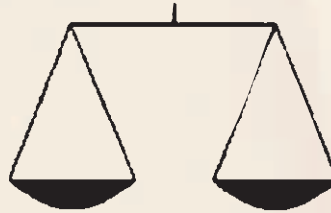


Annual Review 2005

Our Mission Statement

Arriving with each other

**“Arriving”
stands for people
focus, morals
and solid
values.**



**“With each other”
stands for
target focus, success
and for economic
stability.**

In our endeavour, we strive to give equal priority and experience to both sides, allowing both the human as well as the business side to flourish.

Arriving with each other - with the Workforce

Securing jobs is more important to us than maximising turnover and profit.

Arriving with each other – with the Company

Long-term market participation is more important to us than short-term market leadership.

Arriving with each other - with the Society

Preservation of solid values is more important to us than the benefits of dubious business practises.

Arriving with each other - with the Wood Working Machinery Sector

We strive to act as an excellent source of information for the sector. We strive to be able to provide excellent information, offers and service on all working machines from all the relevant manufacturers and years of manufacture. Excellent for us means sincere, competent, transparent and fast.



Höchsmann
TECHNOLOGY FOR WOOD

2005 Review - Outlook for 2006



Stefan Höchsmann

When we drew up an annual motto for the first time in 2003 and later asked during an employee survey how successfully it had been implemented, everyone agreed:

“Apart from the motto statement, not a great deal has happened.” We have learnt from that, however: Since 2004

there has not only been an annual motto, but also a plan to make the motto a reality. 2004 was for us a year of putting our house in order. With the annual motto we were laying, so to speak, the foundation for all future annual projects. We introduced organisational standards and saw to it that they were implemented.

For 2005's motto, we chose the heading “Make better use of day-to-day business to develop specialist expertise.” With this annual project, we placed the first building block on the foundation “Organisation”. We have started systematically to transfer the excellent expert knowledge of many employees to others, and store it in a database, so that it can be accessed very quickly by any user. In Sales, we set up regular “knowledge exchanges”, at which new stock arrivals can be inspected and specialist know-how passed on to other members of staff. In purchasing, we have started to get Mr Schmidt to give training to the ladies, who input the machine data. They are also sometimes present at the machine review at their arrivals. In the technical department, it was not possible to implement the motto 2005, however, as the year was simply too busy. This is linked to the amount of incoming orders from our production department. In previous years, our production employees were often available for the second hand machine department; in 2005, we could only cope with the work by using contract staff. No matter how welcome the flood of orders was in the production, the departure of our production manager, Mr Uhlemann at the end of the 3rd Quarter, was painful. Anyway, though the German version of this review estimated a forecast of approx. 20 % increase in sales for the Höchsmann GmbH, we now know that we will be above 25 %, which is much more than our targeted + 7,5 %. Therefore, 2005 was an exceptionally good year for the company, also because our costs were almost identical compared to 2004.

We can attribute our success with our annual projects in 2004 and 2005 to the fact that we have focussed on one project and lined up many others. Proceeding according to the principle “a time for everything,” and not hastily implementing too many improvement projects, has certainly proved itself. Welcome too is the fact that we have not lost any of the organisation that we acquired as part of the project in 2004. Tidiness has become a standard

practice. It is now a case of also making developing expertise standard practice.

We therefore need to carry this forward into 2006 and extend the knowledge exchanges, so that the technical staff can also benefit more from them.

We also plan to set a further building block on the foundation organisation and on the first building block expertise.



* We have already a vague foresight of annual projects for 2007 and 2008

With the motto for year 2006, “Formulate and implement quality standards” we are daring something, which has long since been a concern. It is about changing the way we work by consistently pinpointing weaknesses in our organisation and resolving them. Of course, we did this in the past, even successfully in certain areas. But there again, things often only progressed with considerable stiffness, as we did not communicate our intentions effectively enough, as we insisted too little upon sticking to quality standards. Since we as managers do place great importance upon a good working atmosphere, there is the danger that, we become complacent as we want to avoid friction. However, there is nothing wrong with insisting that quality standards are maintained. In fact, it is necessary for a solid future for the company. So in 2006, we want to change our way of dealing with poor quality and learn how we can jointly formulate and implement quality standards. In doing so, it is not so important that we make giant steps forward in terms of quality in the first year. We want to make the one important step and that is to learn how to deal consistently with common standards. To do this we need a skill that you cannot learn at any university: we need strength of character. Especially we as managers need to have not only technical skills but also social skills. If, for example, we see that someone is not sticking to the agreed quality standards, we should not ignore it. However, if we put the person down in our criticism and treat them with contempt, we have lost their respect. We should focus on the issue at hand and not on the person. The ideal situation is, if we value the person and therefore

re allow a genuine goodwill to shine through. With the goodwill we compensate for the criticism, which can often lead to hurt feelings. With such an approach there is a good chance of winning over the person for changes.

However, this combination of criticism and esteem no longer seems to be in keeping with the times today. The commandment "Love your neighbour" has been replaced by the maxim: "Everyone for himself." However, daily life shows that it is not possible without esteem. Esteem has nothing to do with whether you like the look of someone or not. Such esteem is simply based on the fact that every person is wonderful and unique and therefore has dignity. I am convinced that the companies, for whom such values are still important, have a real competitive advantage. If you value and respect one another within a company then you will also cooperate better together and will also find better solutions. Whoever views his colleague with esteem, does not need to feel ashamed of his position, if he exposes his colleague's inconsistency. For, in taking this approach, he is criticising the issue but still respects the person. He is also standing up indirectly for the person being criticised, as the issue – and with it the long-term success of the company that depends upon quality standards, - also serves the person being criticised. The person under criticism may also be a manager in our case, for we as managers make enough mistakes and need quality standards, by which we can be measured.

In practice, we want to tackle the motto for 2006 as follows: once a month we will get the departments together and discuss what has gone wrong and how we should put it right. At less frequent intervals, we will have interdepartmental meetings. Work will then be carried out in working groups to prevent faults from being repeated by formulating quality standards together. The quality standards will be noted on an up-to-date list, on which are noted only the points that have frequently given rise to problems. If the consistent handling of a point is successful, this point will be taken off the list and will move onto a second list, which will be our permanent quality library. So that we do not get lost in the detail, during the first year, we will only tackle problems for which quality guidelines and solutions can easily be found.

Everyone will be involved in formulating the principles and exchange arguments. Should no agreement be reached on the wording, we should rely on the management. In the following month we will then discuss where the quality standards have not been met. Cooperation in these groups and consistency in implementation will then serve as the basis for measuring the willingness of all participants.

Concerning pay increases we were very cautious at the start of 2005 due to the rapidly changing second-hand market. So we didn't grant our usual annual pay increase. In spite of this, all staff have demonstrated strong commitment and produced excellent work. Thanks for your trust, and it now gives me all the more pleasure to be able to pay out a full premium bonus this year, which will more than compensate for the pay increase not taken.

Let us approach 2006 with motivation and commitment and let us learn together how to identify weaknesses and eliminate them. I am confident that you will also support this initiative and that, through collective commitment and mutual respect, we will make a great step forward in terms of quality in the year ahead.

Our Mission Statement for 2005:

Use the day-to-day business more effectively to develop expertise.

Essential knowledge from the machines passing through the company each day should be inwardly digested by as many members of staff as possible, documented and dispense.

Digest: The individual makes a personal commitment.

Document: The acquired knowledge is saved and is therefore made accessible for everyone.

Dispense: The acquired knowledge is willingly and effectively passed onto colleagues.

In this task every department concentrates on their particular area:

Purchasing: - effective communication channels and documentation
- study manufacturer's histories and sales links completion of sales documentation

Sales: - effective marketing and consultation
- study technology, foreign markets and prices optimise our machine criteria

Engineering: - effective testing and presentation
- study machine problem areas and areas of wearout
- develop test criteria and reports on machine conditions

I am making a personal commitment to implement this year's mission statement!

Klipphausen, February 2005



Review 1st Quarter 2005

During the period between Christmas and New Year the entrance area was completely refitted. Visitors pass



through a museum with tools from the past into the specialist outlet that has also been specially fitted out.



Customers are given advice in a rustically equipped workshop.

The range is simplified. We move away from further tooling ranges, including moulding cutters, STEHLE and STARK replacement cutters for window tools, as there is hardly still a market for them. Several current planes and the FREUD cutter program remain in the range.

On 24th March, a "System Guarantee Event" takes place at our company in conjunction with the paint and coatings manufacturer, REMMERS.



The 10 year guarantee for wooden window frames and a new type of coating system is presented with the HÖCHSMANN spray tunnel to 45 window manufacturers. Everyone concerned commends the event as a resounding success. Over the next few weeks the production department receives several large orders. The department is fully booked until the end of the year.

At the end of March offers are given new headings in our internal data system. With immediate effect, we can select, at the click of a button, whether a machine card and a scanned brochure are sent out with the machine offer. Up to 6 photos can be emailed for each machine.

Review 2nd Quarter 2005

The machine type index is completed. We collect information about technical features, market price, kit, etc of every type of machine for a manufacturer, to offer a knowledge base with comprehensive specialist information, which every Höchsmann member of staff can easily access.

The list of contacts at customers and suppliers is standardised. With immediate effect, we can very simply save which person has expertise in which area at a manufacturer or distributor, and who is responsible for which spare parts, brochures, etc.

The brochure archive is complete. Just imagine: you take the right brochure or price list on an older machine from the right folder from the cupboard – great.

Public relations – a total of 30 third year pupils from the local primary school are given a tour of the company. The title of the trip is: "A journey through the world of wood working". Starting with sawing using a whipsaw, to a thin board from the 1920's, right through to a modern CNC centre, the 9 year children are given an insight into the variety of wood working. The little ones are very enthusiastic. To finish, there is even a coaster for every child, milled on the CNC machine - 30 new Höchsmann fans.

The customer and supplier index is now complete. With immediate effect, it is possible, at the click of a button, to select which contact at a customer is to receive the quotation that has just been generated, sent to his personal fax number or email address.

The warehouse has become so full that machines are already standing in the corridors. A solution has to be found urgently. Mr Höchsmann urges a clearance sale due to the lack of space.

As a result the number of machines held in stock is drastically reduced. On 24th June, we start a mailing campaign, initially to all distributors. It is hard to believe: within minutes, distributors are on the phone and buying

wildly – over a 100 machines are sold over the next five working days – unprecedented in the history of our company.

Review 3rd Quarter 2005

A large order for our production department: delivery of a complete flow coating unit is received from South Germany, providing work up to March 2006.

A larger purchase in Belgium – unfortunately we did not know beforehand that the power supply there sometimes still differs from the European standard grid. Luckily, our electricians are able to help with a few technical tricks and connection changes, and we are able to sell on most of the machines without any problems.

Preparations for the new second hand machinery catalogue are underway.



At the end of September the catalogue appears; this time in two languages.

Thousands of catalogues are sent out in stages, to allow for follow-up in Sales.

Review 4th Quarter 2005

It is noticeable that freight costs have become considerably more expensive. Earlier “1000 DM was enough to go right across Germany” – today we pay around 20% more. In the meantime, we have everything transported by one to 2 competent freight companies and partially reduce the number of suppliers. Damage in transit hardly ever happens – good partners, who do a good job for us.

Our good old lorry is sold. For years it provided a good service, delivering many machines, in particular to customers in the areas of Saxony. But the payload was simply no longer sufficient and the need for transport in the vicinity of the company has become negligible.



Statistics

- 250 to 350 visitors to our website daily
- a total of 1008 machines sold.
- Machines sold per working day: 3.95 (2004: 3.6)
- Proportion of direct export sales: 58% (2004: 58.6%)

Top 10 of machines sold:

1. 64 Edgebanders
2. 57 Spindle moulders
3. 38 Wide belt sanders
4. 37 Sliding table saws
5. 35 CNC machines
6. 23 Compressors
7. 21 Dowel boring machines
8. 20 Horizontal panel saws
9. 19 Shaping machines, 19 Dressing machines, 19 mobile exhausters
10. 18 Long belt sanders

In the plant construction we produced:

- 10 Spray tunnels
- 3 Sideloaders
- 6 Flow coating lines
- 5 Spraying plants



Spray tunnel shortly before dispatch

The 2005 Mission Statement “N Business to Dev



Stefan Höchsmann - Managing Director

As a non-technically-trained person I benefited greatly from the knowledge exchanges. I am grateful to the many excellent in-house engineers for letting me participate of their knowledge, as I was asking my questions. In 2005, my knowledge increased particularly in the area of the "white" CNC machines. Here we

have a 2000 Homag BOF for stairs about which we will certainly exchange knowledge once it is delivered in February 2006.



Norman Schmidt

Since we were able to make very good progress through our mission statement “Organisation and System” in 2004, we set ourselves two particular goals at the start of 2005:

The organisation and tidiness achieved in 2004 is to be retained and made more effective.

We work intensively on our motto for 2005: “Make better use of day-to-day business to develop expertise”.

Both should help us to better confront an increasingly harder market. In January 2005, the management discussed possible alternatives to fulfil our objective more effectively. The first steps were relatively easy. It was a case of convincing all members of staff that expertise is a key factor in the success of our company. To perform really well, this expertise should not be held in just a few areas of the business to be able to grow, but be distributed across a wide front and be accessible to all.

That this is no model for sure-fire success was clear from the start, in spite of all the commitment. Specific ideas on how to develop expertise were gathered. The first suggestions and trials went down the training route, which took place primarily in sales and purchasing. In so doing, colleagues learnt considerably about the individual types of machine from each other and passed this knowledge onto the appropriate circle in the form of a presentation. The other participants had quickly to get to grips with the brochures on the machine and note down any questions, which they were able to ask during the training. This often took place at the side of the many machines in our warehouses, to be able to experience the technology at first hand. The information was gratefully lapped up by the knowledge-hungry participants. Colleagues were particularly glad of background information, which was in some cases acquired through extensive research. Very popular were also the practical demonstrations on the machines, for which Engineering offered their energetic support.

Considerable valuable information was acquired about wood working machine manufacturers, specific types of machine and the various markets in the preparation for these events.

In our internal software, Mr Idzack created the necessary functions and links, which enable all members of staff to call up such information very quickly. We will therefore be able



Mathias Tempel - General Manager

This year, we have dealt considerably with wide belt sanders, such as the KÜNDIG-Primo 1350E built in 2002, their various models and areas of application. 38 machines were finally sold in 2005. Our staff in purchasing, sales and engineering are capable of judging the condition and advising the customer. This

machine is going to an Indian furniture manufacturer. We are sure he has made a good choice.



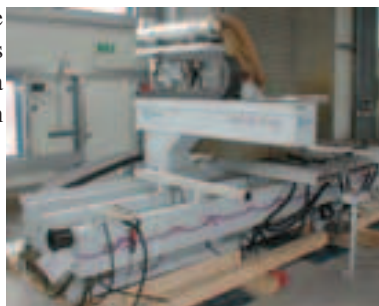
Ronald Ulbricht - Operational Sales Manager

We sold 35 CNC processing centres in 2005. This is 45% more than in the previous year. This is also the result of intensive training to acquire technical knowledge from considerable research.

Ask us for the right machine for you.

This Weeke BP150 was

bought by a colleague for his customer in Asia.



Norbert Zeller - Export Sales

Weinig Unimat 23 vs. Unimat 23E – our knowledge exchanges were finally able to shed light on the grey area of the often different Weinig classifications, colours and models.



Make Better Use of Day-to-Day Develop Expertise”

to "recall" the findings acquired today at some point in the distant future.

In the long run too much time was spent in preparing for the training and it took up too much time away from the day-to-day business. We therefore gradually moved towards a different model to transfer information. This was based primarily on passing already existing knowledge to all colleagues and to save this in the relevant places in our software. We therefore largely did away with our colleagues having to try to understand new material, to then be able offer training on it. As our staff had a considerable existing, though varied knowledge base, we opted for a new version of the “knowledge exchange”. The result was productive rounds of discussions, at which existing and recently researched knowledge was discussed. We no longer went into detail at these discussions, but concentrated on a few essential points.

A last change to the knowledge exchange was the weekly tours by the sales force of the machines, which had arrived at our warehouse during the previous days. During these tours the advantages and disadvantages of individual models were discussed and each person was able to gain an impression of the condition for himself. Here too, only a brief presentation was required by our colleagues, who took the information from brochures from external experts and other sources and saved this in our software.

In any case the mission statement for 2005 brought everyone considerable way forward. In 2006 we will be able to build on a stable foundation and extend our expertise in the company still further.



Robert Janas - Sales Poland

A practically unused brushing machine from the well-know manufacturer, BRAUN was sold to a Polish furniture maker for a very attractive price. The knowledge exchanges helped me to understand the exact applications of the machine on offer.

My name is Robert Janas and I am responsible for sales in the Polish market.



Ludmilla Bogdanova - Sales Russian Speak. Area

There is always demand for window system machines; Weinig machines particularly. Unicontrol 6 was sold to the Baltic. Our colleagues from the Engineering department carried out a comprehensive training in-house on how to operate the machine.

When we were at the exhibition in Riga, we had the opportunity of seeing the plant in production at the customer. He is very happy with the machine, which is very important to us.



Zuzana Puhallova - Sales Czech Rep./Slovakia

This year I received many enquiries for panel sizing systems. Our regular knowledge exchanges helped me to develop my technical knowledge further, so that I was able to offer the customer good and expert advice, such as for the SCM panel sizing system

SIGMA that I was able to sell to a big Polish furniture manufacturer.



Silke Szameitat - Sales secretary

I am happy that I have learnt many things about woodworking during the weekly knowledge exchange and I am therefore - as sales secretary - also able to help our customers often with an enquiry when all our sales people are, once again, tied up on the phone!



From the shiny Media World to Ignorance

Why children rather need better values than the message of shininess



Stefan Höchsmann

In our company mission statement “Arriving with each other”, we set our objectives for the long-term. As a company, we want to go into an economically stable future and remain together as people who stand by one another and commit ourselves to a common goal along the way.

With our company culture’s solid values we are confident that we will succeed. However, there is more to achievement than just that. We are also subject to major global and national developments. For example, the environment for companies in 25 years time will also be shaped by the direction in which today’s children are steered. And this is where – in my personal opinion – there is cause for concern and a reason for a change of thinking, as described in the following article.

Film commentary on Robots:

Germany has an unprecedented level of prosperity, and yet many people are concerned about the future. And there are good reasons for the low state of confidence: Politicians warn: “Either our economy grows again or our country will go bankrupt.” Scientists warn: “Either there is slow down in the world economic growth or our ecosystem will collapse. So there is reason enough to have concerns about the future, particularly if you have children. We desire for our children to live in a world tomorrow, in which they can be content. The polarisation between rich and poor will probably reduce prosperity for many. However, slightly less prosperity does not necessarily mean less happiness. Our concern as parents is rather, whether tomorrow's society will withstand the tensions between rich and poor, without robbing itself of freedom and peace. Therefore, if we are to expect an increase of social tension in the future, then we should prepare ourselves and our children for tomorrow's world. What we need is a solid foundation of values, which is able to overcome approaching tensions. Many parents seem to believe that the endeavour of schools and the media are sufficient to develop this foundation of values. But our children live too much under the influence of the global economic system that they could become fit for the future without parental guidance. The global economic and financial system does not think for the long-term and it does not care as parents do – it searches primarily for willing consumers.

For the global system it is all right, if it transfers its greed to today’s young generation and that makes sense, because

children driven by greed will be better consumers than self-disciplined ones. If a greed-driven society must face a decline in prosperity and the side effect of increasing social tension, then it becomes very vulnerable. Greed leads to frustration, and frustration to ill-considered rage and this to recklessness towards human beings. As a precaution for a content future, our children therefore need less greed and more solid values, on the basis of which they can develop stable personalities.

The diversity of the media in our communications society would be an ideal environment to convey such values. The media groups, however, have understandably more interest in market shares and therefore teaching values is still the responsibility of us parents. We should check what is being offered in the environment of our children and then select through our consumer behaviour, whether we attest something as being helpful or counterproductive for mediating solid values. I was therefore quite happy in September when, thanks to the openness of the head teacher of our primary school, I had the opportunity to go along to the cinema. We saw a children’s film with surprises. The film firstly highlighted the dilemma of our global system and then tried to give an answer to it. A rather complex subject for 8 to 10 year olds.



The media world taught him what matters: To shine in front of others and show them their places.

It was not surprising therefore that the first laugh from the children was only registered after some 30 minutes, when a robot pulled down its trousers to reveal its metal bottom. Shortly afterwards the film played a trump card and gained the complete attention of the young audience. From the metal bottoms came wind and this trump card was celebrated 2 minutes long in various forms. Such effects naturally appealed to the children. As a father, I was more interested to see what answer the film would present to the global dilemma.

Robots tells the story of the adolescent robot, Rodney. As the son of a poor and unimportant family, he is disappointed, for they are not like his great role model, Mr Bigweld, the clever inventor and businessman from Robot City. Rodney is himself an inspirational, junior inventor and does not want to let his humble origins spoil his career. The adolescent robot therefore leaves the care of his parents and makes his way to the metropolis, Robot City. Rodney would also like to become a celebrated inventor there. However, the first impressions of the booming city are sobering to the pubescent robot star. Every square metre is built up with industry and chimneys. Behind every corner dubious figures lie in wait, full of greed and eager to profit from the boys purse. Rodney's idol, Mr Bigweld has been the victim of a conspiracy and has disappeared without a trace. The enterprising Ratchet has taken over management of the Bigweld Group, he only has one thing on his mind: growth – no matter at whose cost. As the giant company dominates the entire economy of Robot City, everyone in the city is subject to Ratchet's strategies. He ends the sale of spare parts and forces the community of robots-in-need-of-repair to purchase expensive upgrades. He makes death in the furnace sound attractive to those who cannot afford upgrades with his clever business slogan that is surprisingly similar to the real world:

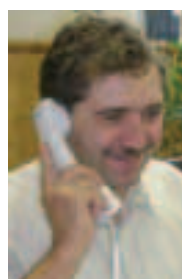
“Why be you, when you can be new?”

However, the robots, now stamped as old models, do not fall for the trick of evil Ratchet. Instead of willingly giving up their identity and allowing themselves to be neutralised in the flames of the recycling furnace, they organise an underground resistance. The brave Rodney sides with the ill-fated robots and is able to supply them with replacement parts temporarily. Now the full effect of the staged battle begins, with the two parties flexing their robot muscles. On the one side, the young hero who campaigns for his scrap metal models, on the other, a greedy bad guy, who is only thinking about the profit from the sale of new models. The forces are unevenly matched, but as a result of a brave offensive, Rodney's team is able to free the silenced Bigweld and win him over for their cause. The happy end is achieved in the last minute, when Ratchet who is only shiny on the outside ends in the furnace that had been fired for the less shining old models. Rodney, on the other hand, earns the full admiration of Mr. Bigweld and his parents. He has now achieved his dream and has become a great inventor and businessman in Robot City.



Norman Schmidt - Purchasing

Change of ownership in a real hurry: For a long time I had preferred to avoid sash jointing machines. Too specialised, too complicated, too difficult to sell, so I thought. This year, however, we managed to buy and sell on two mid-rail cutters (KSF-2/4 and KSF-R) within the space of a few days. This business was only possible, as we were in a position at a particular point to match two enquiries with two offers.

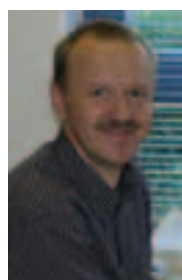


Peer-Olaf Weniger - Sales and Administration

I have in front of me one of the top quality frame drillers available on the market in Germany.

This year we had everything from the simple machine for small workshop right up to a programmable frame dowel hole automatic machine from STEGHERR.

Second hand technology does not have to be antique!



Mayk Ziegs - Technical manager

Edgebanders are an important group of products for us, particularly in the second hand machine trade. We offer machines from a great variety of different manufacturers, e.g. Stefani, Ima, Ott, Brandt, HolzHer, Homag. More and more customers are using our highly effective service team. Instruction and training of your staff in how to operate the machines is a matter of course of us.



The film underlines its message at the end, in which Rodney's motto: **“You can shine no matter what you are made of”** is presented as the solution to the greed-driven global village Robot City.

At first sight the message from Robots can be seen as helpful to communicate values. The film promotes the saviour of the victims of globalisation and punishes unscrupulous greed for profit. It is just strange that the powerful media group behind the film is itself a beneficiary of the global system. Actually, you would have assumed that such a group would use film messages that better serve its own interests. Such media conglomerates are not seriously interested that “more replacement parts” are sold – or to put this into the context of the media sector – more people would, once again, enjoy the rich treasure of old films. Otherwise there would not be such large audien-



ces for the many productions of this type, which arrive in our cinemas almost every other week.

If you look at Rodney's motto in more detail, however, the message of shininess is not so anti-profit. In itself, there is nothing wrong with wanting to shine in the sense of satisfying the human need for recognition. But the global system, in keeping with its economic interests, stirs up the desire to shine in front of others. In the film Robots this is the solution to the greedy global system - in reality it is the cause of it. You see this, for example, in how we treat the subject of beauty, so manipulated by the media.

First of all, the media communicates an unrealistically shiny ideal, then people look in the mirror see their own supposed faults. Then they are eager to compensate for these faults, they run around and consume.

Is not our eagerness to outshine other people the cause of much tension in our society, such as shame, envy and jealousy?

Do we not buy lots of things that we do not need, with

money that we do not have, to appeal to people who we do not like – only because we want to outshine others?

If we read Rodney's motto like this, then we also see that the media group has remained true to its principles and has not shot an own goal with its message. Children who are brought up by the global system in such a way that they insist on outshining others, will be greedy and willing consumers, as long as their purses are overflowing. But most of today's parents seem ignorant about this, as soon as the latest productions of the media giants are released they consume, at least, so that their children would not be left as unshiny outsiders. Lost in the global world of media shininess without a reference point for values, they do not understand the messages. However, as we have an uncertain and perhaps more unpleasant future ahead of us, as parents, we should pass on solid values to our children and not leave this to influences that have less noble motives than us. As we want our children to arrive in a stable future, we want to convey such values as modesty, self-discipline and the appreciation of their neighbours instead of greed. The following life motto would be better designed to serve this purpose than Robots message of shininess: **“As a person you have dignity and glory, no matter what kind of face or what talents you have. You do not need to outshine your neighbours – you should love them.”**

This message promotes happiness and harmony, but prevents greed and a lack of consideration. It certainly does not offer the best prospects for growth of the global economy, but it does nonetheless care for future of social peace and contentment. Actually this motto should somehow be familiar to us, as we celebrate Christmas every year. The Christmas message says: “In Christ God shines light into the world of darkness.”

Now people, who the Creator made with dignity and glory in His own image, can reflect His light, if they look to His Son and trust in Him. And then it continues to say: "Glory to God in the highest".

This statement explains that man is not created to strive for honour and shininess for his own sake, but to honour God. And where it goes on to say: “On Earth peace to men on whom His favour rests” it means apart of redeeming us from our guilt, also that He wants to free us of the stressful plague of having to outshine others. Freed of this we are prepared to meet Him in His shining light, which would otherwise be unbearable for us. Yet, at Christmas time, we must certainly switch off the shiny effects of the global system over to economy mode, if we are to hear and receive this liberating and encouraging message.

10 Year Anniversaries 2005



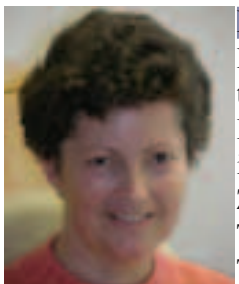
Henry Berthold

44 years old, married, 1 child, has worked in the production department for 10 years. I came to the Höchsmann company in February 1995. My previous occupation did not match my professional qualifications. I wanted to return to the occupation for which I had trained, which

is why I responded to the advertisement by the Höchsmann company in the "Sächsische Zeitung". The company was still located in Radebeul at that time. My interview with Leopold Höchsmann took place in the

facility still under construction in Klipphausen. Mr Höchsmann explained to me what my future duties would be, which interested me right from the start.

To start with I often worked at the company's head office in Langen. In the first period, machinery was built mainly for the domestic market. Later on production was extended to products for foreign markets, e.g. Lithuania, Switzerland, Austria, Poland and Czech Republic. This activity often involved longer assemblies. During these 10 years of my work in the production department, I have continually extended my knowledge and expertise and brought this into the company. The current good order book allows me to look to the future with optimism.



Liebgard Böhme

How did I come to Klipphausen to the Höchsmann company?

Briefly, in 1995 with an advertisement in my hand out of the "Sächsische Zeitung", a successful test and by Trabi via Radebeul.

This reads somewhat confused, but it is not, as the Höchsmann company was looking for staff for the expansion to the business at the location in Klipphausen. And for me this started at the company's old office in Radebeul. And so the advertisement in the Sächsische Zeitung on 14th January 1995: "Administrator required at the company's head office," was to significantly shape and positively determine the rest of my professional life. I was not anxious, as I was well qualified for such a job. After taking an apprenticeship as an industrial clerk (1967 -1969) and studying to become an industrial economist (1971-1974), specialising in the field of accounting, I had carried out various functions in this field with a large men's shoe manufacturer and then later in a large wholesaler. I was used to working independently. I had successfully worked through the transition from the plan economy to a market economy, the DM opening balance –and I was convinced I had good skills and a range of experience. Well, in January 1995 I was also in search of a job, as my employer at that time had closed the company in 1994 and so the advertisement appeared at just the right time. Therefore I applied and that was it. On 31st January, 1995 I was invited to take a written test. That was a first for me. I had had no experience in this area in my career up to that point. Suddenly there was something akin to exam stress with the difference that it was not simply an assessment but, in the words of the great poet, "A job or not a job," a "job" did come out of it. I do not know exactly what swayed them in my favour. It certainly was not the written solution to the exercises on the old Höchsmann typewriter.

The machine gave up the ghost, as I had not got to grips with it, or rather it had got the better of me. I have never found out to this day why. Perhaps the accounting records for several commercial transactions, that were required among other things, were indeed the deciding factor. We have fortunately progressed somewhat in this area over the past 10 years, since then, technically and in terms of content.

I have therefore been working for this company since March 1995. I firstly had to prove my more than 20 years' experience and develop the necessary trust, to be allowed once again to carry out tasks largely independently and be responsible for them. This was and still is a motivation and a challenge for me and I have succeeded over the years. The fact that further tasks have been entrusted to me over the years gives witness to this.

Today, alongside all the book-keeping activities, completely new areas and tasks are being asked of me and my position, which have been assigned to me over the years. Such as payroll since 2001, which had previously been carried out by Ms Höchsmann, and since the expansion of the company in 2004, I have also managed the books of our real estate company. Even though I have in over 35 years worked through, processed, explained and defended something in terms of balance sheet material, I continue to find the whole work interesting, exciting as well as a constant challenge. This is ensured not only by more and more legislation that has to be transposed into our accounts, but also the day-to-day business, colleagues and customers etc, etc.

Alongside the many daily questions this also requires that I learn new things all the time in and for the working process. Good results depend upon a good working atmosphere. Therefore I see the best conditions for "another 10 years."

P.S.: in terms of operating the computer, fax and printer etc. I continue to build upon the experience and team spirit of specialists in-house.



Mathias Tempel

Born in 1967, married, 3 children.

In 1994/95 I completed a postgraduate course as an industrial engineer.

I was looking for a job, ideally close to where I live and definitely in Saxony.

I therefore drove through the business parks in my area that were shooting up

like mushrooms at that time and made contact with people, whose names were given as the owners on the construction site boards.

My plan: a company that wanted to gain a foothold here would also need staff. My advantage was that as a student apprentice, I could be cost effective to an employer and also see whether the job suited me, without giving any long-term commitment. Two or three telephone calls to Mr Höchsmann, a brief visit to the old offices of the company and then the first meeting in Klipphausen. Water was coming through the unfinished roof. In the corner was a caravan that served as an office. To get there you have to take large strides to avoid the puddles. This is how my interview took place. Things really started to get going



Ronald Ulbricht

I had fallen in love with wood as a child. Even before my apprenticeship as a carpenter and cabinetmaker I was, as hobbyist, already making smaller products from wood by hand, including a flying buttress (see picture).

The carpentry skills learnt in a small carpenter's

workshop in my hometown and the countless tricks of the trade were to shape the rest of my working life.



I moved to a company that I part managed in 1989; in 1990 one of the first window manufacturers in the Chemnitz region to be able to produce in-house double glazed windows and external doors made from wood to the European IV 68 standard. After completing an apprenticeship as master carpenter, I looked for a further challenge and applied to a timber construction company in Bavaria that wanted to set up a branch in Saxony. They were therefore looking for a master carpenter. During the course of the application process I was asked to put together a concept and proposal for the machinery required for the new company. I therefore approached Mr Stefan Höchsmann, who I still knew from the tooling service from my former window manufacturing firm. Also a smaller window manufacturer had been set up, in the meantime, by a carpenter I knew and fitted out with machinery from the Höchsmann company. I was also invited along to the in-house exhibition at the opening of the new showroom in Klipphausen in April 1995 to discuss the proposal with Mr

with the inaugural in-house exhibition at the beginning of April 1995. I was invited to learn about the product range and get to know the staff. And now I have been here for almost 11 years. There is virtually nothing that I have not done, starting with updating data, external sales, in-house sales, sharpening service, dismantling and cleaning machines, and machine review. I am therefore familiar with literally every corner. Later I became manager of the workshop and, for the last three years, I have had the responsibility of general manager. My work has not become any simpler or easier. But I do enjoy it. I see how things change for the better from month to month. I am able to be happy about results, and know immediately when something does not go ahead as planned and am able to influence this. I have had to learn an infinite amount, particularly as far as people skills are concerned and I am learning more each day.

I am therefore convinced that every company can only be successful, if the workforce – regardless of whether they are a trainee or the boss, young or old, respect one another, want to add to their talents and skills and are ready to commit themselves fully each day.

Höchsmann. I explained the background that I was looking for a change of career and a new future after completing the school for master craftsmen.

I started work at the Höchsmann company on 1st July 1995. Firstly in the area of window manufacturing machines and coating systems, then as a salesman in West Saxony and Thuringia. With the company's direction focusing on second hand machines my area became the sale of machines at Höchsmann with the today's operational management of the sales department. Here are a few incidents from my day to day work. A few years ago, a cartoon figure appeared on our website and in our catalogues of second hand machinery, called Fred Fräser (Cutterhead). We received an enquiry from Asia by email addressed to "Dear Mr Fräser." I still have to laugh today when I think of the telephone conversation with one of our customers, who said that his colleague had just phoned Mr Pullover from our sales department, he already had a quotation from this coordinator. He, of course, meant our colleague, Ms Zuzana Puhallova.



I would like to wish all readers of this newsletter and our customers a blessed Christmas and best wishes for 2006. I would like to thank our business partners, on behalf of all the sales management, for the business we have done together.

A Story from a edgebander

Please allow me firstly to introduce myself briefly to you. I am a green Holz-Heart edgebander and until a short time ago I applied and finished all kinds of edgebanding for my master carpenter Mr Neukauf. I always committed myself completely to ensure good quality in my work. In spite of this I noticed at some point that Neukauf was looking around for a new edgebander that would work more quickly and accurately. I was worried about what would happen to me. The old Banhans band-saw had once told me scary stories about scrap and a terribly hot furnace.

Shortly afterwards air and power were taken away from me and I was loaded by a forklifter onto a lorry. I am now off for scrap, I thought afraid. The lorry stopped after a long journey and I first got to know Mr Schubert at my destination, who carefully lifted me from the loading area with a forklifter. I was relieved when I discovered many other machines around me in the warehouse. Clearly, I am not on my way to the "furnace". Alongside the various other edgebanders I found some peace after the bumpy journey. On each of the machines hung a clear plastic folder in which everything about that particular machine was written. I also read the name "Höchsmann GmbH" and finally knew where they had brought me.

A few minutes later Mr Polei eyed me critically from all angles and affixed a label on me with a number, to be able to distinguish me clearly from the others. He had a notebook with him on whose screen I could already read plenty about my features. How did they already know so much about me? Later I learnt that Ms Wittig had read up on information from my manufacturer even before my journey. There were even photos of me glimmering on the diffusing screen. Now I knew why foreman Neukauf had had so many photos taken of me in the workshop. Mr Polei then opened my cover and took a good look inside. In doing so he also found my instruction manual that the foreman had supplied with me. He took this out and disappeared.

Some times later, Mr Polei came back to me. I then received a clear plastic folder with many slips of paper inside.

I was not bored at all in the machine warehouse. There were constantly people from all over the world passing by and looking at me and other machines. With them I also got to know the machine sales staff who spoke to customers in all manner of different languages. One of these visitors seemed very interested in me, which I naturally found flattering. However, this person was still in some doubt whether I can also offer him good service. I really wanted to convince him, but I could not manage such a difficult task all by myself. Fortunately, help came quickly to hand. Mr Liebscher firstly spent some time with me, powered me up and connected all manner of measurement devices to me. The expression on his face showed that everything was in order with my electrics. This now paved the way for Mr Reimers, who again breathed life into me after the break and produced test samples using me, until he was satisfied with the quality. He was now able to inform Sales and they, in their turn, the prospective customer that I do still produce really good work.

From then everything happened very quickly. I was made ready to be transported and again packed with the instruction manual. Then Mr Schubert lifted me carefully onto the lorry loading area.

It was a happy time with the nice people at the Höchsmann company and I am now looking forward to my new workshop. I would just like to know whether the journey is going to take me.

That's all from me..

Your Holz-Heart edgebander



Selling Second Hand Machines on Behalf of Customers is a Matter of Trust

Purchasing second hand machines is sometimes not without considerable risk for us. Taking machines into stock involves a particular risk and means that we are often unable to say, when we buy a machine, how quickly and at what price it will sold. This, of course, does not apply to all machines. As a specialist, we know quite well with a surprising number of machines, how we can sell them and that is our marketing expertise. In such cases where we are not able to judge the marketing opportunities very well, or in times when the warehouse is full and we have too many similar machines in stock, we do not pay a good price for stock purchases. We call this our stock risk. As this is understandably not a good prospect for a customer who wants to sell his machine, since autumn 2004 we have developed a concept, where we bear the stock risk together with the customer as part of an exclusive marketing deal, and therefore offer the prospect of achieving higher prices. We have since carried out various such exclusive deals and are glad that practically all customers were satisfied with us. Here are a few comments from our customers.

"..As it is now almost 4 weeks since our joint transactions were concluded, I did not want to miss the opportunity of thanking you personally for the completely fair cooperation carried out in partnership. Your staff and, in particular, your very trustworthy assemblers deserve due recognition and thanks for the service they provided. Should I again find myself in a situation where I have to sell, the Höchsmann company will, certainly be my first port of call.

I wish you and your staff a peaceful and relaxing Christmas and a successful 2006...."

Robert Hug KG, Altinger Straße 44, 71083 Herrenberg



Dear Mr Höchsmann,
 "..I am happy to meet your request and write a few lines about cooperating with your company! At the start of the year you carried out the exclusive marketing of several machines for me. The sale went ahead very quickly and successfully. This is, in my opinion, the logical result of your professionalism and your international contacts. The handling of the financial transactions confirmed my confidence in your company. In every case payment was made before the machine was collected. The friendly manner in which you and your staff treat customers is unfortunately no longer a matter of course today. I am not just saying that here! It was a real pleasure doing business with you..."

H. Höchsmann
 Heidi Höchsmann
 Ihre Ansprechpartnerin für alle Angelegenheiten und menschliche Begegnung

- Manufakturfenster, Fassade, Licht und Baubiologie-
 Kielweg 78 - 49356 Diepholz



"..Mr Höchsmann came in person to our company to discuss the whole process and how it would work. After we agreed the details the first prospective customers were already making appointments to view the machines on site. The first machines were already sold after a short time, and the Höchsmann company soon started to dismantle and transport the machines. The business was conducted professionally and correctly, and payments were made promptly..."

Reinhard Grabher
 Grabher KEG, Rheinsdorfer
 Straße 37, A-6890 Lustenau



"..A VERY IMPORTANT POINT FOR US WAS THE MUTUAL TRUST, WHICH WAS BUILT UP IN THE SHORTEST SPACE OF TIME AS A RESULT OF THE HONESTY ON BOTH SIDES. NATURALLY, WE WERE VERY INTERESTED IN SELLING ALL MACHINES AS QUICKLY AS POSSIBLE AND GETTING A GOOD PRICE FOR THEM. IN RETROSPECT I AM VERY HAPPY WITH THE WAY THE TRANSACTION WAS HANDLED. AS YOU PROMISED, NO MACHINE WENT OUT OF THE WORKSHOP UNTIL THE MONEY WAS IN MY ACCOUNT. ALL CONTACTS AND PAYMENTS WERE MADE SOLELY VIA YOUR COMPANY, SO THAT WE ONLY HAD THE ONE PERSON TO DEAL WITH. AS UNDERSTANDABLY WITH SUCH A TRANSACTION, MANY QUESTIONS AROSE, I OFTEN TELEPHONED YOU COMPANY. EVERY MEMBER OF STAFF I DEALT WITH WAS COMPETENT, VERY FRIENDLY AND WAS WILLING TO LISTEN TO MY PROBLEMS."

CHRISTOPH CONRADY



Listen to what sounds are coming out of Klipphausen

Just imagine: you called one of our sales staff on their mobile at 3.00 pm on 17/12/2004, and he instead of pressing the off button in his trouser pocket, pressed the "answer" button. Then you would probably have heard tones from your second hand machinery experts, which you are not used to, as the whole team was gathering for the Christmas celebration at this time. This year there were musical performances from various members of staff. You would then have probably learnt something new about Höchsmann, e.g. the sound of your contact's singing voice. If that does not interest you, you can be assured that we will continue to speak rather than sing when providing information over the phone.



Frank Reimers is not only able to get old edgebanders from all different makes and years of manufacture going again, but he can also perform modern Christmas songs.

Stefan Höchsmann is not only able to sell many machines within a short space of time, he is also able to perform devotional songs from the 19th century by heart.



Karl-Heinz Walter is not only able to bring back the shine to machine metal, but together with his nephew, he is able to bring some magnificent tones from metal. Matthias Tempel is not only able to keep the operation in Klipphausen on the right course, but produces some gentle metallic sounds with his uncle.

Norbert Zeller is not only able to provide information on all sorts of wood working machines competently and fluently in two languages, but he is also able to entertain his colleagues with jazz music.



The Höchsmann workforce is not only able to treat themselves to the culinary delights, but firstly wait patiently and listen.

We would like to thank our business partners and staff for the trust they have shown in us and for the business we have done together in 2005. We would be delighted if we could also “arrive with each other ” in 2006.

Company Mission Statement “arriving with each other” partly achieved:

Our mission statement “Arriving with each other“ has the objective, together with all the willing members of staff to reach the target “retirement”. We have the first such result in the history of our company and that has already been properly celebrated. We wish our senior craftsman, who has managed to stay young, a well-deserved rest from working life and wish him and his family an interesting and relaxing retirement. As an electrician, Mr Lutz Thürbach was an important support for us in checking and overhauling countless machines. He will be well remembered for the humour and his ease, with which he managed to deal with all the stress and challenges. In our last employee survey he commented to the question: "What are the strengths of Höchsmann GmbH": “Everything is dealt with in an orderly and honest manner.”



www.hoechsmann.com

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