. KGaA

**Dirk Kohrs,** Bad Oldesloe

Vice Chairman

Chairman of the Works Council of Hako GmbH, Bad Oldesloe plant

**Renate Menken,** Lübeck

Additional Vice Chairwoman

Chairwoman of Possehl-Stiftung

**Dr Stephan Bartelt,** Lübeck

Business administrator

**Michael Hinrichsen,** Stockelsdorf

Insurance representative

**Peter Hlawaty,** Hamburg

Managing Director of IG Metall Rostock-Schwerin

**Hartmut Menn,** Seevetal

Chairman of the Works Council of Harburg-Freudenberger Maschinenbau GmbH, Hamburg-Harburg plant; Chairman of the Group Works Council of L. Possehl & Co. mbH

**Dr Werner Redeker,** Grabau

Supervisory Board Chairman of Körber AG

**Martin Salzmann,** Lübeck

Personally liable shareholder of Pressegroßvertrieb Franz Maurer Nachf. GmbH & Co. KG

**Rolf Schmidt-Holtz,** Pogeez

Co-founder and Supervisory Board Chairman of Just Software AG

**Peter Seeger,** Neumünster

Managing Director of IG Metall Kiel-Neumünster

**Horst Wardius,** Steinhorst

Equipment engineer

Vice Chairman of the works council of Hako GmbH, Bad Oldesloe plant

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# Group Management Report

## INFORMATION GRAPHICS

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## Overview of the Economic Situation of the Group

During the 2012 fiscal year, the Possehl Group performed at a high level and sustained stable business development in a challenging market environment. With consolidated earnings before taxes (EBT) of € 157.7 million, the Company once again slightly exceeded its record from the prior year. While we were able to achieve notable gains in three divisions – most notably in Elastomer Plants for the tire industry – the other divisions remained at the previous year's level or slightly below. The textile machine activities unit was the only one unable to generate a positive result in the reporting year and a majority stake in the unit was sold during the course of the fiscal year.

Group net sales reached € 2.47 billion in the reporting year, down 1.1% on the previous year. On a net basis, the changes to the group of consolidated companies did not have a notable impact on Group net sales.

The Group's balance sheet ratios remained solid and once again improved compared to the previous year. The economic equity ratio amounted to 48.6% as of the reporting date. Compared with the previous year, this is an increase of 10.1 percentage points. Net liquidity as the balance of cash and cash equivalents and bank debt also improved considerably to € +123.4 million. The primary cause for this development was the deconsolidation of International Trading due to a reduction of our equity interest to 50%. The Possehl Group therefore remains debt free on a net basis. The investments performed in the fiscal year, including payments for company acquisitions, were financed from the operating cash flow and payments received from the disposal of certain units.

The following major changes to the portfolio took place in the fiscal year:

As of February 1, 2012, we were able to continue our expansion of the Possehl Group with the purchase of web printing operations from manroland AG i.L., one of the world's leading printing machine manufacturers. The Printing Machines division employs approximately 1,600 people worldwide, with the broad majority of them working at the Augsburg site. Along with the managing company manroland web systems GmbH, six other subsidiaries, mainly operating in the fields of sales and customer service, make up the new division. With the acquisition of manroland web systems, we expect to be

able to sustainably and profitably manage a well-positioned company with lean structures even in a shrinking market. The division already generated a small, positive result in the first year following insolvency.

In early 2012, we added Peter Cremer Holding GmbH & Co. KG as a strategic partner for our international trading business. Since then, the division has been operated as a joint venture. As such, we want to further develop the trading business on both the product side as well as geographically. We took the first meaningful step in this direction with the expansion of the South American business over the past several years.

As of November 30, 2012, we sold a majority stake in our textile machine business to our long-time Chinese partner Fong's. As of the end of the year, L. Possehl & Co. mbH still held a stake of 9.9% in the business. Due to the increasing displacement of the textile market to Asia, and particularly China, over the past years, the relevant market for our European activities was gradually shrinking. We reacted to this long-term shift in the market by selling a majority stake in our European activities as well as our holding in the Chinese joint venture Monfongs.

Harburg-Freudenberger Maschinenbau GmbH acquired all shares in ZŤS Najus in Slovakia in December 2012 and thus secured additional production capacities for further growth in the Elastomer Plants division. The company will be fully consolidated for the first time in 2013.

### Key Figures for the Fiscal Year

in € million	2012	2011	Change in %
Net sales	2,465.6	2,492.5	-1.1
Earnings before taxes (EBT)	157.7	145.3	8.5
Net financial assets	123.4	48.2	156.0
Economic equity capital	553.7	433.4	27.8
Equity ratio (in %)	48.6	38.5	26.2



## Group Structure and Strategy

Possehl can look back on more than 165 years of Company history. The Possehl Group is a diversified, globally operating group of companies based in Lübeck, Germany. We hold a leading position in the markets where we operate. In addition to diversification and risk distribution, our focus on mature sectors and niche markets plays an important role in our strategy. Over the past years, we have continued to transform into a production company with a focus on mechanical engineering.

The Possehl Group operates largely on a decentralized basis. Operational decisions are made in the individual divisions. These have a high degree of autonomy in all market and customer-related matters. The most important tasks for the proprietary company L. Possehl & Co. mbH as a holding company are corporate strategy and portfolio management (including mergers and acquisitions), risk and opportunity management, the development of current and future managers, the Group's central financing as well as Group accounting and controlling.

Following the sale of a majority stake in our textile machine activities during the reporting year, the Group currently comprises nine operating divisions with the following main segments and customer groups:

DIVISION	SEGMENT/PRODUCTS	CUSTOMER GROUP	DIVISION	SEGMENT/PRODUCTS	CUSTOMER GROUP
<b>SPECIAL-PURPOSE CONSTRUCTION</b>	<ul style="list-style-type: none"> <li>• Highway construction</li> <li>• Above and below ground construction</li> <li>• Industrial and aviation surfaces</li> <li>• Monument renovation/restoration</li> <li>• Construction chemicals/specialized mortar</li> <li>• Silica sand/quartz gravel</li> </ul>	<ul style="list-style-type: none"> <li>• Public services</li> <li>• Airports</li> <li>• Logistics</li> <li>• Trading companies</li> <li>• Construction industry</li> <li>• General industry</li> </ul>	<b>ELECTRONICS</b>	<ul style="list-style-type: none"> <li>• Leadframes</li> <li>• Smart cards and LamFrames</li> <li>• Electromechanical components</li> <li>• Connectors</li> </ul>	<ul style="list-style-type: none"> <li>• Automotive suppliers</li> <li>• Semiconductor &amp; electronics industry</li> <li>• LED manufacturers</li> <li>• Smart card producers</li> </ul>
<b>DOCUMENT MANAGEMENT SYSTEMS</b>	<ul style="list-style-type: none"> <li>• Enveloping machines</li> <li>• Card mailing systems</li> <li>• Personalized mailing systems</li> <li>• Sorting equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Banks/insurance companies</li> <li>• Telecommunications companies</li> <li>• Mass mail services</li> <li>• Public authorities</li> </ul>	<b>INTERNATIONAL TRADING</b>	<ul style="list-style-type: none"> <li>• Minerals</li> <li>• Ores</li> <li>• Plastics</li> <li>• Metals</li> <li>• Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Fireproofing industry</li> <li>• Cement and construction materials industry</li> <li>• Metallurgical and casting industries</li> <li>• Ceramic and glass industry</li> <li>• Chemical industry</li> </ul>
<b>PRINTING MACHINES</b>	<ul style="list-style-type: none"> <li>• Web-fed offset newspaper printing</li> <li>• Web-fed offset publication printing</li> <li>• Digital printing (as cooperation)</li> </ul>	<ul style="list-style-type: none"> <li>• Newspaper and magazine publishers</li> <li>• Printing industry</li> </ul>	<b>CLEANING MACHINES</b>	<ul style="list-style-type: none"> <li>• Commercial cleaning devices</li> <li>• City cleaning vehicles</li> <li>• Municipal vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Professional cleaning companies</li> <li>• Trading companies</li> <li>• Public services</li> <li>• General industry</li> </ul>
<b>PRECIOUS METALS PROCESSING</b>	<ul style="list-style-type: none"> <li>• Precious metals recycling</li> <li>• Semi-finished precious metal products</li> <li>• Surface technics</li> <li>• Precious metals trading/investment products</li> </ul>	<ul style="list-style-type: none"> <li>• Jewelry industry</li> <li>• Electronics industry</li> <li>• Dental laboratories</li> </ul>	<b>SME INVESTMENTS</b>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Insurance broker</li> <li>• Specialized products (soaps, popsicle sticks, bathroom rugs)</li> <li>• Conveyor and process technology</li> <li>• Labeling systems</li> </ul>	<ul style="list-style-type: none"> <li>• Food industry</li> <li>• General industry</li> <li>• Municipal authorities</li> <li>• End-consumers</li> </ul>
<b>ELASTOMER PLANTS</b>	<ul style="list-style-type: none"> <li>• Mixers and mixing room systems</li> <li>• Tire-building machines</li> <li>• Extrusion plants</li> <li>• Heat presses</li> <li>• Screw extrusion presses &amp; refinery plants</li> </ul>	<ul style="list-style-type: none"> <li>• Tire manufacturers</li> <li>• Plastics industry</li> <li>• Technical rubber goods industry</li> <li>• Oil mill and food industries</li> </ul>			

With its subsidiaries and holdings, Possehl operates in 31 countries. A total of 138 affiliated companies (previous year: 145) belong to the Possehl Group, though a few are not consolidated due to their minor importance to the Group. Another 16 (previous year: 10) are accounted for using the equity method. A detailed summary of the shareholdings and individual locations is provided at the end of this report.

Our investment portfolio is geared toward profitability, sustainability, stability, and risk diversification. We are careful to ensure that our divisions operate in different industries and are largely exposed to different business cycles and regional developments. This strategy also particularly reflects the long-term orientation of our sole shareholder, the charitable foundation Possehl-Stiftung.

The independence of the Possehl Group plays a central role in our decision-making. This is especially true for company acquisitions, which we regularly perform without the use of external financing.

We also avoid incommensurate risks and high levels of goodwill with our acquisition strategy. In accordance with our cautious approach, we amortize goodwill resulting from company acquisitions over a period of five years.

The Possehl Group is on a steady, sustainable, and profitable growth track. We intend to follow this path in the future as well and to thereby increase the value of the Company and its dividend. Business expansion will take place by means of both organic growth and acquisitions, i.e. by supplementing existing divisions, adding to the SME Investments division, and acquiring new divisions.

For all our divisions and companies, Possehl thinks very long-term and preserves the identity of its companies. In contrast to private equity companies, we do not pursue an exit strategy aimed at a later sale.

## Macroeconomic Environment

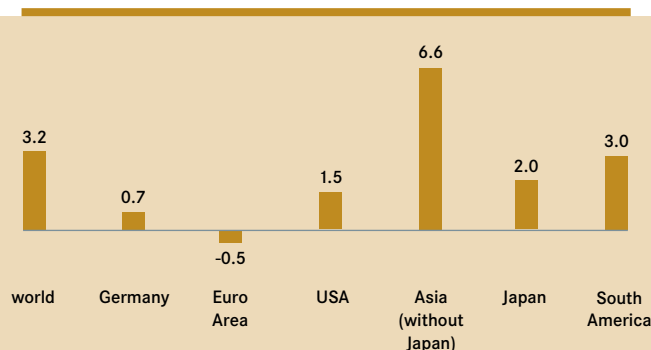
### Global Economy Continues to Lose Steam

The global economy weakened further in 2012. Global production was up only 3.2% on average for the year after achieving moderate growth of 3.8% in the previous year. Growth in the industrialized nations of the West was very minimal. The eurozone even experienced a slight recession, though development in the individual countries varied considerably. The developing and emerging markets also lost momentum as demand from advanced economies tapered off.

### German Economy Shows Only Slight Growth

The German economy reflected this overall trend, entering a phase of slowed growth. Economic output was up only 0.7% in 2012 after posting a gain of 3.0% in the previous year. The main cause for this development is the sovereign debt crisis in Europe. A few of Germany's key trading partners are currently in the midst of deep recessions. Although financing conditions continue to be favorable and the situation on the financial markets has improved since mid-2012, company investments are down due to the great uncertainty

**Gross domestic growth 2012**  
 real change vs. previous year in %



regarding the further development of the economy and the future of the European Economic and Monetary Union. Production was also notably affected in Germany as well. This can mainly be attributed to stagnating private consumption in the first half of the year, which only began to regain momentum in the third quarter. For the year, consumer spending was up only 0.6%.

The companies of the Possehl Group operate in various sectors and their products and services are offered in different regional markets – in some cases nationally, in some cases internationally. As a

result, the businesses of the individual companies and divisions are influenced by macroeconomic trends to widely varying degrees. Many of our divisions felt the effects of the slowing economy and posted sales figures that were down slightly compared to the previous year. Thanks to elevated demand in other divisions – particularly in Elastomer Plants for the tire industry – overall demand for our products and services was down only slightly at the Group level.

## Business Performance and Earnings Position

### OVERALL GROUP

#### Group Net Sales Hold Steady at € 2.47 Billion

The Possehl Group generated sales totaling € 2,465.6 million in the 2012 fiscal year. This corresponds to a slight decrease of € 26.9 million or 1.1% compared to the previous year. The Group was therefore unable to achieve the high growth rates of the two previous fiscal years. If the changes to the group of consolidated

companies are taken into account, sales remained at the previous year's level. When including changes in inventories, overall performance increased compared to the previous year by 3.8%, mainly due to greater value creation in the Printing Machines division.

The change in net sales for the individual divisions is summarized in the following table:

in € million	12/31/2012	12/31/2011	Change in € million	Change in %
Special-purpose Construction	255.2	294.5	-39.3	-13.3
Document Management Systems	122.7	116.8	5.9	5.1
Printing Machines	198.1	–	198.1	–
Precious Metals Processing	648.9	678.4	-29.5	-4.3
Elastomer Plants	372.5	304.6	67.9	22.3
Electronics	240.2	253.0	-12.8	-5.1
International Trading	69.2	288.4	-219.2	-76.0
Cleaning Machines	396.5	415.0	-18.5	-4.5
Textile Finishing Systems	42.9	45.0	-2.1	-4.7
SME Investments	116.0	96.8	19.2	19.8
Holdings/Other Equity Investments	3.4	–	3.4	–
	<b>2,465.6</b>	<b>2,492.5</b>	<b>-26.9</b>	<b>-1.1</b>

The listed figures for the Printing Machines, International Trading, and Textile Finishing Systems divisions are included on a pro-rata basis, meaning that comparability with sales figures from the previous year is limited.

Substantial growth rates were achieved in the Elastomer Plants division in both of its product areas, TireTech and Mixing Group, as well as in the SME segment.

The regional distribution of net sales shows that the trend from previous years of increasing domestic sales did not continue in the year under review. Compared to the previous year, the relative share of domestic sales was marginally lower. However, the Possehl Group continues to generate more than half of Group net sales in Germany. This high rate of domestic sales is largely attributable to the precious metals business and construction segment, with both generating roughly 90% of their sales in Germany.

#### Earnings Before Taxes Climb to Record € 157.7 Million

Earnings before taxes (EBT) rose by € 12.5 million compared to the previous year, totaling a new record of € 157.7 million. Though it did not seem likely at the beginning of the fiscal year that we would manage to reach the record level of the previous year, many divisions developed positively in the fourth quarter in particular and were able to improve their earnings. Every operating division – with the exception of Textile Finishing Systems, which was sold during the fiscal year – finished with a positive result. Along with the overall good development in the divisions, Group earnings before taxes also benefited from the success of the deconsolidation of International Trading and Textile Finishing Systems. This earnings-improving effect exceeded that from the sale of the share package in elaxis AG in the previous year by about € 10 million.

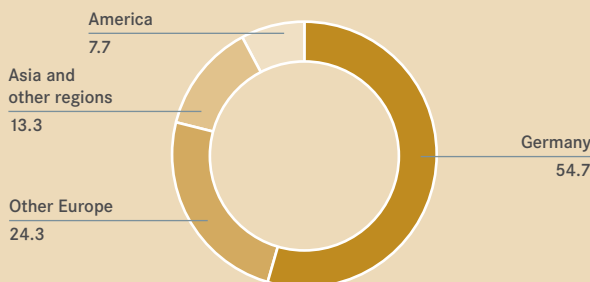
In the Elastomer Plants division, we benefited from high global demand for automobile tires – particularly in the premium segment. Earnings in the precious metals recycling business and SME segment also improved compared to the previous year. The other divisions posted earnings from operating activities down somewhat from the previous year, primarily due to the unfavorable economic conditions. In the Special-purpose Construction division, the Air-field Pavements Construction Services segment saw a decrease compared to the previous year due to a lack of large-scale projects.

Consolidated net profit remains evenly distributed across the various divisions. No division has an earnings share greater than 25% of consolidated net profit. Five (previous year: six) of the nine total divisions account for approximately 90% of the Group's earnings in the reporting year. The Possehl Group therefore enjoys a very strong and stable basis, and its success is to a great extent independent of the development of individual divisions or industries.

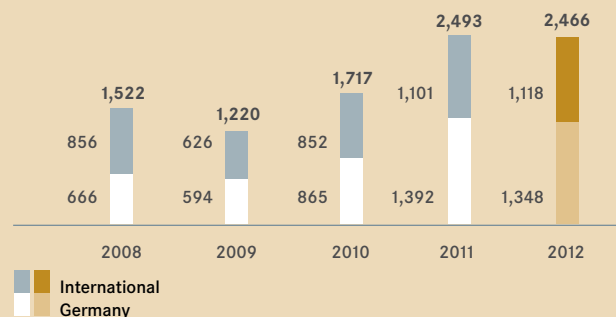
#### Gross Profit Up 20 %

With a nearly constant level of sales, gross profit increased by 20% thanks to changes to the product mix. This is mainly attributable to the initial consolidation of manroland web systems, which has a high vertical range of manufacture. The deconsolidation of International Trading, which had a low gross profit margin, led to an improvement of both the absolute and relative figures. The ratio of cost of materials to sales improved to 64.5%, an increase of 4.2 percentage points compared to the previous year. Other operating income was also up, mainly due to the profit gained from deconsolidations.

**Net sales in 2012 by region**  
in %



**Net sales in 2012 Germany/International**  
in € million



### Substantial Increase in Personnel Expenses

Personnel expenses increased by € 111.9 million or 26.9% compared to the previous year. This increase is primarily due to growth in the average number of employees, including apprentices, which grew by 1,450 employees or 15.6% in the reporting year mostly as a result of acquisitions. Also responsible for the rise were wage and salary increases stemming from collective bargaining agreements. Pension payments were, however, a little lower than in the previous year. About € 95 million of the rise in personnel costs can be attributed to changes in the group of consolidated companies.

### Other Expenses

The increase of € 15.8 million in other operating expenses is primarily due to the changes in the group of consolidated companies.

### Net Investment Income Decreases

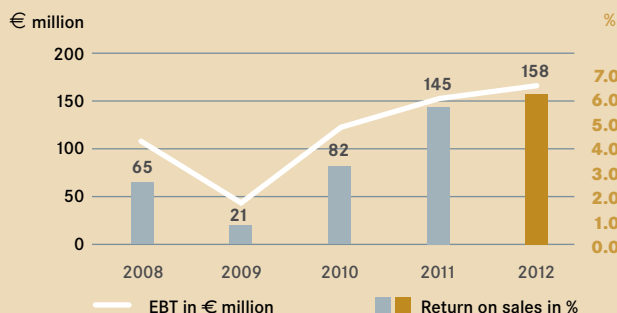
Net investment income mainly contains the pro-rata earnings of Possehl Kehrmann and the International Trading business, which is now included in the consolidated financial statements using the equity method since a 50% stake in the business was sold off. In the previous year, this item was dominated by pro-rata earnings from the textile machine joint venture Monfongs.

### Interest Result Basically Unchanged

Interest on both investments and loans again fell slightly during the year. Interest income for the parent company L. Possehl & Co. mbH primarily results from the short-term investment of free liquidity. Due to another year of low interest levels for short-term financial investments, interest income continued to fall while free liquidity remained mostly constant. Interest expenses also decreased due to the low interest levels for short-term credit as well as the repayment of high-interest, longer-term loans. On the other hand, the increased surety expenses for the Printing Machines division had the opposite effect.

Interest expenses from interest accrued on pension provisions as well as the remaining noncurrent provisions amounted to € 6.1 million in the reporting year, compared to € 5.8 million in 2011. Since the discounting factor for the measurement of pension provisions decreased only minimally and the newly added companies during the fiscal year have only small pension obligations, expenses remained nearly constant.

**EBT/return on sales**  
in € million/in %



### Income Tax Ratio Declines to Approximately 20 %

The income tax ratio amounted to about 20% in the reporting period, or 6.5 percentage points lower than in the previous year. It therefore was well below the expected ratio of 30%. The primary reason for this is the fact that a deferred tax asset surplus remains unrecognized if it is attributable to tax loss carryforwards or results from individual financial statements.

With this conservative approach, income tax expense for the year under review was € 8.2 million lower than it would be by not exercising this option.

### Considerable Decrease in Other Taxes

Other taxes were notably down compared to the previous year, since last year's figure contained the addition to a provision for litigation, which has not yet been concluded.

### Consolidated Net Profit Increases to € 123.2 Million

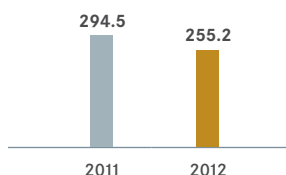
Consolidated net profit amounted to € 123.2 million for the reporting year (2011: € 101.7 million). This development was caused by a fairly constant operating result in the remaining divisions, higher deconsolidation results, and a lower income tax expense.

## DIVISIONS

### Special-purpose Construction

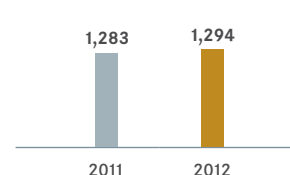
#### Net sales

in € million



#### Employees

yearly average



The division is focused on special-purpose construction services in select niche markets, particularly surface treatment (Possehl Spezialbau and Deutsche Flächen-Technik) as well as above and below ground construction (Mickan). It also offers the restoration of monuments and historical buildings (Bennert) as well as the extraction and processing of silica sand and quartz gravel (EUROQUARZ) and the manufacture of mortar casting systems (PAGEL).

After an extraordinarily good year in 2011, the German construction segment stagnated this past fiscal year. While residential construction was marginally up for the year, commercial and public-sector construction showed notable declines. Public-sector construction, which is especially relevant for our activities, was down 9% compared to the previous year as economic stimulus programs came to a close. These unfavorable conditions had a negative impact on the development of our construction division.

Net sales were down € 39.3 million or 13.3% compared to the previous year. Airfield Pavements Construction Services, which was very successful last year, experienced a considerable drop in sales in 2012. In addition to the unfavorable economic conditions, the segment was also unable to obtain any large-scale renovation projects such as those from previous years.

Mickan also posted a decline in sales, though this is mainly attributable to a shift in sales from the previous year. However, there was once again an increase in construction services at Mickan.

Sales in monument restoration, on the other hand, were well below the previous year's figure. The decline is partially the result of the increased attention paid to profit criteria when selecting orders at the project acquisition stage.

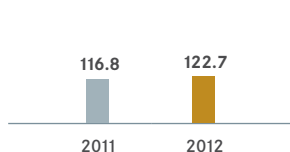
The rolled concrete surfaces business remained stable. The companies EUROQUARZ and PAGEL as well as the joint venture Gremmler Bauchemie continued to develop very positively even though the excellent results from the previous year could not quite be matched.

Public-sector construction in Germany should see significant growth once again in the current year as a result of the country's healthy tax revenue. This will improve the growth opportunities for our construction division.

### Document Management Systems

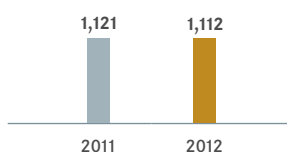
#### Net sales

in € million



#### Employees

yearly average



BÖWE SYSTEC is a globally leading manufacturer of hardware and software solutions for mailroom systems. The product portfolio includes enveloping, cutting, and mail sorting systems as well as various additional systems for automated mailings.

BÖWE SYSTEC operates in a stagnant to slightly shrinking market with four major global suppliers. The preference towards sending non-confidential information in digital rather than printed form continued during the reporting period. This development is being reinforced in some countries by changed legal conditions. Some crisis regions also showed a notable decline in printed advertisements.

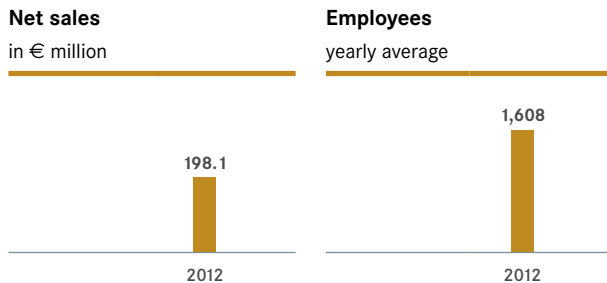
The merger of locations with previously independent mailrooms, a more intensive use of existing systems in multi-shift operation, and a further increase in the productivity of the systems have typically resulted in a reduction of potential placements for new machines. The personalized mailings market, however, which is the most relevant market for BÖWE SYSTEC, has not been as strongly impacted by this development as the general mail market.

The division's sales increased compared to the previous year by 5.1% to € 122.7 million, though they did not live up to expectations. While the service and replacement parts business developed stably as planned, the sale of new machines continued to be weak in many regions – especially in southern Europe. Only Asia has proved to be a sustainably growing market for BÖWE SYSTEC. Here, growth of 35.1% was generated. The newly founded sales and service business launched in the USA was already able to sell a number of machines while also acquiring service orders in what continues to be the world's largest individual market. Also worthy of note is that the US company was able to gain a key order for the newly developed FUSION X, which will result in high utilization for the factory in Augsburg in 2013 in addition to stable service revenue. We see solid growth opportunities in the US market for the coming years, both in new machines as well as in the service and replacement parts business.

Although sales expectations for the fiscal year were not met, the company remained modestly profitable overall. Low capacity utilizations at the production plant in Augsburg led to a shortfall and deficit there.

For the current year, we are expecting sales to improve thanks in part to the large order already secured. Further growth opportunities are seen in particular in the US market as well as in Asia. Irrespective of this, we continue to place a great emphasis on the implementation of measures for increasing productivity – particularly at the main plant in Augsburg. The main goal here is to better utilize the existing manufacturing capacities.

## Printing Machines (from February 1, 2012)



manroland web systems is one of the world's top three manufacturers of web-fed offset printing machines for newspaper and publication printing. The company's product range includes newspaper printing systems for every kind of circulation as well as publication printing systems for high-quality printing as well as fold processing for brochures, inserts, catalogs, magazines, and books. The company has belonged to the Possehl Group since February 1, 2012.

The global printing industry is among the industries most impacted by the economic environment. In the reporting year, it showed a mostly stable to slightly declining development overall. As expected, the relevant market for web-fed offset printing machines continued to shrink. Stagnating advertising expenditures, fluctuating capacity utilizations for printers, and restrained lending caused our customers to reduce their investment activities. The printing industry also faces some long-term challenges from the changing media landscape and the increasing importance of digital printing. The leading international trade fair drupa, which takes place once every four years, was not able to provide a significant impetus to counter this trend.

Nevertheless, manroland web systems performed well in this challenging environment. In its first year in the Possehl Group, the company was able to successfully regain its form following its recent bankruptcy. With sales of € 198.1 million, it was unable to reach its targeted volumes, but its operating performance extrapolated across 12 months totaled € 250 million, which corresponds with our expectations. Incoming orders during the reporting period even amounted to € 306.2 million. This represents the near complete retention or reacquisition of old orders from the insolvent manroland AG. The company's market share therefore remained

stable. The order backlog for web-fed offset printing machines amounted to € 168.5 million as of the reporting date and therefore secures a solid utilization rate for the manufacturing capacities at the Augsburg site in 2013.

The service and replacement parts business posted stable to slightly rising figures from the second half of the fiscal year. Since this business is considerably more stable and less dependent on economic developments than the new machine business, we see substantial growth potential for this segment and therefore are giving it special attention.

We do not expect a sustainable recovery for the overall market in the near future. Notable growth is only likely in a few regions, primarily the emerging markets. We also have created opportunities for profitable growth in two important individual markets with the founding of our service and sales companies in the USA and the UK. As the market for new machines is unlikely to experience sustainable growth, we face a permanent challenge in monitoring and managing structural costs as necessary. At the same time, we are increasingly making use of our active resource management tools in the manufacturing and installation segments in order to be able to react flexible to fluctuations in capacity.

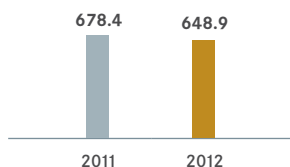
The division already generated a small, positive result in the reporting period. For 2013, we expect double-digit sales growth thanks to the satisfactory order situation, which should result in notably positive earnings.



## Precious Metals Processing

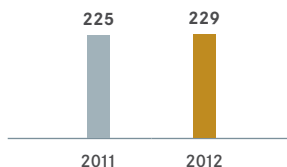
### Net sales

in € million



### Employees

yearly average



Heimerle + Meule GmbH recovers refined metals from residues containing precious metals and processes them into high-quality products. The company is among Europe's leading precious metal refineries and has a history that stretches back 168 years. The operating business covers the three segments precious metal semi-finished products/refining, surface technology, and dental.

The sustainable and strong upward trend in the Precious Metals Processing division over the past several years did not continue in the reporting period. Compared to the record figures from the previous year, net sales fell by 4.3% to € 648.9 million. Over a period of five years, however, this division has still achieved an annual growth rate of well over 10%. The primary cause for the slowdown in the fiscal year can be traced back to a relatively constant gold price in US dollars over the past twelve months, while in prior years precious metal prices posted substantial growth thanks to constantly increasing global demand.

Due to the nearly unchanged price of gold during the reporting period, the amount of recycling material did not continue to grow. However, the operational output adjusted for precious metal content was once again able to increase slightly. Intensive cultivation of the recycling markets was the primary reason for this development. To do this, we added additional personnel to our sales team. The successful additions to the customer base from the past several years as well as the development of new products and applications – particularly with regard to investment products – made a notable positive impact as well.

The semi-finished products/refining business, the main pillar of Heimerle + Meule GmbH, continued to benefit from high precious metal prices in the reporting period but also from new business ideas and the acquisition of new customers. However, recycling levels plateaued at a high level since the relatively constant price of gold gave suppliers little incentive to recycle their existing scrap metal. Since there is no unanimous forecast for gold price developments in the near future – with most expecting a relatively modest rise in prices overall – this behavior is not likely to change much in the short term. Business with investment products such as precious metal bars and safe bags continued to develop positively. Sales in semi-finished jewelry were stable in the reporting year – partly due to the development of new alloys. Business with industrial semi-finished products also remained at a satisfactory level. This holds true for the surface technics business as well, which profited from the solid demand in the automotive and electrical industries.

The market for precious metal dental alloys, on the other hand, has been under pressure for years as a result of the increasing substitu-

### Gold price development 2012

in US dollar per fine ounce

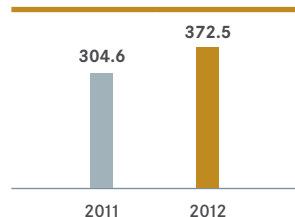


tion with non-precious metal alloys and solid ceramics. This pressure is intensifying due to the high prices for precious metals and had a negative impact on performance in this segment. Despite this, the dental business declined only slightly in the reporting year as the higher precious metal prices were largely passed on to customers – albeit after a certain delay in some cases.

### Elastomer Plants

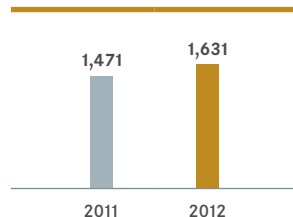
#### Net sales

in € million



#### Employees

yearly average



In this segment, we primarily manufacture a range of machinery for all of the essential production stages, from raw material preparation to tire manufacturing and vulcanization for the rubber and tire production industry. The division comprises the following three business units:

- Tire Tech (rubber technology)
- Mixing Group (rubber mixing technology)
- Press+Lipid Tech (edible oil technologies)

The growth of global demand for automobiles continued in the reporting year. Production of passenger cars and light utility vehicles increased globally by about 6%. However, there were differing developments at the regional levels. While the US and Asia posted high production growth rates, vehicle production in Western Europe fell by 8%. Demand for spare tires for passenger cars and light utility vehicles was down in Europe.

The weak sales market in Europe has not yet had a negative impact on the division's success. Net sales rose compared to the previous year by 22% and achieved a new record level. Growth amounted to approximately 30% in the previous year. It was especially pleasing that we grew at relatively even levels across all product areas. Incoming orders also remained at a very high level. The order backlog across all product areas was up once again compared to the

previous year and in many cases contains orders for all the way into 2014. However, incoming orders are developing differently in the various product areas. While we continue to generate high growth rates in rubber mixing technology, extrusion and tire-building machines experienced a tapering off in demand and a slight decrease in customer investment activities in these areas.

Capacity utilization at all production sites was good during the reporting period. Due to the stable high demand for our tire-heating presses, we added another plant to the production site in Croatia, which we inaugurated at the beginning of the fiscal year. We now employ over 600 people at this location. Thanks to the close relationship between this site and our main production site in Harburg, Germany, we can benefit from cost advantages without any loss of expertise.

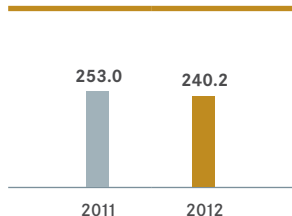
At the end of 2012, we acquired another production plant in Slovakia to expand our manufacturing capacities in rubber mixing technology. This gives us the possibility to manufacture cost-effective components and machines, which we used to obtain from third parties, at a second location in eastern Europe. The new production site also offers adequate capacity for further growth.

In the rubber mixing technology area, we also continued the integration of Farrel and Pomini and leveraged further synergy potentials. The new site in Slovakia will be helpful in the future in this regard. Additionally, we have narrowed the focus of individual sites to specific products or groups of products. In this way, we can pool our product-specific expertise while also saving on costs.

## Electronics

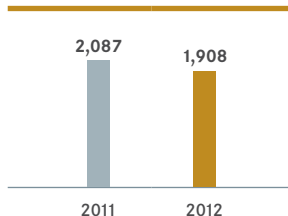
### Net sales

in € million



### Employees

yearly average



In this segment, we mainly manufacture leadframes for the semiconductor and smart card industries at various sites. In addition, we produce electromechanical components, primarily for the automotive supplier industry, at our German location.

The semiconductor industry is characterized by high volatility with short product life cycles and strong fluctuations in product supply and demand. High economic risks and the phasing out of measures for supporting the economy left its mark on the semiconductor industry as well during the reporting year. The overall market declined slightly in 2012 as a result. By contrast, worldwide automotive production rose by 6% in 2012. However, the local markets in Western Europe in particular were down 8% on the year.

In this economic environment, the Electronics division missed its sales mark from the previous year by about 5%. The individual regions – Europe, North America, and Asia – developed fairly similar. In addition to the rather weak market overall, the targeted reduction in low-margin products at sites in China and Malaysia also contributed to the lower sales figures.

The measures implemented in the previous year for improving quality, reducing personnel, and increasing productivity at the two sites in China and Malaysia provided their first successful results and led to a considerable improvement in earnings. However, further efforts will be needed to bring both locations to a sustainable profitable level.

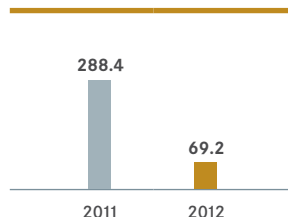
The other sites in Europe, the USA, and Hong Kong continued their success in the 2012 fiscal year. At the European locations in France and the Netherlands, we benefited from strong business which continued in the reporting year with light emitting diodes (LEDs), mainly for applications in car headlights.

The German managing company pretema is also continuing to develop very positively. Both the business with laminated leadframes for the smart card industry as well as with electromechanical components for the automotive and electric industry remained stable at a high level. The latter continued to benefit from the solid global automotive sector, though the weak demand from Europe had a negative impact on our business in the second half of the year. As a result of two major orders received in the automotive segment, which will replace products being phased out in the current year, we made our first investments into new manufacturing machines during the reporting year. Other significant investments will follow in the current year. With the laminated leadframes, pretema continued to hold its position as the second-leading player in the global market. We continued to grow in this division during the reporting year, though at a slower rate of growth than in the previous two years. Good growth opportunities should continue to exist, particularly in the market for higher-quality laminated leadframes.

## International Trading

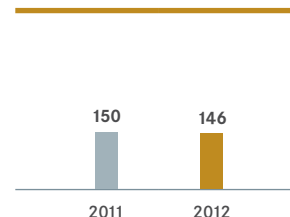
### Net sales

in € million



### Employees

yearly average



Possehl Erzkontor is a leading provider in the traditional trading business for mineral-based products, particularly magnesium raw materials and bauxite for the fireproofing industry. Additionally, numerous products for various industries, including the metallurgical and casting industries, are also traded. Since April 2012, the division is only recognized at equity following the sale of a 50% stake.

The net sales reported for the International Trading division are not comparable with those of the previous year as they only include the first three months of the reporting period. Extrapolated over twelve months, the division's sales were on par with the previous year. However, there were some notable shifts between the individual regions: While business in Europe contracted by about 20%, pri-

marily in the refractory segment, business in South America more than doubled. At the same time sales on the North American continent remained fairly stable.

The international steel markets, which are crucial for the division, further weakened over the course of the fiscal year. This can be mainly attributed to slowing growth in China. Steel demand for the European Union as a whole fell 9 %, with demand in Germany down 6 %. Due to continuing surplus capacities, sites and entire production plants that had been shut down in the previous year were not started up again. For the most part, inventories were also reduced. The trading sector and end consumers also acted more cautiously. The US steel market, on the other hand, performed very robustly.

The European cement industry, which is also very relevant for our business, was unable to continue the upward trend from the previous year to the same extent. The slowing economy led to a low utilization of production capacities in this field. In contrast, the North American market developed positively thanks to a recovery in the real estate market.

Despite the overall contracting market development and no change in pricing levels overall, net sales for the division remain basically even with the previous year's figures. This can primarily be attributed to a larger market share in South America. The investments and efforts of the past few years have paid off.

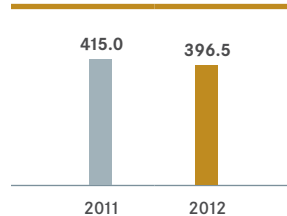
Sales in metallurgy remained largely constant. Lower sales volumes were offset to a certain extent by considerable price increases for some products. There were substantial price increases in the plastics segment as well, though gross profit remained nearly stable.

The services business, mainly the grinding and processing of materials, continued to operate at a steady, low level in the reporting year. We will continue to make further sales efforts here in order to better utilize existing capacities.

## Cleaning Machines

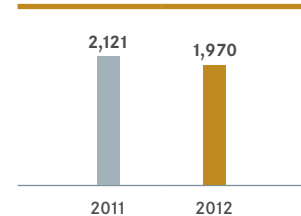
### Net sales

in € million



### Employees

yearly average



Hako is a global leader in the production of high-performance technology for indoor and outdoor cleaning machines and site maintenance. The product range also includes multi-purpose special vehicles for use by municipalities, marketed under the Multicar brand.

Business with professional cleaning machines was down in the reporting period due to a weakening of the economic conditions, particularly in the advanced economies. Compared to the previous year, sales were 4.5 % lower. Adjusted for currency effects, the drop amounted to 6.1 %. Development at Hako is therefore following the general market trend. Due to the recessions currently affecting many southern European countries, demand for our products once again dropped in this region. But even the German market, which represents Hako's most important market with a 47 % share of overall sales, was unable to sustain the previous year's growth and posted a minor drop in sales for the year. Only the US market was able to keep pace with the two previous years, achieving double-digit growth rates.

For the individual product areas, both the municipal business with the Multicar vehicles and the trading business experienced significant drops compared to the previous year – though last year was an exceptionally good year in these areas. By contrast, sales in the scrubbing and vacuum sweeper machines developed positively in the reporting period. Aftersales service and the used machinery and rentals business also posted robust figures, though they could not maintain the strong growth from the previous year to the same extent.

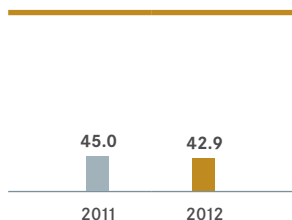
We prepared for the possibility of a drop in sales with cost-cutting and efficiency-increasing measures introduced over the past few years, particularly in purchasing and production. We were also generally able to pass on the effects of cost increases to customers in

the form of price increases. Profitability therefore remained at a solid level despite the drop in sales. Earnings, however, were impacted by the one-off loss from the disposal of the production joint venture ITC in China.

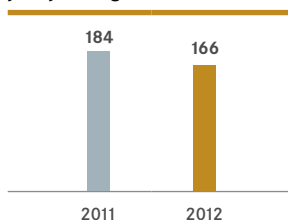
The growth markets in the professional cleaning business are mainly centered in Eastern Europe, Asia, and South America, while the markets in the developed economies in Western Europe and North America are, for the most part, saturated. With the establishment of a competence center in Thailand as well as a local distribution company in China, we took some initial steps towards expanding in the Asian market last year. This market, however, is not yet of notable importance. In addition to the Hako brand, the US brands Minuteman and PowerBoss aim to further tap into these markets as well.

### Textile Finishing Systems

**Net sales**  
in € million



**Employees**  
yearly average



Until November 30, 2012, we produced textile machines and plants for finishing and coating woven and knitted goods as well as technical textiles at our sites in Mönchengladbach and Austria as well as at our Chinese joint venture Monfongs. With the sale of a majority stake in the business to the Chinese joint venture partner, the division has been eliminated from the Group.

Sales in the German textiles industry remained roughly on par with the previous year's level and therefore continued to be well below the industry's high point achieved in 2007. Our textile machines division was also unable to improve sales compared to the previous year, remaining at a low level. The reported sales of € 42.9 million cover a period of eleven months.

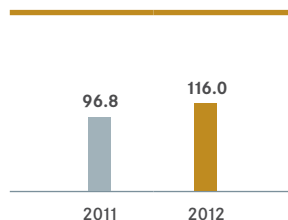
Weakness in the Chinese market continued during the reporting period. The main reasons for this were the lack of further government-based economic stimulus programs as well as decreasing demand in the USA and Europe. The net sales of the Chinese joint

venture, which are not included in these sales figures, were once again down following an already poor performance in the previous year.

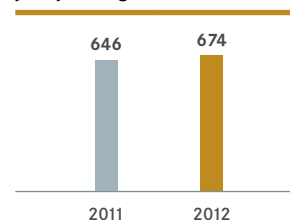
For the first time, the division as a whole failed to turn a profit in the past fiscal year. With the sale of the business to the Chinese Fong's Group, there is a better chance that the strengths from the combination of German expertise and Chinese manufacturing can be effectively used. Following the sale of its majority stake, Possehl still holds an interest of 9.9%.

### SME Investments

**Net sales**  
in € million



**Employees**  
yearly average



The SME Investments division currently consists of eight German companies from the SME sector with mutually independent and varied areas of business. In 2009, we created a kind of "small Possehl" group with this division, which specializes in small and medium-sized enterprises with annual sales between € 10 million and € 50 million. The goal is to continually expand the portfolio in the coming years.

The division includes the following activities and companies:

Field of business	Company
Oil spill cleanup, tank cleaning	Possehl Umweltschutz GmbH
Insurance broker	Lubeca Versicherungskontor GmbH, Teutonia Assekuranzkontor GmbH
Bar soap	Hirtler Seifen GmbH
Popsicle sticks	Karl Otto Knauf (GmbH + Co. KG)
Bathroom rugs, bed linens, accessories	Kleine Wolke Textilgesellschaft mbH & Co. KG
Conveyor systems	DMA Maschinen- und Anlagenbau GmbH & Co. KG
Labeling systems	LOGOPAK Systeme GmbH & Co. KG

Net sales increased by 19.8% compared to the previous year. This can be primarily attributed to the substantial sales growth at LOGOPAK. Along with the operative growth of the company, its pro-rata consolidation in the previous year also contributed to this positive effect. The other companies in this division operated at a level similar to the previous year, with a few notable exceptions. While business with soap bars at Hirtler was able to grow by 25.0%,

sales of bathroom rugs at Kleine Wolke decreased. The brokerage business with insurances grew as well, benefiting from the Possehl Group's strong growth over the previous years. As part of the inclusion of a joint venture partner in International Trading, we sold our freight brokerage business with six employees to the Cremer Group.

## Net Assets and Financial Position

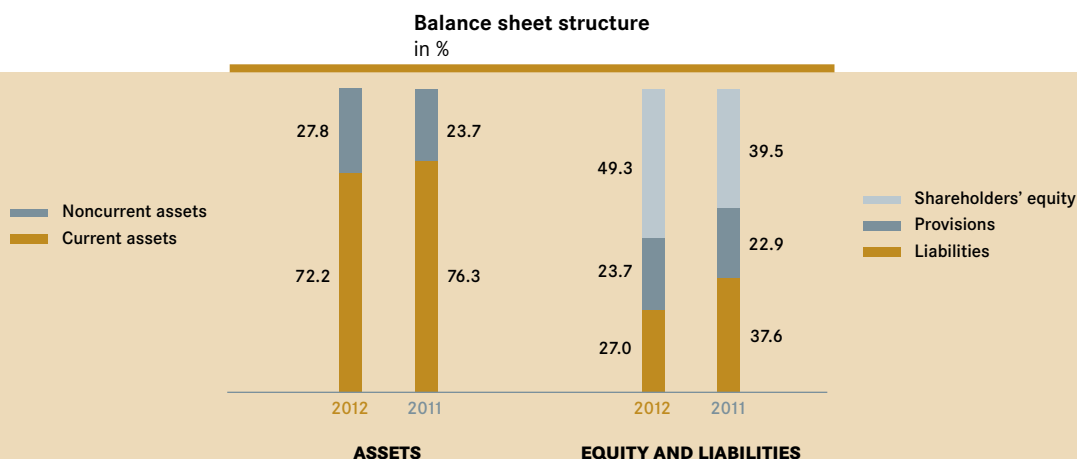
### Analysis of Balance Sheet Structure

The *balance sheet total* was up slightly compared to the previous year at € 1,154.7 million. While noncurrent assets increased due to the initial consolidation of manroland web systems and major investments made in the reporting year, current assets decreased – mainly due to the deconsolidation of International Trading. In terms of equity and liabilities, equity increased thanks to consolidated net profit, while bank loans in particular were substantially reduced.

*Intangible assets and property, plant, and equipment* increased by a total of € 39.5 million. Of this increase, € 43.5 million is attributable to *property, plant, and equipment*, while *intangible noncurrent assets* were down by € 3.9 million due to the amortization of goodwill. The increase in property, plant, and equipment primarily relates to the initial consolidation of manroland web systems as well as the acquisition of its premises in Augsburg. Additionally, we also made some considerable expansion investments into the Elastomer Plants division at its Croatian production site. The other investments were generally equal to depreciation.

The rise of € 10.1 million in *noncurrent financial assets* is mainly due to using the equity method to recognize the International Trading business, including the 50% stake in Possehl Kehrmann GmbH. The 100% stake in the production company ZŤS Najus in Slovakia, which was purchased at the end of the fiscal year and will be consolidated for the first time in 2013, is also included. This development was partly offset by the sale of the joint venture Monfongs.

*Net current assets* amounted to € 457.2 million as of the reporting date and were therefore down € 32.9 million or 6.7% on the previous year. Due to increased advance payments received in the Printing Machines division as well as high inventories in the trading business from the previous year, inventories were lower overall in 2012. Trade receivables also were down slightly due to the disposal of International Trading. Customer payments received in the Elastomer Plants division were also down. In the other divisions, net current assets remained mostly unchanged with a similar volume of business compared to last year.



*Cash and cash equivalents* including other securities decreased slightly from the previous year – down € 4.2 million to € 218.1 million. The majority of this can be attributed to the Group holding company L. Possehl, whose cash pooling includes most of the companies located in Germany. The drop compared to the previous year primarily resulted from high levels of investments, the repayment of bank loans, and lower payments from customers in the Elastomer Plants division.

*Group equity* rose by € 101.0 million to € 528.0 million. Taking into account the difference from capital consolidation, which is mainly treated as equity, and deducting goodwill from capital consolidation, the Group's economic equity increased to € 553.7 million. This rise is mainly due to our consolidated net profit of € 123.2 million. This was offset by the dividend payment of € 16.0 million as well as a negative currency effect of € 2.3 million. The economic equity ratio increased by 10.1 percentage points to 48.6%. Non-current assets continue to be completely covered by equity.

*Pension provisions* stayed mostly unchanged compared to the previous year at € 97.5 million. Changes to the group of consolidated companies had very little impact on pension obligations. The obligations are accrued at their full required amount to guard against a shortfall.

With business volumes remaining fairly stable, the increase in *other provisions* mainly can be traced to changes in the group of consolidated companies (€ 19.3 million) and personnel-related obligations stemming from these changes.

*Bank loans* were notably lower than in the previous year, shrinking by € 79.4 million. The drop chiefly relates to the deconsolidation of the trading business. A total of € 32.2 million in noncurrent bank loans were also paid back on schedule during the reporting year. A redeemable loan with a ten-year term was taken out as a result of the favorable financing conditions in order to finance half of the purchase price for the manroland premises in Augsburg.

At € 57.1 million (previous year: € 58.7 million), *other liabilities* include the settlement account with the Possehl-Stiftung, which provides its free liquidity to the proprietary company L. Possehl. The decrease in other liabilities is mainly due to lower tax obligations.

## Financial Strategy

The Group holding company L. Possehl is responsible for the overall financial management of the Possehl Group. The primary objective of centralized financial management is to ensure the constant liquidity and credit-worthiness of the Group. The reduction in the cost of debt, the optimization of the capital structure, and effective risk management are additional elements of Possehl Group's centralized financial and liquidity management. We also ensure that we remain independent from individual banks and financial institutions. Overall, we see financing as a supporting function for ensuring the Group's sustainable growth course.

We decide on a case-by-case basis whether liquidity is distributed internally within the Group from a central source or held locally in the individual companies. The lending terms, the currency in which funds are to be raised, and the credit-worthiness of the Group company are some of the factors that play a role in the decision. Domestic companies are for the most part integrated in the Group's cash pool via the cash management system. Foreign companies generally arrange their finances locally, partially through the management companies in their division or through the Group holding company.

The Group's policy on assuming debt is conservative and designed for flexibility. In addition to long-term loans, we make particular use of short-term credit lines from banks to finance our working capital. We arrange for sufficient credit lines from banks, but a core element of our financial strategy is for the Group holding company to have substantial overnight and fixed-term deposits, which enable us to act rapidly, reliably, and largely independently of banks. This element of our business model has proven itself repeatedly in the acquisition process.

## Cash Flow Development

in € million	2012	2011
Cash flow from operating activities	68.2	68.2
Cash flow from investing activities	-50.4	-39.2
Cash flow from financing activities	-21.1	-10.4
Change in cash and cash equivalents over the period	-3.4	18.5
Cash and cash equivalents on December 31	218.1	222.3

*Cash flow from operating activities* did not change compared to the previous year, even with a consolidated net profit that was € 21.4 million higher. This relatively low cash flow is due to an expansion of working capital in the Elastomer Plants division that stemmed from increased output and a simultaneous decreased rate of advance payments received. On the other hand, the balance from receivables and liabilities at manroland web systems increased by about € 20.5 million, as these items were not taken on as part of the acquisition.

*Cash flow from investing activities* amounted to € -50.4 million in the reporting year after € -39.2 million in the previous year. Payments made for intangible assets and investments in property, plant, and equipment amounting to € 83.3 million had a negative impact on cash flow. By contrast, payments received from the disposal of International Trading and the textile machine business had a positive effect.

In the year under review, a sum of € 83.3 million was invested in property, plant, and equipment and intangible noncurrent assets, not including goodwill. A total of € 59.0 million was invested in the previous year. This corresponds to an increase of about 41% compared to the previous year. Along with the necessary investments for maintaining and modernizing the production plants in the various divisions, select larger investments in the future were also made in the reporting year. These investments mainly related to the Elastomer Plants, Electronics, and Printing Machines divisions. The expansion investments made last year relating to the production site in Croatia were supplemented with the construction of an additional plant due to the exceptional order situation. Additionally, a new technical center was opened at the start of the year at the

Harburg-Freudenberger site in Freudenberg. In the Electronics division, measures primarily for improving quality and increasing efficiency were carried out at the German site in addition to investments into new systems for producing new products for the automotive industry. manroland web systems also purchased the premises in Augsburg during the reporting year.

Capital expenditure is mainly financed from ongoing cash flow or available funds. Due to the currently favorable financing conditions, we financed some larger and longer-term investments using third-party funds.

*Cash flow from financing activities* totaled € -21.1 million in the reporting year. The repayment of bank loans, especially long-term loans, as well as the distribution of a high dividend are contained in this increased negative balance.

## Net Liquidity Up Considerably Despite Higher Investments

The Possehl Group posted net financial receivables of € 123.4 million at the end of the reporting year. Compared to the previous year, this represents an increase of € 75.2 million. Along with the positive cash flow from operating activities, the improvement mainly stemmed from the deconsolidation of International Trading. This cash balance is largely held by the Group holding company L. Possehl in short-term, low-risk investments.



## Employees

Our staff makes the most important contribution to Possehl's success. Around the world we therefore aim to attract dedicated, hard-working employees and to retain them for our Company long-term. We invest in our attractiveness as an employer and support our employees with targeted personnel development.

### Employees Globally

At the end of 2012, Possehl employed a total of 10,539 people. This corresponds to a growth of approximately 14% compared with the previous year. We gained new employees mainly through the acquisition of manroland web systems and expansion in the Elastomer Plants division. Notable attrition of workforce took place in the reporting year with the disposal of International Trading and the textile machine segment as well as through the deconsolidation of the Chinese production company in the Cleaning Machines division. On average over the year, the Possehl Group had 10,760 employees, or around 16% more than during the previous year.

In Germany, the average number of staff employed rose by 29% to 6,735. This means that an average of 63% of the Group's workforce was employed in Germany over the course of the year. Company acquisitions made in the last two years, which focus mainly on Germany, are primarily responsible for this positive development.

### Personnel Expenses and Social Security

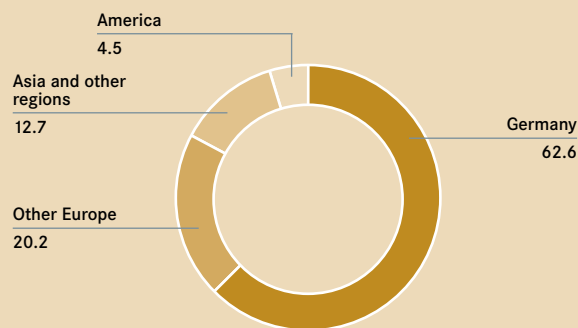
The Possehl Group spent € 527.4 million on wages and salaries, social security contributions, and expenses for pensions and support during the reporting period. Personnel expenses therefore increased by 26.9%, mainly due to the acquisition of manroland web systems. Adjusted for consolidation effects, this still results in an increase of € 17.4 million or nearly 4.2%, primarily stemming from general wage and salary increases.

### Vocational and Professional Training

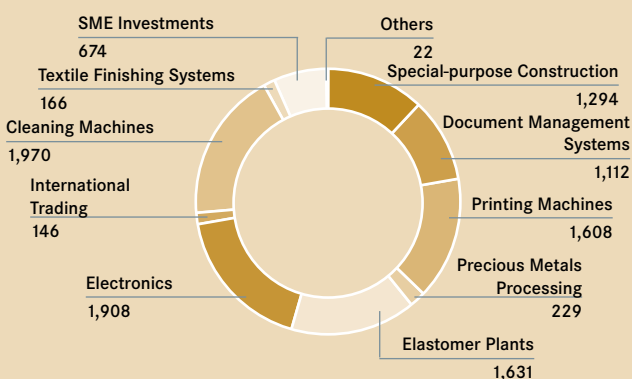
We are engaged in a constant global competition for qualified specialists and executives and therefore strive to advance and expand the qualifications and professional knowledge of our employees at all of our locations. Acquiring and developing trained and qualified young professionals is one of the keys to Possehl's future success. We therefore spend a considerable amount every year on professional training. This expenditure includes courses and training programs for individual employees as well as for certain categories of staff.

In addition, we provided vocational training to 379 young people in various occupations over the reporting year, mainly at our German locations. Compared to the previous year, this corresponds to an increase of roughly 23%, which mainly is attributable to manroland web systems. Despite the falling student numbers, the training positions were filled and the number of apprentices remained at a high level.

**Distribution of employees by region**  
in %



**Distribution of employees by division**  
number of individuals, yearly average



## Research and Development

The profitable growth and long-term success of Possehl are highly dependent on the innovativeness of our products, services, and manufacturing processes. We therefore make considerable efforts and substantial financial investments in order to promote innovation. Activities in the area of research and development are predominantly market and customer-driven. Technical innovations as well as new products and applications regularly emerge in cooperation with our customers. Our activities focus on developing more efficient and environmentally friendly products and processes as well as on quality improvements. With our innovative products and processes, we deliver solutions for a multitude of industries. The various research and development focuses of the individual divisions will be described in the following section.

The **Special-purpose Construction division** continued work on the development of a system for the sustainable restoration of ASR (alkali-silica reaction) -damaged cement surfaces on roads and air traffic surfaces and registered it for a patent. ASR-damaged traffic surfaces represent a major problem for the former Eastern German states in particular and a large market for business. The development of the ASR system was performed by in-house specialists, from lab research to application. Initial tests in cooperation with a renowned university were performed and showed promising results. The first test installations on freeways in Germany are planned for 2013. In monument restoration, a research project sponsored by the German state of Thuringia on the manufacture of a high-performance composite beam in cooperation with the Bauhaus University in Weimar was successfully completed.

In the **Document Management Systems** division, 93 employees were active in research and development during the fiscal year. This corresponds to about 16% of the division's core workforce. The focus of their work centered on the further development of existing system types as well as the development of new systems that would fill existing gaps in the portfolio. The most important new development is the enveloping system FUSION X, which was introduced to a specialist audience at the Drupa 2012 trade fair. This system is characterized by a high level of flexibility regarding the types of envelope formats and fill levels to be processed while offering consistent high performance. Alongside this, we are developing a new system to round out the product portfolio with regard to the smaller dimensions segment. We aim to replace products currently purchased from third parties with these developments. Another development involves a system for handling plastic cards at the lower output level. All hardware developments are accom-

panied by corresponding software solutions, whereby a comprehensive reorientation is taking place in this division to expand the possibility for tailoring software to individual customer needs.

Research and development activities at manroland web systems (**Printing Machines**) were primarily aimed at meeting customer requirements for more economical printing solutions. The automation of the printing process is the focus here as is the reduction of operating costs and life cycle costs. In addition, we are also working on expanding the product range in the middle and lower market segments in newspaper and publication printing. Such machines would be particularly of interest in the emerging markets. In the service segment, we further reinforced our efforts to develop and test innovative service and press update products.

Heimerle + Meule GmbH (**Precious Metals Processing**) constantly developed its production processes in order to be able to produce new, innovative investment products and bring them to market. For the production of ring blanks for wedding ring manufacturers, the production processes were expanded in order to offer customers a higher vertical range of manufacture. The logistics system for this market was also improved so that customer requests can be fulfilled more quickly. In the band plating segment, output was increased in some product segments thanks to process improvements.

In **Elastomer Processing**, the integration of Farrel and Pomini was continued in the Mixing Technology product segment. With the high, stable order backlog, a special focus was put on manufacturing. The benchmarking of manufacturing times for core components resulted in considerable synergies being leveraged. A robot for plating components was successfully integrated into production at the Freudenberg site. We also opened a new technical center as part of our customer conference at the beginning of the year. Since then, it has been in constant use for customer testing. In Extrusion, we successfully completed the "Design to Cost" project on cooling line optimization. The project successfully achieved its goal of improving functionality while simultaneously reducing manufacturing costs. Further innovations were seen in the other product segments and patent applications were filed for new inventions.

The research and development work at Possehl **Electronics** focuses on developing new processes and products and putting them into mass production. As a supplier to the semiconductor industry, we are faced with the challenge of permanently improving our qual-

ity, increasing efficiency, and thereby reducing costs at the same time. Among other things, this means reducing the amount of precious metals used through optimized selective plating and developing alternative coatings. Semiconductor manufacturers are also tasked with storing ever more data on an ever smaller area. This has a corresponding effect on the products we have to develop. Beyond this, we are intensively involved in the development of environmentally friendly production processes.

In the automotive segment, the focus of our activities centered on the start of a high-volume series that requires a complex manufacturing process for producing plastic housing with integrated absorbers that are joined via an intrinsically absorbing silicone. These will be used by the customer for housing new acceleration sensors. The products made by pretema allow customers to integrate these highly sensitive sensors – which will initially be used to recognize unstable driving situations for an automobile – in critical installation environments with high temperatures and strong vibrations, such as engine compartments.

In the **Cleaning Machines** division, numerous new developments and research activities were realized in every product area and introduced at the leading international trade fair Interclean in Amsterdam. The development costs in the reporting year were approximately 25% higher than in the previous year. In the scrubber-dryers segment, existing gaps in the product range were filled by introducing machines with other working widths and adding antibacterial tanks. In the vacuum sweeper segment, a focus of development in recent years, the gap between the hand-guided product Hamster and the rideable Jonas 900 was closed with the Jonas 800 for our professional customers. In the external cleaning segment, the focus of development work was on the redesign and expansion of the current Citymaster 1200 and Citymaster 2000. Research and development is also being continued on the further expansion of our module-oriented platform strategy. The necessary processes for product development have been enacted across the company for the implementation of this strategy.

## Risk and Opportunity Management

### RISK MANAGEMENT SYSTEM

We pursue a cautious corporate strategy overall. Our risk policy mirrors our ambition to grow sustainably and successfully, to minimize dependence on individual industries and divisions, and to increase the value of the Possehl Group over the long term. In doing so, we work to avoid incommensurate risks and manage unavoidable risks. The long-term perspective of our shareholder, the charitable Possehl-Stiftung, does not allow the Company to pursue solely short-term goals. Throughout the Group, it is our policy not to conduct speculative trading or other speculative business transactions. We use derivative financial instruments exclusively to hedge interest-rate risks and raw material price fluctuations or to limit risks associated with cash flows denominated in foreign currencies. Liquid fund investments are low-risk and short-term and are made in the form of demand and term deposits or similar secure short-term investment products.

Our risk management and controlling is an integral component of planning and executing our business strategies. The Executive Board determines the risk policy for the entire Group. In accordance with the organization of the Possehl Group into individual

operating divisions, company managers are obliged to implement a risk management tailored to their specific businesses and hierarchies, which corresponds to the overarching principles.

We are very conscious of ensuring that the risks we enter into are balanced by corresponding opportunities. We identify, evaluate, and manage these risks and opportunities systematically.

The Possehl Group has a range of coordinated risk management and control systems that make it possible to identify significant risks at an early stage and to take suitable countermeasures. We place particular importance on corporate planning, risk control throughout the year, and the liquidity development of the individual companies. Corporate planning helps us to assess potential risks before major business decisions are made, while the countermeasures implemented are monitored as part of controlling processes throughout the year. Risks that arise directly from business developments are quickly recorded and evaluated in monthly reports as part of our systematic controlling processes, which stretch across every division and company within the Group. Due to the heterogeneous structure of the Possehl Group, we have supplemented the reporting system in place for all Group companies with division-specific information, data, and key figures.

Investment controlling covers the annual budget as well as follow-up reviews of the actual investment amounts. All investments are valued using returns calculations based on a uniform methodology, and minimum risk-adjusted returns are set regularly. In divisions with longer production cycles, the central risk management also focuses on order entry and order backlog reports as well as on advance calculation checks above certain thresholds.

The transfer of risks to insurers is managed – to the extent feasible and economically responsible – by our insurance broker, Lubeca Versicherungskontor GmbH, in coordination with the Executive Board of the holding company and involves insurance contracts for the entire Group.

As an international corporation with a heterogeneous portfolio, the Possehl Group is in general subject to a range of risks, the most important of which are described below.

## MAJOR INDIVIDUAL RISKS

### Liquidity Risks

One of L. Possehl's core responsibilities as a holding company is the sustainable and long-term safeguarding of the Group's financial independence. As well as optimizing Group financing, the main task consists of limiting financial risks.

To ensure liquidity at all times, sufficient cash and cash reserves are maintained to meet all of the Group's payment obligations when they are due. A reserve is maintained for unplanned cash flow irregularities. In addition, there are adequate bank credit lines. Liquidity is mainly obtained in euro and US dollars with varying terms. Interest rate risks are analyzed regularly and all existing risks are limited by appropriate hedging transactions.

### Credit and Default Risks

There is a risk that business partners will default and not pay their outstanding invoices. In order to manage credit risks from receivables effectively, the individual divisions routinely perform credit-worthiness analyses and set individual credit limits. In order to minimize credit risks, transactions are only carried out within these defined limits. The Group companies continuously monitor receivables and default risks, which in some cases are also hedged by commercial credit insurance. For orders with longer production times, we also endeavor to obtain substantial payments on account from customers or to secure payment by means of letters of credit or similar instruments.

### Currency Risks

Due to the global nature of the Group's business activities, both business operations and financial transactions are subject to risks from exchange rate fluctuations, particularly for the US dollar against the euro. A currency risk exists when sales are generated in another currency than the associated costs. This applies particularly to the Electronics division and mechanical engineering activities. To limit the risks of multiple cash flows in different currencies, foreign currency positions are normally hedged when they arise. This involves the use of primarily unconditional derivative financial instruments.

### Acquisition Risks

The Possehl Group is on a long-term growth path. In addition to organic growth in the existing divisions, growth is generated through company acquisitions. As a rule, these entail risks because there is no guarantee that every business acquired will develop successfully and according to the original plans. We seek to reduce these risks as far as possible by carrying out extensive due diligence during the acquisition process. In addition, we generally do not take potential synergy effects into account when valuing target companies.

Changes to the investment portfolio can also result in additional funding requirements and have a sustained effect on the Group's debt and funding structures. Acquisitions can furthermore lead to a significant increase in goodwill, as this may no longer be offset against reserves. In order to limit this risk, we are careful to avoid paying high amounts of goodwill in our acquisitions. Moreover, we adhere to conservative accounting policies and, for instance, do not recognize deferred tax assets for tax loss carryforwards.

## MAJOR INDUSTRY AND COMPANY-SPECIFIC RISKS

As a conglomerate, the Possehl Group is active in various sectors with disparate risk profiles and specific risk characteristics. The main potential risks encountered by the individual divisions are as follows:

### Special-purpose Construction

A key risk is that errors of judgment may be made when costing larger construction projects and that the effective additional costs cannot be billed to the customer. This can apply particularly to the restoration of historic buildings.

### Mechanical Engineering Activities and Electronics

Intense competition creates permanent pressure to increase the efficiency of manufacturing and to reduce production costs. In addition, a fall in the US dollar could impair the earnings of the Electronics division. In some divisions, there are also certain dependencies on major customers. Our aim is to reduce existing dependencies by acquiring new customers, thus broadening the customer base. In the Printing Machines and Document Management Systems divisions, we are operating in markets that are expected to stagnate or slowly shrink over the long term. This requires constant monitoring and, if necessary, adjustment of capacities as well as simultaneous improvements in efficiency.

The manufacturing processes in our Electronics division expose us to the risk of polluting soil and ground water. Intensive and continuous environmental protection measures and investment in environmentally friendly processes at our production sites enable us to reduce these risks as far as possible. In addition, we continually conduct environmental audits.

In the automotive industry, shorter development times for increasingly complex systems result in a higher potential for risk with regard to quality. In addition to this are the constantly growing requirements regarding product liability. We counteract these risks via comprehensive quality control measures along the entire value chain in order to minimize quality risk. We have maintained high levels of coverage for the product liability risks in this division in particular.

### International Trading

The trading companies are exposed not only to price risks but also to procurement risks. Trade barriers in particular, in the form of tariffs and quotas, can harm trading. We manage this risk via our global presence, long-term supplier relationships, broad customer base, and high degree of diversification. We are countering our dependence on the steel industry by expanding our existing divisions and establishing new ones. Risks from fluctuations in raw material prices and freight rates are substantially reduced by the use of back-to-back transactions. However, price and currency risks remain in the storage and inventory business.

## NO EXISTENTIAL RISKS FOR THE POSSEHL GROUP

The Possehl Group is currently very broadly and stably positioned, and the opportunity and risk profile is very balanced. The Group is thus cushioned to some extent from negative developments in specific sectors, regions, or divisions. From today's perspective, there are no identifiable risks that could endanger the continued existence of the Possehl Group.

## MAJOR OPPORTUNITIES

Most of the risks described above are balanced by corresponding opportunities, depending on the favorable development of external conditions. In addition, a sustainable economic recovery will open up growth opportunities for the Possehl companies around the world. The high-quality product program and the strong market positions of our operating business units form the basis for exploiting these numerous opportunities.

Capacity expansions – such as the recent acquisition of a production site in Slovakia – enable us to meet the increasing demand for our products and manufacture them in a cost-effective manner.

The solid equity and financial situation of the Possehl Group, with a high amount of available cash and cash equivalents, enables us to take advantage of further opportunities for acquisitions without having to borrow significant funds. The tight Possehl Group network offers our operating business units a solid foundation for securely withstanding economic fluctuations. This also allows us to remain focussed on our commitment to long-term success and not become distracted by short-term goals and figures.

## Subsequent Events

### PARTICULAR EVENTS AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the end of the fiscal year and the completion of the consolidated financial statements that could have a material effect on the Possehl Group's net assets, financial, and earnings position.

## Outlook

### Group Strategy

The core elements of our Group strategy – namely the focus on long-term goals and the avoidance of incommensurate risk – remain unchanged.

### Expected Economic Conditions

We do not anticipate a dramatic recovery of the global economy in 2013. At the end of 2012 and the beginning of 2013, the global economic downturn seemed to have already reached its low point. Yet, high levels of uncertainty, particularly with regard to the sovereign debt crisis in Europe and the future course of financial policies in the United States, are putting strain on worldwide economic development. After growth of 3.2% in the past year, the global economy is expected to expand only slightly faster in 2013. Economic growth in the industrialized nations is likely to be much weaker. Stronger economic growth is not expected here until 2014.

The German economy is also likely to go through a weak period and achieve only limited growth in 2013. The decisive factors here are the dampening effects from an overall global economy that remains weak, on the one hand, and the crisis in the eurozone on the other. The following year should see the very favorable monetary conditions begin to take effect and support economic growth.

### Expected Development of the Possehl Group

Against the backdrop of the reserved forecasts for the development of the global economy, we expect the relevant markets for our business to experience similar developments. Due to the restrained investment behavior in many countries, we expect production in the German mechanical engineering sector to remain on a level with the previous year. The semiconductor and electronics market is expected to experience moderate growth. The German construction industry is also expected to perform somewhat better this year after a notably weaker year in 2012. This also applies to public-sector construction, which is very important for our business.

Overall, we expect fairly stable developments in sales and operating result for the Possehl Group within this context. In some of our mechanical engineering activities, we already have an order backlog that stretches into 2014. Our other divisions are also confirming their good market positioning and operate in markets that allow for further successful development.

We continue to see good opportunities for acquisitions, especially in the SME segment and for complementary acquisitions in existing divisions. The necessary free liquidity is available in sufficient measure. Further, our reputation as a reliable investor will support our acquisition efforts.

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# Consolidated Financial Statements

# Consolidated Balance Sheet as of December 31, 2012

in € '000	Notes	12/31/2012	12/31/2011
<b>ASSETS</b>			
<b>A. Noncurrent assets</b>			
I. Intangible assets	(1)	24,145	28,087
II. Property, plant, and equipment	(2)	256,445	212,990
III. Financial assets	(3)	40,942	30,802
		<b>321,532</b>	<b>271,879</b>
<b>B. Current assets</b>			
I. Inventories	(4)	274,683	300,551
II. Receivables and other assets	(5)		
1. Trade receivables		284,827	299,524
2. Other receivables and other assets		48,201	43,869
		<b>333,028</b>	<b>343,393</b>
III. Other securities		88	20,512
IV. Cash and cash equivalents	(6)	217,994	201,770
		<b>825,793</b>	<b>866,226</b>
<b>C. Pre-paid expenses</b>		<b>5,731</b>	<b>6,573</b>
<b>D. Deferred tax assets</b>	(7)	<b>1,609</b>	<b>1,338</b>
<b>Total assets</b>		<b>1,154,665</b>	<b>1,146,016</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>A. Equity</b>			
I. Subscribed capital	(8)	30,678	30,678
II. Retained earnings		290,517	190,852
III. Changes in equity due to currency translation		-434	1,868
IV. Consolidated net profit for the period		204,111	201,846
V. Minority interests		3,108	1,789
		<b>527,980</b>	<b>427,033</b>
<b>B. Difference from the consolidation of equity</b>	(9)	<b>41,454</b>	<b>26,008</b>
<b>C. Provisions</b>			
1. Pension provisions	(10)	97,462	98,182
2. Other provisions	(11)	176,061	164,347
		<b>273,523</b>	<b>262,529</b>
<b>D. Liabilities</b>			
1. Bank loans	(12)	94,707	174,126
2. Trade payables		102,274	109,963
3. Other liabilities		108,327	140,772
		<b>305,308</b>	<b>424,861</b>
<b>E. Deferred income</b>		<b>6,400</b>	<b>5,585</b>
<b>Total equity and liabilities</b>		<b>1,154,665</b>	<b>1,146,016</b>



# Consolidated Income Statement

from January 1 to December 31, 2012

in € '000	Notes	2012	2011
Net sales	(13)	2,465,555	2,492,518
Changes in finished goods, work in progress, and capitalized own work	(14)	111,989	-9,108
Other operating income	(15)	84,346	53,296
Cost of materials	(16)	1,663,738	1,704,959
<b>Gross profit</b>		<b>998,152</b>	<b>831,747</b>
Personnel expenses	(17)	527,365	415,446
Depreciation and amortization		49,234	41,960
Other operating expenses	(18)	251,278	235,448
Net investment income/expense	(19)	4,220	6,796
Net interest income/expense	(20)	-16,911	-16,812
Other financial result	(21)	165	19,733
<b>Result from ordinary operations</b>		<b>157,749</b>	<b>148,610</b>
Extraordinary expenses/result	(22)	0	3,339
<b>Profit before taxes</b>		<b>157,749</b>	<b>145,271</b>
Income taxes	(23)	31,063	36,788
Other taxes		3,533	6,765
<b>Consolidated net profit</b>		<b>123,153</b>	<b>101,718</b>
Minority interests in consolidated net profit		-1,811	-1,531

# Consolidated Cash Flow Statement

from January 1 to December 31, 2012

in € '000	2012	2011
<b>Consolidated net profit</b>	123,153	101,718
Write-ups/write-downs on noncurrent assets	49,152	42,006
Changes in accruals and provisions	-7,242	40,840
Other non-cash expenses and income	-10,843	-2,399
Gains and losses on the disposal of noncurrent assets and from sale of consolidated companies and business units	-30,146	-24,856
Change in working capital	-55,894	-89,144
<b>Cash flow from operating activities</b>	<b>68,180</b>	<b>68,165</b>
Proceeds from disposal of intangible assets and property, plant, and equipment	6,504	9,698
Proceeds from disposal of noncurrent financial assets and from sale of consolidated companies and business units	37,379	37,615
Payments for investments in intangible assets and property, plant, and equipment	-83,289	-59,037
Payments for investments in noncurrent financial assets and for the acquisition of consolidated companies and business units	-11,016	-27,450
<b>Cash flow from investing activities</b>	<b>-50,422</b>	<b>-39,174</b>
Payments to shareholders (including minority interests)	-17,293	-11,205
Change in bank debt	-11,349	8,303
Change in other financial receivables/liabilities	7,503	-7,540
<b>Cash flow from financing activities</b>	<b>-21,139</b>	<b>-10,442</b>
<b>Cash-relevant changes</b>	<b>-3,381</b>	<b>18,549</b>
Net change in cash and cash equivalents due to exchange rate differences, changes in group of consolidated companies, and valuation changes	-819	1,357
Cash and cash equivalents at beginning of period	222,282	202,376
<b>Cash and cash equivalents at end of period</b>	<b>218,082</b>	<b>222,282</b>

# Changes in Noncurrent Group Assets

from January 1 to December 31, 2012

	Acquisition or manufacturing costs						
in € '000	01/01/2012	Exchange rate changes	Changes in group of consolidated companies	Additions	Reclassified	Disposals	12/31/2012
<b>I. Intangible assets</b>							
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	29,341	-24	-2,074	3,028	126	-702	29,695
2. Goodwill	26,631	0	0	789	0	0	27,420
3. Advance payments made	100	0	0	281	0	0	381
<b>Total intangible assets</b>	<b>56,072</b>	<b>-24</b>	<b>-2,074</b>	<b>4,098</b>	<b>126</b>	<b>-702</b>	<b>57,496</b>
<b>II. Property, plant, and equipment</b>							
1. Land, equivalent titles, and buildings including buildings on third-party land	169,019	114	-1,667	33,907	562	-1,371	200,564
2. Technical plant and machinery	258,551	1,150	-2,064	15,311	6,238	-6,920	272,266
3. Other plant, operating, and office equipment	166,840	433	94	20,535	290	-11,284	176,908
4. Advance payments made and plant under construction	5,017	32	1,648	10,215	-7,216	-250	9,446
<b>Total property, plant, and equipment</b>	<b>599,427</b>	<b>1,729</b>	<b>-1,989</b>	<b>79,968</b>	<b>-126</b>	<b>-19,825</b>	<b>659,184</b>
<b>III. Financial assets</b>							
1. Shares in affiliated companies	106	0	-95	5,877	0	0	5,888
2. Loans to affiliated companies	3,742	0	-913	0	0	-149	2,680
3. Equity investments in associated companies	17,434	215	11,523	5,742	0	-13,409	21,505
4. Other equity investments	1,378	0	0	46	0	-195	1,229
5. Loans to companies in which equity is held	5,770	0	0	1,953	0	-203	7,520
6. Securities held as noncurrent assets	2,339	2	-258	0	0	-405	1,678
7. Other loans	1,136	0	-163	45	0	-25	993
<b>Total financial assets</b>	<b>31,905</b>	<b>217</b>	<b>10,094</b>	<b>13,663</b>	<b>0</b>	<b>-14,386</b>	<b>41,493</b>
	<b>687,404</b>	<b>1,922</b>	<b>6,031</b>	<b>97,729</b>	<b>0</b>	<b>-34,913</b>	<b>758,173</b>

Depreciation and amortization								Carrying amount	
01/01/2012	Exchange rate changes	Changes in group of consolidated companies	Additions	Reclassified	Disposals	Write-backs	12/31/2012	12/31/2012	12/31/2011
21,500	-20	-1,692	2,969	-25	-695	-4	22,033	7,662	7,841
6,484	0	0	4,833	0	0	0	11,317	16,103	20,147
1	0	0	0	0	0	0	1	380	99
<b>27,985</b>	<b>-20</b>	<b>-1,692</b>	<b>7,802</b>	<b>-25</b>	<b>-695</b>	<b>-4</b>	<b>33,351</b>	<b>24,145</b>	<b>28,087</b>
78,061	24	-1,640	5,301	1,015	-909	0	81,852	118,712	90,958
198,319	966	-7,025	18,718	-900	-5,453	0	204,625	67,641	60,232
109,792	144	-3,643	17,396	-90	-7,390	0	116,209	60,699	57,048
265	1	0	17	0	-53	-177	53	9,393	4,752
<b>386,437</b>	<b>1,135</b>	<b>-12,308</b>	<b>41,432</b>	<b>25</b>	<b>-13,805</b>	<b>-177</b>	<b>402,739</b>	<b>256,445</b>	<b>212,990</b>
0	0	0	0	0	0	0	0	5,888	106
634	0	-634	0	0	0	0	0	2,680	3,108
220	0	0	0	0	0	0	220	21,285	17,214
77	0	0	56	0	0	0	133	1,096	1,301
0	0	0	0	0	0	0	0	7,520	5,770
172	1	-18	60	0	0	-17	198	1,480	2,167
0	0	0	0	0	0	0	0	993	1,136
<b>1,103</b>	<b>1</b>	<b>-652</b>	<b>116</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>551</b>	<b>40,942</b>	<b>30,802</b>
<b>415,525</b>	<b>1,116</b>	<b>-14,652</b>	<b>49,350</b>	<b>0</b>	<b>-14,500</b>	<b>-198</b>	<b>436,641</b>	<b>321,532</b>	<b>271,879</b>

# Changes in Shareholders' Equity

from January 1 to December 31, 2012

in € '000	Subscribed capital	Retained earnings	Accumulated other Group earnings	Group shareholders' equity without minority interests
<b>12/31/2010</b>	<b>30,678</b>	<b>453,535</b>	<b>-150,901</b>	<b>333,312</b>
Consolidated net profit		<b>100,187</b>		<b>100,187</b>
Dividend payment		-10,000		-10,000
Changes in equity due to currency translation		298	3,468	3,766
Other changes in shareholders' equity		-2,383	362	-2,021
<b>12/31/2011</b>	<b>30,678</b>	<b>541,637</b>	<b>-147,071</b>	<b>425,244</b>
Consolidated net profit		<b>121,342</b>		<b>121,342</b>
Dividend payment		-16,000		-16,000
Changes in equity due to currency translation		-269	-2,034	-2,303
Other changes in shareholders' equity		-81,029	77,618	-3,411
<b>12/31/2012</b>	<b>30,678</b>	<b>565,681</b>	<b>-71,487</b>	<b>524,872</b>

in € '000	Share of equity of minority interests	Accumulated share of minority interests in other Group earnings	Share of minority interests in Group capital	Shareholders' equity
<b>12/31/2010</b>	<b>2,025</b>	<b>135</b>	<b>2,160</b>	<b>335,472</b>
Consolidated net profit	<b>1,531</b>		<b>1,531</b>	<b>101,718</b>
Dividend payment	-1,205		-1,205	-11,205
Changes in equity due to currency translation	-1	-134	-135	3,631
Other changes in shareholders' equity	-562		-562	-2,583
<b>12/31/2011</b>	<b>1,788</b>	<b>1</b>	<b>1,789</b>	<b>427,033</b>
Consolidated net profit	<b>1,811</b>		<b>1,811</b>	<b>123,153</b>
Dividend payment	-1,293		-1,293	-17,293
Changes in equity due to currency translation		7	7	-2,296
Other changes in shareholders' equity	794		794	-2,617
<b>12/31/2012</b>	<b>3,100</b>	<b>8</b>	<b>3,108</b>	<b>527,980</b>

# Notes to the Consolidated Financial Statements

## GENERAL INFORMATION

The consolidated financial statements of L. Possehl & Co. mbH, Lübeck, (subsequently referred to as L. Possehl) for the 2012 fiscal year have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB).

The income statement is structured according to the nature of expense method. The consolidated financial statements have been prepared in euro. All amounts are shown in thousand currency units, with the exception of the proposal on appropriation of net profit for the proprietary company.

### Group and Changes to the Group of Consolidated Companies and Associated Companies

#### Group of Consolidated Companies

In addition to the proprietary company L. Possehl, the consolidated financial statements include 51 domestic and 74 foreign companies in which L. Possehl can directly or indirectly exercise a controlling influence on financial and business policy. The option of not including certain subsidiaries per Section 296 (2) HGB was chosen for 13 subsidiaries and two special-purpose companies due to their minor importance for the net assets, financial, and earnings position of the Group. These companies together comprise less than 3% of net sales, the balance sheet total, and consolidated net profit. Further details are available in the attached overview of equity investments.

#### Changes to the Group of Consolidated Companies

The significant changes in the group of consolidated companies include:

- As of February 1, 2012, L. Possehl acquired all shares in manroland web systems GmbH. The web printing operations of manroland AG i.l. in Augsburg will continue to operate under the management of this company. Alongside manroland web systems GmbH, the Printing Machines division consists of eight subsidiaries, of which six were newly founded in the reporting year.
- Fifty percent of the International Trading division were sold as of March 31, 2012, and is consolidated at equity starting April 1, 2012.

- A majority stake in our Textile Finishing Systems division, consisting of five affiliated and four associated companies, was sold on November 30, 2012. As of the reporting date, L. Possehl still holds a 9.9% stake in Fong's Projects Holding Limited.
- In the SME Investments division, LOGOPAK International Ltd. was consolidated for the first time as of January 1, 2012, and the newly founded company cds Polymere GmbH & Co. KG began operations in the Special-purpose Construction division. This relates to a spin-off of Possehl Spezialbau GmbH.
- As a result of mergers regarding other associated companies, the number of companies in the group of consolidated companies was reduced by two, while deconsolidation due to minor importance led to the reduction of six companies.

In cases where figures from the previous year no longer afford comparability due to changes in the group of consolidated companies, additional information is provided in the Notes on significant balance sheet and income statement items so as to restore comparability.

#### Associated Companies

There are 33 associated companies. 17 companies are not accounted for using the equity method as they are of minor importance for the net assets, financial and earnings position of the Group according to Section 311 (2) HGB.

#### Consolidation Principles

Consolidation of equity is carried out using the revaluation method, recognizing all undisclosed reserves and liabilities as of the acquisition date or date upon which the company became a subsidiary. Any remaining difference with positive value is recognized as goodwill as per Section 309 (1) HGB and amortized over its expected useful life through profit and loss. Any negative remaining difference after recognizing undisclosed reserves and liabilities is shown in a separate item on the balance sheet and recognized with effect on net income in accordance with Section 309 (2) HGB.

Goodwill, that, pursuant to Section 309 (1) (3) (old version), has been openly offset against reserves by December 31, 2009, is reclassified in consolidated net profit carried forward upon deconsolidation without effect on net income.

The equity of associated companies is offset according to the equity method at the time of acquisition. Any remaining positive difference after recognizing undisclosed reserves and liabilities is treated as goodwill and amortized. Conversely, any remaining negative difference is recognized as negative equity or debt and expensed through profit and loss.

Receivables and liabilities as well as sales, expenses, and income between consolidated companies are offset against each other. Interim profits from trading are eliminated if they are material. Income from internal sales of the Company's own products are reclassified to capitalized own work or changes in inventories.

Deferred taxes are recognized as necessary for consolidation accounting, creating temporary or semi-permanent differences. In the consolidated balance sheet, deferred tax assets and liabilities are offset against each other.

#### Currency Translation

The reporting currency of L. Possehl is the euro. Currency translation is performed using the modified closing rate method. Using this method, the carrying amounts of subsidiaries in non-euro countries are uniformly translated at the average currency spot price on the reporting date, except for equity, which is translated at historical rates. Any differences compared with the previous balance sheet date resulting from exchange rate movements are recognized directly in equity under the separate item "changes in equity due to currency translation."

Expenses and income, including results for the year, are translated at average rates. Exchange rate differences due to the application of different exchange rates for balance sheet and income statement translation are recognized directly in equity.

The following exchange rates were applied for the translation of the main foreign currencies in use in the Group:

Country	Currency	Rates in € as of balance sheet date		Average rates in €	
		2012	2011	2012	2011
USA	USD	0.75792	0.77286	0.77778	0.71846
Great Britain	GBP	1.22534	1.19717	1.23252	1.15218
China	RMB	0.12164	0.12257	0.12328	0.11115
Hong Kong	HKD	0.09779	0.09949	0.10026	0.09229
Malaysia	MYR	0.24785	0.24358	0.25195	0.23500
Singapore	SGD	0.62069	0.59457	0.62260	0.57173
Japan	JPY	0.00880	0.00998	0.00974	0.00902

#### Accounting Principles

**Intangible assets** acquired for valuable consideration are carried at cost less amortization on a straight-line basis and any impairments as necessary. Amortization normally takes place over the contractual or expected useful life of the individual assets. Licenses and similar rights are normally amortized over a useful life of one to five years.

Goodwill recognized as a result of the initial consolidation is shown separately and regularly amortized using the straight-line method over an expected useful life of five years, taking any necessary impairment into account.

**Property, plant, and equipment** are carried at cost, less scheduled depreciation and usage-related write-downs or other necessary impairments. If the basis for impairment no longer exists, the assets are written back.

Costs of property, plant, and equipment produced internally include an appropriate portion of overhead costs, including depreciation of production equipment, as well as the direct costs. Costs of debt financing are not included in production costs.

Public subsidies for the purchase or manufacture of assets are deducted from the cost of those assets.

Property, plant, and equipment are normally depreciated over their expected useful life on a straight-line basis. In the Electronics division, tools are depreciated based on a combination of useful life and actual use.

Depreciation is based on the following assumptions of useful life:

Buildings	20 – 50 years
Technical plant and machinery	5 – 15 years
Tools	1 – 4 years
Operating and office equipment	3 – 13 years

Carrying amounts for associated companies reported under **financial assets** are adjusted for the pro rata share of profit and loss, taking account of dividend payments. These adjustments are disclosed as additions or disposals in the consolidated statement of changes in noncurrent assets. Because the associated companies are generally of minor importance for the net assets, financial, and earnings position of the Group and predominantly draw up their balance sheets based on the principles of the German Commercial Code, no adjustment to the Group-wide accounting and valuation regulations will be made.

Equity investments in subsidiaries that are not fully consolidated and other equity investments are recognized at cost less any impairment losses.

Loans bearing no interest or a low rate of interest are carried at present value. Interest-bearing loans are always recognized at nominal value. Securities held as noncurrent assets are recognized at cost.

**Inventories** are carried at the lower of cost or quoted/market price or fair value on the balance sheet date. Production-related overhead costs and production-related depreciation of property, plant, and equipment are included in addition to direct costs of production. Financing costs are not included. Inventories are measured using the average cost method, except for precious

metals, which are measured using the LIFO (last-in, first-out) method, in line with common practice in the industry. Inventories are written down if their realizable value is diminished or they are subject to longer storage periods.

**Advance payments** received for inventories are deducted directly from the carrying amounts.

**Receivables and other assets** are recognized at the lower of nominal value or fair value as of the balance sheet date. Any risks are accounted for via individual write-downs or a flat percentage write-down on receivables not written down individually. The corporation tax credit in accordance with Section 37 of the German Corporation Tax Law (Körperschaftsteuergesetz) was discounted at a rate of 3.0% p.a., as in previous years.

**Tax and other provisions** are formed to reflect all identifiable risks and uncertain obligations. These provisions are recognized in the necessary fulfillment amount applying reasonable commercial judgment. Provisions for liabilities expected to become due in more than one year's time are discounted applying an average market interest rate commensurate with the remaining period in question.

**Pension provisions** and similar long-term obligations are discounted at the Deutsche Bundesbank rate over a standard term of 15 years. The measurement of pension provisions is determined according to the projected benefit credit method. The Heubeck actuarial tables 2005 G or country-specific biometric data are utilized for measurement.

**Funding and plan assets** that serve exclusively to fulfill pension commitments or similar obligations and are protected against all other creditors are offset against these associated obligations. Funding assets are measured at fair value as of the reporting date. Reinsurance policies are measured at the asset value of the insurance; other plan assets are measured at the trading or market price of the respective financial instruments.



Pension provisions are calculated based on the following parameters:

in %	12/31/2012	12/31/2011
Actuarial interest rate	5.06	5.13
Salary growth	2.50	2.50
Pension growth	1.75	1.75
Increase in assessment basis	2.00	2.00

**Liabilities** are carried at their fulfillment amount.

Current **receivables and liabilities in foreign currencies** are translated at the rate applicable as of the balance sheet date. Non-current receivables and liabilities in foreign currencies are translated at the exchange rate applicable as of the date they arose or at the lower rate (in the case of liabilities, higher rate) as of the balance sheet date.

**Deferred taxes** are recognized by the individual subsidiaries on temporary or semi-permanent differences between amounts under financial accounting and tax accounting respectively. Deferred taxes are also recognized on tax loss carryforwards.

Company-specific tax rates applicable at the date of their expected utilization are applied for measurement. The tax rates applied range between 12.5 % and 40 %, and the rate applied for domestic tax items is generally approximately 31 %.

Deferred tax assets and liabilities carried by the individual subsidiaries are netted and offset against amounts resulting from consolidation. For any positive resulting differences after offsetting, the accounting option is exercised not to recognize assets if the difference does not represent a tax deferral resulting from consolidation. In the case of negative differences, these are recognized separately on the consolidated balance sheet as a liability.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### Noncurrent Assets

Detailed information is available in the consolidated statement of changes in noncurrent assets.

#### 1. Intangible Assets

in € '000	12/31/2012	12/31/2011
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	7,662	7,841
2. Goodwill	16,103	20,147
3. Advance payments made	380	99
	<b>24,145</b>	<b>28,087</b>

In addition to the amount of € 417,000 (previous year: € 503,000 recognized as goodwill by individual subsidiaries, goodwill resulting from consolidation of equity is also recognized. The useful life for amortization purposes amounts to five years.

The item contains impairments amounting to € 154,000 (previous year: € 13,000).

## 2. Property, Plant, and Equipment

in € '000	12/31/2012	12/31/2011
1. Land, equivalent titles, and buildings including buildings on third-party land	118,712	90,958
2. Technical plant and machinery	67,641	60,232
3. Other plant, operating, and office equipment	60,699	57,048
4. Advance payments made and plant under construction	9,393	4,752
	<b>256,445</b>	<b>212,99</b>

The item contains impairments amounting to € 86,000 (previous year: € 472,000).

## 3. Financial Assets

in € '000	12/31/2012	12/31/2011
1. Shares in affiliated companies	5,888	106
2. Loans to affiliated companies	2,680	3,108
3. Equity investments in associated companies	21,285	17,214
4. Other equity investments	1,096	1,301
5. Loans to companies in which equity is held	7,520	5,77
6. Securities held as noncurrent assets	1,480	2,167
7. Other loans	993	1,136
	<b>40,942</b>	<b>30,802</b>

The complete list of equity investments pursuant to Section 313 (2) HGB can be viewed in a separate overview at the end of the Notes.

The following domestic subsidiaries make use of the exemption provided by Section 264 (3) HGB in 2012:

- Heimerle + Meule GmbH, Pforzheim
- Harburg-Freudenberger Maschinenbau GmbH, Hamburg
- Deutscher Eisenhandel AG, Lübeck

The following domestic subsidiaries make use of the exemption provided by Section 264b HGB in 2012:

- Hako Holding GmbH & Co. KG, Bad Oldesloe
- PAGEL Spezial-Beton GmbH & Co. KG, Essen
- PAGEL Technische Mörtel GmbH & Co. KG, Essen
- Possehl Mittelstandsbeteiligungen GmbH & Co. KG, Lübeck
- Kleine Wolke Textilgesellschaft mbH & Co. KG, Bremen
- Karl Otto Knauf (GmbH + Co. KG), Stockelsdorf
- Mickan Generalbaugesellschaft Amberg mbH & Co. KG, Amberg
- DMA Maschinen und Anlagenbau GmbH & Co. KG, Höxter
- LOGOPAK Systeme GmbH & Co. KG, Hartenholm
- cds Polymere GmbH & Co. KG, Spremlingen

## Current Assets

### 4. Inventories

in € '000	12/31/2012	12/31/2011
1. Raw materials, consumables, and supplies	100,157	94,607
2. Work in progress	321,656	183,303
3. Finished goods and merchandise	103,926	180,011
4. Advance payments made	6,967	11,419
5. Advance payments received on orders	-258,023	-168,789
	<b>274,683</b>	<b>300,551</b>

As of December 31, 2012, inventories amounting to € 21,721,000 resulted from the initial consolidation of certain companies. Inventories from companies deconsolidated during the fiscal year amounting to € 75,537,000 are contained in the previous year.

## 5. Receivables and Other Assets

in € '000	12/31/2012	12/31/2011
<b>1. Trade receivables</b>	<b>284,827</b>	<b>299,524</b>
of which with a remaining term of more than 1 year	1,006	1,898
<b>2. Other receivables and other assets</b>		
Receivables from affiliated companies	56	274
Receivables from companies in which equity is held	6,000	4,576
Other assets	42,145	39,019
of which with a remaining term of more than 1 year	12,957	4,052
	<b>48,201</b>	<b>43,869</b>

Receivables and other assets include individual write-downs of € 19,672,000 (previous year: € 19,674,000) and a general write-down of € 5,233,000 (previous year: € 4,337,000).

As of December 31, 2012, trade receivables amounting to € 32,474,000 resulted from the initial consolidation of acquired companies. The previous year contains customer receivables from deconsolidated companies amounting to € 52,990,000.

## 6. Cash and Cash Equivalents

in € '000	12/31/2012	12/31/2011
Bank balances	217,274	201,344
Cash in hand and checks	720	426
	<b>217,994</b>	<b>201,770</b>

## 7. Deferred Tax Assets

As of December 31, 2012, deferred taxes were net positive, breaking down as follows:

in € '000	12/31/2012	12/31/2011
Deferred tax assets	27,950	29,170
Deferred tax liabilities	-11,418	-6,668
<b>Net balance</b>	<b>16,532</b>	<b>22,502</b>

Of the net amount shown as of the reporting date, € 1,609,000 (previous year: € 1,338,000) derived from consolidation accounting in the consolidated financial statements. The option is being taken of not capitalizing the positive net balance in line with Section 274 (1) (2) HGB.

Deferred taxes derive mainly from temporary differences between financial and tax accounting of pension and other provisions, tax loss carryforwards, and supplemental tax statements of non-incorporated domestic companies.

## 8. Equity

Subscribed capital consists of the common equity of the proprietary company, L. Possehl, held by the sole shareholder, Possehl-Stiftung.

The rise in accumulated other Group earnings reported in the Statement of Changes in equity under other changes in equity resulted mainly from reclassifications of differences in assets arising from the capital consolidation in consolidated net profit carried forward deducted from reserves, performed upon deconsolidation pursuant to Section 309 (1) (3) HGB (old version) without effect on profit and loss.

## 9. Difference from the Consolidation of Equity

The change in this item in the year under review is shown below.

in € '000	
January 1, 2012	26,008
Additions	24,622
Disposals	-319
Reversals	-8,857
<b>December 31, 2012</b>	<b>41,454</b>

The amounts stemming from the previous year and a portion of the additions are attributable to equity. Reversals are performed on a scheduled basis over the useful life of five years in line with DRS 4.41. The reversal amount is shown under other operating income.

The additions mainly derive from the initial consolidation of man-roland web systems GmbH and its subsidiaries. A portion of € 14,500,000 is recognized as debt. It covers possible future expenses that could not be recognized in the revaluation balances as the requirements for this were not yet available. Reversals take place at the time the expenses are incurred.

## 10. Pension Provisions

A breakdown of pension obligations and the funding/plan assets to fulfill these as of the reporting date is provided below.

in € '000	12/31/2012	12/31/2011
Fulfillment amount of pension obligations	118,580	117,990
Time value of plan/funding assets	-21,118	-19,808
<b>Net balance</b>	<b>97,462</b>	<b>98,182</b>

The cost of plan and funding assets is € 20,831,000 (previous year: € 18,601,000). Income of € 1,048,000 (previous year: € 654,000) and expenses of € 150,000 (previous year: € 65,000) were offset in the income statement.

## 11. Other Provisions

in € '000	12/31/2012	12/31/2011
1. Provisions for taxes	24,459	28,715
2. Other provisions	151,602	135,632
	<b>176,061</b>	<b>164,347</b>

The overfunded amount of € 20,000 (previous year: € 42,000) is not being written back, with reference to Section 67 (1) (4) EGHGB (German Commercial Code Implementation Act). Funding assets of € 506,000 (previous year: € 738,000) have been deducted from the fulfillment amounts for partial retirement obligations. The cost of funding assets is € 466,000 (previous year: € 730,000). Income of € 51,000 (previous year: € 220,000) and expenses of € 177,000 (previous year: € 110,000) were also offset.

Other provisions increased by € 29,854,000 as of December 31, 2012, due to additions to the group of consolidated companies, while the disposals led to a reduction of € 9,211,000.

## 12. Liabilities

in € '000	Up to 1 year	1 to 5 years	Over 5 years	12/31/2012 Total
<b>1. Bank loans</b> (Previous year)	<b>57,864</b> (126,603)	<b>27,170</b> (44,174)	<b>9,673</b> (3,349)	<b>94,707</b> (174,126)
<b>2. Trade payables</b> (Previous year)	<b>101,107</b> (108,878)	<b>861</b> (1,085)	<b>306</b> (0)	<b>102,274</b> (109,963)
<b>3. Other liabilities</b>				
Liabilities from bills drawn (Previous year)	276 (254)	0 (0)	0 (0)	276 (254)
Liabilities to affiliated companies (Previous year)	205 (0)	0 (0)	0 (0)	205 (0)
Liabilities to companies in which equity is held (Previous year)	1,016 (1,444)	0 (0)	0 (0)	1,016 (1,444)
Other liabilities (Previous year)	105,538 (134,740)	1,292 (4,334)	0 (0)	106,830 (139,074)
<b>Liabilities</b> (Previous year)	<b>107,035</b> (136,438)	<b>1,292</b> (4,334)	<b>0</b> (0)	<b>108,327</b> (140,772)

Liabilities of € 33,726,000 (previous year: € 26,877,000) are secured by liens and similar rights.

Of bank loans, € 11,617,000 are attributable to companies initially consolidated as of December 31, 2012, while the previous year contains payables from deconsolidated companies amounting to € 31,673,000.

Other liabilities include:

in € '000	12/31/2012	12/31/2011
Taxes	20,924	41,383
Social security	4,340	4,677
Shareholders (of which Possehl-Stiftung € 57,096,000; previous year: € 58,739,000)	58,578	60,189
Other	22,988	32,825
	<b>106,830</b>	<b>139,074</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

The income and expenses of the new division Printing Machines were included starting February 1, 2012, while the income and expense figures for the International Trading and Textile Finishing Systems divisions correspond to the periods until March 31, 2012, and November 30, 2012, respectively. The income and expenses resulting from the addition of the Printing Machines division almost completely offset the impacts resulting from the disposals of the International Trading and Textile Finishing Systems divisions, meaning that comparability with the previous year is unaffected.

### 13. Net Sales

The breakdown of net sales according to division and geographic region is shown in the following tables:

in € '000	2012	2011
Special-purpose Construction	255,161	294,489
Document Management Systems	122,654	116,832
Printing Machines	198,150	0
Precious Metals Processing	648,867	678,409
Elastomer Plants	372,527	304,603
Electronics	240,154	253,033
International Trading	69,213	288,361
Cleaning Machines	396,477	415,007
Textile Finishing Systems	42,898	44,991
SME Investments	116,043	96,793
Other equity investments	3,411	0
	<b>2,465,555</b>	<b>2,492,518</b>

in € '000	2012	2011
Germany	1,347,679	1,391,737
European Union	512,631	525,205
Other Europe	85,480	58,137
Asia	274,822	279,424
America	190,413	193,561
Other regions	54,530	44,454
	<b>2,465,555</b>	<b>2,492,518</b>

### 14. Changes in Finished Goods, Work in Progress, and Capitalized Own Work

in € '000	2012	2011
Changes in finished goods and work in progress	109,357	-10,923
Other capitalized own work	2,632	1,815
	<b>111,989</b>	<b>-9,108</b>

### 15. Other Operating Income

The reported amount includes € 17,497,000 (previous year: € 24,868,000) from previous years, consisting chiefly of reversed provisions, impairments, and disposals of noncurrent assets. This position also includes income of € 4,497,000 (previous year: € 4,848,000) from currency translation.

### 16. Cost of Materials

in € '000	2012	2011
Expenses for raw materials, consumables, supplies, and for purchased goods	1,477,598	1,587,418
Expenses for purchased services	186,140	117,541
	<b>1,663,738</b>	<b>1,704,959</b>

### 17. Personnel Expenses

in € '000	2012	2011
Wages and salaries	436,274	341,290
Social security contributions	85,237	67,559
Pension payments	5,854	6,597
	<b>527,365</b>	<b>415,446</b>

The average number of employees by group was as follows:

	2012	2011
Manual workers	5,094	4,567
Salaried employees	5,287	4,434
Apprentices	379	309
	<b>10,760</b>	<b>9,310</b>

### 18. Other Operating Expenses

Of the amount reported, € 767,000 (previous year: € 329,000) stemmed from prior years. This related exclusively to disposals of noncurrent assets. The reported figure also includes expenses from currency translation in the amount of € 4,436,000 (previous year: € 4,452,000).

### 19. Net Investment Income/Expense

in € '000	2012	2011
Earnings from affiliated companies	0	7
Earnings from equity investments in associates	4,093	6,141
Earnings from other equity investments	71	65
Earnings from securities (dividend income)	56	583
	<b>4,220</b>	<b>6,796</b>

### 20. Net Interest Income/Expense

in € '000	2012	2011
Interest income on loans and securities held as financial assets	198	239
of which from associated companies	107	128
Other interest and similar income	3,316	4,020
Interest paid and similar expenses	20,425	-21,071
	<b>-16,911</b>	<b>-16,812</b>

The net interest income/expense includes € 6,082,000 (previous year: € 5,823,000) in interest deriving from the change in pension provisions and other noncurrent provisions.

### 21. Other Financial Result

in € '000	2012	2011
Write-backs on noncurrent financial assets	17	0
Income from disposal of securities	27	20,598
Income/expenses from disposal of associated companies	32	-819
Income from disposal of other equity investments	205	0
Write-downs on financial assets	-116	-46
	<b>165</b>	<b>19,733</b>

### 22. Extraordinary Expenses/Result

The figure from the previous year concerned differences allocated to pension provisions as per Section 67 (7) EGHGB.

### 23. Income Taxes

In addition to current taxes, the item includes € 1,167,000 in re-funds for previous years. Deferred tax income of € 270,000 (previous year: deferred tax expenses of € 129,000) is also included.

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents is the total of cash on hand, bank balances, and checks as well as securities held as current assets that can be liquidated quickly. It is consistent with the amount of cash and cash equivalents and securities held as current assets disclosed in the balance sheet.

Other non-cash expenses mainly include additions to individual and general write-downs and expenses due to impairment or disposal of current or noncurrent assets. Non-cash income primarily results from reversals of equity and liability differences arising from capital consolidation, changes in equity valuations and reversals of individual write-downs.

## OTHER DISCLOSURES

### Contingent Liabilities

in € '000	12/31/2012	12/31/2011
Acceptance liability for drafts	63	0
Financial guarantees	50,269	3,883
Guarantees/warranties	5,070	5,794
Collateral for third-party liabilities	878	403
	<b>56,280</b>	<b>10,080</b>

The risk of a claim on the above liabilities is viewed as unlikely, as the beneficiary companies have good credit and no claims have been asserted in previous similar cases.

Guarantee liabilities to affiliated companies in the amount of € 1,067,000 are outstanding; liabilities totaling € 49,220,000 and arising from loan agreements for the benefit of associated companies are outstanding.

### Other Financial Obligations

in € '000	12/31/2012	12/31/2011
Rental/leasing and other contractual obligations (nominal value)	113,447	124,369
of which to affiliated companies	4,267	9,872
with term structures		
up to 1 year	28,853	30,111
1–5 years	45,822	51,906
over 5 years	38,772	42,352
Purchase commitments for capital expenditures	6,420	3,534
with term structures		
up to 1 year	6,420	3,387
1–5 years	0	147
	<b>119,867</b>	<b>127,903</b>

### Derivative Financial Instruments

Derivative financial instruments are used in the Group only to hedge currency, metal price, and interest rate risks. The instruments used consist of unconditional forward contracts for currencies and precious metals and currency or interest rate swaps and options.

The forward currency and precious metal contracts are mainly over-the-counter forward contracts. In addition to balance sheet items, expected transactions generating cash inflows and outflows with settlement dates until 2016 are also hedged. The interest rate options and interest rate caps have terms until 2015, the interest rate swaps have terms until 2018, and the currency swaps are short-term.



The following table lists the nominal amounts and market values of the financial instruments:

in € '000	Nominal amount 12/31/2012	Market value 12/31/2012
Forward currency contracts	40,485	1,037
Interest rate options/caps	22,429	-417
Interest rate and currency swaps	32,709	-1,140

Financial instruments are measured using the mark-to-market method. The market value of financial instruments is calculated as the total value of all instruments as of the balance sheet date, without accounting for the underlying transactions. Derivatives are used exclusively to hedge underlying transactions.

#### Valuation Units

Valuation units were arranged (micro and portfolio hedges) pursuant to Section 254 HGB with derivative financial instruments that serve to hedge currency and interest rate risks. Expected and previously agreed payments in foreign currencies, mainly US dollars, from sales and purchase contracts amounting to € 26,460,000 were hedged up to 100% with the forward currency contracts with matching terms. Variable interest rate loan liabilities amounting to € 40,360,000 were 100% hedged with interest rate and currency swaps, options, and caps of matching terms.

#### Auditors' Fees

Total auditors' fees for the fiscal year consist of the following, in accordance with Section 314 (1) (9) HGB:

in € '000	
Audit-related services	799
Other certification services	41
Tax advisory services	75
Other services	3
<b>Total fee</b>	<b>918</b>

#### Total Remuneration of the Executive Board and the Supervisory Board

L. Possehl declines to disclose the total remuneration of the Executive Board in accordance with Section 314 (1) (6) in connection with Section 286 (4) HGB. The total remuneration of members of the Supervisory Board amounted to € 259,000 (previous year: € 137,000).

Former members of the Executive Board and their surviving dependents received € 854,000 (previous year: € 832,000). Obligations from current pensions and pension entitlements are covered by provisions of € 7,823,000 (previous year: € 7,894,000).

#### Proposal on Appropriation of Profit of the Proprietary Company

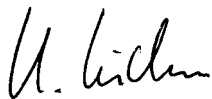
		2012
Net profit for 2012	€	31,197,434.87
Profit carried forward from the previous year	€	3,763,467.60
<b>Balance sheet profit</b>	€	<b>34,960,902.47</b>

The Executive Board proposes appropriating the balance sheet profit of € 34,960,902.47 as follows: an amount of € 20,000,000.00 to be distributed to the sole shareholder, Possehl-Stiftung, an amount of € 10,000,000.00 to be transferred to other retained earnings, and the remainder of € 4,960,902.47 to be carried forward.

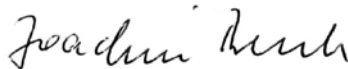
Lübeck, Germany, March 1, 2013

L. Possehl & Co.

mit beschränkter Haftung (incorporated)



Uwe Lüders



Dr Joachim Brenk

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# Further Information

## Auditors' Report\*

We have audited the consolidated financial statements prepared by L. Possehl & Co. mit beschränkter Haftung, Lübeck, - comprised of the balance sheet, income statement, notes, cash flow statement, and statement of changes in equity and the Group management report for the fiscal year from January 1, 2012 to December 31, 2012. The preparation of the consolidated financial statements and the Group management report in accordance with German commercial law regulations is the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit so as to obtain reasonable assurance that any inaccuracies or violations that have a material effect on the presentation of the net assets, financial position, and results of operations conveyed by the consolidated financial statements and the principles of reliable accounting methods and by the Group management report are identified. Knowledge of the business activities as well as the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system as well as verification of the information in the consolidated financial statements and the Group management report is examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the definition of the group of consolidated companies, the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.


According to our assessment based on the knowledge gained during the audit, the consolidated financial statements comply with the legal provisions and convey an accurate picture of the net assets, financial position, and results of operations of the Group, while observing the principles of reliable accounting methods. The Group management report is in agreement with the consolidated financial statements, conveys an accurate image of the position of the Group and accurately represents the opportunities and risks of future development.

Hamburg, Germany, March 18, 2013

BDO AG  
Wirtschaftsprüfungsgesellschaft



Dyckerhoff  
Auditor



Herbers  
Auditor

\* Translation of German Auditors' Report

## Letter from the Supervisory Board

LADIES AND GENTLEMEN,

In a year characterized by an increasingly difficult market environment, the Possehl Group still managed to post solid profits and financial figures on par with last year. The Group maintained its robust and stable position and can look to the future with confidence.

While supervising and advising the Company's Executive Board, the Supervisory Board diligently fulfilled the duties incumbent upon it according to the law, articles of incorporation, and rules of procedure in the 2012 fiscal year. At four regular meetings and one extraordinary meeting, the Executive Board informed the Supervisory Board about the business performance and future opportunities of the Group's individual divisions as well as on the overall situation of the Group. All fundamental questions on Group policy were intensively discussed with the Executive Board at these meetings. This especially included the Group's strategic development and risk situation as well as substantial investment and divestment decisions. Business transactions that require Supervisory Board approval according to the law or articles of incorporation were also reviewed and discussed at length. The Supervisory Board approved the Executive Board's proposed resolutions after detailed examination and consultation.

Beyond the scheduled meetings, the Chairman of the Supervisory Board also remained in close contact with the Executive Board. He was constantly and comprehensively informed about significant business transactions and current events that were necessary for evaluating the Group's situation and development and supervised the Executive Board in its entrepreneurial decisions, particularly those pertaining to company transactions.

During the reporting period, the Supervisory Board steadfastly fulfilled its duty to monitor the Executive Board.

## THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

BDO AG Wirtschaftsprüfungsgesellschaft audited the separate financial statements and management report of L. Possehl & Co. mbH as well as the consolidated financial statements and Group management report, which were prepared as of December 31, 2012, according to the rules of the German Commercial Code (Handelsgesetzbuch, HGB) and issued them with an unqualified audit certificate. The financial statement information and audit reports were submitted to all members of the Supervisory Board in a timely manner and were discussed in detail in the presence of the auditor in the financial statements meeting on April 11, 2013. The auditor reported on the main findings of the audit and provided the members of the Supervisory Board with detailed explanations on the audit reports. He was also available to take questions during the meeting.

The Supervisory Board concurs with the results of the audits. Based on the final outcome of the Supervisory Board's own examination, no objections are raised. The Supervisory Board has approved the financial statements prepared by the Executive Board. It recommends that the shareholder adopt the annual financial statements of L. Possehl & Co. mbH as of December 31, 2012.

The Supervisory Board evaluated and approved the Executive Board's proposal on the appropriation of profit. The Supervisory Board would like to thank all of the employees of the Possehl Group as well as the management for their hard work and dedication during the 2012 fiscal year.

Lübeck, Germany, April 2013

The Supervisory Board



Dr Lutz Peters  
Chairman of the Supervisory Board

# Overview of Participation as of December 31, 2012

Name	Registered in	Share of capital (in %)
<b>I. Consolidated Group Companies</b>		
<b>Special-purpose Construction</b>		
Possehl Spezialbau GmbH	Sprendlingen, Germany	100.00
Possehl Aannemingsmaatschappij B.V.	Oosterhout, The Netherlands	100.00
Possehl Spezialbau Ges.m.b.H.	Griffen, Austria	100.00
Possehl Posebne Gradnje d.o.o.	Maribor, Slovenia	100.00
Possehl Posebne Gradnje d.o.o.	Jastrebarsko, Croatia	100.00
DFT Deutsche Flächen-Technik Industrieboden GmbH	Bremen, Germany	100.00
cds Polymere GmbH & Co. KG	Sprendlingen, Germany	100.00
cds Polymere Verwaltungs GmbH	Sprendlingen, Germany	100.00
Bennert GmbH Betrieb für Bauwerksicherung	Klettbach, Germany	85.56
Bennert Restaurierungen GmbH	Klettbach, Germany	100.00
Bennert Dachsanierungen GmbH	Klettbach, Germany	100.00
Bennert Ingenieurbau GmbH	Klettbach, Germany	100.00
EUROQUARZ GmbH	Dorsten, Germany	100.00
EUROQUARZ GmbH	Laußnitz, Germany	100.00
WQD Mineral Engineering GmbH	Dorsten, Germany	100.00
WST Quarz GmbH	Hünxe, Germany	100.00
HP Colorquarz GmbH	Hünxe, Germany	75.00
PAGEL Spezial-Beton GmbH & Co. KG	Essen, Germany	74.00
PAGEL Spezial-Beton Beteiligungs-GmbH	Essen, Germany	74.00
PAGEL Technische Mörtel GmbH & Co. KG	Essen, Germany	100.00
PAGEL S.A.S.	Poissy, France	70.00
Mickan Generalbaugesellschaft Amberg mbH & Co. KG	Amberg, Germany	100.00
Mickan Generalbaugesellschaft Amberg Verwaltungs-mbH	Amberg, Germany	100.00
<b>Document Management Systems</b>		
BÖWE SYSTEC GmbH	Lübeck, Germany	100.00
BÖWE SYSTEC (Schweiz) AG	Volketswil, Switzerland	100.00
BÖWE CZ s.r.o.	Prague, Czech Republic	100.00
BÖWE SYSTEC Polska Sp. z o.o.	Warsaw, Poland	100.00
BÖWE SYSTEC AB	Sundbyberg, Sweden	100.00
BÖWE SYSTEC AS	Oslo, Norway	100.00
BÖWE SYSTEC AS	Herlev, Denmark	100.00
Oy BÖWE SYSTEC AB	Helsinki, Finland	100.00
BÖWE SYSTEC S.A.S.	Fontenay sous Bois Cedex, France	100.00
BÖWE SYSTEC S.A.	Madrid, Spain	100.00
BÖWE SYSTEC Comércio de Equipamentos para Escritório S.A.	Lisbon, Portugal	100.00
BÖWE SYSTEC CATALUNYA S.L.	Barcelona, Spain	100.00
BÖWE SYSTEC S.p.A.	Fiumicino, Italy	100.00

Name	Registered in	Share of capital (in %)
BÖWE SYSTEC BENELUX B.V.	Apeldoorn, The Netherlands	100.00
BÖWE SYSTEC NEDERLAND B.V.	Apeldoorn, The Netherlands	100.00
Secuserv B.V.	Apeldoorn, The Netherlands	100.00
N.V. BÖWE SYSTEC S.A.	Merchtem, Belgium	100.00
BÖWE SYSTEC JAPAN Ltd.	Tokyo, Japan	100.00
BÖWE SYSTEC AUSTRIA GmbH	Vienna, Austria	100.00
BÖWE SYSTEC (U.K.) Ltd.	Maidenhead, Great Britain	100.00
BÖWE SYSTEC (IR) Ltd.	Dublin, Ireland	100.00
BÖWE SYSTEC North-America Inc.	Wilmington, USA	100.00
<b>Printing Machines</b>		
manroland web systems GmbH	Augsburg, Germany	100.00
mrws Grundstücksgesellschaft mbH	Augsburg, Germany	100.00
EUROGRAFICA GmbH	Augsburg, Germany	100.00
grapho metronic Meß- und Regeltechnik GmbH	Munich, Germany	100.00
manroland web systems (UK) Ltd.	Maidenhead, Great Britain	100.00
manroland web systems Inc.	Westmont, USA	100.00
manroland India Pvt. Ltd.	New Delhi, India	100.00
manroland Australasia Pty. Ltd.	Regents Park, Australia	100.00
manroland web systems Canada Inc.	Mississauga, Canada	100.00
<b>Precious Metals Processing</b>		
Heimerle + Meule GmbH	Pforzheim, Germany	100.00
<b>Elastomer Processing</b>		
Harburg-Freudenberger Maschinenbau GmbH	Hamburg, Germany	100.00
Harburg-Freudenberger (France) S.A.R.L.	Houilles, France	100.00
Harburg-Freudenberger Belišće d.o.o.	Belišće, Croatia	95.00
HF Rubber Machinery, Inc.	Topeka, USA	100.00
Harburg-Freudenberger Machinery (China) Co., Ltd.	Qingdao, China	100.00
Pomini Rubber & Plastics S.r.l.	Milan, Italy	100.00
Farrel Corporation	Ansonia, USA	100.00
Farrel Limited	Rochdale, Great Britain	100.00
Farrel Asia Limited	Hong Kong, China	100.00
<b>Electronics</b>		
Possehl Electronics N.V.	's-Hertogenbosch, The Netherlands	100.00
Possehl Electronics Deutschland GmbH	Niefern-Öschelbronn, Germany	100.00
Possehl Electronics France S.A.S.	Roche la Molière, France	100.00
Possehl Electronics Nederland B.V.	's-Hertogenbosch, The Netherlands	100.00
Possehl Electronics Hong Kong Ltd.	Hong Kong, China	100.00



Name	Registered in	Share of capital (in %)
Possehl Laminates Ltd.	Hong Kong, China	100.00
Shenzhen Possehl SEG Electronics Co. Ltd.	Shenzhen, China	100.00
Dongguan Possehl Electronics Co. Ltd.	Dongguan, China	100.00
Possehl Electronics (Malaysia) Sdn. Bhd.	Malakka, Malaysia	100.00
Possehl Electronics Singapore Pte. Ltd.	Singapore	100.00
Possehl Connector Services SC, Inc.	Rock Hill, USA	100.00
Possehl (Malaysia) Sdn. Bhd.	Malakka, Malaysia	100.00
pretema GmbH	Niefern-Öschelbronn, Germany	100.00
<b>Cleaning Machines</b>		
Hako Holding GmbH & Co. KG	Bad Oldesloe, Germany	100.00
Hako-Werke Beteiligungsgesellschaft mbH	Bad Oldesloe, Germany	100.00
Hako GmbH	Bad Oldesloe, Germany	100.00
Hako Service GmbH	Bad Oldesloe, Germany	100.00
Hako-Werke Verwaltungsgesellschaft mbH	Bad Oldesloe, Germany	100.00
Hako PlasTec GmbH	Bad Oldesloe, Germany	100.00
PB Europe GmbH	Bad Oldesloe, Germany	100.00
Hako Benelux Holding B.V.	Andelst, The Netherlands	100.00
Hako B.V.	Andelst The Netherlands	100.00
Hilco Chemie B.V.	Andelst The Netherlands	100.00
N.V. Hako Belgium S.A.	Erpe-Mere, Belgium	100.00
Labor Hako S.A.S.	Plaisir, France	100.00
Sadimato S.A.S.	Plaisir, France	100.00
SCI L'Hermitage	Plaisir, France	100.00
Solvart S.A.S.	Plaisir, France	99.00
Hako Espana S.A.	Barcelona, Spain	100.00
Hako Polska Sp. z o.o.	Krakow, Poland	100.00
Hako Technology Sp. z o.o.	Swiezyno, Poland	100.00
Hako Machines Ltd.	Crick, Great Britain	100.00
Hako Ground & Garden AB	Halmstad, Sweden	100.00
Hako Ground & Garden A/S	Oslo, Norway	100.00
OY Hako Ground & Garden AB	Helsinki, Finland	100.00
Minuteman International, Inc.	Pingree Grove, USA	100.00
Multiclean, Inc.	Shoreview, USA	100.00
Minuteman PowerBoss Corporation	Aberdeen, USA	100.00
I & B Cleaning Equipment Ltd.	Hong Kong, China	90.00
Hako Australia Pty. Ltd.	Silverwater, Australia	100.00
Hako Schweiz AG	Sursee, Switzerland	100.00
<b>SME Investments</b>		
Possehl Mittelstandsbeteiligungen GmbH & Co. KG	Lübeck, Germany	100.00
Possehl Mittelstandsbeteiligungen Verwaltungs-GmbH	Lübeck, Germany	100.00
Possehl Umweltschutz GmbH	Lübeck, Germany	100.00

Name	Registered in	Share of capital (in %)
Teutonia Fracht- und Assekuranzkontor GmbH	Lübeck, Germany	100.00
Lubeca Versicherungskontor GmbH	Lübeck, Germany	100.00
Hirtler Seifen GmbH	Heitersheim, Germany	100.00
Karl Otto Knauf (GmbH + Co. KG)	Stockelsdorf, Germany	100.00
Knauf GmbH	Stockelsdorf, Germany	100.00
Kleine Wolke Textilgesellschaft mbH & Co. KG	Bremen, Germany	100.00
KWV GmbH	Bremen, Germany	100.00
Kleine Wolke AG	Berikon, Switzerland	100.00
DMA Maschinen und Anlagenbau GmbH & Co. KG	Höxter, Germany	80.00
DMA Maschinen und Anlagenbau Verwaltungs GmbH	Höxter, Germany	100.00
LOGOPAK Systeme GmbH & Co. KG	Hartenholm, Germany	100.00
LOGOPAK Systeme Verwaltungs GmbH	Hartenholm, Germany	100.00
LOGOPAK Vertriebsgesellschaft West mbH	Düsseldorf, Germany	50.00
LOGOPAK Vertriebsgesellschaft Süd mbH	Wimsheim, Germany	45.60
LOGOPAK International Ltd.	York, Great Britain	60.00
<b>Investments</b>		
Deutscher Eisenhandel AG	Lübeck, Germany	100.00
Possehl Inc.	Park Ridge, USA	100.00

## II. Non-Consolidated Group Companies

Possehl Connector Services, Inc.	Rock Hill, USA	100.00
Hako (Hong Kong) Co. Ltd.	Hong Kong, China	100.00
Qingdao Hako Cleaning Equipment Co. Ltd.	Qingdao, China	100.00
Hako Group East Asia Ltd.	Bangkok, Thailand	74.00
Hako Cleaning System (Shanghai) Co., Ltd.	Shanghai, China	100.00
ZTS NaJUS Holding s.r.o.	Dubnica nad Váhom, Slovakia	100.00
ZTS-LR NaJUS, a.s.	Dubnica nad Váhom, Slovakia	100.00
Aravio Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Braunschweig KG	Mainz, Germany	90.00
Aristo Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Halle KG	Mainz, Germany	95.65
Possehl Electronics Maroc S.A.R.L.	Casablanca, Morocco	100.00
Possehl Connector Services Illinois, LLC	Elk Grove Village, USA	100.00
Farrel Spain, S.L.	Barcelona, Spain	100.00
IOOO Possehl Spezstroj	Minsk, Belarus	100.00

## III. Associated Companies

### International Trading

Possehl Erzkontor GmbH	Lübeck, Germany	50.00
IRS Stahlhandel GmbH	Krefeld, Germany	50.00
Mineralmahlwerk C. Welsch GmbH	Wesel, Germany	50.00
Possehl Erzkontor Hong Kong Limited	Hong Kong, China	50.00

Name	Registered in	Share of capital (in %)
Possehl Erzkontor Americas Limited	Hong Kong, China	50.00
Possehl Erzkontor Beijing Trading Co. Ltd.	Peking, China	50.00
Hill and Hill Limited	Chesterfield, Great Britain	50.00
Possehl Erzkontor do Brasil Importaco, Exportaco e Assessoria Technica Comercial Ltda.	Campinas, Brazil	50.00
Possehl Erzkontor Argentina S.A.	Buenos Aires, Argentina	49.03
EZ Shipping Co., Inc.	Marshall Islands	50.00
Possehl Erzkontor North America Inc.	Strongsville, USA	50.00

#### Other associated companies

Possehl Kehrmann GmbH	Duisburg, Germany	50.00
Gremmler Bauchemie GmbH	Essen, Germany	50.00
MG Bauchemie GmbH	Hünxe, Germany	50.00
Beck & Co. Industriebedarf GmbH & Co. KG	Mönchengladbach, Germany	48.75
Roots Multiclean Ltd.	Coimbatore, India	26.00

#### IV. Other Non-Associated Companies (over 20 %)

Pafravo Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Pöcking, Germany	94.00
Patrimo Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Pöcking, Germany	94.00
Parosso Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Pöcking, Germany	94.00
Bahners GmbH	Mönchengladbach, Germany	50.00
di.hako.dip GmbH	Trappenkamp, Germany	35.00
di.hako.tec GmbH	Trappenkamp, Germany	49.00
di.hako.log GmbH	Trappenkamp, Germany	49.00
Hako Holding (Thailand) Ltd.	Bangkok, Thailand	49.00
PAGEL Concrete Technologies Private Ltd.	Mumbai, India	20.00
PAGEL- USA LLC.	Spring Park, USA	20.00
PAGEL Mortiers et Techniques S.A.R.L.	Poissy, France	25.00
SAS Action + Mailing Service	Brix, France	49.00
Indus UTH Engineering Pvt Ltd.	Bangalore, India	33.33
HF Mixing Group Services (S.E.A.) Sdn. Bhd.	Kuala Lumpur, Malaysia	33.33
LOGOPAK East Sp. z o.o.	Warschau, Poland	50.00
LOGOPAK S.A.	Wissous, France	34.00
LOGOPAK B.V.	Hoofddorp, The Netherlands	30.00
LOGOPAK Systems AB	Gothenburg, Sweden	25.00
LOGOPAK Corporation	Keene, USA	50.00
manroland IP GmbH	Offenbach a.M., Germany	50.00

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### **Annotation**

The Annual Report is published in German and English.  
For further information about the Company please refer to  
Possehl's Group Company Report or visit the website at  
[www.possehl.de](http://www.possehl.de)

### **Imprint**

Publisher: The Executive Board of L. Possehl & Co. mbH  
Coordination: Lutz Nehls  
Concept and Design: Berichtsmanufaktur GmbH, Hamburg  
Photography: Possehl Group; © sashagrunge - Fotolia.com  
Status: April 2013  
© L. Possehl & Co. mbH, Lübeck



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**POSSEHL** – The Entrepreneurs' Group



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