Annual Report
2014

THE BUSINESS
in figures

POSSEHL

The Entrepreneurs' Group

Possehl Annual Report 2014

L. Possehl & Co. mbH is a group of medium-sized industrial companies managed in Hanseatic tradition. In our more than 150 companies we employ more than 12,000 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 167 years now, the Possehl name stands for entrepreneurship, tradition, and responsibility.

Contents

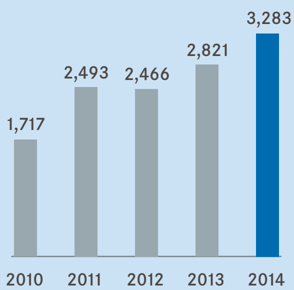
Possehl – At a glance

Key figures

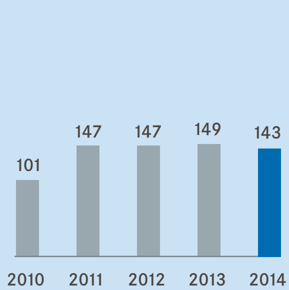
		2010	2011	2012	2013	2014
Earnings						
Sales	€ million	1,717	2,493	2,466	2,821	3,283
thereof sales from precious metal trading	€ million	411	651	619	916	1,233
Sales adjusted for the effects of sales from precious metal trading	€ million	1,306	1,842	1,847	1,906	2,050
Result from ordinary operations (EBIT) before one-off income	€ million	101	147	147	149	143
Result from ordinary operations (EBIT)	€ million	101	165	175	149	143
Earnings before taxes (EBT)	€ million	82	145	158	132	125
Consolidated net profit	€ million	58	102	123	94	86
Dividends declared	€ million	10	16	20	22	27
EBIT ratio in % *	%	7.8	8.0	7.9	7.8	7.0
Return on equity before taxes in %	%	22.2	33.5	28.5	23.0	20.1
Net assets						
Balance sheet total	€ million	966	1,146	1,155	1,197	1,305
Economic equity	€ million	367	433	554	573	623
Equity ratio in %	%	38.0	38.5	48.6	49.7	49.9
Working capital	€ million	392	490	457	449	502
Financial data						
Net financial assets	€ million	49	48	123	136	149
Cash flow from operating activities	€ million	97	68	68	154	114
Investment in property, plant, and equipment and intangible assets (excluding goodwill)	€ million	52	59	83	65	58
Depreciation of property, plant, and equipment and intangible assets (excluding goodwill)	€ million	31	39	44	54	50
Employees						
Employees (yearly average)		7,532	9,310	10,695	11,210	11,954
Germany		3,966	5,210	6,668	6,680	6,906
International		3,566	4,100	4,027	4,530	5,048
Personnel expenses	€ million	286	415	527	572	617

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

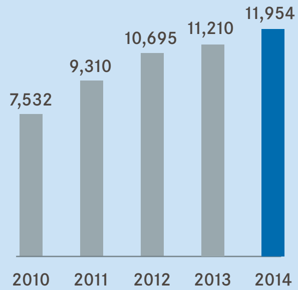
Net sales
in € million



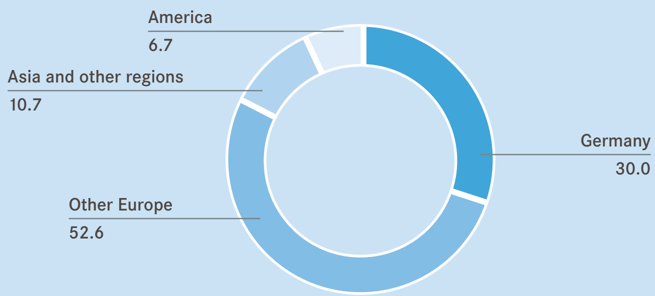
EBIT before one-off income
in € million



Employees
yearly average



Net sales in 2014 by region
in %



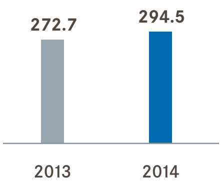
An overview of the divisions

Net sales in € million

Share of Total Net Sales 2014

Special Purpose Construction

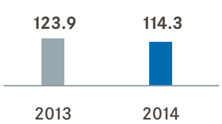
- Highway construction
- Above and below ground construction
- Industrial and aviation surfaces
- Monument renovation/restoration
- Construction chemicals/specialized mortar
- Silica sand/quartz gravel



9.0 %

Document Management Systems

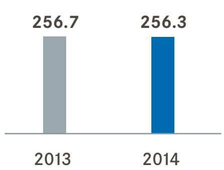
- Enveloping machines
- Card mailing systems
- Personalized mailing systems
- Sorting equipment



3.5 %

Printing Machines

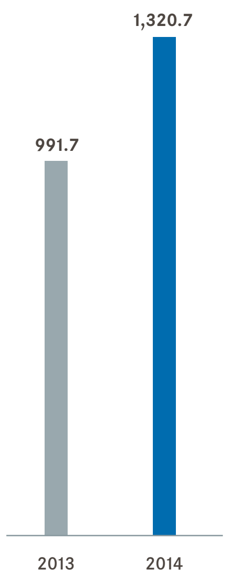
- Web-fed offset newspaper printing
- Web-fed offset publication printing
- Digital printing (Print finishing modules)



7.8 %

Precious Metals Processing

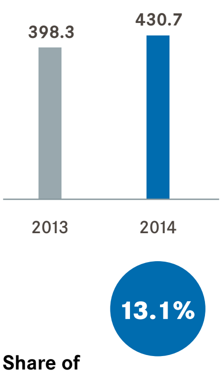
- Precious metals recycling
- Semi-finished precious metal products
- Surface technics
- Precious metals trading/investment products



40.2 %

Elastomer Plants

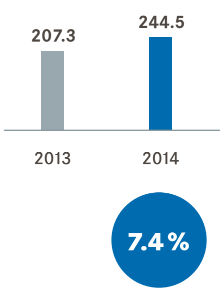
- Mixers and mixing room systems
- Tire-building machines
- Extrusion plants
- Heat presses
- Screw extrusion presses & refinery plants



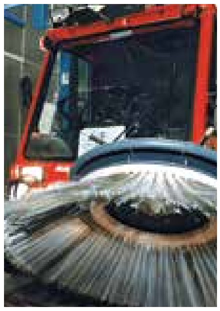
Share of Total Net Sales 2014

Electronics

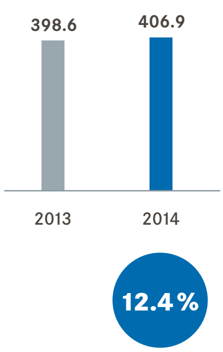
- Leadframes
- Smartcards and Lamframes
- Electromechanical components
- Connectors



Cleaning Machines

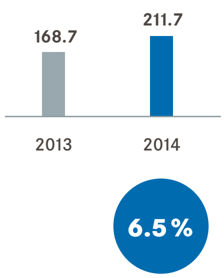


- Commercial cleaning devices
- City cleaning vehicles
- Municipal vehicles



SME Investments

- Mechanical and plant engineering
- Specialized products
- Environmental protection



Management

Letter from the Executive Board

Dear Business Partners,
Dear Readers,

“Full of light, but also shadows” – This is how we can summarize the past fiscal year. At the same time, we in the Executive Board are satisfied in general with the overall performance of our group of companies.

We have already expanded our good market positions in many divisions. In part, we were even able to achieve improved results again after the positive performance in recent years. We also succeeded in acquiring additional well-positioned SMEs for Possehl. However, we had to recognize that our assumptions about market development in the areas of printing machines and document management systems were too optimistic. Therefore, we initiated additional restructuring measures in both divisions. The precautions we have taken in previous years ensured that our consolidated net profit remained practically unaffected by this.

The result from ordinary operations is slightly below that of the previous year, but it remains at a satisfactory level

With Group net sales of € 3.3 billion, our Group achieved earnings before taxes (EBT) of € 124.7 million in 2014. As a result, we were not entirely able to continue the good earnings of previous years. This is attributable to the fact that the company acquisitions of Cookson Precious Metal in the area of precious metals and Technical Plastic Systems in the electronics division did not contribute as expected to consolidated net profit.

To a large extent, Group net sales include precious metal trading sales. Excluding them, the Possehl Group grew by a solid 7% to € 2.1 billion in the past year.

The divisions’ contributions to earnings varied in quality this year. In measuring success, a long-term perspective is important to us. And here, almost all the companies remain on a stable path.

Three divisions deliver particularly good news

As expected, the Cleaning Machines division performed well. Here we were able to increase sales and earnings noticeably again by updating the product range for external cleaning and by managing costs systematically.

The same applies to the Elastomer area, in which sales and revenue increased significantly due to a good order situation. Our companies are undisputed world market leaders in rubber mixers for the tire industry. In our view, this factor and the current market situation provide a sound foundation for attractive development possibilities in the future.

The Special-purpose Construction division made very positive progress in the past year. A significant increase in earnings was able to more than offset the past year’s weak phase. In addition, by acquiring Nüthen Restaurierungen last autumn we further strengthened the division.

The SME Investments also continue to perform outstandingly
We were very satisfied again with the SME Investments division in the past year. Within a few years, we were able to expand it to a sales volume of more than € 200 million. Without reservation, we can characterize this as a success story. We are pleased that for acquisitions the Possehl name – and with it our sustainable business model and the reliability we offer companies – plays a decisive role.

For the first time last year, SAVO-Technik Rotationsguss, which we acquired in February, contributed to the division growth. Also at the beginning of the new fiscal year, we were able to maintain the growth of recent years. With the acquisition of a US-based company's printing and labeling business for industrial applications, we were able to obtain the ideal addition to our Logopak subsidiary. We are looking forward to acquiring additional SMEs for our Group.

The Electronics division received a promising growth impetus through acquisitions
Contrary to our expectations, sales and earnings in the Electronics division declined slightly. Here we remain in a process of upheaval with our products for the semiconductor industry. However, we are confident that the division will report stronger growth rates in coming years.

Our automotive supply business is experiencing an analogous situation, which we were able to strengthen significantly last summer through the acquisition of Technical Plastic Systems (TPS), based in Wackersdorf in the Upper Palatinate in Germany. With its sophisticated injection molding parts for the automotive industry, TPS predominantly serves the same market as our subsidiary pretema. Under the same umbrella, the two companies will be able to develop this market more intensively in the future. With TPS we have also gained production sites in the Czech Republic and Mexico. This is helpful in such a price-sensitive market as automotive electronics.

We continue to take corrective actions in two divisions
The situation at Böwe Systec and manroland web systems remains challenging. Both with document management systems and printing machines, we are operating in shrinking markets with overcapacities. Start-up challenges with new products were another factor at Böwe Systec in 2014.

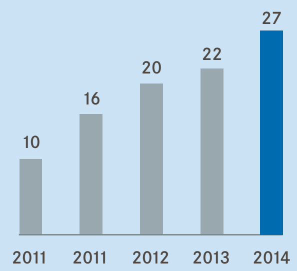
Both companies already have difficult years behind them. Nevertheless, we had to reduce the number of employees again at Böwe Systec in Augsburg, Germany at the beginning of the year. With a lower cost basis and a completely newly developed enveloping machine that has taken hold in the market in the interim, the company should be able to produce slightly positive earnings in coming years. manroland web systems also has sustainable prospects, given the measures that have been taken. Just in the past year, the company was able to expand its market share both in newspaper and publication printing.

From a business perspective, we would hope that such situations would remain the exception. And yet, particularly in these moments, we can demonstrate what Group spirit means to us: As long as we can recognize long-term prospects, we stand firmly at the side of our companies. We have the stamina and economic strength for this.

Dividends: the amount distributed to the Possehl-Stiftung is to be increased
Our Group is distinctive in that a significant portion of annual revenue we generate serves to fulfill the tasks of our shareholder, the charitable Possehl-Stiftung. For this reason, we are also planning to distribute a corresponding dividend this year: It should amount to € 27 million, which represents another increase of 20% from the previous year. The money will be used exclusively for charitable purposes in Lübeck, Germany. This includes the special project the European Hansemuseum. The high amount distributed ensures that the resources used for the museum will not come at the expense of other ongoing projects.

The growing dividend in recent years has always been paid from operating cash flow and never harmed the Company's stability. Instead, it attests to the Company's high level of performance and economic viability.

Dividend performance
in € million



Outlook for 2015: we will continue our stable performance
We view the current fiscal year with cautious optimism: Fundamentally, we expect that our companies will be able to continue performing positively thanks to their well-functioning business model. The recent drop in the euro exchange rate promotes favorable conditions for many divisions, and the low price of oil functions as an additional economic stimulus package. In addition, we anticipate that we will be able to benefit from the upturn in the United States.

We are paying particular attention to further stabilizing the companies Böwe Systec and manroland web systems. We have already taken the necessary steps for this. We have deliberately taken a prudent, conservative approach toward economic planning for both divisions.

Overall, we expect the Possehl Group's business performance to exceed the previous year s level.

We intend to grow in the future with Possehl. Therefore, we remain on the lookout for sustainably profitable companies that we can integrate into our Group. We continue to do so in a cautious and unpressured manner. However, when suitable options present themselves, we act decisively. After all, growth is important to us. It ensures our independence and underpins our stability.

On behalf of the Executive Board, we thank you, our corporate partners, for your trust in our Group and for our excellent cooperation together in the past year. We thank you, our executives and employees, for your tremendous commitment, with which you once again invaluably contributed to Possehl's further development. We look forward to proceeding along this successful path with you in the current year.

Yours truly,

Uwe Lüders | Dr Joachim Brenk

Dr Henning von Klitzing | Mario Schreiber

Company Boards

EXECUTIVE BOARD

Uwe Lüders

Chairman

Finance, Communications

Diplom-Volkswirt
(Master in Economics)

CEO since 2004.

Dr Joachim Brenk

Controling, IT

Diplom-Ingenieur
(Master in Engineering)

Member of the Board since 2009.

Dr Henning von Klitzing

Legal division, Mergers & Acquisitions

Diplom-Volkswirt
(Master in Economics), Lawyer

At the Possehl Group since 2006, Member of the Board since 2013.

Mario Schreiber

Personnel

Diplom-Betriebswirt
(Master in Business Administration)

At the Possehl Group since 2004, Member of the Board since 2013.

SUPERVISORY BOARD

Dr Ernst F. Schröder
Chairman
Businessman

Peter Hlawaty
Vice Chairman
Managing Director of IG Metall Rostock-Schwerin

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

Hanno Brüggen
Personally liable shareholder of H. & J. Brüggen KG

Claus Bunk
(since June 1,2014)
Head of plant assembly of Böwe Systec GmbH
Chairman of the Works Council of Böwe Systec GmbH
Chairman of the Group Works Council of L. Possehl & Co. mbH
(since June 24, 2014)

Dr Gregor Enke
Head of Automation of manroland web systems GmbH

Dirk Kohrs
Chairman of the Works Council of Hako GmbH, Bad Oldesloe plant
Member of the Group Works Council of L. Possehl & Co. mbH

Hartmut Menn
(until May 31, 2014)
Chairman of the Works Council of Harburg-Freudenberger
Maschinenbau GmbH, Hamburg-Harburg plant
(since March 31, 2014)
Chairman of the Group Works Council of L. Possehl & Co. mbH
(until March 20, 2014)

Dr Werner Redeker
Supervisory Board Chairman of Körber AG

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

Rolf Schmidt-Holtz
Co-founder and Supervisory Board Chairman of Just Software AG

Peter Seeger
Managing Director of IG Metal Kiel-Neumünster

Anton Zehentner
Chairman of the Works Council of Heimerle + Meule GmbH
Member of the Group Works Council of L. Possehl & Co. mbH

Letter from the Supervisory Board

LADIES AND GENTLEMEN,

For the Possehl Group, the 2014 fiscal year was characterized not only by the successful performance of most divisions but also by structural adjustments in the areas of printing machines and document management systems. The solid positioning of the group of companies as well as its long-term strategic focus enables the implementation of sensible adjustment measures promising sustainable success.

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 2014 fiscal year. At four regular meetings and one special meeting about significant acquisition projects, 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, including structural changes in the printing machines and document management systems divisions, as well as significant 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 completely fulfilled its duty to monitor the Executive Board.

The statutory and consolidated financial statements

BDO AG Wirtschaftsprüfungsgesellschaft audited the statutory 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, 2014, according to the rules of the German Commercial Code (Handelsgesetzbuch) and issued them with an unqualified audit opinion. 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 17, 2015. The auditor reported on the main findings of the audit, including the investigation on IT security in the Possehl Group, which was authorized by the Supervisory Board, 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 approved the annual financial statements of L. Possehl & Co. mbH as of December 31, 2014 and recommends that the shareholder adopt them. Furthermore, the Supervisory Board recommends that the shareholder approve the consolidated financial statements of L. Possehl & Co. mbH as of December 31, 2014.

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

The Supervisory Board would like to thank all of the employees of the Possehl Group as well as the management for their successful work and dedication during the 2014 fiscal year.

Lübeck, Germany, April 2015

For the Supervisory Board

Dr Ernst F. Schröder
Chairman

Group Management Report

INFORMATION GRAPHICS

Key facts about the Group

Possehl has a long tradition and looks back on a 167-year Company history. We are 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. In addition, at our Company we value a steady cash flow and the ability to pay a high dividend. Over the past years, Possehl has grown steadily and has completed the transformation 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 proprietary company L. Possehl & Co. mbH as a holding company are corporate strategy and portfolio management (including mergers and acquisitions), risk and opportunity management, the development of current and future managers, the Group's central financing as well as Group accounting and controlling. The holding company has 24 employees, four of them board members who are also operationally active.

Key Financial Figures

in € million	2014	2013	Change in %
Net sales	3,283	2,821	16.4
Adjusted net sales*	2,050	1,906	7.6
Result from ordinary operations (EBIT) before one-off income	143	149	-4.0
Net financial assets	149	136	9.6
Economic equity	623	573	8.7
Equity ratio (in %)	49.9	49.7	0.4

*Group net sales minus precious metal trading effects

The Group currently comprises eight (in the previous year, nine) operating divisions with the following main segments and customer groups:

DIVISION	SEGMENT/PRODUCTS	CUSTOMER GROUP
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	• Public services • Airports • Logistics • Trading companies • Construction industry • General industry
DOCUMENT MANAGEMENT SYSTEMS	• Enveloping machines • Card mailing systems • Personalized mailing systems • Sorting equipment	• Banks/insurance companies • Telecommunications companies • Mass mail services • Public authorities
PRINTING MACHINES	• Web-fed offset newspaper printing • Web-fed offset publication printing • Digital printing (Print finishing modules)	• Newspaper and magazine publishers • Printing industry
PRECIOUS METALS PROCESSING	• Precious metals recycling • Semi-finished precious metal products • Surface technics • Precious metals trading/investment products	• Jewelry industry • Electronics industry • Dental laboratories • End-consumers

DIVISION	SEGMENT/PRODUCTS	CUSTOMER GROUP
ELASTOMER PLANTS	• Mixers and mixing room systems • Tire-building machines • Extrusion plants • Heat presses • Screw extrusion presses & refinery plants	• Tire manufacturers • Plastics industry • Technical rubber goods industry • Oil mill and food industries
ELECTRONICS	• Leadframes • Smart cards and Lamframes • Electromechanical components • Connectors	• Automotive suppliers • Semiconductor & electronics industry • LED manufacturers • Smart card producers
CLEANING MACHINES	• Commercial cleaning devices • City cleaning vehicles • Municipal vehicles	• Professional cleaning companies • Trading companies • Public services • General industry
SME INVESTMENTS	• Mechanical and plant engineering • Special consumable products • Environmental protection	• Food industry • General industry • Municipal authorities • End-consumers

In the reporting year, the International Trading division was sold.

With its subsidiaries and holdings, Possehl operates in more than 30 countries. A total of 159 associated companies (previous year: 145) belong to the Possehl Group, of which 11 are not consolidated due to their minor importance to the Group. Another 4 (previous year: 15) are accounted for using the equity method. A detailed summary of the companies and individual locations is provided in the shareholdings list.

The following changes to the portfolio took place in the reporting year:

— In February, L. Possehl sold its 50% stake in Possehl Erzkontor to the former joint venture partner. With the sale, Possehl has now completely parted ways with the international trading business with raw materials primarily for the refractory industry.

— In June, Possehl Electronics significantly expanded its supply business for the automotive industry through the acquisition of Technical Plastic Systems (TPS). With pretema, Possehl has been a significant manufacturer of precise electromechanical components for the automotive industry since 2010 and has now significantly expanded its international presence and significance in this market segment through the acquisition. Aside from the corporate headquarters in Wackersdorf, TPS has production sites in the Czech Republic and Mexico.

- At the beginning of the fiscal year, Possehl Mittelstandsbeteiligungen GmbH acquired 60% of the shares of SAVO-TECHNIK Rotationsguss GmbH. The company manufactures high-quality, sophisticated hollow-bodies, such as water and fuel tanks, using the rotational molding process. Furthermore, Logopak acquired all shares in LSS Etikettering A/S, based in Randers, Denmark.

- With the acquisition of Nüthen Restaurierungen at the end of the reporting period, we significantly expanded our monument and construction restoration segment within the Special-purpose Construction division. With the company Bennert Restaurierungen, Possehl has been active in this area for years. Nüthen Restaurierungen will be fully consolidated next year.

Our investment portfolio is geared toward profitability, dividend consistency, 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 reflects the long-term orientation of our sole shareholder, the charitable foundation Possehl-Stiftung.

The independence of the Possehl Group plays a central role in our decision-making. This is especially true 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 the short period of five years.

After parting with our textile machine business and gradually with the raw materials trading business, the focus for the last two years 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. At the same time, we do not regard growth as an end in itself. Instead, we consider sustainable and profitable growth as the guarantee for independence and stability.

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, clear boundaries between the divisions, and bottom line accountability for every individual company. Therefore, in order to assess and manage profitability, we use earnings before taxes (EBT) as our key metric.

In order to manage the growth both of the Group and the individual divisions, we use net sales adjusted for precious metals trading sales, currency translation, and portfolio effects as the metric.

A solid capital structure supports the sustainable development of net sales and earnings. As the key metrics to manage the capital structure, we use the economic equity ratio as well as net liquidity or net debt.

Due to the diversified divisions and activities in the Group, we work not only with Group-wide valid metrics but also with division-specific metrics. So for our mechanical engineering activity, we pay close attention to incoming orders and order backlog. We recognize incoming orders only when the underlying contract is legally valid and binding. Order backlog represents an indicator for future net sales from already recognized orders. In evaluating order backlog, we take into account the respective percentage of completion.

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 € 3.28 billion, we once again topped the record sales of the past year by a good 16%. This strong growth can be primarily attributed to the fact that the Cookson Precious Metals companies were included in the Consolidated Financial Statements for the first time for the entire year in 2014. Adjusting net sales for the embedded precious metals trading sales, net sales amounted to € 2.05 billion in the reporting year, at least 7% higher than in the previous year. Significant growth rates were achieved in the Special-purpose Construction, Cleaning Machines, and Elastomer Plants divisions. The Electronics division also recorded sales growth, but it was caused by the pro-rata consolidation of TPS in the reporting year.

Consolidated net profit before taxes amounted to € 124.7 million in the reporting year after € 132.3 million in the previous year. Sales growth did not lead to a corresponding increase in earnings. In particular, the Document Management Systems and Printing Machines divisions, but also the Electronics division, recorded lower earnings. However, the remaining divisions were able to improve on their already good results from the previous year. The profit to sales ratio, adjusted for the effects of precious metal trading, declined by 1 percentage point to approximately 7%.

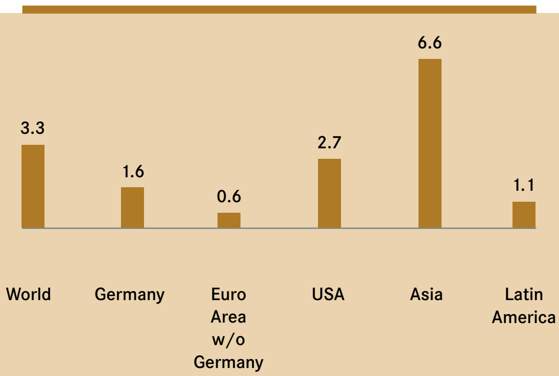
Results at Böwe Systec and manroland web systems were negatively impacted by operating losses and one-time expenses. At both companies we were compelled to respond to the sustained decline in demand with additional cost adjustment measures, which also entail a significant reduction in personnel. These one-time expenses in both divisions only partially affected the consolidated net profit this year since precautions were already taken to a large extent in the previous year. Given the cost reduction measures that have already been taken and our conservative sales planning for the coming years, both companies should now be positioned for future profitability.

ECONOMIC AND INDUSTRY-RELATED CONDITIONS

Things still looking up for the world economy

After the world economy grew at only a very subdued rate in the first half of the year, it gained momentum over the course of the year. For the full fiscal year of 2014, the increase in global production was 3.3%, only slightly above the growth rate of the previous year. Relative to the medium-term trend, the global economic dynamic remains rather subdued. Of the advanced economies, the United States and the United Kingdom were able to send out positive signals. By contrast, economic growth in the emerging markets

Gross domestic growth 2014
real change vs. prevoius year in %



remained restrained and showed only minimal momentum. According to the World Bank, despite the positive signs, the global economy has not yet fully recovered from the consequences of the financial crisis.

Economy in germany picks up speed
With a growth rate of 1.6%, the German economy took a strong upward turn again in the past year. In particular, private consumption served as a stimulus due to higher incomes and the short-term drop in the price of oil. Financing conditions for companies and private households also improved again. In addition, exports proved their resilience in an overall challenging market environment. However, the widely anticipated upturn in investment has not yet materialized.

The German mechanical and plant engineering sector showed restrained development again this past year. With a gain of 2%, incoming orders remained below expectations. More significant growth came only at the end of the year. In particular, the economic and political risks resulting from the Ukraine crisis have had a negative impact. The so-called ASEAN markets and the US market in particular recorded stronger growth, while growth in Latin American weakened perceptibly, and the Russian market even nosedived at a double-digit rate.

The companies of the Possehl Group operate in various sectors, and their products and services are offered in various 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. Our divisions that are strong in exports, above all our mechanical engineering activities, were not yet able to benefit perceptibly from the depreciation of the euro. Over the longer term, however, the weaker euro will have a noticeably positive effect, particularly in terms of competition. So far the weakness of the Russian economy has not negatively affected the Possehl Group nor do we expect any noteworthy disadvantages from this in the future. The average price of gold during the year, which is relevant for our precious metals business, was slightly below the previous year s level and had no significant impact on the success of the division.

Business performance and earnings position

OVERALL GROUP

Group net sales increase to a record € 3.28 billion
The Possehl Group generated sales totaling € 3,283.2 million in the 2014 fiscal year. This corresponds to a substantial increase of € 461.8 million or 16.4% compared to the previous year. This increase is attributable to a large extent to the initial consolidation of the Cookson Precious Metals companies for a full fiscal year, while they were included only on a pro-rata basis in the previous year. In addition, there were still positive impacts from changes in the group of consolidated companies due to acquisitions in the current year of € 65.9 million. Considering both of these effects as well as the elimination of the influence of precious metal sales, organic growth amounts to 2.3% year on year.

When including changes in inventories, overall performance increased compared to the previous year by 16.0%, mainly in parallel to the increase in sales.

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

in € million	2014	2013	Change in € million	Change in %
Special-purpose Construction	294.5	272.7	21.8	8.0
Document Management Systems	114.3	123.9	-9.6	-7.7
Printing Machines	256.3	256.7	-0.4	-0.2
Precious Metals Processing	1,320.7	991.7	329.0	33.2
Elastomer Plants	430.7	398.3	32.4	8.1
Electronics	244.5	207.3	37.2	17.9
Cleaning Machines	406.9	398.6	8.3	2.1
SME Investments	211.7	168.7	43.0	25.5
Holdings/Other Equity Investments	3.6	3.5	0.1	2.9
	3,283.2	**2,821.4**	**461.8**	**16.4**

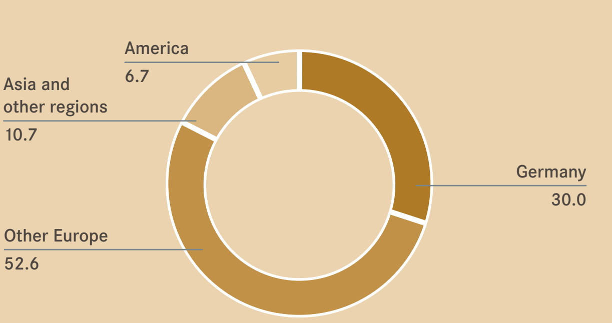
The share of foreign sales increased to 70.0% in the fiscal year. This development is primarily due to high sales at the Cookson companies, which mainly generate their sales in their respective European home markets. Further, the price-related drop in sales at Heimerle + Meule GmbH, which primarily generates its sales domestically, had a negative impact on domestic sales.

With the acquisition and now complete consolidation of Cookson Precious Metals, the share in Group net sales of the precious metals business increased considerably. Therefore consolidated net sales are to a large extent subject to the volatility of precious metal prices. On average for 2014, the price of gold in euros was approximately 10% below the price in the previous year. 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.

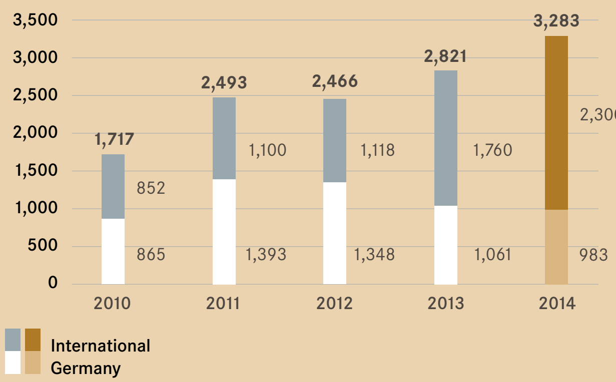
The net sales adjusted in this way show – at an overall lower level – the same upward trend and better reflect the actual growth of the Group.

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

Net sales in 2014 by region
in %



Net sales in 2014 Germany/International
in € million



Operating result before taxes declines to € 124.7 million

Earnings before taxes (EBT) were down € 7.6 million or 5.8% compared to the previous year, totaling € 124.7 million. This decline was primarily attributable to operating losses in the Document Management Systems and Printing Machines divisions. The Electronics division also could not match the previous year's results. In addition, the new companies Cookson Precious Metals and Technical Plastic Systems could not yet contribute to consolidated net profit as expected. The other divisions remained at the previous year's level or slightly above it.

The restructuring expenses incurred at Böwe Systec and manroland web systems have not significantly impaired consolidated net profit this year. Along with the utilization of provisions, equity and liabilities differences from the capital consolidation were expensed through profit and loss to the extent that they involved debt.

Consolidated net profit remains evenly distributed across the various divisions despite the losses in two divisions. This is also attributable to profitable growth in Special-purpose Construction and the SME segment. No division has an earnings share greater than a third of consolidated net profit. 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 5.4 %

The gross profit does not depend on the precious metals prices. Despite a sales increase of 16.4%, it rose by only 5.4% and therefore reflects more accurately the actual growth in the Group's performance. In particular, we were able to achieve significant increases in gross profit in the Elastomer Plants and Cleaning Machines divisions.

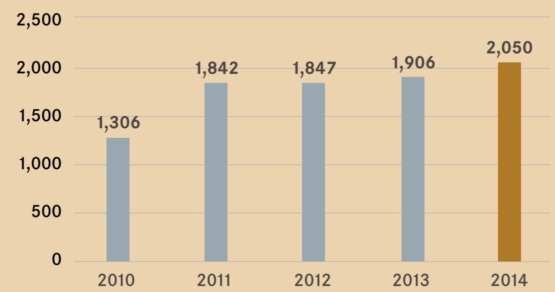
Higher number of employees leads to rise in personnel costs

Personnel expenses increased by € 44.5 million or 7.8% compared to the previous year. Their share of overall performance, however, was down slightly at 18.5%. The absolute rise in personnel costs is mainly attributable to the higher number of average employees including apprentices, which amounted to 744 new individuals and represents an increase of 6.6%. Also responsible for the rise were wage and salary increases stemming from collective bargaining agreements. Similarly, expenses for pensions increased slightly from the previous year. Well more than half of the personnel cost increase was due to changes in the group of consolidated companies this year and last year.

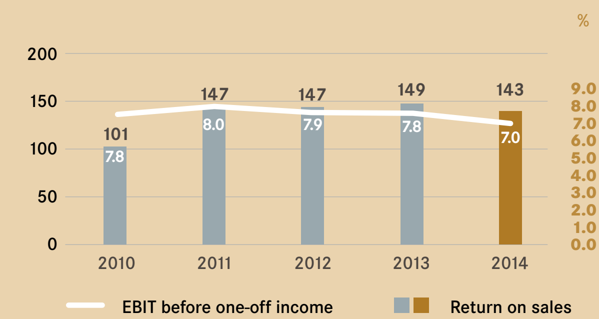
Increase in amortizations to € 65.9 million

With slightly lower capital expenditures, amortizations were up € 3.2 million or 5.1% compared to the previous year. Key to this increase was the planned, higher amortization for goodwill, which rose by € 6.3 million to € 15.5 million. The expansionary investment policy of recent years also had a positive impact.

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 %



Net investment income down to € 2.4 million

At € 2.4 million, net investment income was down compared to the previous year. The reason was the elimination of earnings from international trading due to the sale of the investment. The result from the joint venture Possehl Kehrmann was slightly lower, but still at a good level.

Interest result down by € 1.7 million

The net financial assets increased, compared to the previous year, to € 149.3 million. Even during the year, liquidity remained above that of the previous year. However, the resulting positive volume effect was consumed by another decline in deposit interest. Interest income, which is mostly accrued by L. Possehl & Co. mbH, remained at the previous year's level of € 2.4 million.

The higher guarantee costs stemming from the higher surety volumes required by banks and insurers caused an increase in expenses. Additionally, the precious metal loan prices were up due to the substantially increased average annual loan volumes from Cookson Precious Metals.

Interest expenses from interest accrued on pension provisions as well as the remaining noncurrent provisions amounted to € 8.1 million in the reporting year, compared to € 7.0 million in the previous year. The lion's share of this increase can be attributed to the reduction of the discount factor to 4.59% 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 rise.

Income tax ratio of 28%

The income tax ratio amounted to approximately 28% and was therefore within the expected range of 25% to 30%. The slightly higher tax rate from the previous year reflected increased losses not recognized for taxation purposes at individual subsidiaries as well as the complete utilization of loss carryforwards in other areas. Once more, no deferred tax asset surplus will be recognized as far as it is attributable to tax loss carryforwards or results from individual financial statements. With this conservative approach, the income tax expense for the year under review was € 3.4 million higher than it would be by not exercising this option.

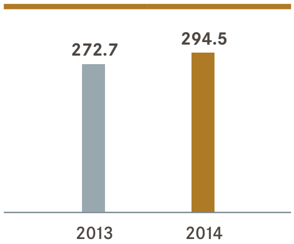
Consolidated net profit down to € 85.9 million

The consolidated net profit came to € 85.9 million in the reporting year after a net profit of € 94.2 million in the previous year. The decline from the previous year was almost solely caused by operational matters since the restructuring expenses did not have a significant negative impact on consolidated net profit.

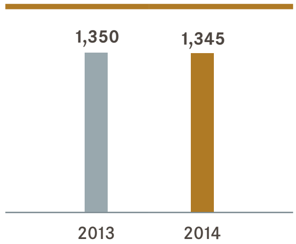
DIVISIONS

Special-purpose Construction

Net sales
in € million



Employees
yearly average



The division is primarily active in 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 along with Nüthen beginning in 2015) as well as the extraction and processing of silica sand and quartz gravel (Euroquarz) and the manufacture of mortar casting systems (Pagel). Furthermore, a joint venture exists in the area of construction chemicals.

Possehl's Special-purpose Construction division is driven primarily by the development of the German construction industry. After experiencing good growth in the previous year, the situation in the reporting year was characterized by overall positive development. Another mild winter helped this favorable development. According to preliminary figures, sales in the construction industry were approximately 5% higher than in the previous year. The average number of employees increased by at least 1%. However, the significant buffer of orders diminished by the end of the year, and incoming orders on a price-adjusted basis were even slightly lower than in the previous year. In particular, residential construction was able to benefit from the good sales development. Public-sector construction, which is particularly important for our division, grew by at least 3%.

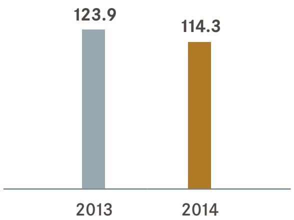
As a result of the overall positive conditions and several large orders, the 2014 fiscal year was very successful for the whole Special-purpose Construction division, significantly exceeding expectations. Net sales increased by € 21.8 million or 8.0% from the previous year. Construction services were up by only 0.9% compared to the previous year. Many of our companies achieved sales increases for the year. This applies particularly to the German management company Possehl Spezialbau. As a result of the invoicing of a large order in the Airfield Pavements Construction Services division, which performs the paving of runways at airports, as well as an overall good order situation, sales and earnings grew at a significant double-digit rate. We could also achieve significant successes in monument restoration (Bennert) and at Mickan. At Bennert we succeeded not only in increasing sales significantly, but also in improving the quality of order processing and simultaneously reducing overhead costs. Mickan could also benefit from the generally good order situation. This also applied to business with the US Army in Germany.

The companies Euroquarz and Pagel as well as the joint venture Gremmler Bauchemie experienced stable development at a high level in the reporting year.

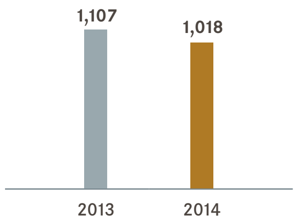
The outlook for the German construction industry is generally positive given the very low interest-rate level. Although forecasts indicate above-average growth in residential construction, public-sector construction is expected to stagnate. Therefore, we anticipate only a slight overall economic impetus. In addition, large orders processed this year will presumably not be repeated. Therefore, we are assuming an overall slight decline in sales and earnings for the following year. Nevertheless, the division should perform well in certain 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 management company in Augsburg, the division contains another 17 foreign sales and service companies around the world.

The basic conditions have not improved since the previous year. Böwe Systec operates in a market that has four major global providers and has been shrinking now for many 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. The overall market is characterized by concentration and a distinctive reluctance to invest. 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 been somewhat less impacted by this development than the general mail market. Nonetheless, in a shrinking market, any and all competition is fierce.

The division's sales decreased by 7.7% from the previous year to € 114.3 million, well below expectations. Operational output including changes to inventory declined by € 16.7 million to € 109.4 million. Key to this decline was the substantial completion and delivery of a large order for the US market. In the reporting year, an order of comparable size could not be won. The willingness of customers to invest, both domestically and in European regions, was once again restrained so that it was not possible to compensate for the sales decline in the US market. Without this one-time effect, sales were roughly stable. In fact, in a few regions it was possible to achieve growth despite the market trend.

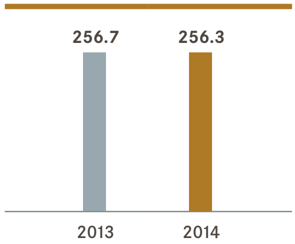
Due to the constantly low market volumes and the corresponding pricing pressure, both with new machines as well as in the replacement and service business, we carried out restructuring measures requiring considerable downsizing primarily at the main site in Augsburg as early as the end of 2013. The implementation of these measures was necessary to adjust capacities to the market conditions and permanently lower fixed costs. Over the further course of the reporting year, it turned out that the already completed cost reduction measures were not sufficient to maintain profitability in a further declining market with a corresponding shrinking margin. Against this backdrop, it was decided at the end of the reporting year to adjust capacities at the Augsburg site once again. The related expenses were deferred in the annual financial statements.

In addition to the aforementioned one-time expenses, the division result was also burdened by the further development of new products, particularly the new enveloping system FUSION X, with which Böwe Systec is repositioning itself as the technology leader. In the future, these expenses will no longer be incurred in this amount, resulting in an improvement in earnings.

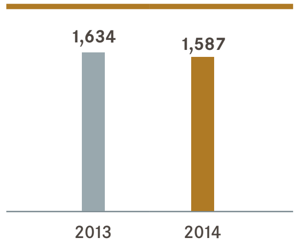
With the measures decided upon during the reporting year and implemented at the beginning of the new year, the division is now much better positioned, in terms of both costs and products. Based on conservative and prudent sales planning for the coming fiscal year, the result from ordinary operations will improve significantly, but will presumably still not be positive. Therefore, given unchanged market and competitive conditions, rationalization and process optimization measures will be continuously necessary in the future in order to adjust production costs to the sales level.

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 also are having to share their advertising budgets with online channels – thereby losing crucial income. Positive signals from emerging markets, such as India and Brazil, that might compensate for this development, have not materialized so far. Therefore, 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 again down by more than 10% compared to the previous year. At the same time, incoming orders were down by approximately 5%. Particularly web printing machines saw a notable decline in demand.

Despite difficult market conditions and intense competition for customer orders, manroland web systems was able to maintain the sales level of the previous year. At € 256.3 million, net sales were nearly at the previous year's level. Particularly with publication printing machines, manroland web systems was able to expand its market share significantly. In doing so, the company performed well in terms of sales despite a challenging market environment, although a portion of its sales resulted from the processing of existing projects. However, incoming orders of € 217.7 million were less than generated sales.

It was possible to expand the service and replacement parts business significantly from the previous year. This applied in particular to larger, lengthy machine relocations, plant mergers, and retrofits. Instead of expensive investments in new printing machines, many printing companies spend money updating their existing equipment in order to produce more inexpensively. Here, and in the service and replacement parts business in general, we see growth potential moving forward with accordingly solid margins. Already in the past year, we were able to achieve noteworthy successes in the service and replacement parts business through targeted customer approaches. However, due to the unchanged high level of competition in a declining market, we did not succeed in improving the price level for new machines, thereby expanding the margins. Therefore, the new machine business was also not profitable in the past year.

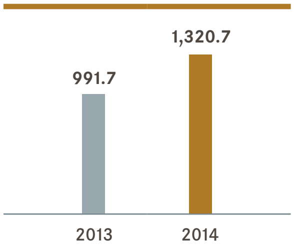
Due to lower order backlog, the expectation of continued declining market volumes, and correspondingly conservative sales planning for the coming years, a social compensation plan was agreed upon at the end of the reporting year. The plan foresees the elimination of around 225 jobs at the Augsburg site. The annual financial statements for 2014 completely take into account the related one-time expenses.

We see growth opportunities particularly in the continuous expansion of our service and material business, 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 US market. We already made great progress here last year. In general, we are pursuing the strategy of being represented in important regions with our own market and service organizations. For example, in 2014 we established a new subsidiary in France.

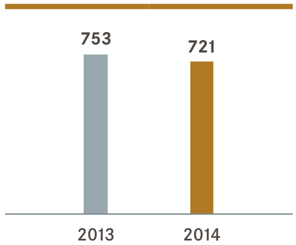
For the following year, we expect a significant increase in earnings despite lower sales due to major cost reductions. Nevertheless, continuous process optimizations must follow in order to reduce manufacturing costs. With the introduction of an SAP production, planning, and management system at the beginning of the new year, manroland web systems now has an end-to-end system that enables a significant improvement in processing.

Precious Metals Processing

Net sales
in € million



Employees
yearly average



With the acquisition of Cookson Precious Metals in mid-2013, the Precious Metals Processing division expanded significantly – in terms of sales, products, and geographic coverage. During the reporting period, this effect took hold fully for the first time. 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 170 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 2014 fiscal year was characterized by the overall stable development of the operating business. However, the price of gold fell again by almost 10% from the previous year. Still, the sharp downward trend in 2013 did not continue. At the beginning of the new year, the gold price rose slightly again. From a historical perspective, the gold price in 2014 was at approximately the same level as in 2010.

During the reporting period, we continued to promote the cooperation of Heimerle + Meule and the Cookson companies both at the management and working levels. The goal is to leverage obvious synergies. For example, the SAP system at Heimerle + Meule was implemented at the Spanish production company, enabling significant process improvements and cost savings there.

The reported sales growth of € 329.0 million was exclusively attributable to the consolidation of Cookson Precious Metals for the first time for a 12-month period. Adjusted for this consolidation effect, sales fell by approximately 27% from the previous year. This decline was primarily price-driven, while the recycling volumes remained largely stable at a satisfactory level compared to the previous year. Only the French market continued to prove weak. The low recycling volumes in France also had a negative effect on the utilization of the refinery in Spain. Both in France and Spain, we responded early to the difficult market conditions through cost savings and process optimizations.

The semi-finished industrial goods segment at Heimerle + Meule proved to be resilient due to the good condition of German industry. Since the Cookson companies so far do not have access to a stabilizing division of any notable size, the weak market and slight drop in precious metal prices had a somewhat stronger impact. In the second half of the year, market conditions in Europe outside Germany improved.

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 rather low margins. Here, the successful expansion of the customer base from the past few years, the development of new products and applications, particularly in the investment segment with new alloys, and online business had a positive impact.

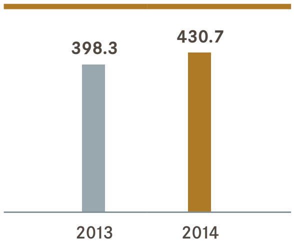
At the Cookson companies, the catalog and online business, which is mainly operated by the English company, grew during the reporting year. This business currently benefits from the low precious metal prices.

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.

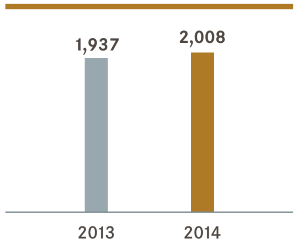
For the following year, we see a significant task in further integrating the group companies. We also want to increase the stabilizing industrial business with the Cookson companies and further expand the catalog and online business across the group.

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:

- TireTech (rubber technology)
- Mixing Group (rubber mixing technology)
- Press+LipidTech (edible oil technologies)

Gold price development in 2014
in US dollars per troy ounce

Global automotive demand continued to grow in the reporting year, though not at the same pace as in the previous years. Automobile registrations increased by 4% worldwide from the previous year, according to preliminary data. The highest production growth rates were once again 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.

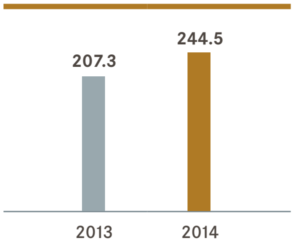
Net sales rose compared to the previous year by approximately 8% and once again achieved a new record level. Growth amounted to 7% in the previous year. As a result, the division was able to continue the impressive growth of recent years unabatedly. That incoming orders have continued at a very high level and order backlogs for some product segments have even further increased, with some orders stretching well into 2016, 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. Also with tire-heating presses, the division was again able to demonstrate its outstanding market position.

Capacity was completely utilized at all production sites during the reporting period. As a result of moving manufacturing of extrusion systems to the Slovakian plant, the required investments to expand capacity were undertaken at this site in order to cover the demand for our equipment. Together with the plant in Croatia, the division can now completely exploit the available cost advantages. By now, approximately 900 employees are employed at both production sites.

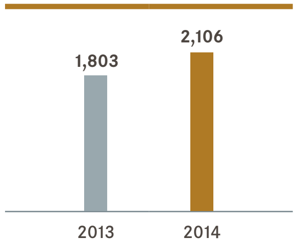
With the exception of extrusion, all product areas were able to achieve additional improvements. For example, we received a large order for rubber mixing technology, which has already been partially processed during the reporting period. We deliberately participated in only a few tenders in extrusion in order to manage the transfer of production to the Slovakian plant as smoothly as possible and without the loss of expertise. The production transfer has already been successfully completed during the reporting period. Now we can offer equipment that is extremely high-end technically and price-competitive in this product area.

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). At the various sites of pretema and the newly acquired TPS companies, we also manufacture electromechanical components mainly for the automotive supplier industry.

The division is separated into product areas for the semiconductor industry and the automotive supplier industry. During the reporting year, we completed this organizational separation within the division both on the product and market sides.

Net sales increased by € 37.2 million compared to the previous year. However, this growth came solely from the addition of the TPS companies. Without this consolidation effect, sales declined slightly by 1.1% despite a positive currency effect.

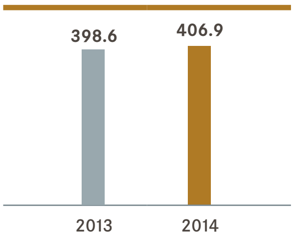
The semiconductor market is characterized by high volatility with short product life cycles and strong fluctuations in product supply and demand. The global semiconductor market was very robust in the 2014 calendar year with growth of approximately 9% from the previous year. Further growth, albeit not quite so strong, is expected in the current year. However, the Electronics division could not benefit from the positive conditions. Along with further consolidation at the two Asian sites in China and Malaysia, business with connectors in the USA and sales of LEDs for car headlights in the Netherlands declined slightly, but the latter from a very high level. The German company pretema's business with laminated leadframes for smartcards displayed strong growth. The company succeeded in gaining market shares and generating initial sales with a new, very technically demanding product line, which is manufactured with an independent subsidiary in Hongkong.

The measures for improving quality, adjusting personnel, and increasing productivity at the two sites in China and Malaysia continued during the reporting year, but did not yet demonstrate the expected earnings improvements. Unflagging efforts will therefore also be necessary in the new year in order to push these two sites forward sustainably.

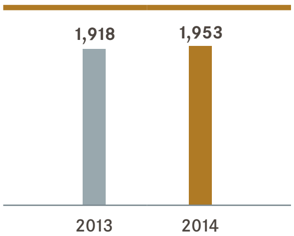
Adjusted for the initial consolidation effect of TPS, the automotive business declined slightly, as expected. Here several main sales drivers are at the end of their product life cycles. In the interim, it was possible to win various new projects, which will compensate for the lower sales in the coming years. However, they are still in the launch phase with low volumes. The internationalization gained with the two production sites in the Czech Republic and Mexico through the acquisition of TPS will help in generating additional new orders. We will also retrofit the site in China for automotive production. We have won the first significant project for this production site.

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. Hako's offerings also include a comprehensive package of product-related services.

The worldwide market for professional cleaning machines grew moderately during the reporting year. In this generally favorable environment, the Hako Group was also able to grow in line with the market. Sales increased by 2.1% compared to the previous year. In individual markets, Hako was even able to further expand its market share. Asia, Eastern Europe, and South America are the long-term 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 a good margin. Due to the recovery of the US economy, the market there for cleaning machines grew much more strongly in the past year.

Possehl's Cleaning Machines division is sharply focused on Germany and the other European markets, while the Asian market in particular still has no notable significance for us despite strong growth. Approximately 85% of annual sales are generated in Europe. The domestic market continues to represent the largest single market for Hako. It grew slightly during the reporting year. The US-based company Minuteman, which benefited both from the expanding economy in the USA and from a robust export business, was able to achieve the strongest growth of more than 10%.

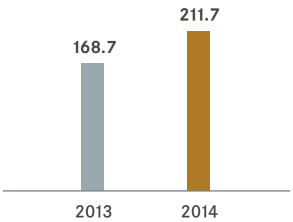
An analysis of individual product areas indicated significant growth in new machines both for internal and external cleaning, while the after-sales business declined slightly due to the mild winter in Europe. It was possible to achieve slight sales growth in the Multicar product area. The used machine business was mostly stable during the reporting year. By contrast, the rentals business was slightly lower, reflecting the conversion of the rental fleet and expiring contracts for mobile advertising.

The overall cost increases could be offset by continuous process optimization in 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. New products launched in the market in recent years had a positive impact both on sales and the contribution margin. The component and platform designs led to a significant reduction in manufacturing costs.

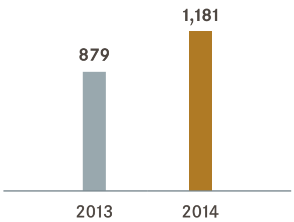
With the establishment of a competence center in Thailand as well as a local distribution company in China, we took some cautious steps toward further expanding in the Asian market in the last two years. However, this market is still of minimal significance for Hako despite the high growth rates. We will continue to tap into these markets systematically, but prudently, and do so not only with the Hako brand but also with the US brand names Minuteman and PowerBoss.

SME Investments

Net sales
in € million



Employees
yearly average



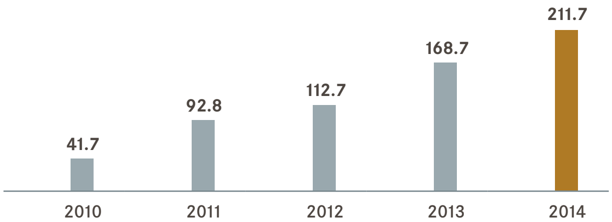
With the acquisitions made during the reporting year, the SME Investments division currently consists of eleven companies or groups of companies from the German SME sector with mutually independent and distinct areas of business. A particular focus here is on small and medium-sized mechanical and plant 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 of € 10 to € 50 million. Since then, the division has grown into a key pillar in the Possehl Group. Another 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
Technical hollow-bodies	SAVO-TECHNIK Rotationsguss GmbH

The SME Investments division grew significantly again during the reporting period. Net sales were up € 43.0 million or 25.5% compared to the previous year. Crucial to this increase were the acquisitions made during the reporting year and the previous year. Since the division was founded in 2009, net sales have developed as follows:

Net sales development
in € million



The division has grown at a significant double-digit annual rate in recent years. This means that our previous growth expectations for the division have been completely fulfilled. Possehl is seen and accepted as a suitable successor, particularly among German SMEs.

The existing portfolio has experienced stable overall development. The business with labeling systems was able to expand (Logopak). In this segment, we have specialized in sophisticated and individualized customer solutions. With the acquisition of LSS Etikettering in Denmark during the reporting year, we were able to expand the product portfolio with the labeling of individual products. Düring Schweißtechnik has also been encouraging. The business with manual and robotic welding tongs for the automotive industry benefited from its international positioning and close ties to the company's main customers. Gabler Maschinenbau recorded a very good service and replacement parts business and continues to report a very high order backlog. SAVO-TECHNIK, in which a majority stake was acquired at the beginning of the year, was able to maintain its good performance under the Possehl umbrella.

By contrast, the business with conveyor systems at DMA was unsatisfactory. Along with a rather weak order situation, the fiscal year was burdened by technical problems with specific equipment. The business with soaps at Hirtler had to record a slight decline. The remaining companies in the division demonstrated robustness during the reporting year and were able to confirm their good sales and earnings.

Net assets and financial position

Balance sheet structure analysis

With the nearly unchanged structure, the balance sheet total grew by 9.0% from the previous year to € 1,304.6 million. Without the changes within the group of consolidated companies, total balance sheet growth amounted to 2.6%.

On the assets side, both noncurrent and current assets increased. In terms of equity and liabilities, this increase was balanced by higher shareholders' equity due to the consolidated net profit. But provisions and liabilities also increased from the previous year. Only bank debt was reduced further.

Intangible assets and property, plant, and equipment increased by a total of € 34.5 million. € 10.0 million of this increase can be attributed to intangible assets, primarily goodwill from new acquisitions. Goodwill added during the reporting year – particularly from the acquisition of Technical Plastic Systems – exceeded amortization by € 11.1 million. The increase in property, plant, and equipment derives primarily from changes in the group of consolidated companies. In addition, investments in capacity expansion were made particularly in elastomer processing. The other acquisitions were generally equal to depreciation.

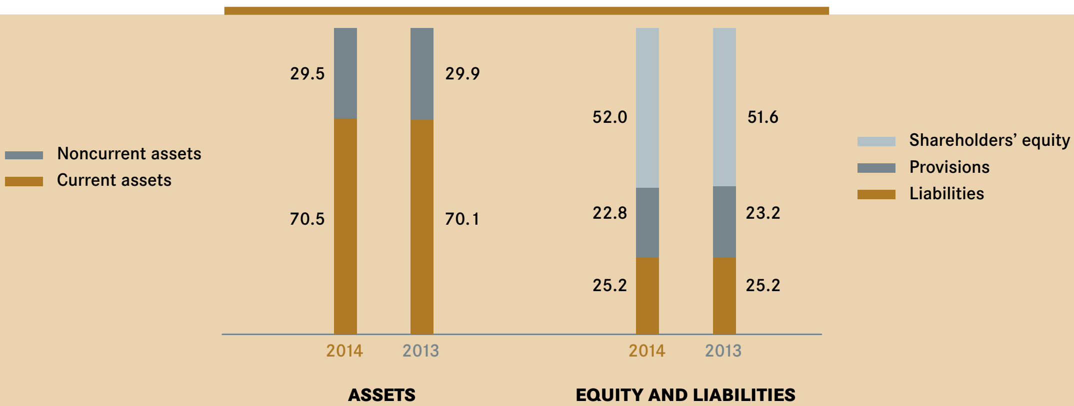
Noncurrent financial assets declined from the previous year by € 6.9 million to € 28.2 million. This decline was attributable in part to the sale of the 50% stake in Possehl Erzkontor. An offsetting factor was the acquisition of Nüthen Restaurierungen. This company was consolidated for the first time on January 1, 2015.

Net current assets amounted to € 501.6 million at year end and were therefore up significantly by € 53.0 million or 11.8% on the previous year. The following chart shows gross inventories before deducting advance payments received and the figures from the previous year:

in € million	12/31/2014	12/31/2013
Gross inventories	594.1	574.3
Advance payments received	-295.1	-303.2
Net inventories	299.0	271.1
Advance payment ratio (in %)	49.7	52.8

The rise in gross inventories before deduction of advance payments received is primarily due to changes to the group of consolidated companies. In addition, inventories in the area of Cleaning Machines and Elastomer Plants grew due to the very good activity in these two divisions. The advance payment ratio for our entire inventory declined slightly from the previous year since the advance payment ratio in printing machines does not entirely match the level of recent years.

Balance sheet structure
in %



Trade receivables grew by € 41.0 million compared to the previous year. However, the increase in trade receivables is only partially attributable to higher sales since only the molds without precious metal content are routinely recognized as receivables. In part, the new Group companies had a positive impact. In addition, there was a significant increase in the mechanical engineering areas due to the high level of invoicing at the end of the fiscal year. In the other divisions, net current assets remained mostly constant with a similar volume of business compared to last year.

Cash and cash equivalents increased by € 6.0 million from the previous year to € 222.0 million on the reporting date. Also during the reporting year, Company acquisitions and other capital expenditures could be financed from ongoing cash flow. At the same time, financial liabilities were reduced. 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 € 73.9 million to € 658.8 million. Taking into account the difference from capital consolidation, which was exclusively treated as equity at the end of the year, and deducting goodwill from capital consolidation, the Group's economic equity increased to € 622.9 million. At the end of the reporting year, goodwill exceeded the equity and liability difference by € 35.9 million. Along with the scheduled reversal the part involving debt was completely reversed during the reporting year. The rise in shareholders equity was mainly due to the consolidated net profit of € 85.9 million. In addition, the weaker euro led to a positive currency effect of € 11.3 million. This was offset by the dividend payment of € 22.0 million to the Possehl-Stiftung. The economic equity ratio increased slightly to 49.9%. Noncurrent assets continue to be completely covered by equity.

Pension provisions grew to € 106.8 million even though the pension funds within the Possehl Group are nearly fully closed. The increase was mainly attributable to a lower discount rate of 4.59%. The obligations are accrued at their full required amount to guard against shortfalls.

Other provisions increased by € 16.5 million to € 191.1 million with a slightly higher volume of business. Along with the effects from the change in the group of consolidated companies, severance provisions at Böwe Systec and manroland web systems have increased and will be payable in the coming year.

Bank loans were further repaid during the reporting year and amounted to € 72.8 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.

At € 52.6 million (previous year: € 58.2 million), other liabilities include the settlement account with the Possehl-Stiftung, which provides its free liquidity to the proprietary company L. Possehl. The increase in other liabilities was mainly due to higher tax obligations.

Financial strategy

The Group holding company L. Possehl is responsible for the overall financial management of the Possehl Group. The primary objective of centralized financial management is to ensure the constant liquidity and credit-worthiness of the Group. The reduction in the cost of 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 the operational business and 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 financial transfers via physical cash pooling. Foreign companies generally arrange their finances 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 a few long-term loans, we make particular use of short-term credit lines from banks to finance our working capital. In addition to arranging sufficient credit lines from banks, 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 the acquisition process.

Cash flow development

in € million	2014	2013
Cash flow from operating activities	113.6	153.5
Cash flow from investing activities	-58.6	-103.0
Cash flow from financing activities	-52.4	-51.3
Change in cash and cash equivalents over the period	2.6	-0.8
Cash and cash equivalents on December 31	222.0	216.1

Cash flow from operating activities decreased by € 39.9 million with a € 8.3 million lower consolidated net profit. A key factor behind the lower cash flow was the increase in working capital (after correcting for changes in the group of consolidated companies), while there was a reduction in net current assets in the previous year. The reduction was also attributable to higher revenue from reversals of equity and liability differences arising from capital consolidation.

The negative *cash flow from investing activities* amounted to € -58.6 million during the reporting period and therefore declined by € 44.4 million from the previous year. Both investments in intangible assets and property, plant, and equipment declined by € 7.2 million. Payments for company acquisitions also decreased. Payments received from the sale of investments also declined by € 3.8 million compared to the previous year.

In the year under review, a sum of € 57.3 million was invested in property, plant, and equipment and intangible noncurrent assets, not including goodwill. A total of € 64.5 million was invested in the previous year. Important individual investments were made in manufacturing equipment for new products at pretema, a new production and storage facility at Pagel, and new purchases and expansions at both production sites in the Czech Republic and Croatia in the Elastomer Plants division.

Capital expenditure was almost entirely financed from ongoing cash flow or available funds. In individual cases and under particularly attractive conditions, financing was arranged via banks or leasing companies.

Cash flow from financing activities is negative at € 52.4 million in the reporting year. Compared to the previous year, the balance increased by an insignificant € 1.1 million. The repayment of bank loans and higher dividend payments are reflected in the negative amount. The Company also paid off existing bank debts in connection with the acquisition of TPS.

Net liquidity up considerably despite high investments

The Possehl Group posted net financial assets of € 149.3 million at the end of the reporting year. Compared to the previous year, this represents an increase of € 13.1 million. The positive cash flow from operating activities exceeded advance 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, hard-working employees and to retain them for our Company long term. We invest in our attractiveness as an employer and support our employees with targeted personnel development. This is an important management responsibility, particularly given the acute shortage of specialists and managers in many of our divisions.

Employees globally

At the end of 2014, Possehl employed a total of 12,394 people. This represents growth of just over 6%. We gained new employees particularly through the full-year effect at Cookson Precious Metals and the acquisitions completed during the reporting year. There were personnel reductions in line with activity in the Document Management Systems and Printing Machines divisions. In addition, we continued the consolidation process at individual electronics sites in Asia. On average over the year, the Possehl Group had 11,954 employees or around 7% more than the previous year.

In Germany, the average number of staff employed rose only slightly by 3.4% to 6,906. This means that an average of 58% of the Group's workforce was employed in Germany over the course of the year. The small, relative decrease was mainly due to the downsizing at Böwe Systec and manroland web systems in Augsburg. In addition, a significant portion of the acquisitions led to the growth in the total number of employees in Europe outside Germany, particularly at TPS in the Czech Republic recently.

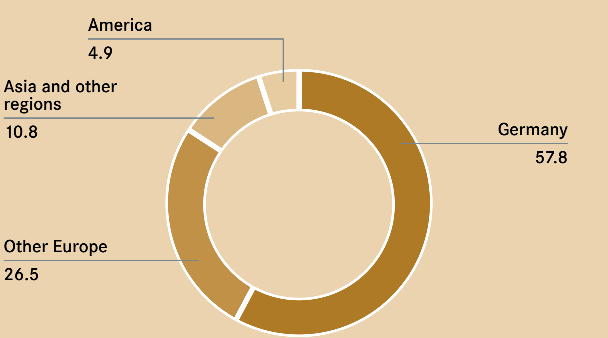
Personnel expenses and social security

The Possehl Group spent € 616.9 million on wages and salaries, social security contributions, expenses for pensions (without discounting pension provisions), and support during the reporting period. Personnel expenses therefore increased 7.8% compared to the previous year. On a comparable basis, this amounts to a moderate increase of € 9.7 million or nearly 1.7%, particularly due to general wage and salary increases as well as higher retirement benefit expenses.

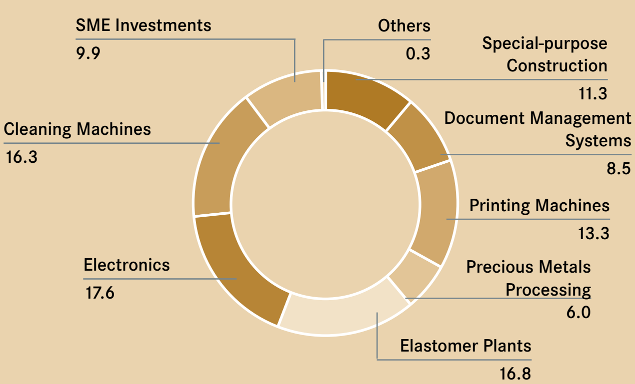
Developing managers with help from "Formula P"

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. In the past two years, approximately 50 employees have successfully completed the program.

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 402 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 development focuses of the individual divisions will be described in the following section.

The **Special-purpose Construction** division focused during the reporting year on the refinement of processes for the sustainable rehabilitation of track joints. In addition, in the area of monument restoration, a concept was developed to make previously unusable attics accessible in existing multi-floor residential buildings. Otherwise, particularly in the product area of construction chemicals, the existing products are being continuously refined and optimized in their application.

A focus of development activities in the **Document Management Systems** division was on the further development of several different types of equipment, which should help to fill holes in its product portfolio. Further components were developed for the completely newly developed enveloping system FUSION X, therefore expanding the spectrum of application areas. In addition, the functionality of equipment was optimized in cooperation with our customers. All hardware developments are accompanied by corresponding software solutions, whereby a comprehensive reorientation is taking place here to expand the possibility for tailoring software to individual customer needs. Software activities in this segment focus on both inserting and sorting.

In the **Printing Machines** division, the focus was on the automation of the work flow as well as the reduction of life cycle costs. In the newspaper portfolio, particular attention was paid to closing gaps in the product range in order to set the stage for expanding market share. 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. The digital folding systems have been further developed in such a way that they can be used with other digital printing solutions or offline as standalone systems. We see 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, the development of precious metal targets for external and internal PVD applications was promoted at the Pforzheim, Germany site. It also succeeded in developing a new industrial product with precious metal content in bar shape and a palladium complex for electroplating applications in chemistry. In addition, our e-commerce activities were expanded from the development center in Birmingham to other sites and companies of the division. Another focus of development activity – together with a cooperation partner - was on the development of a direct metal laser sintering process (DMLS) for precious metals. In parallel, two precious metal alloys in powder form were developed for this production process. At the production site in Spain, improvements were made in the degree of automation and rationalization of coin production.

In the **Elastomer Processing** division, the Automation segment of the HF Mixing Group managed to automate the mixing lines at major tire manufacturers with a new management concept. The extrusion product area has developed an innovative concept for enhancing the flexibility of co-extrusion lines and registered it for a patent.

The goal is to increase the productivity of these types of systems significantly. In cooperation with the Technical University Hamburg-Harburg, work was done on developing an energy-saving heating plate in the heating press product segment. A cutting-edge heating press with integrated measuring technology was put into service at a well-known customer. They hope to discover further opportunities for energy optimization in the vulcanization process. In general, we are intensifying our work on increasing the energy efficiency of our heating presses. In the Press+LipidTech 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. In the automotive product area, we have emphasized the expansion of the Press-Fit product range “pretPin.” This contact system enables a solderless connection of electronic circuit boards by means of a purely mechanical injection. This very economical bonding solution is regarded as one of the key technologies for mechatronic components in the automotive industry. In an initial serial application, the newly developed pretPin contact was incorporated in the models of three well-known automobile manufacturers.

In the **Cleaning Machines** division, additional rationalization and process optimization steps were successfully achieved. In addition, numerous new developments were realized in all product areas and introduced at the leading international trade fair Interclean in Amsterdam. With scrubber-dryers, we were able to achieve a significant improvement with a new sweeper module featuring much greater sweeper container volume and the so-called “take-it-easy system” for the sweeper container. In order to account for the growing market for small ride-on machines, the Small Rider platform was implemented as a modular platform. The launch of serial production is planned for the CMS trade fair in Berlin in 2015. In subsequent months, different variants should also be available for the non-European markets. In the external cleaning segment, the developmental focus was on the industrialization phase for the new Citymaster 1600, which was introduced very successfully at the IFAT trade fair in Munich. The vehicle has very high functionality and many patented innovations, notably the quick change ability for the rear section and for the front accessory equipment as well as an intuitive operating concept. We have made additional efforts to modify our vehicles in order to fulfill the strict Euro 6 standard in the future.

In the **SME** segment, we have focused efforts at our mechanical engineering companies on optimizing production flows and working capital. The potential improvements should be implemented gradually in the coming years.

Subsequent events

PARTICULAR EVENTS AFTER THE BALANCE SHEET DATE

In February 2015, the SME Investments division signed the contract for acquiring the worldwide labeling systems and accessories business for industrial applications “Industrial Print and Apply” (IPA) from the US-based Avery Dennison Corporation. The acquisition is subject to various conditions, particularly approval by the anti-trust authorities. With the acquisition, the SME division maintained the growth of recent years early in the new year.

In addition, no circumstances have arisen from the end of fiscal year until the preparation 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, target-actual comparison, 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 own 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 creditworthiness 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 individual divisions 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.

Risks from pension plans

The Possehl Group has a rather large number of pension commitments, which were assumed in part as a result of company acquisitions. In the interim, the pension funds are nearly fully closed. With the exception of the US and English subsidiary in the area of elastomer processing, there are no noteworthy reinsurance policies or plan assets. For direct pension commitments the particular risk exists that the pension provisions can climb in subsequent years due to the sustained low interest rate level. In this case, the consolidated net profit would suffer.

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 in part to 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. In order to limit this risk, we are careful to avoid paying high amounts of goodwill in our acquisitions when possible. Moreover, we adhere to conservative accounting policies and, for instance, do not recognize deferred tax assets from individual financial statements 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 slowly 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 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

Now with eight independently operating divisions, the Possehl Group is positioned very broadly and stably. 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 in the Elastomer Plants division – 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

Many forecasts currently assume that the global economic dynamic will gradually strengthen in the next two years and return to the growth rates prior to the financial crisis. Particularly for the advanced economies – above all the United States – higher growth rates are forecast due to the continued expansionary monetary policy of the central banks and the drop in the price of oil.

A continued moderate upturn is also forecast this year for the German economy, which is also important for the Possehl Group. At 1.7%, the growth rate will slightly exceed that of the previous year. The surprisingly sharp increase in goods exports at the end of the previous year sent initial positive signals. Private consumption is also expected to rise as a result of higher incomes and purchasing power. In the following year, the replacement and expansion investments already predicted last year should also rise due to high capacity utilization. Exports are expected to be robust and benefit from the weaker euro.

Reflections on the previous year's outlook

We expected the performance in terms of sales and earnings to be similar to that of the previous year. Without the consolidation effects, we would have been correct in our sales forecast. However, we were somewhat too optimistic about earnings. Here we were too positive in our assessment of the market development in the Document Management Systems and Printing Machines divisions. However, given provisions taken in previous years, the restructuring expenses incurred in these two divisions during the reporting year did not significantly impair the consolidated net profit in 2014. In the remaining divisions, the positive and negative deviations essentially balanced each other out.

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 many of our mechanical engineering activities. The decline of the euro should also help our strongly export-oriented divisions. We do not deny that we are involved in shrinking markets over the long term with manroland web systems and Böwe Systec and that this requires constant capacity adjustments. For the current year of 2015, we assume that we have taken the necessary steps to achieve a significant improvement in earnings. We view the future of most of our other divisions with cautious optimism.

However, our construction activities had a very positive 2014 so that it will be difficult to maintain this pace despite overall favorable conditions. In the automotive area, we find ourselves with several of our products at the end of their product life cycles, while volumes for the new products will take off only in the coming years. But we assume that this slight pause will be offset by a correspondingly positive Smartcard business. Regarding precious metal prices, we do not currently expect a significant change to the situation, meaning that recycling volumes will not yet experience any notable increase for the year. However, given the adjustments made at the Cookson companies and the more positive trend in recent months, we assume that earnings will improve in this division. In the Cleaning Machines and Elastomer Plants divisions, we are very well positioned and have high market shares. In addition, the order backlogs already stretch in part into the year 2016. Against this backdrop, we also expect a continued positive trend here in the following year. The same applies to our SME segment.

Earnings will be harmed by the scheduled amortization of goodwill from acquisitions in recent years. In addition, the still declining discount factors for pension provisions will have a negative effect on the interest result. Overall, however, positive trends should predominate in the coming year so that we expect a moderate improvement to the consolidated net profit in the single-digit range.

In our outlook, we have not taken into account additional external growth through new acquisitions. Given high free liquidity and low interest rates, the prices for companies have risen sharply in the last year. As a long-term investor without no intention to sell, we do not believe that these high company prices would pay off for us in many cases. Therefore, we are focusing our acquisition activities on SME companies that value not only the amount of the purchase price but also reliability and long-term and stable prospects for the individual company. At the same time, we see good growth opportunities through complementary acquisitions in existing divisions.

Consolidated Financial Statements

Consolidated Balance Sheet as of December 31, 2014

in € '000	Notes	12/31/2014	12/31/2013
ASSETS			
A. Noncurrent assets			
I. Intangible assets	(1)	64,816	54,794
II. Property, plant, and equipment	(2)	292,201	267,772
III. Financial assets	(3)	28,231	35,119
		385,248	**357,685**
B. Current assets			
I. Inventories	(4)	299,006	271,073
II. Receivables and other assets	(5)		
1. Trade receivables		331,529	290,551
2. Other receivables and other assets		56,901	51,854
		388,430	**342,405**
III. Other securities		118	89
IV. Cash and cash equivalents	(6)	221,927	215,983
		909,481	**829,550**
C. Pre-paid expenses		**7,395**	**7,515**
D. Deferred tax assets	(7)	**2,471**	**1,777**
Total assets		**1,304,595**	**1,196,527**
EQUITY & LIABILITIES			
A. Equity	(8)		
I. Subscribed capital		30,678	30,678
II. Other reserves		319,555	291,737
III. Changes in equity due to currency translation		-1,154	-12,429
IV. Retained earnings		304,046	271,796
V. Minority interests		5,644	3,109
		658,769	**584,891**
B. Difference from the consolidation of equity	(9)	**19,333**	**32,147**
C. Provisions			
1. Pension provisions	(10)	106,753	103,161
2. Miscellaneous provisions	(11)	191,145	174,635
		297,898	**277,796**
D. Liabilities	(12)		
1. Bank loans		72,784	79,860
2. Trade payables		128,975	113,051
3. Miscellaneous liabilities		116,496	102,893
		318,255	**295,804**
E. Deferred income		**10,340**	**5,889**
Total equity and liabilities		**1,304,595**	**1,196,527**

Consolidated Income Statement
from January 1 to December 31, 2014

in € '000	Notes	2014	2013
Net sales	(13)	3,283,165	2,821,405
Changes in finished goods, work in progress, and capitalized own work	(14)	-5,613	5,834
Other operating income	(15)	61,206	79,531
Cost of materials	(16)	2,238,415	1,862,507
Gross profit		**1,100,343**	**1,044,263**
Personnel expenses	(17)	616,887	572,358
Depreciation and amortization		65,898	62,713
Other operating expenses	(18)	279,358	267,146
Net investment result	(19)	2,354	3,006
Net interest result	(20)	-18,128	-16,391
Other financial result	(21)	2,291	3,681
Result from ordinary operations		**124,717**	**132,342**
Income taxes	(22)	34,700	33,581
Other taxes		4,079	4,546
Consolidated net profit for the period		**85,938**	**94,215**
Minority interests in consolidated net profit		-2,690	-1,327

Consolidated Cash Flow Statement

from January 1 to December 31, 2014

in € '000	2014	2013
Consolidated net profit for the period	85,938	94,215
Write-ups/write-downs on noncurrent assets	65,819	62,791
Changes in accruals and provisions	12,182	-5,735
Other non-cash expenses and income	-17,233	-7,199
Gains and losses on the disposal of noncurrent assets and from sale of consolidated companies and business units	-5,588	-18,558
Change in working capital	-27,474	28,026
Cash flow from operating activities	**113,644**	**153,540**
Proceeds from disposal of intangible assets and property, plant, and equipment	11,993	14,249
Proceeds from disposal of noncurrent financial assets and from sale of consolidated companies and business units	20,148	23,922
Payments for investments in intangible assets and property, plant, and equipment	-57,311	-64,500
Payments for investments in noncurrent financial assets and for the acquisition of consolidated companies and business units	-33,424	-76,649
Cash flow from investing activities	**-58,594**	**-102,978**
Payments to shareholders (including minority interests)	-22,826	-20,661
Change in bank debt	-19,655	-24,349
Change in other financial receivables/liabilities	-9,966	-6,333
Cash flow from financing activities	**-52,447**	**-51,343**
Cash-relevant changes	**2,603**	**-781**
Net change in cash and cash equivalents due to exchange rate differences, changes in group of consolidated companies, and valuation changes	3,370	-1,229
Cash and cash equivalents at the beginning of the period	216,072	218,082
Cash and cash equivalents at the end of the period	**222,045**	**216,072**

Changes in Noncurrent Group Assets

from January 1 to December 31, 2014

	Acquisition or manufacturing costs						
in € '000	01/01/2014	Exchange rate changes	Changes in group of consolidated companies	Additions	Reclassified	Disposals	12/31/2014
I. Intangible assets							
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	38,806	185	375	2,651	613	-665	41,965
2. Goodwill	64,859	7	878	26,491	0	-1,068	91,167
3. Advance payments	521	0	0	110	-405	0	226
Total intangible assets	**104,186**	**192**	**1,253**	**29,252**	**208**	**-1,733**	**133,358**
II. Property, plant, and equipment							
1. Land, equivalent titles, and buildings including buildings on third-party land	206,242	3,327	9,106	5,197	2,779	-5,071	221,580
2. Technical plant and machinery	305,453	10,815	16,267	19,000	8,969	-7,102	353,402
3. Other plant, operating, and office equipment	191,467	1,322	6,665	19,750	-230	-11,999	206,975
4. Advance payments and plant under construction	11,328	112	3,126	11,354	-11,726	-326	13,868
Total property, plant, and equipment	**714,490**	**15,576**	**35,164**	**55,301**	**-208**	**-24,498**	**795,825**
III. Financial assets							
1. Shares in affiliated companies	374	0	-296	6,127	0	0	6,205
2. Loans to affiliated companies	2,523	0	0	0	0	-165	2,358
3. Equity investments in associated companies	20,724	153	0	1,755	0	-14,307	8,325
4. Other equity investments	1,114	0	-6	18	0	-26	1,100
5. Loans to companies in which equity is held	8,291	0	0	789	0	0	9,080
6. Securities held as noncurrent assets	1,446	0	4	0	0	-1,271	179
7. Other loans	1,077	0	0	59	0	-28	1,108
Total financial assets	**35,549**	**153**	**-298**	**8,748**	**0**	**-15,797**	**28,355**
	854,225	**15,921**	**36,119**	**93,301**	**0**	**-42,028**	**957,538**

Depreciation and amortization								Carrying amount	
01/01/2014	Exchange rate changes	Changes in group of consolidated companies	Additions	Reclassified	Disposals	Write-backs	12/31/2014	12/31/2014	12/31/2013
28,938	153	260	4,043	0	-317	0	33,077	8,888	9,868
20,453	0	378	15,508	0	-1,068	0	35,271	55,896	44,406
1	0	0	193	0	0	0	194	32	520
49,392	**153**	**638**	**19,744**	**0**	**-1,385**	**0**	**68,542**	**64,816**	**54,794**
91,322	2,147	2,637	5,709	0	-3,854	-52	97,909	123,671	114,920
222,714	9,408	7,597	21,726	-1	-4,474	-4	256,966	96,436	82,739
132,631	1,459	3,728	18,719	1	-7,804	-23	148,711	58,264	58,836
51	5	0	0	0	-18	0	38	13,830	11,277
446,718	**13,019**	**13,962**	**46,154**	**0**	**-16,150**	**-79**	**503,624**	**292,201**	**267,772**
16	0	0	0	0	0	0	16	6,189	358
0	0	0	0	0	0	0	0	2,358	2,523
197	0	0	0	0	-197	0	0	8,325	20,527
41	0	0	0	0	0	0	41	1,059	1,073
0	0	0	0	0	0	0	0	9,080	8,291
176	0	0	0	0	-109	0	67	112	1,270
0	0	0	0	0	0	0	0	1,108	1,077
430	**0**	**0**	**0**	**0**	**-306**	**0**	**124**	**28,231**	**35,119**
496,540	**13,172**	**14,600**	**65,898**	**0**	**-17,841**	**-79**	**572,290**	**385,248**	**357,685**

Changes in Shareholders' Equity

from January 1 to December 31, 2014

in € '000	Subscribed capital	Retained earnings	Accumulated other Group earnings	Group shareholders' equity without minority interests
12/31/2012	**30,678**	**565,681**	**-71,487**	**524,872**
Consolidated net profit for the period		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**
Consolidated net profit for the period		83,248		83,248
Dividend payment		-22,000		-22,000
Changes in equity due to currency translation		476	10,800	11,276
Other changes in shareholders' equity		-2,779	1,598	-1,181
12/31/2014	**30,678**	**693,242**	**-70,795**	**653,125**

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**
12/31/2012	**3,100**	**8**	**3,108**	**527,980**
Consolidated net profit for the period	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**
Consolidated net profit for the period	2,690		2,690	85,938
Dividend payment	-826		-826	-22,826
Changes in equity due to currency translation	0		0	11,276
Other changes in shareholders' equity	671		671	-510
12/31/2014	**5,637**	**7**	**5,644**	**658,769**

Notes to the consolidated financial statements

GENERAL INFORMATION

The consolidated financial statements of L. Possehl & Co. mit beschränkter Haftung, Lübeck, (subsequently referred to as L. Possehl) for the 2014 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 62 domestic and 97 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 11 subsidiaries and two special-purpose companies due to their minor importance for the net assets, financial, and earnings position of the Group. These companies together comprise less than 3% of net sales, the balance sheet total, and consolidated net profit. Further details are available in the attached overview of equity investments.

Changes to the group of consolidated companies
The significant changes in the group of consolidated companies include:

- Possehl Electronics Deutschland GmbH has acquired the TPS Group, which consists of Technical Plastic Systems GmbH as well as one domestic and three foreign subsidiaries. The initial consolidation was carried out on August 1, 2014.
- In the SME Investments division, SAVO-Technik Rotationsguss GmbH, which was acquired at the beginning of the fiscal year, has been consolidated since January 1, 2014. In addition, the Logopak Group acquired the Denmark-based LSS Etikettering A/S along with its subsidiary RK Danmark ApS on April 1, 2014, as well as the respective residual shares of the Dutch and Swedish Logopak companies on January 1, 2014. US-based Logopak Corporation, which was founded last year, continues to be consolidated in the consolidated financial statements since January 1, 2014.
- In the Document Management Systems division, three foreign subsidiaries have been deconsolidated since December 31, 2014. All revenue and expenses of these companies were still fully incorporated into the consolidated income statement for the 2014 fiscal year.

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 18 associated companies. 14 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) number 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:

		Rates in € as of balance sheet date		Average rates in €	
Country	Currency	2014	2013	2014	2013
USA	USD	0.82366	0.72511	0.75244	0.75296
Great Britain	GBP	1.28386	1.19947	1.24006	1.17744
China	RMB	0.13270	0.11977	0.12212	0.12247
Hongkong	HKD	0.10619	0.09352	0.09703	0.09707
Malaysia	MYR	0.23544	0.22114	0.23002	0.23892
Singapore	SGD	0.62274	0.57425	0.59416	0.60182
Japan	JPY	0.00689	0.00691	0.00712	0.00771

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 method (last-in, first-out), 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 1.5% p.a. (previous year: 3.0% p.a.).

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 is 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 %	12/31/2014
Actuarial interest rate	4.59
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. Noncurrent 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 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	12/31/2014	12/31/2013
1. Purchased concessions, trademarks, and similar rights and assets as well as licenses to such rights and assets	8,888	9,868
2. Goodwill	55,896	44,406
3. Advance payments	32	520
	64,816	**54,794**

The item contains impairments amounting to € 99,000 (previous year: € 0).

In addition to amounts recognized as goodwill by individual subsidiaries of € 707,000 (previous year: € 328,000), goodwill resulting from consolidation of equity is also recognized and developed as follows during the reporting year:

in € '000	
January 1, 2014	44,078
Additions	26,491
Depreciation and amortization	15,380
December 31, 2014	**55,189**

The additions mainly derive from the initial consolidation of the TPS- and Logopak-Group, as well as of SAVO-Technik Rotationsguss GmbH.

The useful life for amortization purposes amounts to five years.

2. Property, plant, and equipment

in € '000	12/31/2014	12/31/2013
1. Land, equivalent titles, and buildings including buildings on third-party land	123,671	114,920
2. Technical plant and machinery	96,436	82,739
3. Other plant, operating, and office equipment	58,264	58,836
4. Advance payments and plant under construction	13,830	11,277
	292,201	**267,772**

The item contains impairments amounting to € 98,000 (previous year: € 6,701,000).

3. Financial assets

in € '000	12/31/2014	12/31/2013
1. Shares in affiliated companies	6,189	358
2. Loans to affiliated companies	2,358	2,523
3. Equity investments in associated companies	8,325	20,527
4. Other equity investments	1,059	1,073
5. Loans to companies in which equity is held	9,080	8,291
6. Securities held as noncurrent assets	112	1,270
7. Other loans	1,108	1,077
	28,231	**35,119**

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
- BÖWE SYSTEC GmbH, Lübeck
- 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	12/31/2014	12/31/2013
1. Raw materials, consumables, and supplies	124,234	115,632
2. Work in progress	333,734	337,949
3. Finished goods and merchandise	118,116	109,207
4. Advance payments	18,014	11,515
5. Advance payments received on orders	-295,092	-303,230
	299,006	**271,073**

As of December 31, 2014, inventories in the amount of € 14,885,000 resulted from the initial consolidation of certain companies.

5. Receivables and other assets

in € '000	12/31/2014	12/31/2013
1. Trade receivables	**331,529**	**290,551**
of which with a remaining term of more than 1 year	1,172	794
2. Other receivables and other assets		
Receivables from affiliated companies	1,945	596
Receivables from companies in which equity is held	2,224	2,401
Other assets	52,732	48,857
of which with a remaining term of more than 1 year	1,870	11,771
	56,901	**51,854**

Receivables and other assets include individual write-downs of € 15,701,000 (previous year: € 19,063,000) and a general write-down of € 4,386,000 (previous year: € 5,888,000).

As of December 31, 2014, trade receivables amounting to € 11,079,000 resulted from the initial consolidation of acquired companies.

6. Cash and cash equivalents

in € '000	12/31/2014	12/31/2013
Bank balances	220,977	215,268
Cash in hand and checks	950	715
	221,927	**215,983**

7. Deferred tax assets

As of December 31, 2014, deferred taxes were net positive, breaking down as follows:

in € '000	12/31/2014	12/31/2013
Deferred tax assets	37,233	33,312
Deferred tax liabilities	-10,165	-10,292
Net balance	**27,068**	**23,020**

Of the net amount shown as of the reporting date, € 2,471,000 (previous year: € 1,777,000) 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) number 2 HGB.

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

8. Equity

Subscribed capital consists of the common equity of the proprietary company, L. Possehl, held by the sole shareholder, Possehl-Stiftung. The development of shareholders' equity is shown separately in the statement of changes in equity.

9. Difference from the consolidation of equity

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

in € '000	
January 1, 2014	32,147
Additions	8,073
Reversals	-20,887
December 31, 2014	**19,333**

Equity and liability differences arising from capital consolidation are treated as equity. Reversals are performed on a scheduled basis over the useful life of five years according to DRS 4.41.

The additions mainly derive from the initial consolidation of the TPS- and Logopak-Group companies. The reversal amount – with the exception of an amount of € 12,000,000, which was recognized as debt and was offset with it after incurring expenses – 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	12/31/2014	12/31/2013
Fulfillment amount of pension obligations	130,295	124,405
Time value of plan/funding assets	-23,542	-21,244
Net balance	**106,753**	**103,161**

The cost of plan and funding assets is € 21,955,000 (previous year: € 20,673,000). Revenue of € 1,345,000 (previous year: € 1,196,000) and expenses of € 198,000 (previous year: € 113,000) were offset in the income statement.

11. Miscellaneous provisions

in € '000	12/31/2014	12/31/2013
1. Provisions for taxes	18,057	22,915
2. Other provisions	173,088	151,720
	191,145	**174,635**

Funding assets of € 1,531,000 (previous year: € 338,000) have been deducted from the fulfillment amounts for partial retirement obligations. The cost of funding assets is € 1,493,000 (previous year: € 209,000). Revenue of € 120,000 (previous year: € 116,000) and expenses of € 166,000 (previous year: € 178,000) were offset.

Other provisions increased by € 4,543,000 as of December 31, 2014, due to additions to the group of consolidated companies.

12. Liabilities

in € '000	Up to 1 year	1 to 5 years	Over 5 years	12/31/2014 Total
1. Bank loans (previous year)	**34,083** (35,532)	**34,492** (37,930)	**4,209** (6,398)	**72,784** (79,860)
2. Trade payables (previous year)	**128,560** (112,336)	**415** (715)	**0** (0)	**128,975** (113,051)
3. Miscellaneous liabilities				
Liabilities from bills drawn (previous year)	292 (244)	0 (0)	0 (0)	292 (244)
Liabilities to affiliated companies (previous year)	29 (4)	0 (0)	0 (0)	29 (4)
Liabilities to companies in which equity is held (previous year)	592 (1,078)	0 (0)	0 (0)	592 (1,078)
Other liabilities (previous year)	106,830 (99,650)	8,753 (1,916)	0 (1)	115,583 (101,567)
Miscellaneous liabilities (previous year)	**107,743** (100,976)	**8,753** (1,916)	**0** (1)	**116,496** (102,893)

Liabilities of € 32,902,000 (previous year: € 31,640,000) are secured by liens and similar rights.

As of December 31, 2014, trade payables in the amount of € 13,907,000 derived from the initial consolidation of certain companies.

Other liabilities include:

in € '000	12/31/2014	12/31/2013
Taxes	21,979	18,617
Social security	5,536	5,076
Shareholders (of which Possehl-Stiftung € 52,601,000; previous year: € 58,201,000)	53,678	59,123
Other	34,390	18,751
	115,583	**101,567**

As of December 31, 2014, other liabilities in the amount of € 9,956,000 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	2014	2013
Special-purpose Construction	294,521	272,742
Document Management Systems	114,260	123,848
Printing Machines	256,324	256,676
Precious Metals Processing	1,320,707	991,665
Elastomer Plants	430,690	398,300
Electronics	244,506	207,331
Cleaning Machines	406,860	398,592
SME Investments	211,655	168,741
Other equity investments	3,642	3,510
	3,283,165	2,821,405

in € '000	2014	2013
Germany	983,432	1,061,184
European Union	1,604,285	1,132,787
Other Europe	123,289	86,714
Asia	290,090	274,431
America	220,535	210,667
Other regions	61,534	55,622
	3,283,165	**2,821,405**

The companies consolidated for the first time in the fiscal year and for the first time for the entire fiscal year contributed a total of € 530,319,000 to net sales.

14. Changes in finished goods, work in progress, and capitalized own work

in € '000	2014	2013
Changes in finished good and work in progress	-7,252	1,529
Other capitalized own work	1,639	4,305
	-5,613	**5,834**

15. Other operating income

The reported amount includes € 28,714,000 (previous year: € 20,467,000) from previous years, consisting primarily of the release of provisions and impairments as well as of disposals of noncurrent assets. This position also includes income of € 5,338,000 from currency translation (previous year: € 3,729,000).

16. Cost of materials

in € '000	2014	2013
Expenses for raw materials, consum-ables, supplies, and for purchased goods	2,068,983	1,678,209
Expenses for purchased services	169,432	184,298
	2,238,415	**1,862,507**

Companies consolidated for the first time in the fiscal year and for the first time for the entire year accounted for an increase of € 477,126,000 in the cost of materials.

17. Personnel expenses

in € '000	2014	2013
Wages and salaries	506,930	470,400
Social security contributions	100,348	93,108
Pension payments	9,609	8,850
	616,887	**572,358**

Higher personnel expenses of € 34,799,000 were attributable to the companies consolidated for the first time and for the entire year.

The average number of employees by group was as follows:

	2014	2013
Manual workers	5,744	5,141
Salaried employees	5,838	5,708
Apprentices	372	361
	11,954	**11,210**

18. Other operating expenses

Of the amount shown, € 448,000 (previous year: € 436,000) stemmed from prior years. This related exclusively to disposals of noncurrent assets. The item also includes expenses from currency translation in the amount of € 5,491,000 (previous year: € 3,155,000).

Of the change in other operating expenses, initial or full-year consolidations of companies accounted for a total of € 18,252,000.

19. Net investment result

in € '000	**2014**	2013
Earnings from equity investments in associates	1,755	2,968
Earnings from other equity investments	163	88
Earnings from affiliated companies	436	0
Expenses from equity investments in associates	0	-50
	2,354	**3,006**

20. Net interest result

in € '000	**2014**	2013
Interest income on loans and securities held as financial assets	119	134
of which from affiliated companies	93	100
Other interest and similar income	2,350	2,369
Interest paid and similar expenses	-20,597	18,894
	-18,128	**-16,391**

The net interest result includes € 8,047,000 (previous year: € 6,971,000) in interest deriving from the change in pension provisions and other noncurrent provisions.

21. Other financial result

in € '000	**2014**	2013
Income from disposal of associated companies	2,570	0
Income from disposal of securities	10	3,759
Expenses from disposal of associated companies	-283	0
Expenses from disposal of other equity investments	-6	0
Write-backs on noncurrent financial assets	0	22
Write-downs on financial assets	0	-100
	2,291	**3,681**

22. Income taxes

In addition to current taxes, the item includes € 619,000 in refunds for previous years (previous year: € 155,000). Deferred tax income of € 694,000 is also included (previous year: € 168,000).

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 write-downs and expenses due to impairment or disposal of current 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 and across-the-board write-downs.

OTHER DISCLOSURES

Contingent liabilities

in € ’000	12/31/2014	12/31/2013
Acceptance liability for drafts	0	71
Financial guarantees	1,541	48,954
Guarantees/warranties	8,056	5,423
Collateral for third-party liabilities	800	1,440
	10,397	**55,888**

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 € 1,068,000 (previous year: € 1,067,000) exist; in the previous year, liabilities totaling € 47,608,000 arising from loan agreements for the benefit of associated companies were existing.

Other financial obligations

in € ’000	12/31/2014	12/31/2013
Rental/leasing and other contractual obligations (nominal value)	130,378	142,437
of which to affiliated companies	4,226	3,877
with term structures		
up to 1 year	28,177	47,981
1 – 5 years	61,998	57,594
over 5 years	40,203	36,862
Purchase commitments for capital expenditures	11,186	19,664
with term structures		
up to 1 year	11,186	19,664
	141,564	**162,101**

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 swaps have terms until 2018 and the currency swaps until 2016, while interest rate options and interest rate caps are short-term.

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

in € ’000	Nominal amount 12/31/2014	Market value 12/31/2014
Forward currency contracts	50,856	1,574
Interest rate options/caps	16,672	-236
Interest rate and currency swaps	34,868	-1,750

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 € 18,795,000 were hedged up to 100% with the forward currency contracts with matching terms. Variable interest rate loan liabilities amounting to € 20,000,000 were 100% hedged with interest rate swaps 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	908
Tax advisory services	114
Other services	121
Total fee	**1,143**

Total remuneration of the Executive Board and Supervisory Board

The total remuneration of the Executive Board of L. Possehl amounted to € 5,849,000 (previous year: € 4,978,000) for the fiscal year. The total remuneration of members of the Supervisory Board amounted to € 290,000 (previous year: € 200,000).

Former members of the Executive Board and their surviving dependents received € 703,000 (previous year: € 845,000). Obligations from current pensions and pension entitlements are covered by provisions of € 6,759,000 (previous year: € 7,159,000).

Proposal on appropriation of profit of the proprietary company

in €	
Net profit for 2014	51,869,640.72
Profit carried forward from the previous year	1,640,140.49
	53,509,781.21

The Executive Board proposes appropriating the net profit and profit carried forward totaling € 53,509,781.21 as follows: an amount of € 27,000,000.00 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 € 3,509,781.21 to be carried forward.

Lübeck, Germany, February 27, 2015

L. Possehl & Co.
mit beschränkter Haftung (incorporated)

Uwe Lüders

Dr Joachim Brenk

Dr Henning von Klitzing

Mario Schreiber

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, 2014 to December 31, 2014. 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 give a true and fair view 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 suitably presents the opportunities and risks of future development.

Hamburg, Germany, March 19, 2015

BDO AG
Wirtschaftsprüfungsgesellschaft

Dyckerhoff
Auditor

Herbers
Auditor

* Translation of German Auditors’ Report

Overview of participation as of December 31, 2014

Name	Registered in	Share of capital (in %)
I. Consolidated Group Companies		
Special-purpose Construction		
Possehl Spezialbau GmbH	Sprendlingen/Germany	100.00
cds Polymere GmbH & Co. KG	Sprendlingen/Germany	100.00
cds Polymere Verwaltungs 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
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	100.00
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
Documentent Management Systems		
BÖWE SYSTEC GmbH	Lübeck/Germany	100.00
BÖWE SYSTEC (Schweiz) AG	Volketswil/Switzerland	100.00
BÖWE CZ s.r.o.	Moutnice/Czech Republic	100.00
BÖWE SYSTEC Polska Sp. z o.o.	Warsaw/Poland	100.00
BÖWE SYSTEC AB	Sundbyberg/Sweden	100.00
BÖWE SYSTEC AS	Oslo/Norway	100.00
BÖWE SYSTEC AS	Solrød Strand/Denmark	100.00

Name	Registered in	Share of capital (in %)
Oy BÖWE SYSTEC AB	Helsinki/Finland	100.00
BÖWE SYSTEC S.A.S.	Noisy-le-Sec/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.	Rome/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.	Zellik/Belgium	100.00
BÖWE SYSTEC JAPAN Ltd.	Tokyo/Japan	100.00
BÖWE SYSTEC AUSTRIA GmbH	Vienna/Austria	100.00
BÖWE SYSTEC Ltd.	Maidenhead/United Kingdom	100.00
BÖWE SYSTEC (IR) Ltd.	Dublin/Ireland	100.00
BÖWE SYSTEC North-America Inc.	Raleigh/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/United Kingdom	100.00
manroland web systems Inc.	Lisle/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
manroland web systems France S.A.S.	Noisy-le-Sec/France	100.00
Precious Metals Processing		
Heimerle + Meule GmbH	Pforzheim/Germany	100.00
Cookson Precious Metals Limited	Birmingham/United Kingdom	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 Plants		
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
Pomini Rubber & Plastics S.r.l.	Rescaldina/Italy	100.00
Harburg-Freudenberger Machinery (China) Co., Ltd.	Qingdao/China	100.00
HF Rubber Machinery, Inc.	Topeka/USA	100.00
Farrel Corporation	Ansonia/USA	100.00
Farrel Limited	Rochdale/United Kingdom	100.00
Farrel Asia Limited	Hongkong/China	100.00
HF NaJUS, a.s.	Dubnica nad Váhom/Slowakia	100.00
Electronics		
Possehl Electronics N.V.	’s-Hertogenbosch/The Netherlands	100.00
Possehl Electronics Nederland B.V.	’s-Hertogenbosch/The Netherlands	100.00
Possehl Electronics France S.A.S.	Roche la Molière/France	100.00
Possehl Electronics Hong Kong Ltd.	Hongkong/China	100.00
Possehl Laminates Ltd.	Hongkong/China	100.00
Dongguan Possehl Electronics Co. Ltd.	Dongguan/China	100.00
Possehl Electronics (Malaysia) Sdn. Bhd.	Malacca/Malaysia	100.00
Possehl (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 Electronics Deutschland GmbH	Niefern-Öschelbronn/Germany	100.00
pretema GmbH	Niefern-Öschelbronn/Germany	100.00
Technical Plastic Systems GmbH	Wackersdorf/Germany	100.00
Auer Formenbau GmbH	Veitsbronn/Germany	100.00
Technické plastové systémy s.r.o.	Dýšina/Czech Republic	100.00
Technical Plastic Systems S. de R.L. de C.V.	Puebla/Mexico	100.00
Technical Plastic Systems Servicios S. de R.L. de C.V.	Puebla/Mexico	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 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

Name	Registered in	Share of capital (in %)
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
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/United Kingdom	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
Hako Schweiz AG	Sursee/Switzerland	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.	Hongkong/China	100.00
Hako (Macau) Company Ltd.	Macau/China	96.00
Hako Cleaning System (Shanghai) Co., Ltd.	Shanghai/China	100.00
Hako Australia Pty. Ltd.	Silverwater/Australia	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	Mägenwil/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

Name	Registered in	Share of capital (in %)
LOGOPAK Vertriebsgesellschaft Süd mbH	Wimsheim/Germany	45.60
LOGOPAK International Ltd.	York/United Kingdom	60.00
LOGOPAK Corporation	Wilmington/USA	100.00
LOGOPAK Systems AB	Göteborg/Sweden	100.00
LOGOPAK B.V.	Hoofddorp/The Netherlands	100.00
LSS Etikettering A/S	Randers/Denmark	100.00
RK Danmark ApS	Randers/Denmark	100.00
Gabler Maschinenbau GmbH	Lübeck/Germany	100.00
GABLER Thermoform GmbH & Co. KG	Lübeck/Germany	100.00
Thermoform GABLER GmbH	Lübeck/Germany	100.00
SAVO-TECHNIK ROTATIONSGUSS GmbH	Valluhn/Germany	60.00
Hako PlasTec GmbH	Bad Oldesloe/Germany	100.00
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

Nüthen Restaurierungen GmbH + Co. KG	Erfurt/Germany	100.00
Nüthen Verwaltungs GmbH	Bad Lippspringe/Germany	100.00
Hako Group East Asia Ltd.	Bangkok/Thailand	100.00
Hako (Hong Kong) Co. Ltd.	Hongkong/China	100.00
Qingdao Hako Cleaning Equipment Co. Ltd.	Qingdao/China	100.00
Düring MX S.A.	Puebla/Mexico	100.00
Düring (Shanghai) Welding Equipment Co., Ltd.	Shanghai/China	100.00
Possehl Connector Services, Inc.	Rock Hill/USA	100.00
Possehl Electronics Maroc S.A.R.L.	Casablanca/Morocco	100.00
Aristo Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Halle KG	Mainz/Germany	95.65
Aravio Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Braunschweig KG	Mainz/Germany	90.00

Name	Registered in	Share of capital (in %)
III. Associated Companies		
Possehl Kehrmann GmbH	Duisburg/Germany	50.00
Gremmler Bauchemie GmbH	Essen/Germany	50.00
MG Bauchemie GmbH	Hünxe/Germany	50.00
Roots Multiclean Ltd.	Coimbatore/India	26.00
IV. Other Non-Associated Companies (over 20 %)		
Pafravo Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Lockstedt/Germany	94.00
Patrimo Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Lockstedt/Germany	94.00
Parosso Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Lockstedt/Germany	94.00
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
S.A.R.L. BÖWE Algerie	Algiers/Algeria	49.00
manroland IP GmbH	Offenbach a.M./Germany	50.00
Solcon Systemtechnik GmbH	Lübeck/Germany	24.85

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Annotation

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