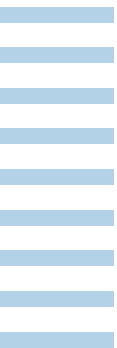




THE BUSINESS
in figures



The Entrepreneurs' Group

L. Possehl & Co. mbH is a group of medium-sized industrial companies managed in Hanseatic tradition. In our more than 140 companies we employ more than 11,000 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 with a history spanning across more than 165 years, the Possehl name stands for entrepreneurship, tradition, and responsibility.



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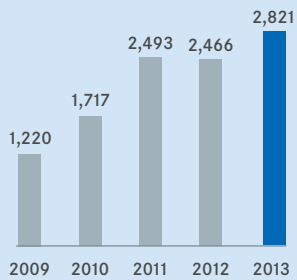
Possehl – At a glance

Key figures

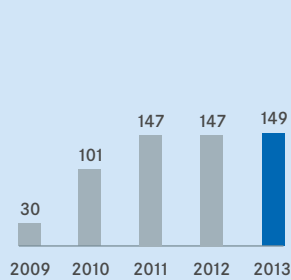
		2009	2010	2011	2012	2013
Earnings						
Sales	€ million	1,220	1,717	2,493	2,466	2,821
thereof sales from precious metal trading	€ million	257	411	651	619	916
Sales adjusted for the effects of sales from precious metal trading	€ million	963	1,306	1,842	1,847	1,905
Result from ordinary operations (EBIT) before one-off income	€ million	30	101	147	147	149
Result from ordinary operations (EBIT)	€ million	30	101	165	175	149
Earnings before taxes (EBT)	€ million	21	82	145	158	132
Consolidated net profit	€ million	11	58	102	123	94
Dividends paid	€ million	8	8	10	16	20
EBIT ratio in % *	%	3.1	7.7	8.0	7.9	7.8
Return on equity before taxes in %	%	7.3	22.2	33.5	28.5	23.0
Net assets						
Balance sheet total	€ million	802	966	1,146	1,155	1,197
Economic equity	€ million	291	367	433	554	573
Equity ratio in %	%	36.2	38.0	38.5	48.6	49.7
Working capital	€ million	310	392	490	457	449
Financial data						
Net liquidity	€ million	28	49	48	123	136
Cash flow from operating activities	€ million	72	97	68	68	154
Investment in property, plant, and equipment and intangible assets (excluding goodwill)	€ million	27	52	59	83	65
Depreciation of property, plant, and equipment and intangible assets (excluding goodwill)	€ million	24	31	39	44	54
Employees						
Employees (yearly average)		6,486	7,532	9,310	10,695	11,594
Germany		2,998	3,966	5,210	6,668	6,858
International		3,488	3,566	4,100	4,027	4,736
Personnel expenses	€ million	250	286	415	527	572

* EBIT before one-off income/Sales adjusted for the effects of sales from precious metal trading

Net sales
in € million



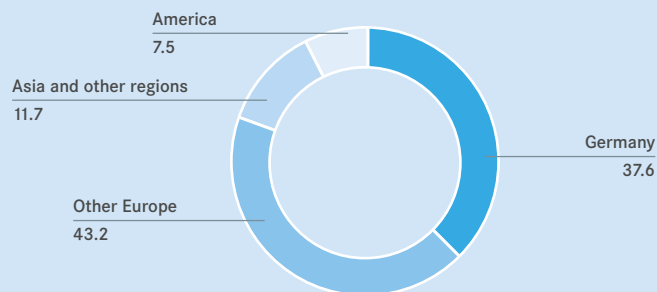
EBIT before one-off income
in € million



Employees
yearly average



Net sales in 2013 by region
in %



An Overview of the 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 (Print finishing modules)

Precious Metals Processing



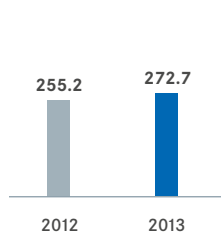
- Precious metals recycling
- Semi-finished precious metal products
- Surface technics
- Precious metals trading/investment products

Elastomer Plants

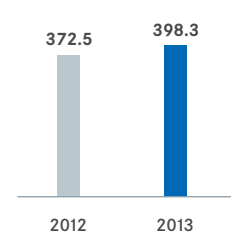
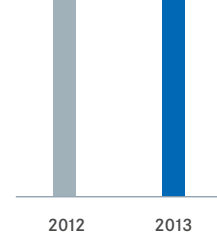
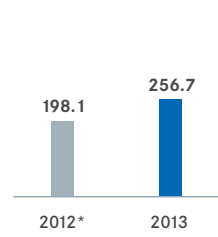
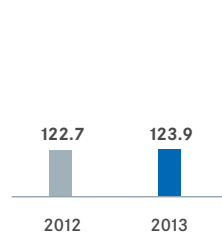


- Mixers and mixing room systems
- Tire-building machines
- Extrusion plants
- Heat presses
- Screw extrusion presses & refinery plants

Net sales in € million



Share of Total Net Sales 2013





Electronics



- Leadframes
- Smartcards and Lamframes
- Electromechanical components
- Connectors

International Trading (joint venture)



- Minerals
- Ores
- Plastics
- Metals
- Chemicals

Cleaning Machines



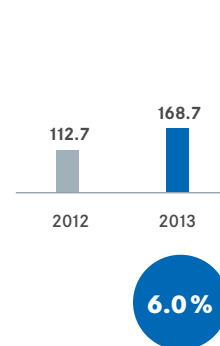
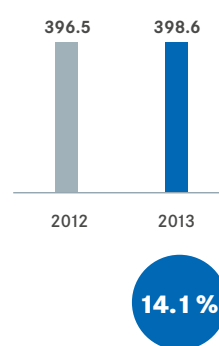
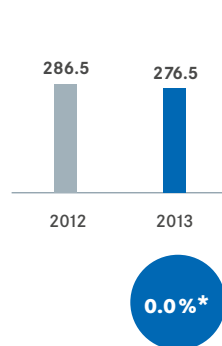
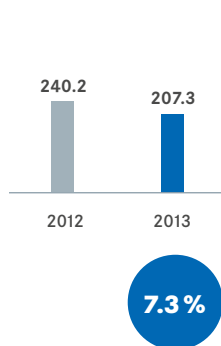
- Commercial cleaning devices
- City cleaning vehicles
- Municipal vehicles

SME Investments



- Mechanical and plant engineering
- Specialized products
- Environmental protection

Net sales in € million



Share of Total Net Sales 2013

*Valuation at equity

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Management

Letter from the Executive Board

Dear Business Partners,
Dear Readers,

One year ago, we formulated our goals and expectations for 2013 with a mix of healthy optimism and commercial prudence. We recognized that we would not be able to reproduce the outstanding result from 2012 due to the one-off effects from the sale of our textile machine activities during that year. That is why we made matching the solid operating results from the two previous years our highest priority. Today, it is clear that we succeeded in achieving this goal by posting a consolidated net profit before taxes of € 132.3 million – and this, despite having to deal with difficult market conditions in some divisions.

After parting with our textile machine business in 2012 and finding a strategic partner for our international trading business, the focus for 2013 was placed back on growth. With the acquisition of Cookson Precious Metals, we expanded our Precious Metals Processing division substantially – in terms of both products and geographic coverage. The Heimerle + Meule Group is now one of the leading precious metal recycling companies and suppliers of semi-finished products in Europe. We also grew considerably in our SME division. Here, we gained four German SMEs for Possehl with solid product and market positioning. The revived SME Investments division has quickly grown into an important segment over the past four years and we plan to continue this expansion in the future.

Substantial Sales Growth, Operating Result at Previous Year's Level

With Group net sales of € 2.8 billion, we once again topped the record sales from the previous two fiscal years. This strong growth is due to two contrasting effects: On the one hand, the initial consolidation of Cookson Precious Metals had a positive impact. On the other hand, the average prices for precious metals were down about a third compared to last year. As precious metal prices have taken on an increasingly meaningful role regarding the size of Group net sales, we now list pure precious metal trading sales separately. This serves to provide greater transparency and also better reflects our Company's actual performance. The adjusted net sales figure amounts to € 1.9 billion for the year under review and is 3.1% higher than in the previous year. This growth is particularly due to manroland and the acquisitions in the SME segment, with the remaining divisions matching their figures from the previous year for the most part.

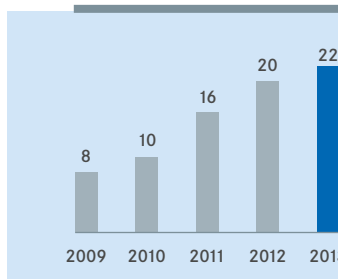
Consolidated net profit before taxes amounted to € 132.3 million for the reporting year. At first glance, this seems considerably lower than last year. However, one must consider that the drop in profit is due to the high deconsolidation gains from the previous year. Across all divisions, we affirmed the good results from the two previous years, while the Cleaning Machines and SME Investments divisions actually improved upon them. The EBIT profit to sales ratio of 7.8% is also comparable to last year.

We did, however, see a drop in earnings in the Precious Metals Processing division. Here, the significant drop in prices, particularly with gold, but including other precious metals as well, had a notable impact on earnings. Particularly difficult was the decision to initiate the restructuring program for BÖWE SYSTEC, which entailed considerable downsizing. As mail volumes have experienced a dramatic drop-off over the past few years with no turnaround in sight, an adjustment of capacities at the Augsburg site was unavoidable. We are convinced that we will regain profitability here this year stemming from the implementation of the measures resolved as well as the completely new machine program developed over the past years.

Dividend Expected to Rise 10% to € 22 Million

The economic success of Possehl in the past few years has particularly benefited our sole shareholder, the charitable foundation Possehl-Stiftung, and therefore the citizens of the Hanseatic city of Lübeck. Dividend payments have constantly increased over these past few years. This year will be no different in that respect. The dividend will rise 10% compared to the previous year, totaling € 22 million. This money is used exclusively for charitable purposes and institutions in Lübeck.

Dividend Performance
in € million



**Net Financial Receivables Grow Again
Despite Record Investments**

We made considerable investments during the reporting period to modernize and expand our existing divisions as well as to acquire new companies that represent an excellent fit in our portfolio. Financial assets, intangible assets and property, plant and equipment investments achieved new record figures in the reporting year. All investments were financed with available liquid funds and operating cash flow. We also continued to repay bank debts while increasing net financial receivables to € 136.2 million. Possehl therefore remains debt free on a net basis.

The acquisitions were also connected to a rise in goodwill. Nevertheless, our expanded equity ratio, where we eliminate asset and liability differences, was slightly improved compared to the previous year at 49.7%. This underscores the fact that these high investment volumes did not have any negative impact on our Company's solidity.

Numerous Company Transactions Completed

In the previous year, we performed some acquisitions while also disposing of our textile machine activities and adding a partner for our trading business. Looking back, we can see that these decisions were right for Possehl and the companies affected, as Possehl was no longer their "best owner". This year, we were thus once again able to fully concentrate on growing the Possehl Group.

With the acquisition of Cookson Precious Metals, we significantly expanded our Precious Metals Processing division. We are now present in seven European countries and therefore one of the leading suppliers in Europe. Even though the excellent results from the previous years cannot currently be achieved due to the drop in the prices for most precious metals, we still see good developmental opportunities for our precious metal business in the medium to long term.

Our SME segment performed strongly in 2013. With MGG Micro-Glühlampen, Düring Schweißtechnik, Gabler Maschinenbau and Gabler Thermoform, we managed to gain four successful German SMEs for Possehl. In all of these acquisitions, Possehl's entrepreneurial concept played a decisive role, with its sustainable, long-term orientation. They also act as further proof that Possehl is well-suited as an investor in cases where family-operated businesses lack a successor.

Outlook Characterized by Reserved Optimism

As the calendar moved from 2013 into 2014, the global economy showed further signs of recovery and forecasts for the next two years are mostly positive, despite the current political events that have increased uncertainty. We expect that we will benefit from a global upturn – particularly in our mechanical engineering activities. Balancing out this optimism is our experience-based caution, which has us keeping a close eye on risks and challenges. We understand that we are involved in markets with manroland and BÖWE SYSTEC that will shrink over the long term and that this requires constant capacity adjustments. We have made the necessary adjustments in these two divisions for continuing successful operations in the future. We also view the future with similar optimism concerning our other divisions. Our construction activities should benefit from the positive economic forecasts and the infrastructure measures planned in Germany. Furthermore, an improved automotive market will have a positive impact on our Elastomer Plants and Electronics divisions.

Entrepreneurial thoughts and actions, quick decision-making and the acceptance of responsibility are becoming increasingly important factors for business. This is especially true for a “group of entrepreneurs” like Possehl. That is why we started a worldwide program this year to develop managers and future managers with the primary goal of recognizing and encouraging their strengths and abilities. After all, Possehl's success and viability especially depend on our ability to gain and retain well-trained and motivated employees over the long term in this era of constantly shifting markets.

Yours truly,



Uwe Lüders



Dr Joachim Brenk



Dr Henning von Klitzing



Mario Schreiber

Company Boards

EXECUTIVE BOARD



Uwe Lüders, Chairman

With a diploma in Economics, Uwe Lüders, born in 1952, has held the position of CEO since 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-Ing. Joachim Brenk

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



Dr Henning von Klitzing

Dr Henning von Klitzing, born in 1970, is a solicitor and has a doctorate in economics. He has been a member of the Executive Board since July 2013. Dr von Klitzing has managed the M&A/Legal division of the Possehl Group since 2006. He previously worked at various international corporate law firms.



Mario Schreiber

Born in 1970, the business administration graduate Mario Schreiber joined the Possehl Group in 2004 and has been a member of the Executive Board since July 2013. Mario Schreiber's experience includes various management positions at long-established industrial firms. Since 2009, he has been chairman of the board at Hako Holding GmbH & Co. KG, Bad Oldesloe.

SUPERVISORY BOARD

Dr Lutz Peters

Chairman (until Dec. 31, 2013)
Personally liable shareholder
of Schwartauer Werke GmbH & Co. KGaA

Peter Hlawaty

Vice Chairman (since May 24, 2013)
Managing Director of IG Metall District Coast

Renate Menken

Additional Vice Chairwoman
Chairwoman of the Possehl Foundation's
Management Board

Dr Stephan Bartelt

(until Dec. 31, 2013)
Businessman

Hanno Brüggem

(since Jan. 1, 2014)
Personally liable shareholder of H. & J. Brüggem KG

Michael Hinrichsen

(until May 24, 2013)
Insurance representative

Dr-Ing. Gregor Enke

(since May 24, 2013)
Head of Automation of manroland web systems GmbH

Dirk Kohrs

Vice Chairman (until May 24, 2013)
Chairman of the Works Council of Hako GmbH,
Bad Oldesloe plant; Member of the Group Works Council
of L. Possehl & Co. mbH

Hartmut Menn

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

Supervisory Board Chairman of Körber AG

Martin Salzmänn

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

Rolf Schmidt-Holtz

Co-founder and Supervisory Board Chairman of Just Software AG

Dr Ernst F. Schröder

(since Jan. 1, 2014)
Businessman

Peter Seeger

Managing Director of IG Metal administration office Neumünster

Horst Wardins

(until May 24, 2013)
Vice Chairman of the works council of Hako GmbH,
Bad Oldesloe plant; Vice Chairman of the Group Works Council
of L. Possehl & Co. mbH

Anton Zehentner

(since May 24, 2013)
Chairman of the Works Council of Heimerle + Meule GmbH

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Group Management Report

INFORMATION GRAPHICS

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Key Facts About the Group

Possehl can look back on 166 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, yet we still see ourselves as a multi-industry company.

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 parent 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. The holding company has 25 employees, four of them board members who are also operationally active.

Key Financial Figures

in € million	2013	2012	Change in %
Net sales	2,821	2,466	14.4
Adjusted net sales*	1,905	1,847	3.1
Result from ordinary operations (EBIT) before one-off income	149	147	1.4
Net financial assets	136	123	10.6
Economic equity	573	554	3.4
Equity ratio (in %)	49.7	48.6	2.3

*Group net sales minus precious metal trading effects

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

With its subsidiaries and holdings, Possehl operates in 31 countries. A total of 145 associated companies (previous year: 138) belong to the Possehl Group, though a few are not consolidated due to their minor importance to the Group. Another 15 (previous year: 16) are accounted for using the equity method. A detailed summary of the companies and individual locations is provided in the shareholdings list.

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

In May, Cookson Precious Metals was acquired through Heimerle + Meule GmbH, which represented a considerable expansion to our Precious Metals Processing division. Cookson Precious Metals is a leading European supplier for the jewelry industry and has a presence in five European countries. The Precious Metals Processing division grew substantially in terms of both sales and locations thanks to the acquisition.

Over the course of the year under review, the SME Investments division expanded via the following acquisitions:

- Possehl Mittelstandsbeteiligungen GmbH (PMB) acquired all of the shares in MGG Micro-Glühlampen Gesellschaft Menzel GmbH (MGG), located in the town of Wentorf in Schleswig-Holstein. The company manufactures and markets miniature incandescent lamps that are mainly used in assemblies with very limited available space.
- PMB also fully acquired the Augsburg-based company Düring Schweißtechnik GmbH. Düring is a leading manufacturer of robot welding tongs, which are primarily used as part of fully automated robot systems in car body construction.
- With the purchase of Gabler Maschinenbau GmbH and its subsidiary GABLER Thermoform GmbH & Co. KG in September 2013, Possehl acquired two companies also based in its home city, Lübeck. While Gabler Maschinenbau GmbH is a leading manufacturer of hoistable masts and components for the marine technology industry, its subsidiary produces thermoforming machines for the packaging industry with a focus on food packaging.
- At the end of the reporting period, Possehl Mittelstandsbeteiligungen GmbH acquired the remaining 20% of shares in DMA Maschinen und Anlagenbau GmbH & Co. KG.

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 takes 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 of company acquisitions, which we regularly perform without the use of external financing. We also avoid unnecessary 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.

After parting with our textile machine business in 2012 and finding a strategic partner for our international trading business, the focus for 2013 was placed back on growth. We intend to follow this growth path over the long term as well and 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.

The Possehl group of companies is predominantly managed based on the key figures for financial performance and liquidity. In doing so, we place a great value on transparency, clear accountability regarding income and expenses and clear boundaries between the divisions as well as bottom line accountability for every individual company.

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

Economic Report

OVERVIEW OF THE ECONOMIC SITUATION OF THE GROUP

With Group net sales of € 2.8 billion, we once again topped the record sales from the previous two years. This strong growth is due to two contrasting effects: On the one hand, the initial consolidation of Cookson Precious Metals had a positive impact. On the other hand, the average prices for precious metals were down about a third compared to last year. As precious metal prices have taken on an increasingly meaningful role regarding the size of Group net sales, we now list pure precious metal trading sales separately. This serves to provide greater transparency and also better expresses the Company's actual performance. The adjusted net sales figure amounts to € 1.9 billion for the year under review and is 3.1% higher than in the previous year. We experienced particularly strong growth from manroland and the acquisitions in the SME segment, while the remaining divisions mainly confirmed their figures from the previous year.

Consolidated net profit before taxes amounted to € 132.3 million for the reporting year. At first glance, it would seem as though we are far behind the previous year. This is not the case, however, as one must consider that the drop in profit is due to the higher deconsolidation gains from the previous year. Across all divisions, we once again achieved the good operating results from the two previous years, while the Cleaning Machines and SME Investments divisions actually improved upon them.

In addition, the profit to sales ratio of 7.8%, when adjusted for the effects of precious metal trading, corresponds closely to the previous year's figure.

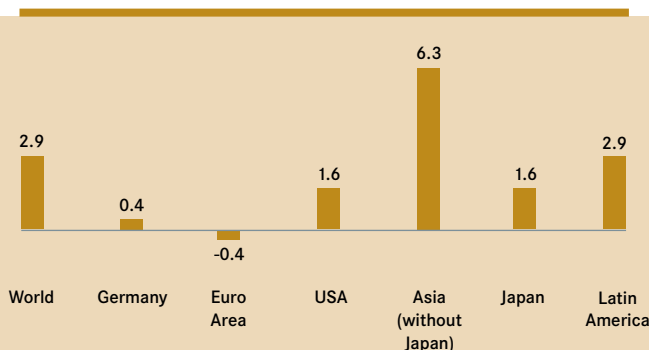
We did, however, see a drop in earnings in the Precious Metals Processing division. Here, the significant drop in the price of gold, as well as other precious metals, had a notable impact on earnings. Particularly difficult for us was the decision to initiate a restructuring program for BÖWE SYSTEC, which entailed considerable downsizing. As mail volumes have experienced a drop-off over the past few years with no turnaround in sight, which has led our customers to correspondingly reduce their investment volumes, an adjustment of capacities at the Augsburg site was unavoidable. We expect that we will regain profitability here this year stemming from the implementation of the measures resolved as well as the completely new machine program developed over the past years.

WORLD ECONOMY IMPROVED SLIGHTLY OVER THE COURSE OF THE YEAR

World Economy Improved Slightly Over the Course of the Year

Forecasts on the global economy were generally reserved at the start of the fiscal year, but improved as the year wore on. For the full year, global production increased by 2.9%, which was slightly less than the already weak growth from 2012 of 3.2%. Fiscal poli-

Gross domestic growth 2013
real change vs. previous year in %



cies were once again restrictive due to the high deficits and increasing debt loads that many developed economies are facing. Japan was an exception in this regard. Gross domestic product grew by an average of 1.3% in the industrialized nations. Meanwhile, the growth in emerging markets was stunted by the weak demand coming from the industrialized nations and too little impetus from their own domestic economies. Overall economic growth for this segment therefore only amounted to 4.7%. Additionally, concerns grew at the end of the year about the economic stability of certain BRIC countries.

German Economy Grows Only Marginally

Like most other industrialized nations, Germany's economy only managed slight growth in the past year. Its GDP grew by only 0.4% after expanding 0.7% in the previous year. After an unremarkable start due in part to extraordinarily unfavorable weather conditions, the German economy slowly regained its footing over the course of the year. The consensus on the general business situation and expectations in the commercial sector improved since the end of the previous year. Positive impulses were recorded both in exports and domestic demand at the end of the year.

The German mechanical and plant engineering sector showed restrained development this past year. Instead of the expected growth, its price-adjusted production figures were down slightly. The reasons for this include a weak domestic market as well as weaker than expected exports. Only exports to Europe, Africa and Central America managed to improve on last year's figures.

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. Some of our companies felt the effects of the reserved economic developments and posted slight decreases in sales. Additionally, the drastically reduced precious metal prices negatively impacted business performance in the Precious Metals Processing division over the course of the year. The SME Investments division expanded due to the acquisitions made during the reporting year.

Business Performance and Earnings Position

OVERALL GROUP

Group Net Sales Increase to € 2.8 Billion

The Possehl Group generated sales totaling € 2,821.4 million in the 2013 fiscal year. This corresponds to a substantial increase of € 355.8 million or 14.4% compared to the previous year. This growth is essentially due to two contrasting effects: The acquisitions made during the reporting year had a positive impact, particularly the acquisition of Cookson Precious Metals. On the other hand, the significant drop in precious metal prices, especially for

gold, led to a decrease in sales. Adjusted for the effects of precious metal sales, Group sales increased by 3.1% compared to the previous year to € 1,905.0 million.

When including changes in inventories, overall performance increased compared to the previous year by only 9.7%, mainly due to a reduction of work in progress in the Printing Machines division.

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

in € million	2013	2012	Change in € million	Change in %
Special-purpose Construction	272.7	255.2	17.5	6.9
Document Management Systems	123.9	122.7	1.2	1.0
Printing Machines	256.7	198.1	58.6	29.6
Precious Metals Processing	991.7	648.9	342.8	52.8
Elastomer Plants	398.3	372.5	25.8	6.9
Electronics	207.3	240.2	-32.9	-13.7
International Trading	–	69.2	-69.2	-100.0
Cleaning Machines	398.6	396.5	2.1	0.5
Textile Finishing Systems	–	42.9	-42.9	-100.0
SME Investments	168.7	112.7	56.0	49.7
Holdings/Other Equity Investments	3.5	6.7	-3.2	-47.8
	2,821.4	2,465.6	355.8	14.4

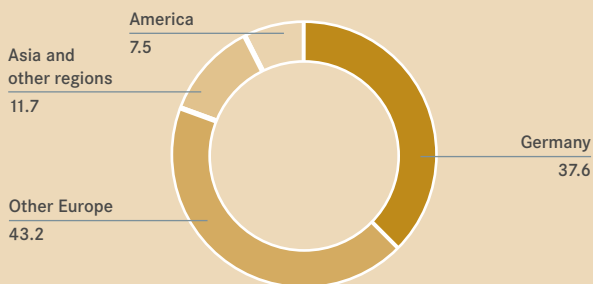
For the International Trading division, we no longer disclose sales for the reporting year as these are only recognized at equity. In the previous year, net sales were shown for the first quarter. The textile machine business was sold in 2012, with us retaining only a minority stake of 9.9%.

Of the net sales in 2013, approximately 20% derive from changes to the group of consolidated companies, particularly the new companies in the precious metal segment.

The share of foreign sales increased to 62.4% in the fiscal year. This development is primarily due to the initial inclusion of the Cookson companies, which mainly generate their sales in their respective European home markets. Further, the drop in sales at Heimerle + Meule GmbH (Precious Metals Processing), which mainly generates its sales domestically, had a negative impact on domestic sales.

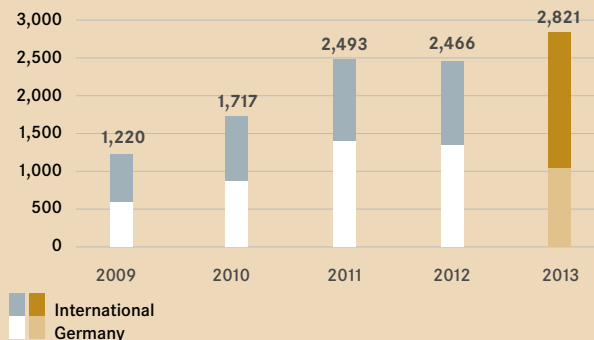
Net sales in 2013 by region

in %



Net sales in 2013 Germany/International

in € million



With the acquisition of Cookson Precious Metals, the share in Group net sales of the precious metal business increased considerably. Therefore consolidated net sales are particularly subject to the volatility of precious metal prices. In order to account for this effect, the following chart shows the Group net sales adjusted for precious metal trading sales for the past five years.

The adjusted net sales figures show – at a low absolute level – the same development as unadjusted net sales, though the increase from 2013 is much lower.

All sales-related earnings figures that appear from this point on relate to adjusted net sales.

Operating Result Before Taxes of € 132.3 Million

Earnings before taxes (EBT) were down € 25.4 million compared to the previous year, totaling € 132.3 million. This apparent drop-off in performance is due to the deconsolidation results from the previous year. Adjusted for this income, the operating consolidated net profit is at a similar level to the previous year. However, the divisions within the Group displayed varying performance. The Cleaning and Printing Machines divisions as well as SME Investments managed to not only increase sales but also exceed their solid results from the previous year. In the SME segment, this improvement is due to the acquisitions from the previous two years – all of which have performed very well.

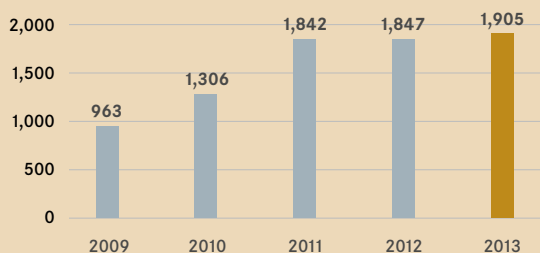
While all nine divisions posted positive results last year, we recorded a loss in the Document Management Systems division for the 2013 fiscal year. Along with considerable investments in the development of new machines, capacity adjustment measures at the Augsburg site also led to the loss. A moderate drop in earnings was posted by the precious metal business due to the drop in prices for many key precious metals, while the rest of the divisions – particularly Elastomer Plants, which serves the tire industry – were able to match their performances from the previous year.

Consolidated net profit remains evenly distributed across the various divisions. No division has an earnings share greater than a quarter of consolidated net profit. 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.

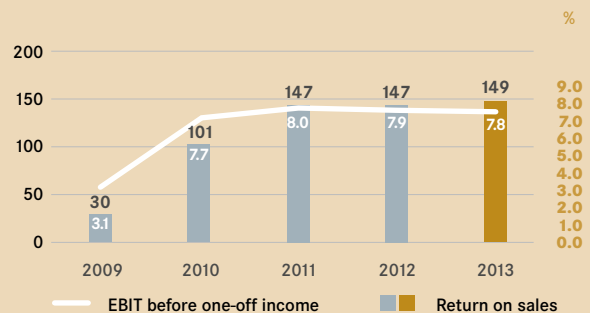
Gross Profit Up 5 %

Gross profit increased disproportionately to sales, rising only 5.0% compared to 14.4% for sales. A primary factor here was the high share of precious metal sales, which were counteracted by an approximately equal cost of materials. The strong inventory reduction in the Printing Machines division also impacted gross profit.

Net Sales (adjusted for the effects of sales from precious metal trading) in € million



EBIT before one-off income/return on sales in € million/in %



Higher Number of Employees Leads to Rise in Personnel Costs

Personnel expenses increased by € 45.0 million or 8.5% compared to the previous year. Their share of overall performance, however, was down slightly at 20.2%. The absolute rise in personnel costs is mainly attributable to the higher number of average employees including apprentices, which amounted to 899 individuals and represents an increase of 8.4%. Also responsible for the rise were wage and salary increases stemming from collective bargaining agreements. Pension payments also notably increased compared to the previous year. Well more than half of the personnel cost increase is due to changes in the group of consolidated companies.

Substantial Rise of depreciations

Depreciations were up € 13.5 million or 27.4% compared to the previous year. About half of this increase is attributable to scheduled amortizations that rose due to heightened investment activity and one unscheduled depreciation of operative property in China in the Electronics division. This depreciation was needed due to unresolved ownership claims. This unscheduled amortization was counteracted by an equal sum from the disposal of provisions.

Net Investment Income Down to € 3.0 Million

Net investment income was down nearly a quarter compared to the previous year to € 3.0 million. The cause of this development is the low result from International Trading. Here, the ongoing steel crisis in Europe, the strong euro and protectionist measures in certain South American countries had a negative impact on the result. Slightly down for the reporting year, but still at a good level, was the result from the joint venture Possehl Kehrmann.

Net Interest Income Marginally Improved

While cash and cash equivalents remained nearly unchanged, a substantial amount of bank loan debt was repaid during the reporting period. Even during the year, debt remained below that of the previous year. The positive impact on earnings stemming from the lower bank debt and sustained low interest rates was mostly counteracted by the even lower deposit interest. Interest income, which is mostly earned by L. Possehl & Co. mbH, was down by nearly a third or approximately € 1.0 million.

Increasing expenses – at unchanged interest rates – were higher guarantee costs stemming from the higher surety volumes required by banks and insurers. Additionally, the precious metal loan costs were up due to the substantially increased loan volumes from Cookson Precious Metals.

Interest expenses from interest accrued on pension provisions as well as the remaining noncurrent provisions amounted to € 7.0 million in the reporting year, compared to € 6.1 million in the previous year. The lion's share of this increase can be attributed to the reduction of the discount factor to 4.87% for pension provisions with a mostly unchanged quantity structure. Since this factor will continue to sink in the coming years, expenses from discounting pension provisions will continue to remain at a similar level.

Income Tax Ratio Increases to 26%

The income tax ratio amounts to roughly 26% and is therefore at the lower end of our expected corridor of 25% to 30%. The lower tax rate from the previous year was due to higher volumes of mostly tax-free income. Once more, no deferred tax asset surplus will be recognized as far as it is attributable to tax loss carryforwards or results from statutory financial statements. With this conservative approach, the income tax expense for the year under review is € 6.3 million higher than it would be by not exercising this option.

Consolidated Net Profit Totals € 94.2 Million

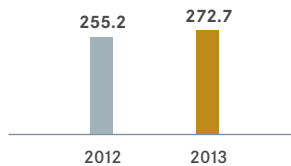
Consolidated net profit totaled € 94.2 million for the reporting year following a net profit of € 123.2 million in the previous year. With a mostly unchanged operating result from the divisions, the drop can be explained by the decline in deconsolidation profit as well as an increase to a normal income tax rate.

DIVISIONS

Special-purpose Construction

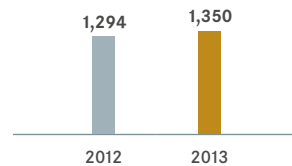
Net sales

in € million



Employees

yearly average



The division is focused on special-purpose construction services in select niche markets, particularly surface treatment (Possehl Spezialbau and DFT Deutsche Flächen-Technik) as well as above and below ground construction (Mickan), here especially for the US Army in Germany. 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).

Following the long, hard winter, which led to a considerable drop-off for the German construction industry in the first half of 2013 compared to the previous year, the sector managed to recover over the course of the second half and achieved growth of 2% for the full year over the previous year. This development was also aided by the fact that winter did not come as early as in 2013. All construction segments benefited from this positive development. Public-sector construction, which is particularly important for our division, experienced disproportionately good growth, expanding 3% on the year.

Due to the overall positive conditions, net sales increased by € 17.5 million or 6.9% compared to the previous year. Construction services were also up 4.4% compared to the previous year. Many of our companies achieved sales increases for the year. This was especially true for the two foreign companies in Austria and the Netherlands. Construction services at Mickan and Deutsche Flächen-Technik, which works with rolled concrete surfaces, also improved compared to the previous year. The Airfield Pavements Construction Services division experienced a recovery in the reporting year following the serious drop-off in business last year and was able to achieve solid results in line with those from previous years.

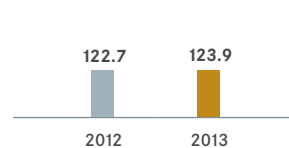
Sales in monument restoration were also well above the previous year's figure. However, the increase in sales was not tied to an improvement in earnings. The companies Euroquarz and Pagel as well as the joint venture Gremmler Bauchemie continued to develop very positively even though the excellent results from the previous year could not quite be matched.

Forecasts for the German construction industry for the coming year have been generally positive. Along with residential construction, which will likely see the biggest gains, commercial and public-sector construction are also expected to experience moderate growth. The weather for the first two months of the new year has also been exceptionally mild, meaning that there will be no rush to complete orders this year as there was last year. In this overall positive environment, the Special-purpose Construction division should also be able to perform well in its various niche segments.

Document Management Systems

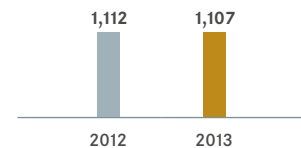
Net sales

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 and plastic cards. Along with the production and managing company, the division contains another 20 foreign sales and service companies around the world.

BÖWE SYSTEC operates in a market that has four major global providers and has been shrinking for years. 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 through changing legal conditions. Some crisis regions also showed a notable decline in printed advertisements. Overall, this caused our customers to reduce their investment activities.

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 resulted in a reduction of potential placements for new machines once again in the reporting year. 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. Nonetheless, in a shrinking market, any and all competition is fierce.

The division's sales increased slightly compared to the previous year to € 123.9 million, though they did not live up to expectations. Operational output including changes to inventory was up € 2.1 million to € 126.4 million. This meant that the division was able to achieve marginal growth, contrary to the market trend. Despite these minor gains, there was still a considerable under-utilization of production capacities in the first half of the year. Key to this slight growth was a major order for the US market, which was almost fully completed during the year under review. The willingness of customers to invest, both domestically and in the South European regions, was once again restrained while the Asian market also was unable to match the high figures from the previous year. Only the French market showed stability at a good level.

Due to the constantly low market volumes and the corresponding pricing pressure, both with new machines as well as in the replacement and service business, restructuring measures were carried out at the main site in Augsburg towards the end of the reporting period, which entailed considerable downsizing. The implementation of these measures was necessary to adjust capacities to the current market conditions and permanently lower fixed costs.

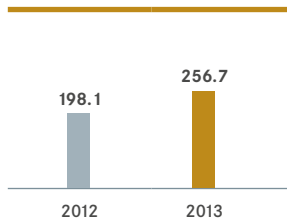
Along with the previously mentioned one-off expenses, division earnings were also negatively impacted by the strong euro, whose value appreciated substantially against the US dollar and the Japanese yen over the course of the year. Additionally, the market launch and further development of new products, particularly the new enveloping system FUSION X, with which BÖWE SYSTEC is positioning itself again as the technology leader, also resulted in considerable initial costs.

With the measures implemented during the reporting year, the division is now positioned, in terms of both costs and products, to return to profitability in the current year 2014 even if difficult market conditions persist. Irrespective of this, the challenge of future rationalization investments continues to exist due to the market situation.

Printing Machines

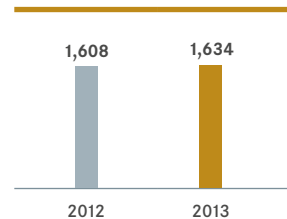
Net sales

in € million



Employees

yearly average



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 circulation size 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 printing industry has been undergoing fundamental structural changes for years. Circulation figures for magazines and newspapers have been steadily dropping in developed countries. Media-related print products are also having to share their advertising budgets with online channels – thereby losing crucial income. The global market for printing machines contracted again in the past year. According to the statistics from the VDMA (German Engineering Federation), sales for printing machines were down 10% compared to the previous year. Incoming orders were also down 9% during this period. Particularly web printing machines saw a notable decline in demand. While positive effects were seen last year due to the drupa trade fair, a comparable positive impulse did not occur in the reporting year.

In contrast to the general market trend, manroland web systems managed to considerably increase sales. With € 256.7 million, net sales were € 58.6 million or nearly 30% higher than in the previous year. Compared to a full 12-month period, the sales growth still amounts to 20%. In doing so, manroland web systems once again performed well despite a challenging market environment, although a majority of its sales were from the processing of existing projects. Incoming orders amounted to € 223.4 million and therefore less than the generated sales.

The service and replacement parts business performed very well. This applied in particular to larger, lengthy machine relocations, plant mergers and retrofits. Here, and in the service and spare parts business in general, we see further growth potential moving forward with accordingly solid margins. We also managed to improve price quality and increase margins with new machines. The division therefore generated a positive result again for the reporting period.

Aside from this, the company structures, particularly in the area of fixed costs, must be further optimized in order to achieve appropriate yields over the long term. It is also our goal to increase productivity within the Company via process optimization with strict resource management along the entire value creation chain.

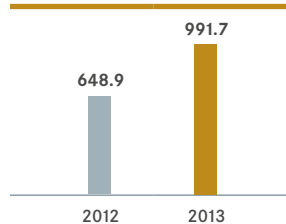
We see good developmental opportunities in the constant expansion of our service and material business as well as in business with services and consumables, which is considerably less volatile than the new machine business. This is especially true for those markets with a high basis of installed machines, particularly the USA. We already made great progress in these markets last year and see further growth potential for the future. In general, we are pursuing the strategy of being represented in important regions with our own market and service organizations. That is why the existing subsidiaries are to be further expanded in the current year, in an effort to have greater proximity to end customers.

For the following year, we expect a moderate growth in sales compared to the previous year thanks to the existing order backlog and the incoming orders received already since the beginning of the new year.

Precious Metals Processing

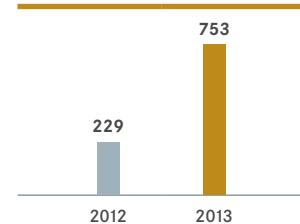
Net sales

in € million



Employees

yearly average



With the acquisition of Cookson Precious Metals, we expanded our Precious Metals Processing division substantially – in terms of sales, products and geographic coverage. The Heimerle + Meule Group is now one of the leading precious metal companies in Europe. At the sites in Pforzheim and Madrid, precious metal residues are recovered and processed into high-quality products. Heimerle + Meule GmbH is the oldest gold and silver refinery in Germany with a company history stretching back over 169 years. In addition to its recycling activities, Cookson Precious Metals is a significant European supplier to the jewelry and dental industry and also operates a catalog and online business.

The fiscal year 2013 was shaped by two key events: On the one hand, we made a significant step towards growth with the acquisition of Cookson Precious Metals on May 31, 2013. On the other hand, the unexpected and substantial fall in the prices for precious metals, in particular gold and silver, made a notable impact.

Already in the previous year, the division was unable to keep up with the growth of past years. The significant drop in precious metal prices at the end of the first quarter 2013 also led to a notable drop in recycling volumes. Along with the price effect, the division also had to combat a corresponding volume effect. While the negative price effect did not fully impact Heimerle + Meule due to its use of financial derivatives, they did negatively impact earnings for the Cookson companies.

The comparable net sales for the reporting year amounted to € 419.9 million. They were therefore down about one-third compared to the previous year. In the fourth quarter, precious metal prices finally bottomed out and have been fairly stable since. This kind of market environment, however, offers little incentive for private individuals and professional precious metal traders to trade in their scrap metal, resulting in sustained low recycling volumes. Only the semi-finished industrial goods at Heimerle + Meule proved to be mostly stable. Since the Cookson companies do not have access to a stabilizing division of any notable size, the market contraction and drop in precious metal prices had a much stronger impact.

Due to the sustained high demand for physical investment products like coins, safe bags and precious metal bars, the investment business continued to operate at a good level, despite lower margins. Here, the successful expansion of the customer base from the past few years and the development of new products and applications, particularly in the investment segment with new alloys, made notable positive contributions.

With the Cookson companies, the catalog and online business, which is mainly operated by the British company, actually benefited from the low precious metal prices.

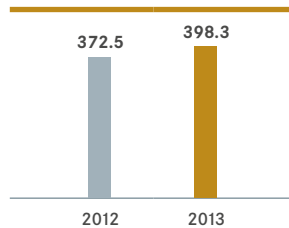
The market for precious metal dental alloys, on the other hand, has been under pressure for years as a result of the increasing substitution with non-precious metal alloys and solid ceramics. A small relief was seen in the lower price for gold. The business showed relatively stable performance on the whole.

For the following year, we see a significant task in further integrating the group companies. We also want to expand the stabilizing industrial business with the Cookson companies and implement the catalog and online business across the group.

Elastomer Plants

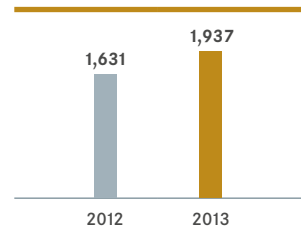
Net sales

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)

Global automotive demand continued to grow in the reporting year, though not at the same pace as in the previous years. Recessions in many eurozone countries led to a lower demand for passenger cars at the start of the year, but this stabilized over the course of the year. The highest production growth rates were once again

Gold price development in 2013

in euros per troy ounce



seen in Asia and the USA. Even replacement tire demand for passenger cars was up moderately compared to the previous year. In this overall positive environment, the Elastomer Plants division continued its growth course from the previous years.

Net sales rose compared to the previous year by about 7% and once again achieved a new record level. Though it could not quite keep pace with the growth rates of the two previous years, the division still achieved remarkable growth. That incoming orders have continued at a very high level and order backlogs for some product segments have even further increased, with some orders stretching well into 2015, is particularly pleasing news. In particular, the rubber mixing technology segment with the HF Mixing Group, Farrel and Pomini brands managed to defend its position as the world leader in the rubber mixing market.

Capacity utilization at the production sites was very good during the reporting period. Extrusion at the Hamburg-Harburg site was the only exception, seeing a notable drop in demand and business. Here, increasing cost pressure played a leading role.

Due to the sustained high levels of demand for our tire-heating presses, we launched operations at another production facility at the production site in Croatia at the beginning of the previous year. We were able to meet the high levels of demand thanks to this investment measure. 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.

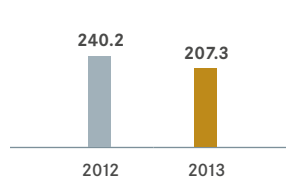
At the end of 2012, we acquired another production plant in Slovakia to expand our manufacturing capacities in rubber mixing technology. This gives us the possibility to manufacture cost-effective components and machines, which we used to obtain from third parties, at a second location in Eastern Europe.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

We continued to further integrate Farrel and Pomini during the reporting year and tapped into further opportunities for synergy. 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

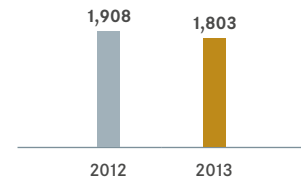
Net sales

in € million



Employees

yearly average



In this segment, we mainly manufacture leadframes for the semiconductor and smart card industries at various sites. Possehl Electronics is the world's number two manufacturer of laminated leadframes (LamFrame). In addition, pretema produces electromechanical components at its German location which are primarily used by the automotive supplier industry.

The semiconductor industry is characterized by high volatility with short product life cycles and strong fluctuations in product supply and demand. Compared to the previous year, the semiconductor market relevant to Possehl Electronics grew only slightly. Despite an economic slowdown, the Asian market produced above average growth, particularly in China.

In this economic environment, the Electronics division still missed its sales mark from the previous year by about 14%. One leading reason behind this development is the conscious reduction of low-margin products at the sites in Malaysia and China. However, pretema's automotive business also posted a drop in sales of 9%.

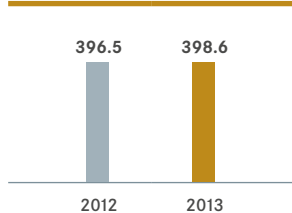
The measures implemented in the previous year for improving quality, adjusting personnel and increasing productivity at the two sites in China and Malaysia provided their first successful results and led to a further improvement to earnings, yet were not enough to bring operations at the two production sites back to profitability. Further efforts will therefore be necessary in order to push the two sites forward sustainably. The necessary personnel measures in this regard have already been implemented.

The other sites in Europe, the USA and Hong Kong continued their profitability in the 2013 fiscal year. At the European sites in France and the Netherlands, we benefited from the strong business with light-emitting diodes (LEDs), predominantly for car headlights, and managed to increase both sales and earnings. In contrast, the business with connectors in the USA experienced a considerable drop-off. The business with laminated leadframes at the Hong Kong site also decreased.

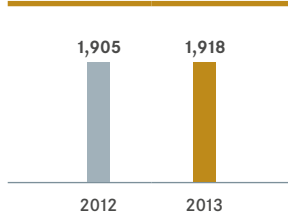
The German managing company pretema continued to post solid figures, even though it was not quite able to match the very good results from the two previous years. Sales performance in the two divisions Automotive and Smartcards was very divergent. While the automotive business decreased from quarter to quarter, the smart-card business recovered after a weak first quarter and returned to a high level in the second half of the year, though remained below the previous year overall. Tool construction was very well utilized throughout the year. In the automotive segment, the expiration of a few products at the end of their life cycle impacted results in addition to the weak automotive demand in Europe. Orders for successor products have already been received. Considerable investments were also made into the production facilities for these products.

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 company's product range also includes multi-purpose special vehicles and municipal vehicles marketed under the Multicar brand. Moreover, the brands Minuteman, PowerBoss and Multiclean belong to the division.

The business with professional cleaning machines showed stable performance in the reporting year. Asia, Eastern Europe and South America continue to be the key growth markets, while the developed markets in Western Europe and North America are in a saturation phase. The US remains the largest single market by far. With a mostly stable market and competition environment, net sales for the Hako Group increased only slightly compared to the previous year. Development at Hako is therefore following the general market trend.

Demand in the Southern European countries continued to be weak due to recession. Hako did, however, see very positive results in the French market after repositioning itself, which included some personnel measures. The German market, which is Hako's largest single market accounting for over 40% of sales, posted a slight decline for the year. The growth trend also continued in the US market, though not at the same pace as in previous years.

In terms of the individual product segments, the business with municipal authorities with Multicar vehicles and the trading business both experienced a downward trend. On the other hand, the external cleaning segment developed positively, as did sales with vacuum sweepers. In addition to after-sales services, the used machinery and rentals business also posted robust figures and managed to grow compared to the previous year.

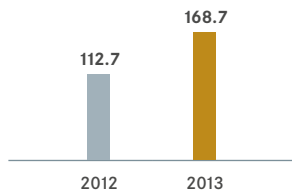
The general rise in costs was counteracted with the cost-cutting and efficiency-increasing measures introduced over the past few years, particularly in purchasing and production. A moderate price increase with customers was also implemented. This was also possible thanks to a better product mix and the successful launch of new and further improved machines. As a result, profitability was up compared to the previous year at nearly constant sales figures.

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.

SME Investments

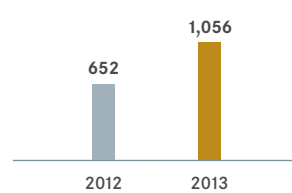
Net sales

in € million



Employees

yearly average



With the acquisitions made during the reporting year, the SME Investments division currently consists of ten German SMEs with mutually independent and distinct areas of business. A particular focus here is on small and medium-sized mechanical and plant engineering companies. With the founding of this division in 2009, we created a kind of “mini Possehl” that specializes in small and medium-sized enterprises with annual sales between € 10 million and € 50 million. Since then, the division has grown into a key pillar in the Possehl Group. The goal is to continually expand the portfolio in the coming years.

The division includes the following activities and companies:

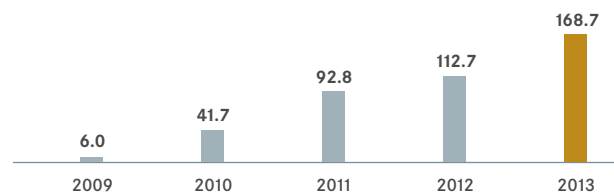
Field of business	Company
Oil spill cleanup, tank cleaning	Possehl Umweltschutz GmbH
Bar soap	Hirtler Seifen GmbH
Popsicle sticks	Karl Otto Knauf (GmbH + Co. KG)
Bathroom rugs, bed linens, accessories	Kleine Wolke Textilgesellschaft mbH & Co. KG
Conveyor systems	DMA Maschinen- und Anlagenbau GmbH & Co. KG
Labeling systems	LOGOPAK Systeme GmbH & Co. KG
Miniature lightbulbs	MGG Micro-Glühlampen Gesellschaft Menzel GmbH
Hoistable masts	Gabler Maschinenbau GmbH
Thermoforming machines	Gabler Thermoform GmbH & Co. KG
Robot welding tongs	Düring Schweißtechnik GmbH

The insurance broker activities listed here last year were allocated to a central staff position of the holding company during the reporting year. The previous year’s figures were adjusted accordingly.

The SME Investments division continued to develop positively in the reporting year. Net sales were up € 56.0 million or 50% compared to the previous year. Crucial to this increase were the acquisitions made during the reporting year. Since founding the division in 2009, sales have developed as follows:

Net sales development

in € million



The average growth over this period amounts to more than 80%. This means that our previous growth expectations for the division have mostly been fulfilled. Possehl is seen and accepted as a suitable successor, particularly among German SMEs.

In terms of the portfolio that existed at the end of the previous year, the division saw a slight drop in sales. This is mostly attributable to DMA Maschinen und Anlagenbau GmbH & Co. KG, Kleine Wolke Textilgesellschaft mbH & Co. KG and Hirtler Seifen GmbH. While the decline in sales at DMA was due to its inability to land any major orders, the decreases at Kleine Wolke and Hirtler are due to a general contraction of the market.

Most of the remaining companies in the division managed to confirm or even exceed their good sales and earnings figures from the previous year. This applies in particular to the business with labeling systems. Thanks to targeted regional expansions and the processing of new markets, Logopak generated sales growth of 12% in the reporting year.

Net Assets and Financial Position

Balance Sheet Structure Analysis

The *balance sheet total* was up only 3.6% at € 1,196.5 million compared to the previous year despite the strong sales growth. The background here is that the Cookson companies do not have their own precious metal sources and therefore have low balance sheet totals.

While noncurrent assets grew mainly as a result of greater investments, current assets increased only slightly with a nearly constant working capital. In terms of equity and liabilities, equity increased thanks in large part to consolidated net profit, while bank loans in particular were substantially reduced.

Intangible assets and property, plant, and equipment increased by a total of € 42.0 million. € 30.6 million of this increase can be attributed to intangible assets, primarily goodwill. In the course of the acquisitions, in particular Cookson Precious Metals, the balance sheet items increased considerably in the reporting year and wound up exceeding the equity and liability differences at the end of the fiscal year. The rise in property, plant, and equipment primarily relates to changes in the group of consolidated companies. Moreover, expansion and modernization investments were made in many of the divisions. The other investments were generally equal to depreciation.

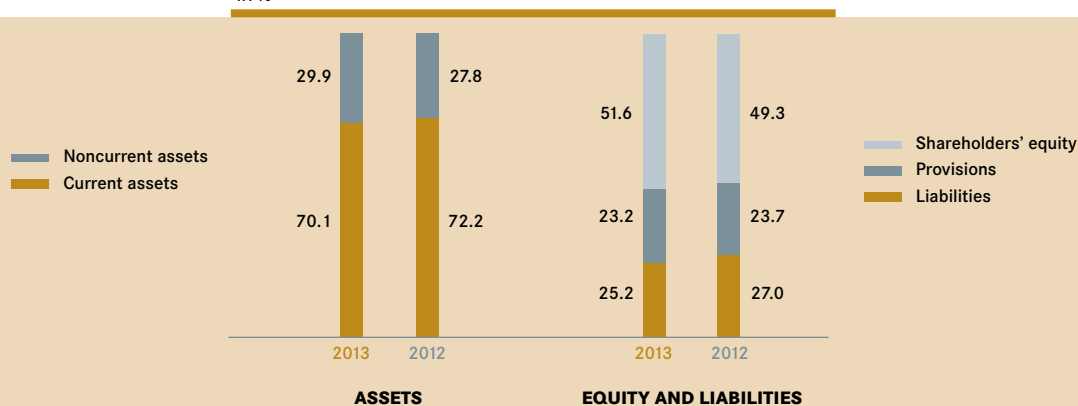
Noncurrent financial assets declined from the previous year by € 5.8 million to € 35.1 million. This decrease is mainly due to the initial consolidation of the production company HF NajUS in Slovakia, which was reported as shares in affiliated companies in last year's report. The equity approach for Possehl Erzkontor Group was also down slightly due to currency effects; the euro was considerably stronger than the US dollar and the relevant South American currencies.

Net current assets amounted to € 448.6 million at year end and were therefore down slightly by € 8.7 million or 1.9% on the previous year. The following chart shows gross inventories before deducting advance payments received and the figures from the previous year:

in € million	12/31/2013	12/31/2012
Gross inventories	574.3	532.7
Advance payments received	-303.2	-258.0
Net inventories	271.1	274.7
Advance payment ratio (in %)	52.8	48.4

The rise in gross inventories before deduction of advance payments received is primarily due to changes to the group of consolidated companies. The advance payment ratio for our entire inventory was up to 52.8% thanks to larger advance payments being received in the SME Investments and Elastomer Plants divisions.

Balance sheet structure
in %



Despite the substantial growth in sales, trade receivables only increased by € 5.7 million, as the metal from the precious metal business generally does not lead to an increase in receivables. In the other divisions as well, net current assets remained mostly constant with a similar volume of business compared to last year.

Cash and cash equivalents remained nearly unchanged from the previous year and amounted to € 216.1 million on the reporting date. This means that the considerable investments made during the reporting year and the repayment of bank loans did not result in a decline in free liquidity. Cash and cash equivalents can mainly be attributed to the Group holding company L. Possehl, whose cash pooling includes most of the companies located in Germany.

Group equity rose by € 56.9 million to € 584.9 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 € 573.0 million. At the same time, goodwill exceeded the equity and liability differences for the fiscal year. This rise in equity is mainly due to our consolidated net profit of € 94.2 million. This was offset by the dividend payment of € 20.0 million as well as a notably negative currency effect of € 12.4 million. The economic equity ratio increased to 49.7%. Noncurrent assets continue to be completely covered by equity.

Pension provisions grew to € 103.2 million even though the pension funds within the Possehl Group are nearly fully closed. The increase is mainly attributable to a lower discount factor of 4.87% as well as the changes to the group of consolidated companies. The obligations are accrued at their full required amount to guard against a shortfall.

Other provisions were mainly unchanged with a slightly higher volume of business.

Bank loans were further repaid during the reporting year and amounted to € 79.9 million as of the reporting date. The Cleaning Machines division accounts for more than half of this amount with the rest divided up among the remaining divisions. Due to the solid cash flow, € 20 million in noncurrent liabilities were repaid on schedule.

At € 58.2 million (previous year: € 57.1 million), *other liabilities* include the settlement account with the Possehl-Stiftung, which provides its free liquidity to 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 the centralized financial management is to ensure the constant liquidity and credit-worthiness of the Group. The reduction in the cost of capital, 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. On the whole, 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 financing locally or through the management companies in their division.

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 in several acquisition processes.

Cash Flow Development

in € million	2013	2012
Cash flow from operating activities	153.5	68.2
Cash flow from investing activities	-103.0	-50.4
Cash flow from financing activities	-51.3	-21.1
Change in cash and cash equivalents over the period	-0.8	-3.4
Cash and cash equivalents on December 31	216.1	218.1

Cash flow from operating activities increased by € 85.3 million even with a € 28.9 million lower consolidated net profit. A key factor behind this substantially improved cash flow, after eliminating the changes to the group of consolidated companies, was the reduction in working capital, while in the previous year net current assets were higher due to increased sales with a simultaneously lower advance payment rate. Furthermore, a rise of € 13.6 million in amortizations also improved the cash flow from operating activities.

Cash flow from investing activities amounted to € -103.0 million during the reporting period and therefore more than doubled from the previous year. While investments in intangible assets and property, plant, and equipment decreased by € 18.8 million compared to the previous year, payments for company acquisitions, particularly Cookson Precious Metals, increased by € 65.6 million. Additionally, the company sales from the previous year led to higher payments in this item.

In the year under review, a sum of € 64.5 million was invested in property, plant, and equipment and intangible noncurrent assets, not including goodwill. A total of € 83.3 million was invested in the previous year. Key to this decrease were the high expansion investments in the Printing Machines division, with the purchase of operative real estate in Augsburg, and in the Elastomer Plants division, with the expansion of the production site in Croatia.

Capital expenditure is financed exclusively from ongoing cash flow or available funds.

Cash flow from financing activities is negative at € 51.3 million in the reporting year. Compared to the previous year, the balance increased by € 30.2 million. The repayment of bank loans, especially long-term loans, as well as the distribution of a higher dividend are reflected in this change. Furthermore we redeemed financial liabilities amounting to approximately € 15 million at some of the newly acquired Group companies this reporting year.

Net Liquidity Up Considerably Despite Higher Investments

The Possehl Group posted net financial receivables of € 136.2 million at the end of the reporting year. Compared to the previous year, this represents an improvement of € 12.8 million. The positive cash flow from operating activities exceeded the payments for investments and led to the reported improvement in liquidity as of the reporting date. This cash balance is largely held by the Group holding company L. Possehl in short-term, low-risk investments.

Non-financial Performance Indicators

EMPLOYEES

Our staff make the most important contribution to Possehl's success. Around the world, we therefore aim to attract dedicated, performance-oriented 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 2013, Possehl employed a total of 11,658 people. This represents a growth of roughly 11%. New employees were added primarily through the acquisition of Cookson Precious Metals as well as at HF NaJUS and in the SME Investments division. Notable personnel reductions were recorded at BÖWE SYSTEC at the end of the year due to the downsizing performed at the Augsburg site. On average over the year, the Possehl Group had 11,594 employees, or around 8% more than the previous year.

In Germany, the average number of staff employed rose by 2% to 6,858. This means that an average of 59% of the Group's workforce was employed in Germany over the course of the year. The small, relative decrease is mainly due to the downsizing at BÖWE SYSTEC in Augsburg as well as the multiple companies acquired in Europe during the reporting year.

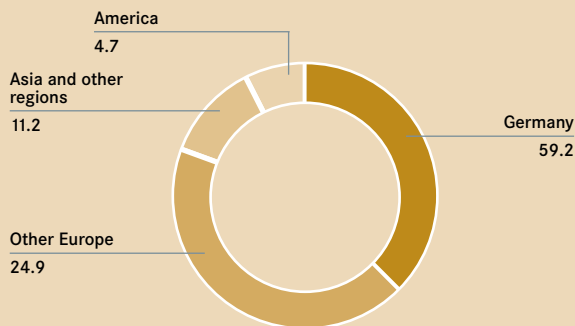
Personnel Expenses and Social Security

The Possehl Group spent € 572.4 million on wages and salaries, social security contributions, and expenses for pensions and support during the reporting period. Personnel expenses therefore increased 8.5% compared to the previous year. Adjusted for changes to the group of consolidated companies, this amounts to a moderate increase of € 12.1 million or nearly 2.3%, particularly due to general wage and salary increases as well as higher retirement benefit expenses.

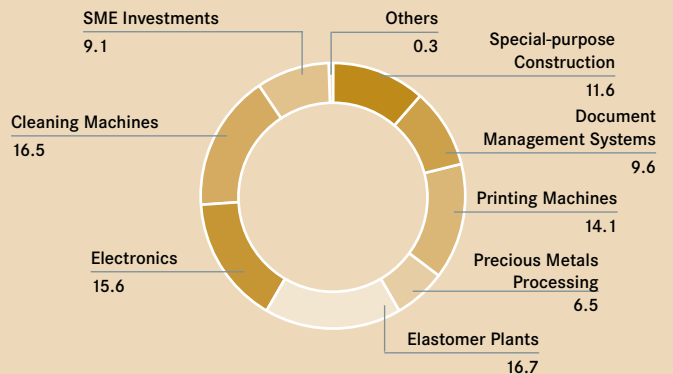
Developing Managers with Help from "Formula P"

In order to sustain success as a diversified group of companies with a high level of innovation and manufacturing expertise, we need committed and highly qualified employees and managers. Possehl therefore positions itself as an attractive employer and works to promote long-term employee retention within the Group. This includes measures such as focused management development, career prospects and attractive incentive systems for managers. Together with the management consulting firm Malik, we offer an internal training and development program ("Formula P") for managers and future managers with the goal of promoting their strengths and optimally preparing them for future tasks within the Possehl Group.

Distribution of employees by region
in %



Distribution of employees by division
number of individuals, yearly average



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 373 young people in various occupations over the reporting year, mainly at our German locations. Despite the falling student numbers, the training positions were filled and the number of apprentices remained at a high level.

INNOVATIONS

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 registered a system for the sustainable restoration of ASR (alkali-silica reaction) damaged cement surfaces on roads and air traffic surfaces for a patent. ASR-damaged traffic surfaces represent a major problem for the former Eastern German states in particular and at the same time a large market for business. The development of the ASR system was performed by in-house specialists, from lab research to application. Following the successful completion of tests implemented in cooperation with a renowned university, initial systems were installed on German highways.

The **Document Management Systems** division continued its progress despite a shrinking market. The focus of development activities here was on the parallel development and improvement of several different types of equipment that filled holes in its product portfolio. Further components were developed for the new enveloping system FUSION X, therefore expanding the spectrum of application areas. A system for handling plastic cards was presented at the specialist trade fair CARTES in November 2013. All hardware developments are accompanied by corresponding software solutions, whereby a comprehensive reorientation has been taking place in this division for about a year that substantially expands the possibility for tailoring software to individual customer needs. Software activities in this segment focus on both inserting and sorting.

Increasing competitive pressure on printing companies represents a constant economic challenge. In the **Printing Machines** division, our research and development activities are oriented on these challenges. The focus here is on the automation of the work flow as well as the reduction of life cycle costs. In the service segment, we further reinforced our commitment to developing and testing innovative service and press update products. Elements from digital printing are increasingly being integrated into the solutions here in order to enable further customization for print products and open new fields of business for our customers. Along with traditional web printing, our cooperation with Océ in digital printing will be continued and the liquid toner technology products developed to market maturity for the graphic design industry. The digital folding system will also be further developed so that it can be used with other digital printing solutions or offline as a standalone system. We see the greatest potential for the web printing segment in flexible package printing. Here, solutions are developed in order to process films and film composite materials as substrates.

In the **Precious Metals Processing** division, essential steps were taken in the further development of CAD/CNC technologies for the manufacture of contact materials and targets for various industries. In the investment products segment, we increased the level of automation in metal bar manufacturing. Additionally, an online shop was set up for investment products as well as an online platform for profile ring blanks. Regarding precious metal materials, we developed two new platinum alloys for the medical technology sector as well as a rose gold jewelry alloy. At the Birmingham site, we work together with a cooperation partner on applying 3D printing technology in the watch and jewelry industry.

In the **Elastomer Processing** division, the Automation segment of the HF Mixing Group managed to automate the mixing lines at a major tire manufacturer with a new management concept. The extrusion product segment developed a new concept for enhancing the flexibility of co-extrusion lines and registered it for a patent. The concept aims to significantly increase the productivity of these types of systems. In cooperation with the Technical University Hamburg-Harburg, an energy-saving heating plate was developed in the heating press product segment and is already in serial production. A cutting-edge heating press with integrated measuring technology will begin operations at a renowned customer in 2014. They hope to discover further opportunities for energy optimization in the vulcanization process. The product portfolio was expanded with a large truck heating press, which one customer has already integrated into its production. In the Press+Lipid Tech product segment, innovations in the area of bleaching and deodorizing as well as in the sub-segments of refining edible oils were implemented and applied in a pilot project.

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 quality, 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. A further focus of development was on the serial implementation of complex assemblies for a control unit at an important automotive customer. The existing vertical range of manufacturing and wide-ranging experience in serial applications with such complex assemblies served as the basis for this development. Along with the usual manufacturing processes in stamping, electroplating, plastics and assembly technology, various detail processes were developed and optimized in close coordination with the customer. These included welding, coating and grouting technologies.

In the **Cleaning Machines** division, further cost-cutting measures were successfully realized – primarily for small hand-held machines. In order to account for the growing market for small rideable machines, the Small Rider platform was implemented as a modular platform. In the external cleaning segment, the developmental focus was on the industrialization phase for the new Citymaster 600. Improvements here include the quick-change ability for the rear assembly, the accessory devices in the front and intuitive design concept. Furthermore, we are intensively working on closing the product gap between the Citymaster 1250 and the Citymaster 2000. The Citymaster 1600, with its shock-absorbing suspension, is conceptually related to the Citymaster 600 in terms of design, operation and quick-change ability. Serial production has been slated for mid-2014. For the Multicar brand, the market launch of the M31 as the successor to the FUMO was critically important. Sales have already exceeded our forecasts by a considerable margin. The M31 is notable for its extra comfort and improved ergonomics.

Subsequent Events

PARTICULAR EVENTS AFTER THE BALANCE SHEET DATE

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

Risks, Opportunities, and Outlook

RISK REPORT

Risk Principles and 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 be aligned solely to 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 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.

Capital expenditure controlling covers the annual budget as well as follow-up reviews of the actual investment amounts. All capital expenditures are valued using returns calculations based on a uniform methodology, and minimum risk-adjusted returns are set regularly. In divisions with longer production times, 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 subject as a rule 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 reserves of cash and cash equivalents 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 euros and US dollars with varying terms. Interest rate risks are analyzed regularly and any existing risks 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 net sales are generated in a different 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. Some foreign currency transactions that have a high likelihood of occurring are also hedged. This mainly involves the use of unconditional derivative financial instruments.

Acquisition Risks

The Possehl Group is on a long-term growth track. 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 shrink over the long term.. This requires constant monitoring and, when 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. Alongside of this are the constantly growing requirements regarding product liability. We counteract these risks via comprehensive quality control measures along the entire value creation chain in order to minimize quality risk. We have maintained high levels of insurance coverage for the product liability risks in this division in particular.

No Existential Risks for the Possehl Group

The Possehl Group is currently very broadly and stably positioned. 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.

OPPORTUNITY REPORT

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. In addition to the strong market position of our operating business units and their global presence, the high-quality product program forms the basis for exploiting these numerous opportunities.

Capacity expansions – such as the recent acquisition of a production site in Slovakia – enable us to satisfy 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 Possehl Group offers our operating business units a solid foundation for withstanding economic fluctuations. This also allows us to remain focused on our commitment to long-term success and not become distracted by short-term goals and figures.

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

The forecasts for the global economy improved at the close of 2013. Many of the factors that had negatively impacted the global economy over the past two years have notably lost significance. In the eurozone, the structural adjustments are beginning to take hold and economic activity is recovering in important emerging markets even though the monetary policy changes in the United States led to the outflow of funds on numerous occasions. The USA also experienced increasing consolidation in the private sector. The International Monetary Fund expects an increase in global production of 3.7% for 2014, which would be considerably higher than in the previous year.

The German economy will also see stronger growth in the current year according to the forecast. While GDP increased only marginally in 2013, growth in 2014 is expected to amount to 1.7% for the year. The economic upturn is largely supported by increasing domestic demand. Owing to increasing income and a robust job market, consumer expenditures are also expected to rise notably. Assisted by a favorable financing environment and high capacity utilization, investments in equipment should also see considerable growth.

Reflections on the Previous Year's Outlook

We expected similar performance in terms of sales and operating result as in the previous year for 2013. Without the acquisitions completed during the reporting year, this forecast would have been accurate for the Group as a whole. Our outlook also recognized the fact that we would not be able to fully match the consolidated result before taxes figure from 2012, owing to the high deconsolidation effects recognized during that year. For the Group as a whole, the positive and negative developments in the individual divisions balanced each other out for the most part.

Expected Development of the Possehl Group

The growth forecasts for the global economy and the German industrial sector have been mostly positive. We expect that we will benefit from a global upturn – particularly in our mechanical engineering activities. However, we continue to keep a close eye on the risks and challenges that exist. We understand that we are involved in shrinking markets with manroland and BÖWE SYSTEC and that this requires constant capacity adjustments. We made the necessary adjustments this reporting year for continuing successful operations in these two divisions. Similarly, we have a reserved, but optimistic outlook for the future with the remaining divisions. Our construction activities should benefit from the positive economic forecasts and the infrastructure measures planned in Germany. An improved automotive market will also have a positive impact on our Elastomer Plants and Electronics divisions. Regarding precious metal prices, we do not currently expect a significant change to the situation, meaning that recycling volumes will not experience any notable increase for the year. However, the relatively low gold price should result in increased demand for semi-finished products.

In view of these factors, we expect sales and the operating result to remain at a similar level as in the previous year for the Possehl Group. In some of our mechanical engineering activities, we already have an order backlog that stretches into 2015. Our other divisions are also well positioned on the market and operate in markets that allow for further successful development. The considerable investments in our Company's future viability from the past few years should pay off in the coming years.

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. The consolidated statement of financial position underscores the Company's very solid foundation for further growth with its economic equity ratio of nearly 50%. Our reputation as a reliable investor will also support our acquisition efforts.

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Consolidated Financial Statements

Consolidated Balance Sheet as of December 31, 2013

in € '000	Notes	12/31/2013	12/31/2012
ASSETS			
A. Noncurrent assets			
I. Intangible assets	(1)	54,794	24,145
II. Property, plant, and equipment	(2)	267,772	256,445
III. Financial assets	(3)	35,119	40,942
		357,685	321,532
B. Current assets			
I. Inventories	(4)	271,073	274,683
II. Receivables and other assets	(5)		
1. Trade receivables		290,551	284,827
2. Other receivables and other assets		51,854	48,201
		342,405	333,028
III. Other securities		89	88
IV. Cash and cash equivalents	(6)	215,983	217,994
		829,550	825,793
C. Pre-paid expenses		7,515	5,731
D. Deferred tax assets	(7)	1,777	1,609
Total assets		1,196,527	1,154,665
EQUITY & LIABILITIES			
A. Equity			
I. Subscribed capital	(8)	30,678	30,678
II. Retained earnings		291,737	290,517
III. Changes in equity due to currency translation		-12,429	-434
IV. Consolidated net profit for the period		271,796	204,111
V. Minority interests		3,109	3,108
		584,891	527,980
B. Difference from the consolidation of equity	(9)	32,147	41,454
C. Provisions			
1. Pension provisions	(10)	103,161	97,462
2. Other provisions	(11)	174,635	176,061
		277,796	273,523
D. Liabilities			
1. Bank loans	(12)	79,860	94,707
2. Trade payables		113,051	102,274
3. Other liabilities		102,893	108,327
		295,804	305,308
E. Deferred income		5,889	6,400
Total equity and liabilities		1,196,527	1,154,665

Consolidated Income Statement

from January 1 to December 31, 2013

in € '000	Notes	2013	2012
Net sales	(13)	2,821,405	2,465,555
Changes in finished goods, work in progress, and capitalized own work	(14)	5,834	111,989
Other operating income	(15)	79,531	84,346
Cost of materials	(16)	1,862,507	1,663,738
Gross profit		1,044,263	998,152
Personnel expenses	(17)	572,358	527,365
Depreciation and amortization		62,713	49,234
Other operating expenses	(18)	267,146	251,278
Net investment result	(19)	3,006	4,220
Net interest result	(20)	-16,391	-16,911
Other financial result	(21)	3,681	165
Result from ordinary operations		132,342	157,749
Income taxes	(22)	33,581	31,063
Other taxes		4,546	3,533
Consolidated net profit		94,215	123,153
Minority interests in consolidated net profit		-1,327	-1,811

Consolidated Cash Flow Statement

from January 1 to December 31, 2013

in € '000	2013	2012
Consolidated net profit	94,215	123,153
Write-ups/write-downs on noncurrent assets	62,791	49,152
Changes in accruals and provisions	-5,735	-7,242
Other non-cash expenses and income	-7,199	-10,843
Gains and losses on the disposal of noncurrent assets and from sale of consolidated companies and business units	-18,558	-30,146
Change in working capital	28,026	-55,894
Cash flow from operating activities	153,540	68,180
Proceeds from disposal of intangible assets and property, plant, and equipment	14,249	6,504
Proceeds from disposal of noncurrent financial assets and from sale of consolidated companies and business units	23,922	37,379
Payments for investments in intangible assets and property, plant, and equipment	-64,500	-83,289
Payments for investments in noncurrent financial assets and for the acquisition of consolidated companies and business units	-76,649	-11,016
Cash flow from investing activities	-102,978	-50,422
Payments to shareholders (including minority interests)	-20,661	-17,293
Change in bank debt	-24,349	-11,349
Change in other financial receivables/liabilities	-6,333	7,503
Cash flow from financing activities	-51,343	-21,139
Cash-relevant changes	781	-3,381
Net change in cash and cash equivalents due to exchange rate differences, changes in group of consolidated companies, and valuation changes	-1,229	-819
Cash and cash equivalents at beginning of period	218,082	222,282
Cash and cash equivalents at end of period	216,072	218,082

Changes in Noncurrent Group Assets

from January 1 to December 31, 2013

in € '000	01/01/2013	Exchange rate changes	Changes in group of consolidated companies	Acquisition or manufacturing costs			12/31/2013
				Additions	Reclassified	Disposals	
I. Intangible assets							
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	29,695	-201	5,640	4,284	459	-1,071	38,806
2. Goodwill	27,420	0	10	37,429	0	0	64,859
3. Advance payments	381	0	0	390	-248	-2	521
Total intangible assets	57,496	-201	5,650	42,103	211	-1,073	104,186
II. Property, plant, and equipment							
1. Land, equivalent titles, and buildings including buildings on third-party land	200,564	-1,568	2,484	5,719	267	-1,224	206,242
2. Technical plant and machinery	272,266	-9,208	29,382	21,884	7,756	-16,627	305,453
3. Other plant, operating, and office equipment	176,908	-1,505	12,738	20,886	-1,332	-16,228	191,467
4. Advance payments and plant under construction	9,446	-74	139	11,337	-6,902	-2,618	11,328
Total property, plant, and equipment	659,184	-12,355	44,743	59,826	-211	-36,697	714,490
III. Financial assets							
1. Shares in affiliated companies	5,888	0	-5,870	308	49	-1	374
2. Loans to affiliated companies	2,680	0	0	0	0	-157	2,523
3. Equity investments in associated companies	21,505	-1,041	0	3,086	0	-2,826	20,724
4. Other equity investments	1,229	0	31	95	-49	-192	1,114
5. Loans to companies in which equity is held	7,520	0	39	742	0	-10	8,291
6. Securities held as noncurrent assets	1,678	0	0	5	0	-237	1,446
7. Other loans	993	0	107	49	0	-72	1,077
Total financial assets	41,493	-1,041	-5,693	4,285	0	-3,495	35,549
	758,173	-13,597	44,700	106,214	0	-41,265	854,225

Depreciation and amortization								Carrying amount	
01/01/2013	Exchange rate changes	Changes in group of consolidated companies	Additions	Reclassified	Disposals	Write-backs	12/31/2013	12/31/2013	12/31/2012
22,033	-149	4,943	3,179	0	-1,068	0	28,938	9,868	7,662
11,317	0	0	9,136	0	0	0	20,453	44,406	16,103
1	0	0	0	0	0	0	1	520	380
33,351	-149	4,943	12,315	0	-1,068	0	49,392	54,794	24,145
81,852	-904	-2,047	13,428	0	-1,007	0	91,322	114,920	118,712
204,625	-8,375	19,522	19,465	1,045	-13,568	0	222,714	82,739	67,641
116,209	-1,168	10,422	17,505	-1,045	-9,292	0	132,631	58,836	60,699
53	-2	0	0	0	0	0	51	11,277	9,393
402,739	-10,449	27,897	50,398	0	-23,867	0	446,718	267,772	256,445
0	0	16	0	0	0	0	16	358	5,888
0	0	0	0	0	0	0	0	2,523	2,680
220	0	0	0	0	-23	0	197	20,527	21,285
133	0	0	100	0	-192	0	41	1,073	1,096
0	0	0	0	0	0	0	0	8,291	7,520
198	0	0	0	0	0	-22	176	1,270	1,480
0	0	0	0	0	0	0	0	1,077	993
551	0	16	100	0	-215	-22	430	35,119	40,942
436,641	-10,598	32,856	62,813	0	-25,150	-22	496,540	357,685	321,532

Changes in Shareholders' Equity

from January 1 to December 31, 2013

in € '000	Subscribed capital	Retained earnings	Accumulated other Group earnings	Group shareholders' equity without minority interests
12/31/2011	30,678	541,637	-147,071	425,244
Consolidated net profit		121,342		121,342
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
12/31/2012	30,678	565,681	-71,487	524,872
Consolidated net profit		92,888		92,888
Dividend payment		-20,000		-20,000
Changes in equity due to currency translation		-144	-11,852	-11,996
Other changes in shareholders' equity		-4,128	146	-3,982
12/31/2013	30,678	634,297	-83,193	581,782

in T€	Share of equity of minority interests	Accumulated share of minority interests in other Group earnings	Share of minority interests in Group capital	Shareholders' equity
12/31/2011	1,788	1	1,789	427,033
Consolidated net profit	1,811		1,811	123,153
Dividend payment	-1,293		-1,293	-17,293
Changes in equity due to currency translation	0	7	7	-2,296
Other changes in shareholders' equity	794		794	-2,617
12/31/2012	3,100	8	3,108	527,980
Consolidated net profit	1,327		1,327	94,215
Dividend payment	-661		-661	-20,661
Changes in equity due to currency translation	2	-1	1	-11,995
Other changes in shareholders' equity	-666		-666	-4,648
12/31/2013	3,102	7	3,109	584,891

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 2013 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 55 domestic and 80 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 10 subsidiaries inclusively 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 refer to:

- Heimerle + Meule GmbH acquired the Cookson Group, consisting of five European companies, on May 31, 2013.
- In the SME Investments division, Düring Schweißtechnik GmbH, together with its Brazilian subsidiary, and MGG Micro-Glühlampen-Gesellschaft Menzel GmbH were consolidated for the first time from January 1, 2013, along with Gabler Maschinenbau GmbH and its subsidiary GABLER Thermoform GmbH & Co. KG as well as their general partner from October 1, 2013.

- ZTS-LR NaJUS, a.s., which was acquired in December 2012 and renamed HF NaJUS, a.s., was consolidated for the first time from January 1, 2013, in the Elastomer Plants division.
- Hako Cleaning System (Shanghai) Co. Ltd., which was newly founded in the previous year, has been consolidated in the Cleaning Machines division from January 1, 2013.
- As a result of mergers regarding other affiliated companies, the number of companies in the group of consolidated companies was reduced by three, while a sale led to the reduction of one company.

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 32 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) (sentence 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 €	
		2013	2012	2013	2012
USA	USD	0.72511	0.75792	0.75296	0.77778
Great Britain	GBP	1.19947	1.22534	1.17744	1.23252
China	RMB	0.11977	0.12164	0.12247	0.12328
Hong Kong	HKD	0.09352	0.09779	0.09707	0.10026
Malaysia	MYR	0.22114	0.24785	0.23892	0.25195
Singapore	SGD	0.57425	0.62069	0.60182	0.62260
Japan	JPY	0.00691	0.00880	0.00771	0.00974

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	3 – 21 years
Tools	1 – 4 years
Operating and office equipment	3 – 21 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 %	12/31/2013
Actuarial interest rate	4.87
Salary growth	2.50
Pension growth	1.75
Increase in assessment basis	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 respectively 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 around 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	12/31/2013	12/31/2012
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	9,868	7,662
2. Goodwill	44,406	16,103
3. Advance payments	520	380
	54,794	24,145

The item contains impairments from the previous year amounting to € 154,000.

In addition to amounts recognized as goodwill by individual subsidiaries of € 328,000 (previous year: € 417,000), goodwill resulting from capital consolidation is also recognized and developed as follows during the reporting year:

in € '000	
January 1, 2013	15,686
Additions	37,428
Depreciation and amortization	9,036
December 31, 2013	44,078

The additions mainly derive from the initial consolidation of three companies of the Cookson Group as well as Gabler Maschinenbau GmbH.

In accordance with DRS 4.41, the useful life for amortization purposes amounts to five years.

2. Property, Plant, and Equipment

in € '000	12/31/2013	12/31/2012
1. Land, equivalent titles, and buildings including buildings on third-party land	114,920	118,712
2. Technical plant and machinery	82,739	67,641
3. Other plant, operating, and office equipment	58,836	60,699
4. Advance payments and plant under construction	11,277	9,393
	267,772	256,445

The item contains impairments amounting to € 6,701,000 (previous year: € 86,000).

3. Financial Assets

in € '000	12/31/2013	12/31/2012
1. Shares in affiliated companies	358	5,888
2. Loans to affiliated companies	2,523	2,680
3. Equity investments in associated companies	20,527	21,285
4. Other equity investments	1,073	1,096
5. Loans to companies in which equity is held	8,291	7,520
6. Securities held as noncurrent assets	1,270	1,480
7. Other loans	1,077	993
	35,119	40,942

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 this fiscal year:

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

The following domestic subsidiaries make use of the exemption provided by Section 264b HGB this fiscal year:

- Hako Holding GmbH & Co. KG, Bad Oldesloe
- PAGEL Spezial-Beton GmbH & Co. KG, Essen
- PAGEL Technische Mörtel GmbH & Co. KG, Essen
- 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, Sprendlingen
- GABLER Thermoform GmbH & Co. KG, Lübeck

Current Assets

4. Inventories

in € '000	12/31/2013	12/31/2012
1. Raw materials, consumables, and supplies	115,632	100,157
2. Work in progress	337,949	321,656
3. Finished goods and merchandise	109,207	103,926
4. Advance payments	11,515	6,967
5. Advance payments received on orders	-303,230	-258,023
	271,073	274,683

As of December 31, 2013, inventories in the amount of € 19,096,000 resulted from the initial consolidation of certain companies.

5. Receivables and Other Assets

in € '000	12/31/2013	12/31/2012
1. Trade receivables	290,551	284,827
of which with a remaining term of more than 1 year	794	1,006
2. Other receivables and other assets		
Receivables from affiliated companies	596	56
Receivables from companies in which equity is held	2,401	6,000
Other assets	48,857	42,145
of which with a remaining term of more than 1 year	11,771	12,957
	51,854	48,201

Receivables and other assets include individual write-downs of € 19,063,000 (previous year: € 19,672,000) and a general write-down of € 5,888,000 (previous year: € 5,233,000).

As of December 31, 2013, trade receivables amounting to € 37,783,000 resulted from the initial consolidation of acquired companies.

6. Cash and Cash Equivalents

in € '000	12/31/2013	12/31/2012
Bank balances	215,268	217,274
Cash in hand and checks	715	720
	215,983	217,994

7. Deferred tax assets

As of December 31, 2013, deferred taxes were net positive, breaking down as follows:

in € '000	12/31/2013	12/31/2012
Deferred tax assets	33,312	27,950
Deferred tax liabilities	-10,292	-11,418
Net balance	23,020	16,532

Of the net amount shown as of the reporting date, € 1,777,000 (previous year: € 1,609,000) 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) (sentence 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.

9. Difference from the Consolidation of Equity

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

in € '000	
January 1, 2013	41,454
Additions	4,939
Disposals	4,131
Reversals	10,115
December 31, 2013	32,147

Equity and liability differences arising from capital consolidation are mainly treated as equity. Reversals are performed on a scheduled basis over the useful life of five years in line with DRS 4.41. A portion of € 12,000,000 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.

The additions mainly result from the initial consolidation of two companies from the Cookson Group, while the disposals mostly relate to subsequent purchase price payments for the Euroquarz Group. The reversal amount is shown under other operating income.

10. Pension Provisions

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

in € '000	12/31/2013	12/31/2012
Fulfillment amount of pension obligations	124,405	118,580
Time value of plan/funding assets	-21,244	-21,118
Net balance	103,161	97,462

The cost of plan and funding assets is € 20,673,000 (previous year: € 20,831,000). Income of € 1,196,000 (previous year: € 1,048,000) and expenses of € 113,000 (previous year: € 150,000) were offset in the income statement.

11. Other Provisions

in € '000	12/31/2013	12/31/2012
1. Provisions for taxes	22,915	24,459
2. Other provisions	151,720	151,602
	174,635	176,061

Funding assets of € 338,000 (previous year: € 506,000) have been deducted from the fulfillment amounts for partial retirement obligations. The cost of funding assets is € 209,000 (previous year: € 466,000). Income of € 116,000 (previous year: € 51,000) and expenses of € 178,000 (previous year: € 177,000) were also offset.

Other provisions increased by € 10,816,000 as of December 31, 2013, due to additions to the group of consolidated companies.

12. Liabilities

in € '000	Up to 1 year	1 to 5 years	Over 5 years	12/31/2013 Total
1. Bank loans (Previous year)	35,532 (57,864)	37,930 (27,170)	6,398 (9,673)	79,860 (94,707)
2. Trade payables (Previous year)	112,336 (101,107)	715 (861)	0 (306)	113,051 (102,274)
3. Other liabilities				
Liabilities from bills drawn (Previous year)	244 (276)	0 (0)	0 (0)	244 (276)
Liabilities to affiliated companies (Previous year)	4 (205)	0 (0)	0 (0)	4 (205)
Liabilities to companies in which equity is held (Previous year)	1,078 (1,016)	0 (0)	0 (0)	1,078 (1,016)
Other liabilities (Previous year)	99,650 (105,538)	1,916 (1,292)	1 (0)	101,567 (106,830)
Other liabilities (Previous year)	100,976 (107,035)	1,916 (1,292)	1 (0)	102,893 (108,327)

Liabilities of € 31,640,000 (previous year: € 33,726,000) are secured by liens and similar rights.

As of December 31, 2013, trade payables in the amount of € 13,132,000 derived from the initial consolidation of certain companies.

Other liabilities include:

in € '000	12/31/2013	12/31/2012
Taxes	18,617	20,924
Social security	5,076	4,340
Shareholders (of which Possehl-Stiftung € 58,201,000 (previous year: € 57,096,000))	59,123	58,578
Other	18,751	22,988
	101,567	106,830

As of December 31, 2013, other liabilities in the amount of € 6,649,000 derived from the initial consolidation of certain companies.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

13. Net Sales

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

in € '000	2013	2012
Special-purpose Construction	272,742	255,161
Document Management Systems	123,848	122,654
Printing Machines	256,676	198,150
Precious Metals Processing	991,665	648,867
Elastomer Plants	398,300	372,527
Electronics	207,331	240,154
Cleaning Machines	398,592	396,477
SME Investments	168,741	112,710
International Trading	0	69,213
Textile Finishing Systems	0	42,898
Other equity investments	3,510	6,744
	2,821,405	2,465,555

in € '000	2013	2012
Germany	1,061,184	1,347,679
European Union	1,132,787	512,631
Other Europe	86,714	85,480
Asia	274,431	274,822
America	210,667	190,413
Other regions	55,622	54,530
	2,821,405	2,465,555

Companies consolidated for the first time contributed a total of € 640,558,000 to net sales.

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

in € '000	2013	2012
Changes in finished good and work in progress	1,529	109,357
Other capitalized own work	4,305	2,632
	5,834	111,989

15. Other Operating Income

The reported amount includes € 20,467,000 (previous year: € 17,497,000) from previous years, consisting chiefly of reversed provisions and write-downs and disposals of noncurrent assets. This position also includes income of € 3,729,000 (previous year: € 4,497,000) from currency translation.

16. Cost of Materials

in € '000	2013	2012
Expenses for raw materials, consumables, supplies, and for purchased goods	1,678,209	1,477,598
Expenses for purchased services	184,298	186,140
	1,862,507	1,663,738

Companies consolidated for the first time accounted for € 580,049,000 of the overall cost of materials.

17. Personnel Expenses

in € '000	2013	2012
Wages and salaries	470,400	436,274
Social security contributions	93,108	85,237
Pension payments	8,850	5,854
	572,358	527,365

Personnel expenses contain a total of € 32,870,000 from companies consolidated for the first time.

The average number of employees by group was as follows:

	2013	2012
Manual workers	5,286	5,094
Salaried employees	5,935	5,220
Apprentices	373	381
	11,594	10,695

18. Other Operating Expenses

Of the amount reported, € 436,000 (previous year: € 767,000) stemmed from prior years. This related exclusively to disposals of noncurrent assets. The item also includes expenses from currency translation in the amount of € 3,155,000 (previous year: € 4,436,000).

A total of € 19,270,000 of other operating income was generated by companies consolidated for the first time.

19. Net Investment result

in € '000	2013	2012
Earnings from equity investments in associates	2,968	4,093
Earnings from other equity investments	88	71
Earnings from securities (dividend income)	0	56
Expenses from equity investments in associates	50	0
	3,006	4,220

20. Net Interest result

in € '000	2013	2012
Interest income on loans and securities held as financial assets	134	198
of which from affiliated companies	100	107
Other interest and similar income	2,369	3,316
Interest paid and similar expenses	18,894	20,425
	-16,391	-16,911

The net interest income/expense includes € 6,971,000 (previous year: € 6,082,000) in interest deriving from the change in pension provisions and other noncurrent provisions.

21. Other Financial Result

in € '000	2013	2012
Write-backs on noncurrent financial assets	22	17
Income from disposal of securities	3,759	27
Income from disposal of associated companies	0	32
Income from disposal of other equity investments	0	205
Write-downs on financial assets	-100	-116
	3,681	165

22. Income Taxes

In addition to current taxes, the item includes € 155,000 (previous year: € 1,167,000) in refunds for previous years. Deferred tax income of € 168,000 (previous year: € 270,000) is also include.

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	12/31/2013	12/31/2012
Acceptance liability for drafts	71	63
Financial guarantees	48,954	50,269
Guarantees/warranties	5,423	5,070
Collateral for third-party liabilities	1,440	878
	55,888	56,280

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 (previous year: € 1,067,000) exist; liabilities totaling € 47,608,000 (previous year: € 49,220,000), which arise from loan agreements for the benefit of associated companies, exist.

Other Financial Obligations

in € '000	12/31/2013	12/31/2012
Rental/leasing and other contractual obligations (nominal value)	142,437	113,447
of which to affiliated companies	3,877	4,267
with term structures		
up to 1 year	47,981	28,853
1 – 5 years	57,594	45,822
over 5 years	36,862	38,772
Purchase commitments for capital expenditures	19,664	6,420
with term structures		
up to 1 year	19,664	6,420
	162,101	119,867

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 12/31/2013	Market value 12/31/2013
Forward currency contracts	56,860	97
Interest rate options/caps	18,373	-360
Interest rate and currency swaps	29,997	-1,194

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 € 28,526,000 were hedged up to 100% with the forward currency contracts with matching terms. Variable interest rate loan liabilities amounting to € 34,124,000 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) number 9 HGB:

in € '000	
Audit-related services	815
Tax advisory services	64
Other services	17
Total fee	896

Total Remuneration of the Executive Board and Supervisory Board

The total remuneration of the Executive Board of L. Possehl amounted to € 4,978,000 for the fiscal year. The Company declines to disclose the total remuneration of the Executive Board from the previous year in accordance with Section 314 (1) number 6 in connection with Section 286 (4) HGB. The total remuneration of members of the Supervisory Board amounted to € 200,000 (previous year: € 259,000).

Former members of the Executive Board and their surviving dependents received € 845,000 (previous year: € 854,000). Obligations from current pensions and pension entitlements are covered by provisions of € 7,159,000 (previous year: € 7,823,000).

Proposal on Appropriation of Profit of the Proprietary Company

in €

Net profit for 2013	41,679,238.02
Profit carried forward from the previous year	4,960,902.47
Balance sheet profit	46,640,140.49

The Executive Board proposes appropriating the balance sheet profit of € 46,640,140.49 as follows: an amount of € 22,000,000.00 to be distributed to the sole shareholder, Possehl-Stiftung, an amount of € 23,000,000.00 to be transferred to other retained earnings, and the remainder of € 1,640,140.49 to be carried forward.

Lübeck, Germany, February 28, 2014

L. Possehl & Co.
mit beschränkter Haftung



Uwe Lüders



Dr Joachim Brenk



Dr Henning von Klitzing



Mario Schreiber

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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, 2013 to December 31, 2013. 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, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft



Dyckerhoff
Auditor



Herbers
Auditor

* Translation of German Auditors' Report

Letter from the Supervisory Board

LADIES AND GENTLEMEN,

For Possehl, the 2013 fiscal year was a year of consolidation at the levels achieved over the past two years. The group of companies is very broadly and solidly positioned and therefore well-equipped to successfully continue its growth course into the future.

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 2013 fiscal year. At four regular meetings, 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 thoroughly 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, 2013, 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 15, 2014. 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, 2013.

The Supervisory Board evaluated and approved the Executive Board's proposal on the appropriation of profit.

CHANGES IN THE SUPERVISORY BOARD AND EXECUTIVE BOARD

On the employee representative side, Horst Wardius and Michael Hinrichsen resigned from the Supervisory Board as a result of the regular elections held on February 19, 2013. Dr Gregor Enke and Anton Zehentner were elected to the Supervisory Board.

On the shareholder side, former Chairman Dr Lutz Peters and Dr Stephan Bartelt retired from the Supervisory Board at the end of the 2013 fiscal year. Hanno Brügggen and Dr Ernst F. Schröder were appointed as their successors. At the Supervisory Board meeting on April 15, 2014, Dr Schröder was elected Chairman of the Supervisory Board.

The Supervisory Board thanks all of the resigning and retiring members for their years of loyalty and successful work.

In its meeting on April 11, 2013, the Supervisory Board unanimously resolved to appoint Dr Henning von Klitzing and Mario Schreiber as additional members of the Executive Board as of July 1, 2013. This move should help account for Possehl Group's continuing growth.

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 2013 fiscal year.

Lübeck, Germany, April 2014

For the Supervisory Board



Dr Ernst F. Schröder
Chairman

Overview of Participation as of December 31, 2013

Name	Registered in	Share of capital (in %)
I. Consolidated Group Companies		
Special-purpose Construction		
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
Document Management Systems		
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.	Warszawa/Poland	100.00
BÖWE SYSTEC AB	Sundbyberg/Sweden	100.00
BÖWE SYSTEC AS	Oslo/Norway	100.00
BÖWE SYSTEC AS	Herlev/Denmark	100.00

Name	Registered in	Share of capital (in %)
Oy BÖWE SYSTEC AB	Helsinki/Finland	100.00
BÖWE SYSTEC S.A.S.	Fontenay sous Bois/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 S.p.A.	Fiumicino/Italy	100.00
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.	Tokio/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
Printing Machines		
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 ps GmbH	Darmstadt, 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
Precious Metals Processing		
Heimerle + Meule GmbH	Pforzheim, Germany	100.00
Cookson Precious Metals Limited	Birmingham/Great Britain	100.00
Cookson Drijfhout B.V.	Amsterdam/The Netherlands	100.00
Cookson Métaux Précieux S.A.	Paris/France	100.00
Sempsa Joyería Platería, S.A.	Madrid/Spain	100.00
Koutadly - Consultadoria Económica e Participações, S.A.	Porto/Portugal	100.00

Name	Registered in	Share of capital (in %)
Elastomer Processing		
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	100.00
HF Rubber Machinery, Inc.	Topeka/USA	100.00
Harburg-Freudenberger Machinery (China) Co., Ltd.	Qingdao/China	100.00
Pomini Rubber & Plastics S.r.l.	Rescaldina/Italy	100.00
Farrel Corporation	Ansonia/USA	100.00
Farrel Limited	Rochdale/Great Britain	100.00
Farrel Asia Limited	Hong Kong/China	100.00
HF NaJUS, a.s.	Dubnica nad Váhom/Slovakia	100.00
Electronics		
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
Possehl Laminates Ltd.	Hong Kong/China	100.00
Dongguan Possehl Electronics Co. Ltd.	Dongguan/China	100.00
Possehl Electronics (Malaysia) Sdn. Bhd.	Malacca/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.	Malacca/Malaysia	100.00
pretema GmbH	Niefern-Öschelbronn, Germany	100.00
Cleaning Machines		
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 PlasTec 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

Name	Registered in	Share of capital (in %)
Solvert 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.	Swieszyno/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
Hako Cleaning System (Shanghai) Co., Ltd.	Shanghai/China	100.00
SME Investments		
Possehl Mittelstandsbeteiligungen GmbH	Lübeck, Germany	100.00
Possehl Mittelstandsbeteiligungen Verwaltungs-GmbH	Lübeck, Germany	100.00
Possehl Umweltschutz 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	100.00
DMA Maschinen und Anlagenbau Verwaltungs GmbH	Höxter, Germany	100.00
MGG Micro-Glühlampen-Gesellschaft Menzel GmbH	Wentorf, Germany	100.00
Düring Schweißtechnik GmbH	Königsbrunn, Germany	100.00
Düring do Brasil Ltda.	Itatiba/Brazil	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
Gabler Maschinenbau GmbH	Lübeck, Germany	100.00
GABLER Thermoform GmbH & Co. KG	Lübeck, Germany	100.00
Thermoform GABLER GmbH	Lübeck, Germany	100.00

Name	Registered in	Share of capital (in %)
Investments		
Deutscher Eisenhandel AG	Lübeck, Germany	100.00
Teutonia Assekuranzkontor GmbH	Lübeck, Germany	100.00
Lubeca Versicherungskontor GmbH	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
Düring MX S.A.	Puebla/Mexico	100.00
LOGOPAK Corporation	Wilmington/USA	100.00
LOGOPAK Systems AB	Gothenburg/Sweden	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

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
Possehl Erzkontor Americas Limited	Hong Kong/China	50.00
Possehl Erzkontor Beijing Trading Co. Ltd.	Beijing/China	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

Name	Registered in	Share of capital (in %)
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	49.00
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
INDUS UTH HF Mixing Systems 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.	Warsaw/Poland	50.00
LOGOPAK S.A.	Wissous/France	34.00
LOGOPAK B.V.	Hoofddorp/The Netherlands	30.00
LOGOPAK Corporation i.L.	Keene/USA	50.00
manroland IP GmbH	Offenbach a.M., Germany	50.00
Solcon Systemtechnik GmbH	Lübeck, Germany	24.85
Possehl Erzkontor Tianjin Trading Co. Ltd.	Tianjin/China	50.00

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Annotation

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www.possehl.de

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