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Polytec

ANNUAL REPORT 2009

PLUS:
quickcheck
How well do you know POLYTEC?

Facing the Challenges

Page 4

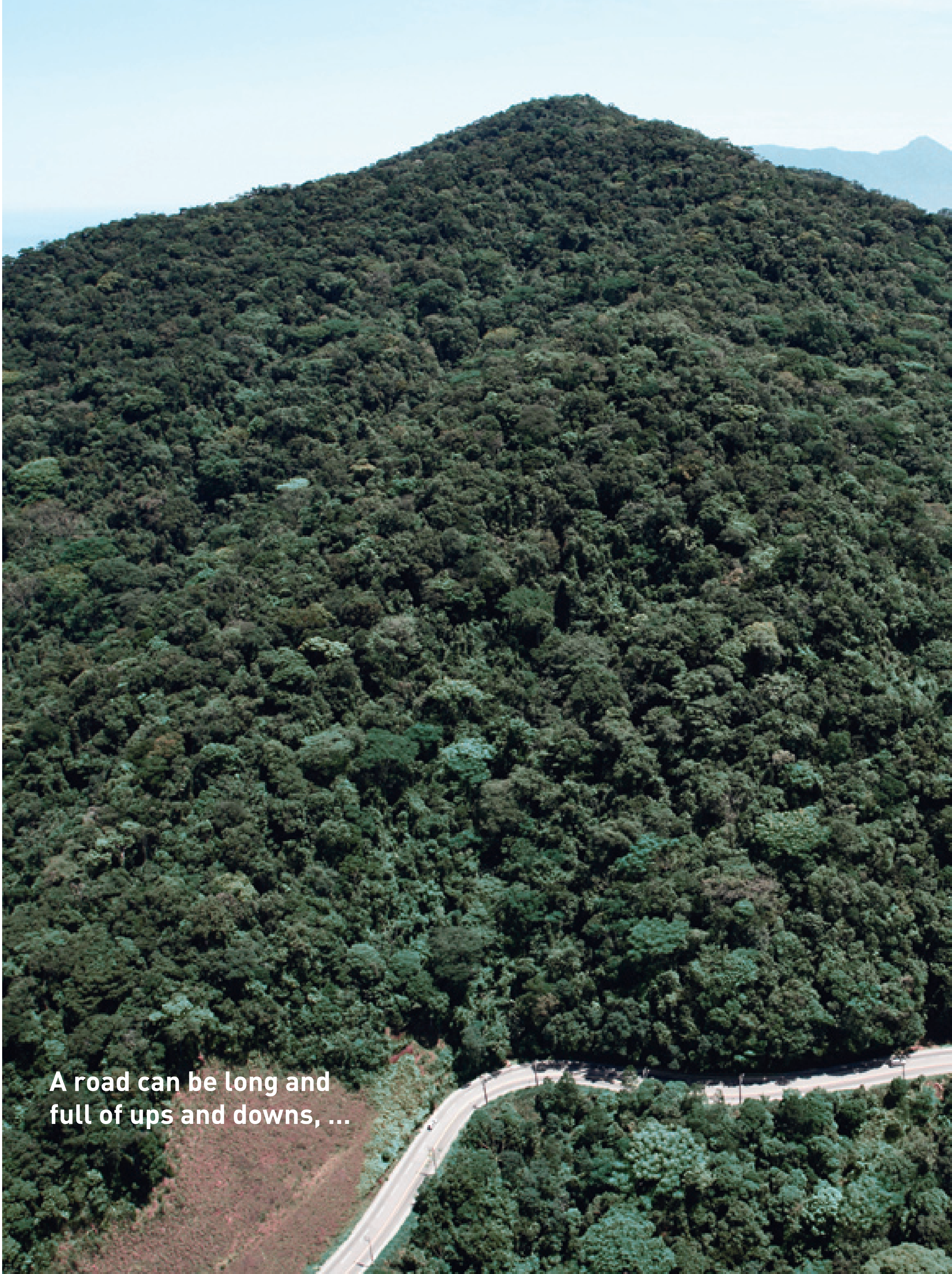
After a difficult year in 2009 the curve is pointing upward again.

Innovation. Perfection. Production.

Page 29

A pioneer in the production of thermoplastic cylinder head covers for diesel engines.

POLYTEC GROUP


A road can be long and
full of ups and downs, ...

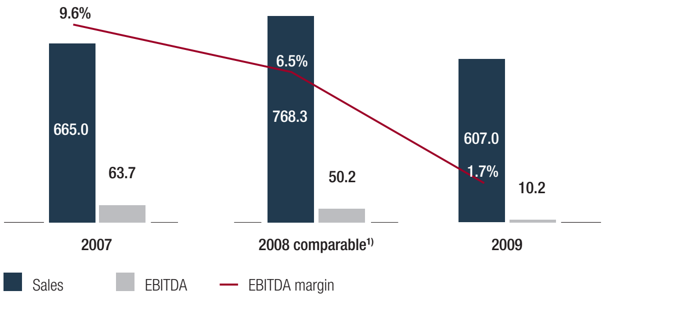
Key figures

Income figures	Unit	2009	2008 comparable[1]	2008	2007
Sales	EUR million	607.0	768.3	1,081.5	665.0
EBITDA	EUR million	10.2	50.2	65.0	63.7
EBIT before restructuring costs	EUR million	-22.4	13.9	16.7	41.0
EBIT after restructuring costs	EUR million	-30.2	13.9	16.7	41.0
Net profit from continued operations	EUR million	-51.4	9.8	3.0	37.3
Earnings per share	EUR	-2.33	0.42	0.08	1.66
EBITDA margin	%	1.7	6.5	6.0	9.6
EBIT margin	%	-5.0	1.8	1.5	6.2
Net profit margin	%	-8.5	1.3	0.3	5.6

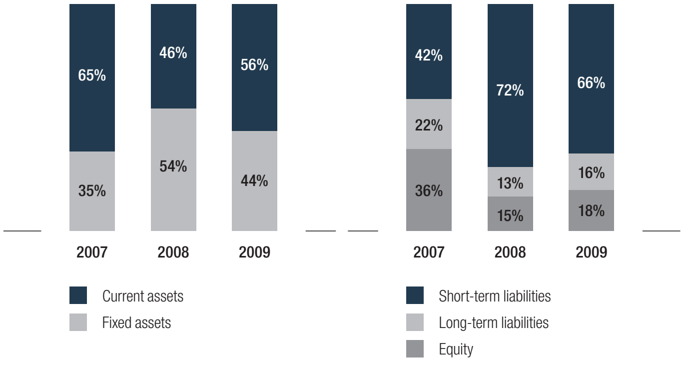
Balance sheet figures	Unit	2009	2008	2007
Fixed asset ratio	%	39.3	51.5	32.7
Equity ratio	%	18.5	15.2	35.7
Balance sheet total	EUR million	332.1	1.020.8	445.0
Net working capital	EUR million	26.0	17.9	77.3
Net working capital in % of sales	%	4.3	4.4	8.9
Average capital employeed	EUR million	336.7	365.0	171.9
ROCE before tax	%	-9.0	4.6	23.9
Net financial debt	EUR million	69.9	346.4	29.2
Net financial debt to EBITDA	–	6.9	5.33	0.46
Gearing	–	1.14	2.24	0.18

Share figures	Unit	2009	2008	2007
Highest price	EUR	2.98	11.30	14.00
Lowest price	EUR	1.01	2.30	7.30
Average price	EUR	2.22	8.2	10.2
Price ultimo	EUR	2.11	2.3	8.9
Earnings per share	EUR	-2.33	0.08	1.66
Average daily turnover	Number of shares	91,315	87,836	145,920
Turnover	EUR million	50.8	197.4	360.6
Market capitalisation	EUR million	47.1	51.4	198.7
Dividend per share	EUR	–	–	0.30
Dividend ratio (on average price)	%	–	–	2.9

Development of sales and EBITDA (in EUR million)



Balance sheet structure of POLYTEC GROUP



[1] For better comparison, the values have been adjusted for the PEGUFORM GROUP, which has since been disposed of.

POLYTEC GROUP overview

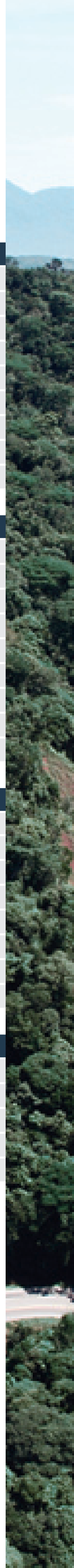
Automotive Systems Division	Unit	2009	2008 comparable[1]	2008	2007
Sales	EUR million	369.7	392.4	705.6	369.3
Share of Group sales	%	60.6	51.1	65.2	55.5
EBITDA	EUR million	1.4	3.5	18.3	25.8
EBIT before restructuring costs		-21.5	-21.2	-18.3	10.8
EBIT after restructuring costs	EUR million	-23.7	-21.2	-18.3	10.8
EBITDA margin	%	0.4	0.9	2.6	7.0
EBIT margin	%	-6.4	-5.4	-2.6	2.9
Divisional focus		Injection moulding and natural fibre based products			
Customer base		High portion of premium customers			

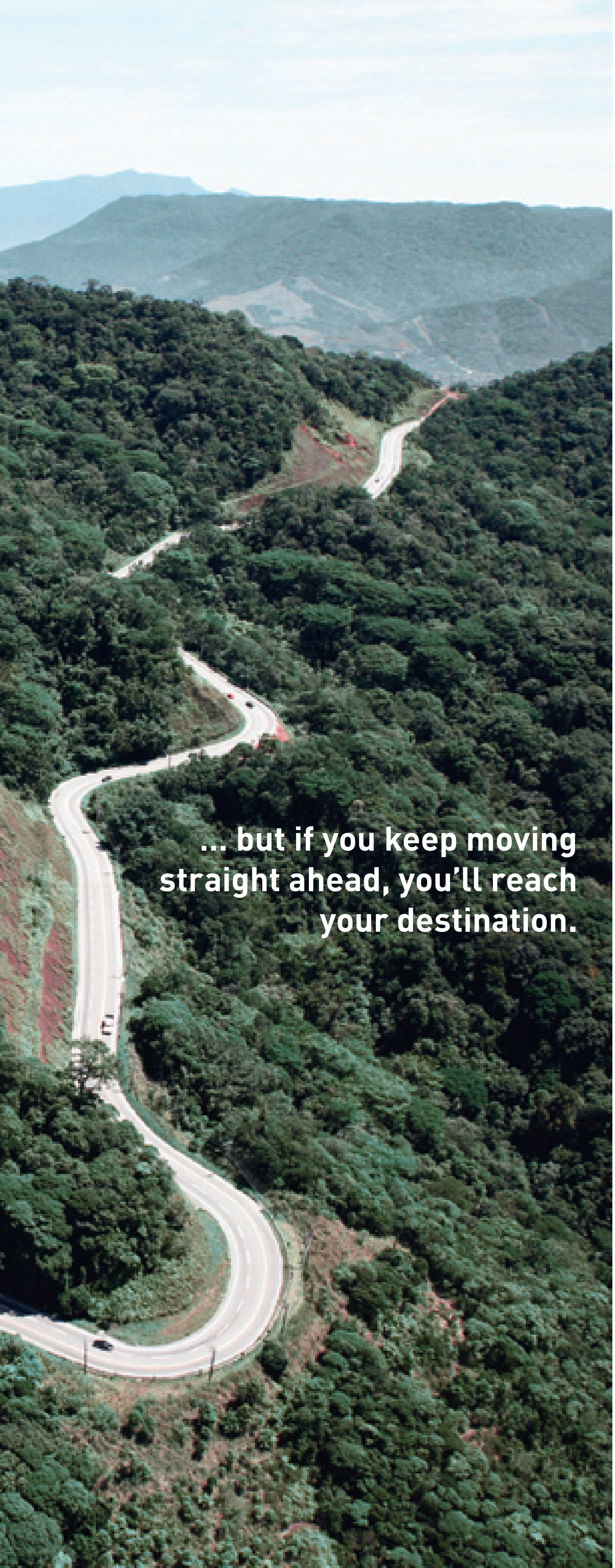
Automotive Composites Division	Unit	2009	2008	2007
Sales	EUR million	156.3	277.9	201.3
Share of Group sales	%	25.8	36.2	30.3
EBITDA	EUR million	0.5	32.7	24.9
EBIT before restructuring costs	EUR million	-6.1	24.3	19.9
EBIT after restructuring costs	EUR million	-7.8	24.3	19.9
EBITDA margin	%	0.4	11.8	12.4
EBIT margin	%	-5.0	8.8	9.9
Divisional focus		Exterior parts for the truck industry and other composite parts		
Customer base		Strong customer base in the European truck business		

Car Styling Division	Unit	2009	2008	2007
Sales	EUR million	64.3	77.7	74.7
Share of Group sales	%	10.6	10.1	11.3
EBITDA	EUR million	5.1	8.9	9.6
EBIT	EUR million	3.1	6.8	7.9
EBITDA margin	%	7.9	11.4	12.9
EBIT margin	%	4.8	8.7	10.6
Divisional focus		Mainly parts made in plastic, wide customer base		
Customer base		Genuine accessories and special series for OEMs		

Employees	2009	2008 comparable[1]	2008	2007
Automotive Systems Division	2,908	3,056	4,930	3,321
Automotive Composites Division	1,867	2,686	2,368	2,380
Car Styling Division	610	647	647	591
Other business segments and consolidation	140	150	150	140
Total Group	**5,525**	**6,539**	**8,095**	**6,432**

[1] For better comparison, the values have been adjusted for the PEGUFORM GROUP, which has since been disposed of.





The curve is again showing an **upward trend**

2009 was not an easy year for the POLYTEC GROUP. The slump in demand in the automotive industry caused by the crisis hit us very hard. In addition, following the takeover of the PEGUFORM GROUP, we were confronted with financing problems, which also derived from the economic crisis.

The fact that we have not only succeeded in overcoming these difficulties, but as far as possible have also adjusted the operative development of our company to market conditions, is due to the untiring efforts of our employees and the trust of our customers and shareholders. Once more, numerous interesting projects were launched, continued or concluded during the past year. And on the basis of the increasingly positive signals from the market, we again see the future with cautious optimism.

Yours sincerely,
Friedrich Huemer

quickinfo

- Crisis-related difficulties following the PEGUFORM GROUP takeover overcome
- Restructuring successfully initiated
- Increasingly positive signals from the automotive market since July 2009
- Marked fall in sales revenues as compared to 2008
- Result additionally burdened by restructuring
- Cautiously optimistic outlook for 2010

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How well do you know POLYTEC?
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»FACING THE CHALLENGES«

POLYTEC GROUP's Vision for the Future after Restructuring

The Board of Directors of the POLYTEC GROUP talk about opportunities and risks, focusing in particular on the difficulties in 2009.

INNOVATION. PERFECTION. PRODUCTION.

A Leader in its Field

The POLYTEC plant in Lohne in northern Germany has established itself as a pioneer in the development and production of thermoplastic cylinder head covers for common-rail diesel engines from the Volkswagen Group.

POLYTEC WORLD

DYNAMIC IN TURBULENT TIMES

In the challenging year of 2009 the POLYTEC GROUP's operational business was once again marked by innovations, prizes, interesting new orders and an expanded product portfolio.

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TWICE THE STRENGTH

New to the Team

In autumn 2009 two highly-qualified experts, Eduard Schreiner and Andreas Jagl, joined the top management team of the POLYTEC GROUP. Both men will bring to the company substantial expertise gained from their successful international careers.

quickfinder

Facing the challen

A conversation with the members of the P
Friedrich Huemer, Andreas Jagl, Alfred Ko

»We are once again cautiously optimistic«

Friedrich Huemer

»Our strategy has not altered«

Andreas Jagl

2009 was an extremely turbulent year for the automotive manufacturers and hence for the composite supplier industry. What were the effects on POLYTEC's environment?

Huemer: POLYTEC was hit twice over by the difficult general situation. First, like everyone else in the branch, we were confronted by a dramatic slump in demand, which in the truck segment for example was on a scale of 80 per cent. Second, this operative business collapse led to financial problems relating to the acquisition of the PEGUFORM Group, which took place in 2008. The bulk of this acquisition, which at the time was certainly a wise move, was debt financed and due to the drastic fall in sales revenues and the subsequent detrimental effects on the result, the repayment of the related liabilities was no longer possible.

»A successful solution has been found for PEGUFORM«

As far as PEGUFORM is concerned, you succeeded in engineering a solution, which in view of the challenging economic climate was a considerable achievement.

Huemer: Indeed and this was an achievement that demanded total effort from all those involved over several months and by this I not only mean our Board, but also our main shareholders, the Supervisory Board and the banks providing the finance. In concrete terms, the agreed concept foresees the resale of PEGUFORM with the exception of two composites plants. In return, we were able to free ourselves from all the liabilities emanating from the acquisition and we have received a commitment from the Raiffeisen Landesbank Oberösterreich (RLB) regarding a credit line of EUR 31 million for which I am personally liable with 50 per cent of my POLYTEC shares. Furthermore, we regard the fact that the RLB has taken a holding in POLYTEC as an extremely positive sign of confidence in our future.

Why have you retained two PEGUFORM plants in the composites field in which you are already the European market leader?

Kollros: Because we wish to play an active role in market consolidation in this area, where the slump was particularly serious. In general it can be said that suppliers are bearing the brunt of the crisis, while in the operative area the OEM's continue to report acceptable figures. Therefore, the role that a company plays in consolidation represents a major factor in its future success. In the case of composites, the under utilization of capacity among many suppliers has led to enormous price pressure, which in factual terms is frequently no longer justified. This means that

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OLYTEC Holding AG Board of Directors, llros and Eduard Schreiner

»Logistical and quality performance has even improved«

Alfred Kollros

»Our operative business has sufficient financial cover«

Eduard Schreiner

the consolidation of our position in this segment is especially important and the takeover of the PEGUFORM locations in Weiden (D) und Chodová Planá (CZ) was a significant step in this direction.

Mr. Huemer, what did this all mean to you personally given your more than twenty-year history of uninterrupted expansion in which every previous acquisition met with success?

Huemer: It is evident that the past year will not number among my most favourite recollections. On the other hand, the fact that we have succeeded in both extricating POLYTEC from the dilemma created by the crisis and freeing its path into the future, can certainly be regarded as entirely positive. For me, this involved an important learning process, as some of the partners, who had previously actively supported the PEGUFORM takeover and upon whom we had relied, either failed or were unable to react as we had expected or hoped. Partly, this was also due to the fact that they themselves were confronted with an economic situation that was far from straightforward. However, in the final analysis it is results that count and in this connection, I regard the unanimous approval given to the restructuring concept by the General Meeting as confirmation of the probity of our efforts.

What does POLYTEC's current financial situation look like?

Huemer: In contrast to the past, when the POLYTEC Holding always had sufficient liquidity for acquisitions and disposed over sizeable investments, the situation has naturally altered. The PEGUFORM transaction devoured all our reserves with the result that we now have to rely on external funding for larger projects. However, the credit line from the Raiffeisen Landesbank Oberösterreich provides us with definitive help in this regard and as compared to other sector companies, we thus find ourselves in a good position. Whatever the circumstances, our operative business has sufficient financial cover and we do not see any bottlenecks in connection with our planning.

»The Raiffeisen Landesbank credit line provides definitive help«

Schreiner: The securing of positive cash flow from the result is vital to the financial strength of every company with a sustainability orientation. This applies on a separate basis to all important company areas and levels such as product and customer groups, the process chain and locations. Of critical importance to POLYTEC's success is not only the consolidation of our market position, but also a diversity of measures for capacity adjustments and hence all types of costs, as in view of the fall >

»With regard to takeovers, we have to think in **smaller terms**«

Huemer: "The curve is pointing upwards, but is still not steep enough."

in sales revenues triggered by the crisis, a whole range of structural modification measures have been implemented at our plants.

These operative and structure-related measures were aimed at a simultaneous improvement in the levels of committed capital in the areas of working capital and non-current assets. This has meant that inventories and receivables could be reduced and investments focused on customer-related projects. Depending on a positive free cash flow curve, together with our bank, we assume that our financing is secured in the long-term.

And the 2009 result?

Huemer: All in all, the 2009 result is clearly negative, as in addition to the general slump in the market it was further burdened by the special influences derived from the sale of the PEGUFORM GROUP. As a consequence of these special effects and the high costs relating to a reduction in overcapacity, comparisons with the preceding year are virtually meaningless.

If the operative results are considered, developments in the first and second half of 2009 present a complete contrast. For while the first half-year was still clearly burdened by the additional costs relating to capacity reductions, the second six months showed a marked improvement and although the EBIT for this period remained negative, we already achieved positive EBITDA. In concrete terms, this means that the curve is pointing upwards, but is still not steep enough. Our main hope at present is that demand will again accelerate.

Schreiner: Developments in the various business areas also varied greatly. The two largest divisions not only demonstrated partially massive declines in sales, as exemplified by Automotive Systems Divison, where component sales fell by around 20 per cent and Automotive Composites Division, where the drop amounted to 60 per cent, but also extremely negative results. Moreover, it should be considered that in spite of the cost cuts implemented, capacity adjustments are subject to natural limits. Especially if one wishes to avoid jeopardizing supplies to the customer and is under pressure to achieve the opposite effect through further improvements in quality, punctuality of delivery and flexibility. Despite the reduction in running costs, the adjustments in capacity naturally had a considerable

Schreiner: “The securing of positive cash flow from the result is vital to the financial strength of every company with a sustainability orientation.”

impact on results as a consequence of both the direct costs and efficiency losses derived from operational changes.

By contrast, the Car Styling and Industrial Divisions succeeded in achieving positive results, in spite of falls in sales revenues of 25 and 31 per cent respectively.

How much financial leeway do you have?

Schreiner: As already mentioned, based on market developments and the successful realization of our improvement measures, we assume there is sufficient financial cover for our operative business, even if sales do increase.

The POLYTEC GROUP will therefore survive the feared second wave of bankruptcies in the branch?

Huemer: We believe that to be the case. In fact, as Mr. Kollros mentioned, we are even seeking an active role in market consolidation. For example, we have repeatedly succeeded in taking over the orders of insolvent competitors.

Will you also use industry consolidation for further takeovers?

Huemer: Yes, if the appropriate opportunities present themselves. We are constantly sounding out possible acquisitions and at present are involved in a number of cases, although as far as takeovers are concerned, we clearly have to think in smaller terms than in the past. Naturally enough, insolvencies are our prime interest and we believe that in the foreseeable future, one or other concrete opportunities will be available. Incidentally, in this connection we always act in concert with our customers and furthermore, such projects must provide rapidly obtainable synergy potential.

Schreiner: Subject to the precondition that the approval of the customers and the appropriate economic viability of the project or intended acquisition are given, the financing should also be available. Within the framework of serious negotiations, we were recently able to present a financial commitment from our bank, which at present is certainly not something that can be taken for granted in our industry. >

»Investment will be concentrated to specific customer- and product-related topics«

Are you also thinking about financing via the capital market in the medium-term?

Schreiner: If our development and that of the capital market offer realistic opportunities, we will certainly consider such a possibility. However, at present there is no concrete reason to do so.

Parallel to the solution of the PEGUFORM problem, during 2009 you also had to deal with massive falls in demand. How did you react to the drop in capacity use?

Kollros: The main focus of our efforts was on the fastest possible adjustment of the cost structure and in particular the trimming of personnel capacity in the various divisions to match reduced demand. The related measures primarily affected leasing personnel and in addition, especially in our German plants, we made extensive use of the short-time working instrument.
For example, in the composites area, we reduced the workforce by around 1,200, or some 40 per cent, and these figures include the closure of plants in Slovakia (approximately 250 employees) and Sweden (approximately 150 employees). The Automotive Systems Division cut its staff by 12 per cent in moves running largely parallel to the fall in sales revenues. This reduction was unevenly spread among the individual plants, as these were impacted by the slump in demand to very differing degrees. Last, but not least, the Car Styling Division reduced its workforce by 19 per cent.

All in all, during the past year we were able to slash Group personnel costs by EUR 45 million or almost 20 per cent.

Huemer: These reductions peaked in the third quarter of 2009. In the meantime, we have largely ended short-time working in the Automotive Systems Division and have again recruited leasing personnel. Average short-time working in the Automotive Composites Division now only amounts to 20 per cent, although the workforce remains much smaller. By contrast, in recent months, due to the positive order situation, we have had to take on personnel in the Car Styling Division.

But didn't these measures have a negative effect on operative business?

Kollros: No, on the contrary, we were actually able to improve our logistical and quality performance. This is demonstrated both by PPM values and the so-called hall disruptions. The key indicators used to assess punctuality of delivery are also positive and at the end of the day, it is this data that plays a major role in the assessment of suppliers and determines whether or not POLYTEC will be invited to tender for future contracts.

May we turn to the topic of market positioning? Have the crisis and the reductions in capacity had an effect on the Group in this regard? And what is the situation in the individual divisions?

Jagl: There have been no fundamental shifts in this connection. The Automotive Composite and Car Styling Divisions remain the leaders in the European market and the Automotive Systems Division also enjoys an excellent position with regard to its engine compartment components and interior systems. In these areas, we have recently exploited a number of opportunities for consolidation by taking over orders from insolvent, German companies at short notice, thus providing our customers with additional support. And owing to the fact that the consolidation in the injection moulding segment is likely to continue, we are hoping for further growth of this type on the basis of these successes.

Will you now maintain the current production capacity levels?

Kollros: No further plant closures are planned at present, although conversely we do not intend to make any major investments in capacity enlargements. Instead, investment will be concentrated to a far greater extent on specific customer- and product-related topics and increased efficiency. Moreover, should downward adjustments prove to be necessary, as was primarily the case during last year, we would largely control them via the size of the workforce.

Even if forecasting remains difficult, how do you assess further developments in your market and the automotive industry as a whole?

Jagl: It would seem that the downward spiral has largely been halted. In the case of cars, the fall in demand in the premium segment has stabilized at 20-25 per cent and at the bottom end of the price range at 10 per cent. The demand for commercial vehicles continues to be some 50 per cent lower than prior to the crisis, although there is a slight upward tendency. However, whether or not this will last is a matter of wait and see and at present the branch is generally cautious with regard to its predictions.

Incidentally, one special effect relating to sub-suppliers and the development of demand emanated from the fact that enormous stocks of vehicles were built up in 2008 and then reduced in 2009. This meant that in the past year production slumped to a far greater extent than sales. Although in the meantime, production has come back with the sales volume and has increased tangibly as compared to 2009.

Would it be true to say that short-time working has helped you to keep qualified personnel at your companies?

Kollros: In addition to avoiding the high costs emanating from even larger staff cuts, short-time working was and is an important instrument >

Kollros: “An active role in market consolidation represents a major factor in future success.”

in this connection. The various initiatives were extremely valuable to us, but at the same time one must not overlook the fact that with increasing duration, short-term working can also have negative consequences, in particular efficiency losses and a degree of demotivation and slackness. Nonetheless, in overall terms one can say that we have profited by being able to retain qualified personnel and the homogeneity of our core team.

Have the capacity reductions caused a shift in your basic strategic orientation in respect of product and customer groups, and geographic markets? Will you turn to new business areas as other companies have done, in order to raise your use of capacity?

Jagl: Our strategy has not altered either with regard to the structure of our product portfolio, or the markets to be served. Europe will clearly remain the core market, whereby as in the past we will continue to follow our customers internationally. We are receiving an increasing number of enquiries in this direction, as our customers are looking for global service. The only change in this area is that due to the events of the past year, our tempo has slowed.

And the current customer map? To what extent are you dependent upon a few large clients?

Huemer: By and large, our customer portfolio remains extremely balanced. Our three main customers are the BMW Group, Daimler AG and the VW Group. However, as a result of diverse new orders, repeated shifts occur in the sales ratios within this constellation. These three clients account for a relatively large percentage of our sales revenues, but these are spread across a large number of individual projects and orders, which regularly have contractual periods of seven years. This not only offers us a reliable planning basis with the result that our business can generally be forecast over a period of three to five years, but also puts the dependence factor into perspective.

Particularly in the current market situation, how do you impress your customers?

Jagl: Quality, innovation and reliability are absolutely decisive in this respect. And in all three areas we can point to a highly impressive track record, which gives our customers every reason to place their trust in our performance. POLYTEC has proven this fact as a long-term, reliable partner.

The main factor in this regard is innovation, which is traditionally one of our main strengths. On numerous occasions, we have demonstrated our ability to find new solutions on the basis of existing technologies and develop optimized application possibilities. A fact recognized by our customers.

Kollros: It is our high level of technical competence that has led to the market leadership of our Car Styling Division. POLYTEC offers its customers a complete package from the ini-

Jagl: "The Automotive Composites and Car Styling Divisions remain the leaders in the European market."

tial idea to realization. And even in the difficult situation prevailing during last year, this won full customer recognition. The same applies in the Composites Division, where with our high product quality and overall competence, we are a top European performer.

Are there interesting new projects?

Jagl: There are more than enough enquiries. Therefore, in certain areas we can sense a steady impetus and are regularly invited to tender. In the passenger car segment, manufacturers are increasingly moving towards niche products and are distinguishing themselves from one another through individual models, which above all, vary in terms of their interiors, fixtures and fittings. For sub-suppliers this means higher investments with similar batch sizes. However, the number of projects available in the market is still high, although price pressure is increasing owing to the fact that the crisis has drawn a great deal of attention to this segment of the market. As we do not anticipate a recovery in the automotive composites area in the medium-term, efforts aimed at opening up new markets have been devoted to securing long-term use of plant capacity.

One final question. How do you adjudge developments in 2010? All in all your statements concerning the general situation and the demand trend sound relatively positive.

Huemer: It is still difficult to give a verdict on 2010. As mentioned earlier, in the Automotive Systems Division we can see a positive trend and Car Styling is currently enjoying excellent use of capacity levels. The Automotive Composites Division, which is currently running with overcapacity of around 50 per cent, remains the only area where progress will be very tough, above all because it would seem likely that the truck segment will continue to be sluggish. We will, therefore, prolong our reliance on short-time working into 2011 in this area.

Without the one-off effects of the preceding year, performance as a whole should be markedly better than in 2009, as once we have overcome the difficulties of the past year, we will be able to profit from the positive tendency in the market. Nonetheless, there can be no doubt that 2010 will be a difficult year for both our company and the branch in general. However, we are ready to face these challenges and are once again cautiously optimistic. □

Strong in three divisions

POLYTEC Divisions and selective products for speed readers

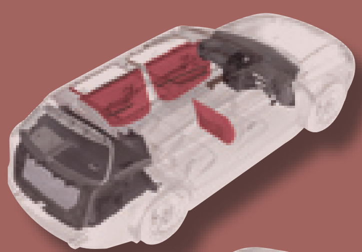
AUTOMOTIVE SYSTEMS DIVISION

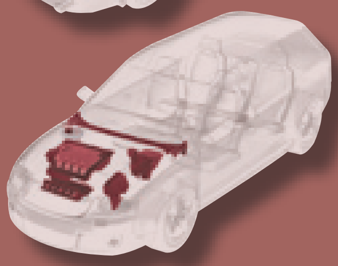
PRODUCTS FOR PASSENGER CARS:

- Engine parts
- Interior parts
- Trunk parts

EXAMPLES:

- Door panels
- Headliners
- Pillars
- Glove boxes
- Air vents
- Cylinder head covers
- Oil pans
- Beauty covers
- Air intake manifold
- Trunk trim parts
- Trunk beds
- Window frames





AUTOMOTIVE COMPOSITES DIVISION

PRODUCTS FOR PASSENGER CARS:

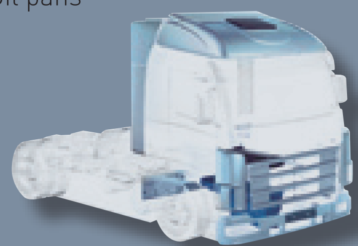
- Exterior parts
- Engine parts
- Functional parts

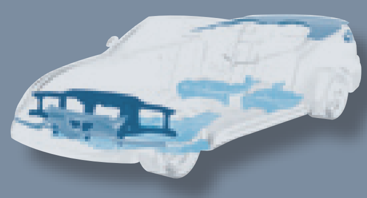
PRODUCTS FOR HGV AND COMMERCIAL VEHICLES:

- Exterior parts
- Engine parts
- Functional parts

EXAMPLES:

- Cab roofs
- Bonnets
- Bumpers
- Front grills
- Mudguards/Fenders
- Under body covers
- Trunk lids
- Spoilers
- Valve covers
- Oil pans





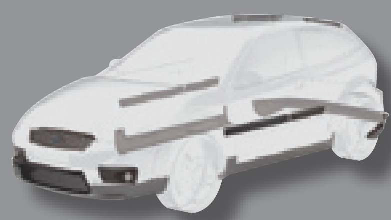
CAR STYLING DIVISION

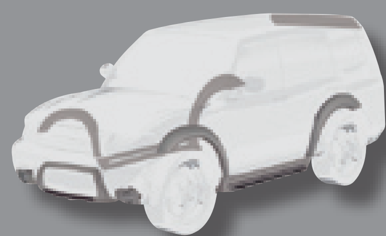
PRODUCTS:

- Exterior parts
- Offroad parts
- Metal parts
- Exterior parts of motorbikes

EXAMPLES:

- Side sills
- Spoilers
- Front guards
- Light guards
- Running boards
- Front/Rear Bumper
- Chromated mounting parts
- Skid plate
- Entrance sills





Fiat 500 ABARTH

Molto sportivo

Small, silver and as lightening fast – the limited edition of the Fiat 500 dedicated to Karl Abarth, the legendary 1960s racing car builder, is a stylish mini sports car.

The hot racing design is continued in the interior. The driver and passengers are pampered with body-contoured seats offering superb side support. The secret of the seat is to be found on the inside – seat shells from POLYTEC that guarantee stability, ergonomic design and maximum safety. ☐

factbox

AUTOMOTIVE COMPOSITES DIVISION

- Continued market consolidation through acquisition of plants
- Heavy truck production slumps by 65%
- Comprehensive actions in operations results in a positive EBITDA
- Necessary closing of the Swedish plant and relocation of assets completed

Success on the **US market**

Nissan, Suzuki, Mazda, Subaru and Mitsubishi – all these leading Far Eastern vehicle manufacturers are satisfied customers of POLYTEC.

Our recent success is based on many years of close cooperation with Japanese OEMs, not just in the USA but also with their parent companies in Japan, some of which are themselves involved in testing and approval processes.

Despite the automotive industry crisis, Japanese manufacturers have stabilised, and in some cases even increased, their sales figures in the North American market. Polytec has also benefited from stronger sales of accessories.

The Mitsubishi Eclipse Coupé is setting a trend in the USA.

The key factor behind the successful collaboration on the US market, as elsewhere, is the strength of the Car Styling Division in developing products and components through every stage from the initial idea to prototypes and series maturity in consultation with the customer.

Korean brands also scored well in the USA in 2009. The fuel-efficient and reasonably-priced models from Hyundai and Kia are now very much in vogue. Polytec supplies both manufacturers with spoilers, body kits and other parts. □

The partnership with Volvo began almost 15 years ago, and since then the Swedish company has developed into one of the Car Styling Division's most important customers.

The attractive SUV Volvo XC 60, for example, features parts from POLYTEC. Front and rear skit plates as well as side scuff plates improve the function and appearance of the Swedish all-rounder. Besides the production of these components, the illuminated door sills, which incorporate both metal and plastic, are also assembled in Hörsching.

Yes, we can ...

... look back on a long tradition of using natural fibres in our components. Flax, jute or hemp in a car? Of course, if you know how to do it.

The advantages of natural fibres are manifold, but apart from the ecological aspects, it is the weight reductions that "carry most weight". Lightweight construction ensures reduced fuel consumption and, thus, lower emissions. Furthermore, materials with natural fibre reinforcement offer excellent performance in a crash, which is becoming ever more important as crash tests become more rigorous. □

Audi relies on POLYTEC

POLYTEC is also a great partner for customers wishing to order huge quantities.

From the end of 2011 onward one of Audi's most popular engines, the tried-and-tested four cylinder engine, of which some 500,000 are built each year, will be fitted with a synthetic sump from Polytec. Winning this order represents a crucial break-through for the company, as the product can now prove itself in practice and demonstrate its weight and cost-saving advantages.

The synthetic sump has also enabled the Automotive Systems Division to show off the efficiency of its process chain. From the CAD development process, consultation with the customer and the prototype design to series production, everything comes from a single source.

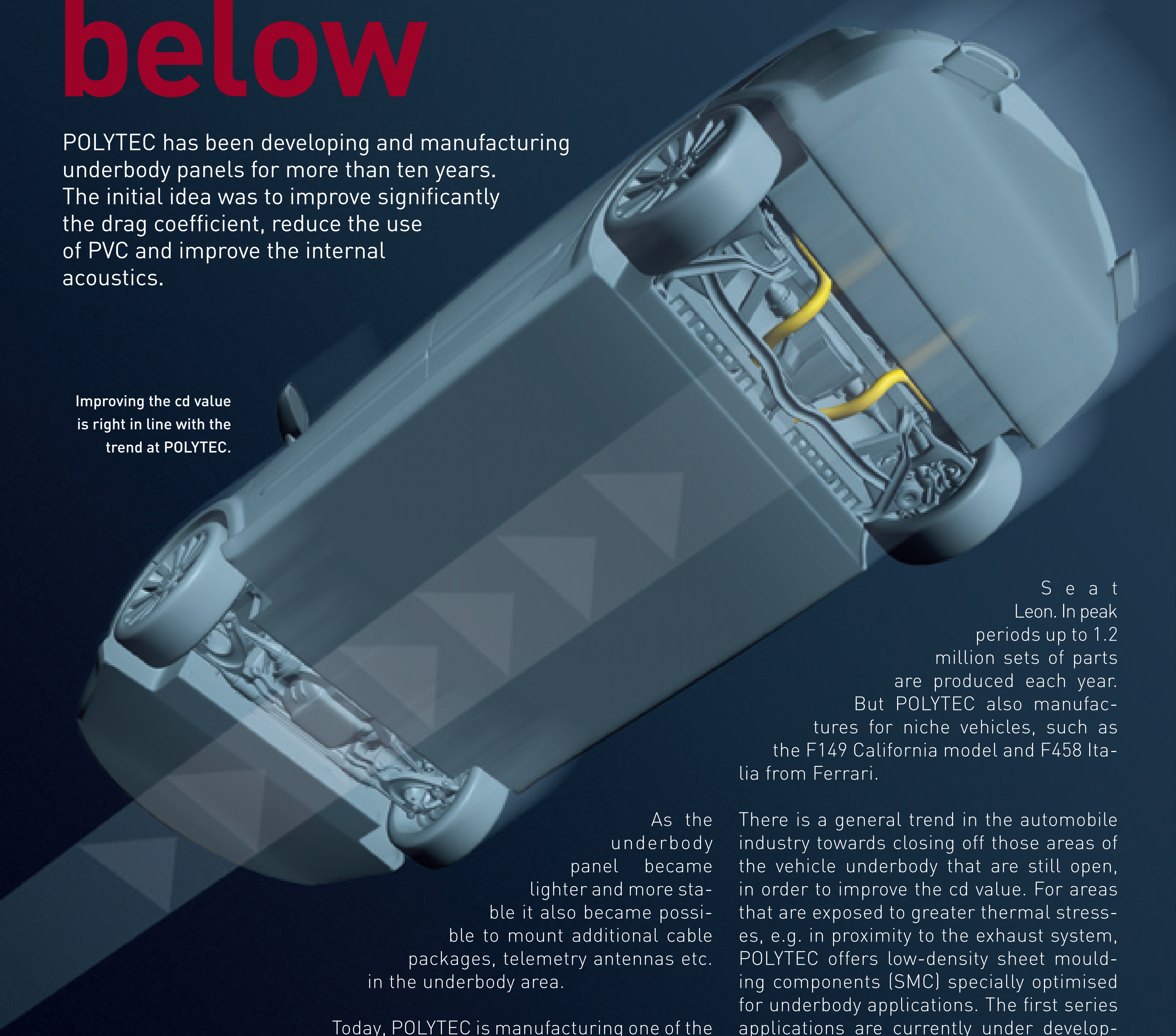
During the planning and development phase for the engine, Audi cooperated closely with POLYTEC's specialists, enabling the supplier and customer to leverage synergies and achieve an optimal result. The integration of additional functions into the highly stable sump also means that the vehicle manufacturer receives a module that is ready to fit, saving weight and costs. □

Swedish Design

The new XC 60 featuring parts from POLYTEC is already a success story.

Seen from below

POLYTEC has been developing and manufacturing underbody panels for more than ten years. The initial idea was to improve significantly the drag coefficient, reduce the use of PVC and improve the internal acoustics.



Improving the cd value is right in line with the trend at POLYTEC.

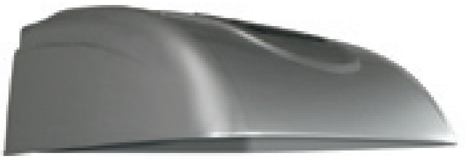
As the underbody panel became lighter and more stable it also became possible to mount additional cable packages, telemetry antennas etc. in the underbody area.

Today, POLYTEC is manufacturing one of the biggest underbody assemblies in the world for VW – the PQ35 platform, which is used in the Golf, Touran, Audi A3, Skoda Oktavia and Seat Leon. In peak periods up to 1.2 million sets of parts are produced each year. But POLYTEC also manufactures for niche vehicles, such as the F149 California model and F458 Italia from Ferrari.

There is a general trend in the automobile industry towards closing off those areas of the vehicle underbody that are still open, in order to improve the cd value. For areas that are exposed to greater thermal stresses, e.g. in proximity to the exhaust system, POLYTEC offers low-density sheet moulding components (SMC) specially optimised for underbody applications. The first series applications are currently under development. Alternatively, thermo-plastic components can be fitted with aluminium heat shields. ☐

We make trucks complete

POLYTEC is also among the most innovative sources of inspiration and strongest partners for OEMs in the commercial vehicle sector. Irrespective of whether the customer has a specific request or just an idea for optimisation – our research, development and design teams are ready for any challenge.



Our customers value just-in-sequence delivery, because the components arrive at the manufacturer's plant in exactly the same order as they are needed for the manufacturing process. Using sophisticated logistics and proximity to the customer, POLYTEC can guarantee that the right product gets to the right place at the right time.

Be it cab roofs, front grills, cab corners, bumpers, cab steps, door extensions or tool boxes – POLYTEC offers its customers maximum competence. A variety of materials and production technologies is used in the manufacturing process to achieve maximum practical suitability and cost efficiency. Europe's leading manufacturer of moulded parts in a variety of technologies impresses with composites such as SMC, BMC, LFT, GMT, RTM and Advanced SMC. ☐

POLYTEC: Outstanding competence in composites for HGVs.

Really hot

Especially in the compact class there are many drivers who want to make their racers stand out from the crowd in terms of looks. They want styling kits that not only make the vehicle look more attractive but also improve its performance.

Even better with styling kits from POLYTEC: The new VW Polo 05.

On behalf of VW, the Car Styling Division has given the new Polo, one of the Group's most popular models, a distinctive new image. Seen from the front, side or rear, with a front spoiler, side skirts, rear bumpers and roof edge spoilers, the Polo looks chunky and sporty. In the next few years POLYTEC will deliver 5,000 styling kits and 8,000 roof edge spoilers to VW, primed and ready to fit. ☐

Every gram counts

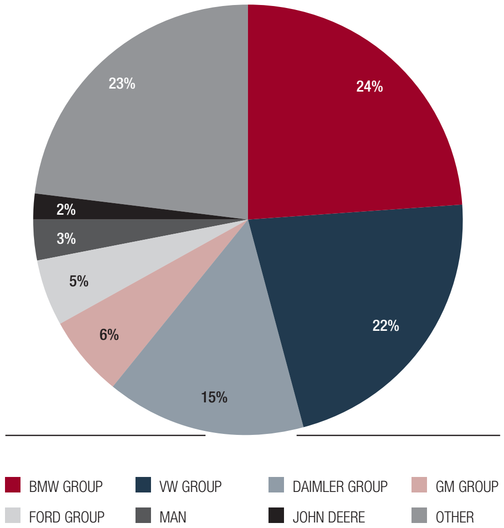
Less material =
lower costs = less weight.

Less weight = reduced fuel consumption
= lower CO2 emissions.

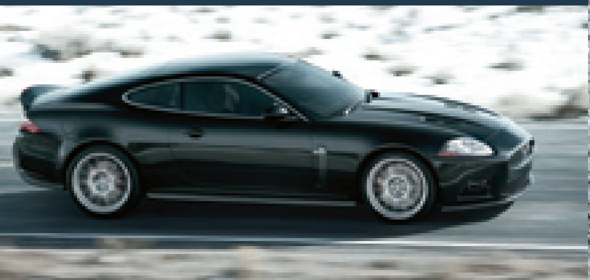
There are no unknowns in this equation as POLYTEC's engineers have found an excellent solution: MuCell™, a particularly clever process. Physical foaming with inert gases results in a material that is at the same time porous yet stable.

A component such as the rear door trim of the Mercedes E-class T-model is a large one. Consequently, there is strong requirement to save weight, reduce internal stresses and thus reduce distortion. Here, POLYTEC deployed all the advantages of MuCell™/textile backed moulding to achieve an impressive result that perfectly matches the concept of these premium products. □

Group sales by customers




Lotus Evora


Jaguar XKR-S


Aston Martin V12 Vanquish

Strong network

A year ago the POLYTEC GROUP started to optimise its WAN infrastructure, in order to network its plants all over the world and received an award for its efforts.

At one of the most technologically advanced computer centres in Europe, POLYTEC's external partner T-Systems will now provide the Group with an e-mail platform that includes an archiving solution, and will also provide a uniform messaging landscape and operate the new messaging environment. Microsoft Exchange 2007 provides all employees with anywhere mobile access to their data and as well as powerful e-mail functions.

In January 2010, following completion of the first project phase, the T-Systems Innovation Award was bestowed on POLYTEC in recognition of the successful partnership and the innovative ICT projects that had been jointly implemented. □

In January 2010 POLYTEC was honoured with the T-Systems Innovation Award.

factbox

AUTOMOTIVE SYSTEMS DIVISION

- Division marginally affected by carscrappage schemes
- Market down by approx. 30%
- Noticeable positive EBITDA as a result of the forceful implementation of restructuring actions
- Successful takeover of orders of competitors

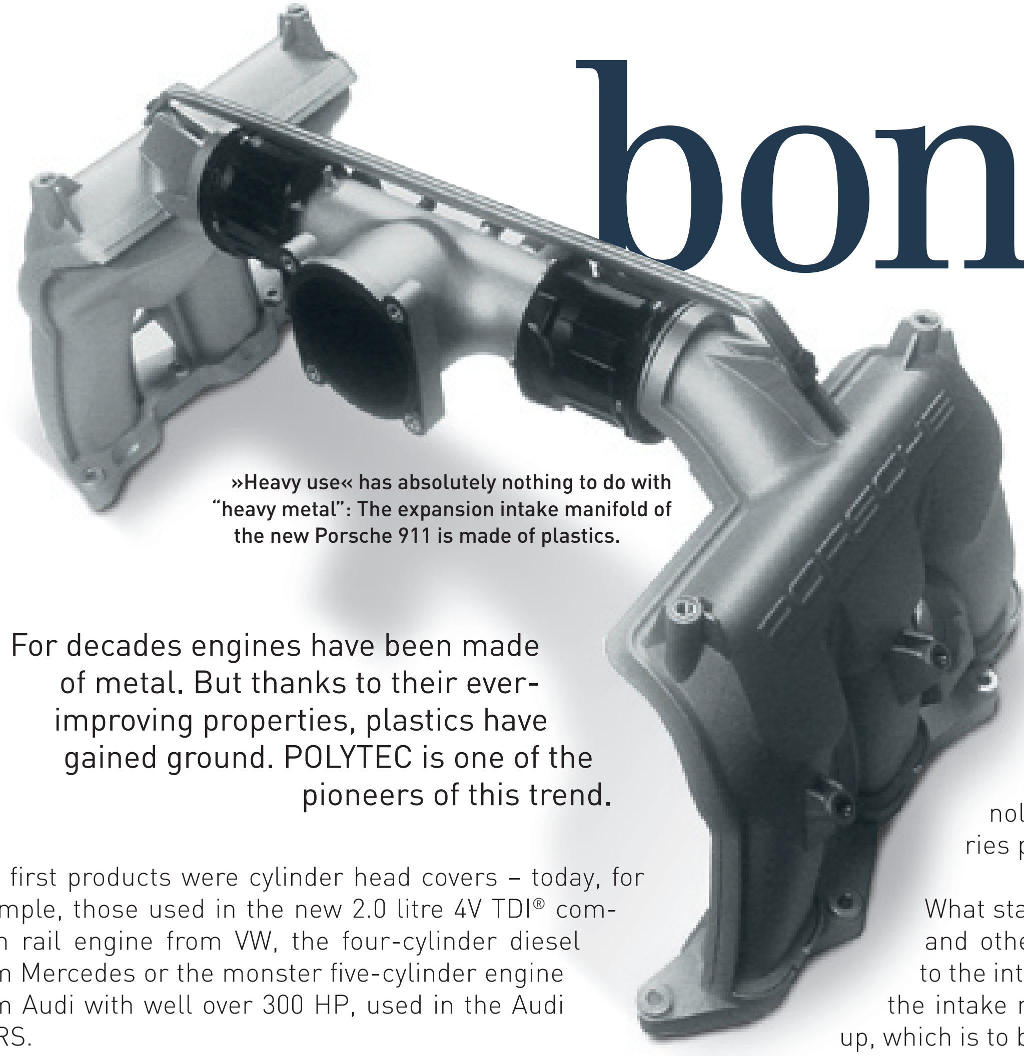
Maserati GranCabrio

Mercedes SLS AMG

Ferrari 599 GTB Fiorano

Audi R8 Spyder 5.2 FSI quattro

Plastic under the bonnet



»Heavy use« has absolutely nothing to do with "heavy metal": The expansion intake manifold of the new Porsche 911 is made of plastics.

For decades engines have been made of metal. But thanks to their ever-improving properties, plastics have gained ground. POLYTEC is one of the pioneers of this trend.

The first products were cylinder head covers – today, for example, those used in the new 2.0 litre 4V TDI® common rail engine from VW, the four-cylinder diesel from Mercedes or the monster five-cylinder engine from Audi with well over 300 HP, used in the Audi TT RS.

POLYTEC is opening up other potential fields of application for synthetic components in the engine compartment with water injection technology (WIT). The WIT process offers enormous advantages in production compared to conventional gas injection technology. Products such as cooling water pipes manufactured in the technology are now used in numerous series production applications.

What started with the cylinder head covers and other products will now be extended to the intake manifold. POLYTEC will supply the intake manifold for the VW Amarok pick-up, which is to be launched on the European market in summer. The development of the expansion intake manifold for the new 3.8 litre turbo engine of the Porsche 911 is another milestone. Increasingly powerful and efficient – there is no limit to what plastics can do. □

Small detail – **big impact**

POLYTEC uses a mixture of flax, sisal and kenaf for the door panels of the new BMW X1. The design of the slimline doors called for clever solutions of the kind that only POLYTEC could offer.

POLYTEC is once again breaking new ground with an innovative combination of materials in the door trims of the BMW X1.

BMW drivers are demanding, and they value a high-quality interior with strong visual appeal. To bond the surfaces of the grab to the fabric/leather trim without the conventional multiple attachments and resulting jointing processes and double mating faces, POLYTEC "hid them" in a single groove. This process engineering challenge was achieved to the customer's complete satisfaction and POLYTEC can boast a major success with the groove in natural-fibre composite door trim, which is likely to be of interest to other automobile manufacturers in future. □

quickcheck

How well do you know POLYTEC?

Which parts of the Audi A4 Avant are supplied by POLYTEC?

A small hint:
There are eleven of them.

The answer is on the next page ▶


Tailgate trim bottom
Tailgate trim top
Lateral boot trim panel
Tailgate closing parts
Boot floor
Door stop


Cylinder head cover
Cooling water pipe
Clutch pedal
Toothed belt protection
Closing part

28 Sites throughout the world

POLAND

POLYTEC Interior
Tomaszow

SLOVAKIA

POLYTEC Composites Slovakia
Sladkovicovo

CZECH REPUBLIC

POLYTEC Composites Bohemia
Chodová Planá

TURKEY

POLYTEC Plastik
Aksaray

SPAIN

POLYTEC Interior
Zaragoza

GREAT BRITAIN

POLYTEC Holden
Bromyard

BELGIUM

POLYTEC Avo
Schoten

ITALY

POLYTEC Composites Italia
Mondovi

SOUTH AFRICA

POLYTEC Interior
Rosslyn

CANADA/USA

POLYTEC Foha
Markham Ontario/Toronto/Canada

Warren/Detroit/USA

AUSTRIA

POLYTEC HEADQUARTERS
POLYTEC for Car Styling
Linz-Hörsching

POLYTEC EMC Engineering
POLYTEC Elastoform
Linz-Marchtrenk

GERMANY

POLYTEC Intex
Waldbröl

POLYTEC Interior
Nordhalben

POLYTEC Thermoplast
Idstein

POLYTEC Composites Germany
Kraichtal-Gochsheim
Rastatt

POLYTEC Interior
Ebersdorf

POLYTEC Interior
Wackersdorf

POLYTEC Automotive
POLYTEC Interior
Geretsried

POLYTEC Riesselmann
Lohne
Hodenhagen
Wolmirstedt

POLYTEC Composites Germany
Voerde
Cornberg

POLYTEC Composites Weiden
Weiden

POLYTEC Thelen
Bochum

Growth remains a key goal

Even in economically turbulent times all the signs at the POLYTEC GROUP are pointing to growth. In addition to organically growing the existing business, the company is also evaluating further acquisition opportunities, which, however, are subject to strict criteria. The prime strategic objective is to strengthen the Group – including its customer relationships.

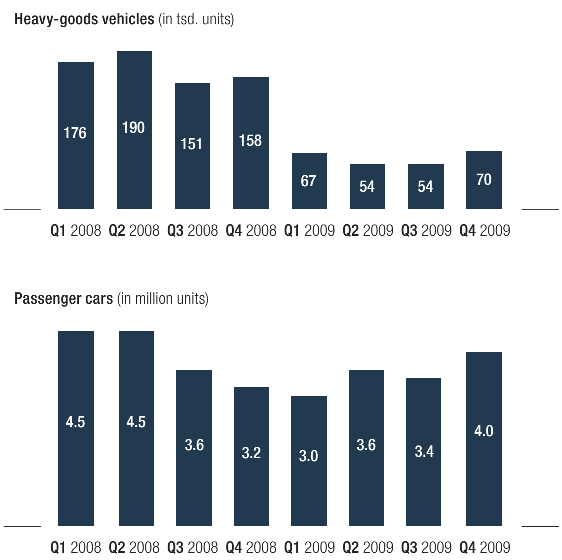
The crisis presents huge challenges to the automotive industry

The automotive industry is one of the largest economic sectors in the world and will remain so in future, notwithstanding the current economic and financial crisis. However, at present the development of production volumes depends to a large extent on the economic environment. Only a few years ago, experts were assuming regular substantial growth. However, following the collapse of demand in autumn 2008, these forecasts had to be sharply revised downwards. It remains to be seen whether the perceptible recovery that began in the second half of the reporting year will be sustainable or not.

This slump has presented the automotive supply industry with enormous challenges. Dramatic declines in sales and earnings led to large numbers of bankruptcies and, to some extent, considerably weakened the survivors. Since then, the main issues facing the industry have been over-capacity, restructuring, cost cutting, safeguarding liquidity and financing. Some experts are even predicting a second wave of insolvencies in 2010 once the scrappage schemes have ended.

However, despite strong cost, price and competitive pressure there is still potential for further growth, especially in the components and systems sectors that are crucial for the POLYTEC GROUP. The increasingly widespread trend toward replacing metal parts with plastic ones to reduce weight as well as the trend toward diversification and individualisation of vehicle models are making a significant contribution to growth.

EU27 – Production development by vehicle category



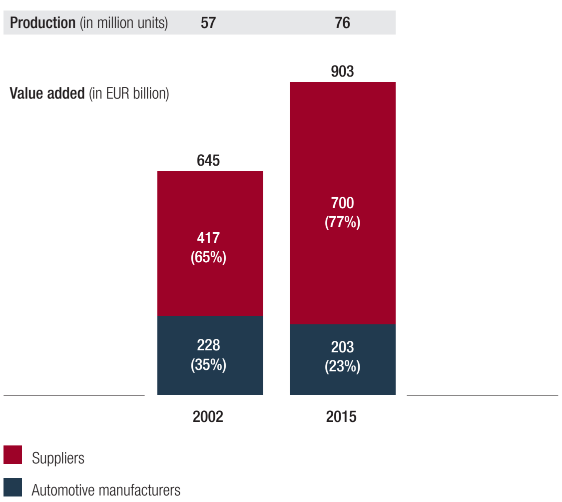
Source: www.acea.be/company internal graphics

Trend toward outsourcing strengthens the role of suppliers

The division of labour in the automotive industry is increasingly developing toward the suppliers. While manufacturers today mainly focus on brand management and image building, components suppliers have increasingly taken over development and production activities. Thus, manufacturers are concentrating on the "downstream business", which involves brand-specific elements such as design, brand awareness, sales, service and customer care as well as functions and technologies that shape the brand image. At the same time, suppliers are taking on all those manufacturing tasks that are not brand-specific, including extensive research and development work. And this trend is growing. As a result, suppliers are generating an increasing proportion of the industry's total value added, which in the medium term could be increased from 65% to more than 75%.

This shift in the division of labour is enhancing the importance of modular strategies, which have already been applied in many areas as they create clear interfaces between suppliers and manufacturers, and allow seamless transition between model and innovation cycles. At the same time, manufacturers and suppliers are developing close networks and strategic partnerships, leading to increasing complexity and a steadily growing need for investment on the part of the components suppliers.

Percentage of value added generated by the automotive supply industry is growing



Source: Prof. Wilfried Sihn
Fraunhofer Project Group for Production and Logistics Management
Department for Industrial and Systems Engineering at the Institute of Management Science of the Vienna University of Technology.

Technological, cost and quality leadership is the decisive factor

If a company is to become and remain a successful components supplier in this challenging environment, it must establish a leading position in three areas and boast a convincing unique selling proposition:

- **TECHNOLOGY:** This not only calls for technological superiority, but above all, for a willingness and ability to identify trends early on and engage in advance development work. A clear focus on one's own core competencies represents a crucial competitive advantage.
- **QUALITY:** This is not just about the products themselves, where it goes without saying that quality is expected. Operational perfection is also called for in all processes, including both just-in-time and just-in-sequence delivery.
- **COSTS:** Strong price pressure, stiff competition and the continuing trend toward consolidation within the industry are what make this aspect so important – and not just in times of crisis. Continuous improvement is therefore the paramount principle. >

Three factors decide on success:

» Technology
» Quality
» Costs

Other elements such as flexibility, customer focus and managerial quality round off the range of key factors for success. Finally, the importance of a stable financing structure and adequate liquidity has also increased significantly in recent times

POLYTEC GROUP is well positioned

Thanks to its high level of product, technological and process competence, POLYTEC is solidly positioned in all the aforementioned areas. Both the Automotive Composites and Car Styling Divisions are leaders on the European market and the Automotive Systems Division is also well established on the market for engines and interior parts. The Group's long-standing customers include virtually all renowned vehicle manufacturers, such as BMW GROUP, VW GROUP, DAIMLER GROUP, GM GROUP, FORD GROUP, MAN or JOHN DEERE. After almost two decades of successful acquisitions, the POLYTEC GROUP also has the expertise to conclude growth-orientated company takeovers and successfully integrate the newly acquired enterprises into its own corporate structure.

Aiming for further growth – also through acquisitions

The POLYTEC GROUP's prime strategic objective is to strengthen all its divisions through further growth with the aim of expanding its negotiating position. This particularly applies to POLYTEC GROUP's largest division Automotive Systems, which is, however, only a medium-sized market player in a pan-European context. Besides, further growth in the Automotive Composites and Car Styling Divisions should also contribute to consolidating the Group's overall position and earning power.

In the business areas Automotive Systems and Automotive Composites the Group supplies the European car manufacturing industry, whereas the Car Styling Division supplies brands throughout the world with only a few exceptions. While the Automotive Systems Division produces almost exclusively for the premium segment, the Automotive Composites Division manufactures parts for all types of car and commercial vehicle.

The POLYTEC GROUP's growth strategy concentrates first on organically growing the existing business that provides the Group with a solid base. The Group then plans to seize selected opportunities for acquisitions and play an active role in the consolidation of the market – in line with its strict corporate acquisition criteria. One of these criteria includes the consensus of existing and new customers, whose support has been so instrumental for the success of past takeovers. □

Innovation. Perfection.

Pro duction

The POLYTEC plant in Lohne in northern Germany has established itself as a pioneer in the development and production of thermoplastic cylinder head covers for common-rail diesel engines. The products are delivered to four Volkswagen engine plants – a link in a logistical chain.

500 employees work at POLYTEC's "Technical and Manufacturing Centre" in Lohne in Lower Saxony, Germany, where they specialise in the development of plastic parts for the engine compartment. These plastics are widely used to replace „weightier" metallic materials. This plant was responsible for one of the Group's most successful developments: cylinder head covers for common-rail diesel engines. The cylinder head cover is the uppermost part of the four-stroke internal combustion engine. It protects the upper elements of the valve >

train, prevents oil from escaping to the atmosphere and stops air being drawn into the engine.

In 1990, POLYTEC became the first company to bring cylinder head covers made of thermoplastic to the market. Since 2005 a new generation of cylinder head covers for common-rail engines has been developed. These engines are fitted with an accumulator fuel injection system, in which fuel for delivery to the fuel injectors is stored at permanently high pressure. In other systems the pressure is not generated until the fuel injector calls for it; in contrast, the common-rail system generates the fuel pressure continuously and stores it in the common rail. Today, four-cylinder common-rail engines can be found in the VW Group´s most popular models - from the Golf 6, Golf Plus, Tiguan, Polo, T5, Passat and Amarok to the Audi A3, A4 and A6 as well as the equivalent Skoda and Seat platforms. Production volumes are correspondingly huge. Series production of cylinder head covers for this generation of engines was launched in 2007 with the VW Tiguan.

A small part with a big impact

The engine compartment has long ceased to be the sole domain of metals. In order to cut costs and reduce weight, components are increasingly being made of high-temperature-resistant thermoplastics. Polyamide cylinder head covers in particular are playing an increasingly important role, since they can be produced cheaply by injection moulding, individual parts can be welded to sub-assemblies and, last but not least, the material offers great design flexibility. Thermoplastic materials can be used to create complex designs, which combine several functions within a single component.

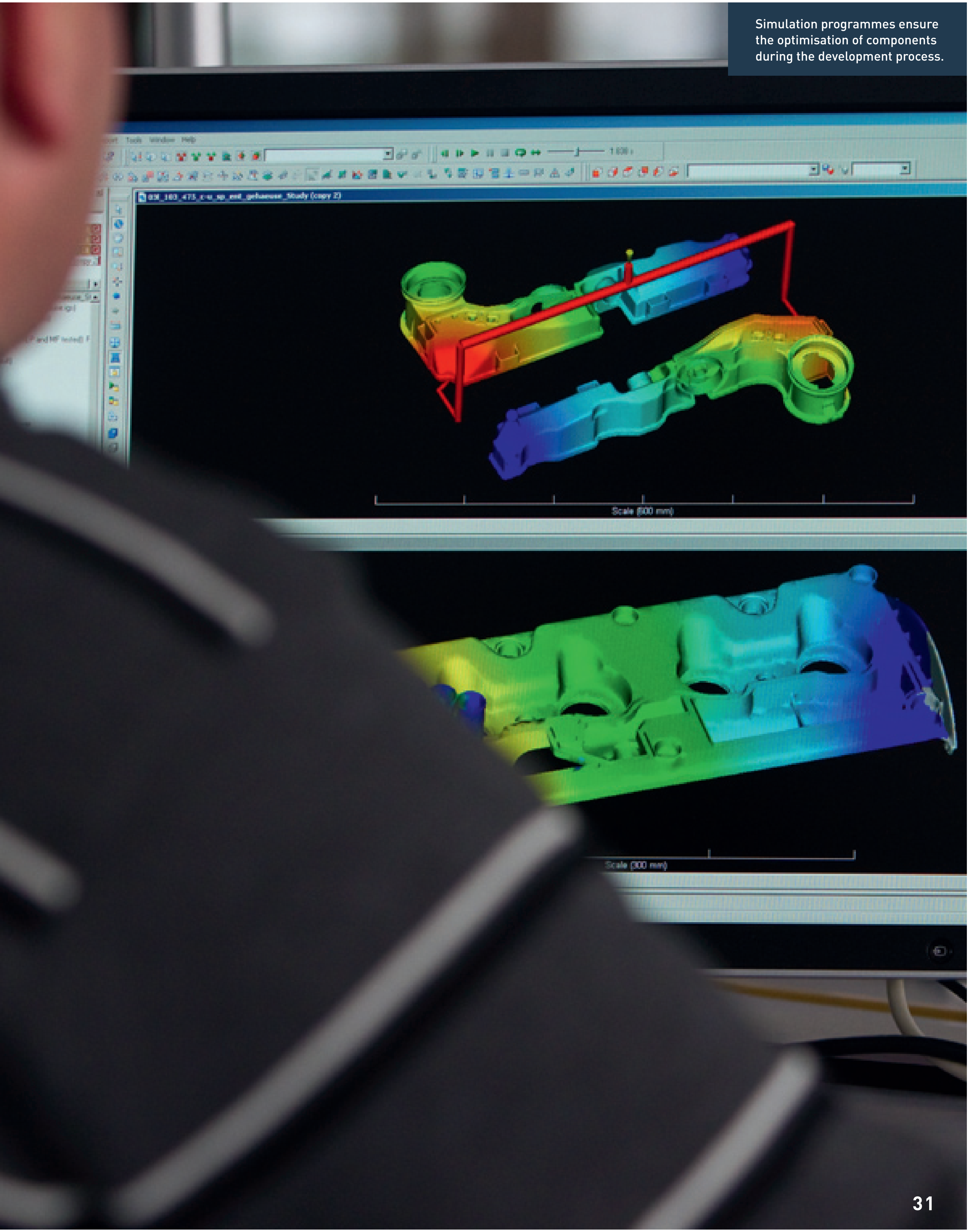
One cover performs seven functions simultaneously

In keeping with the trend towards new standards of engine efficiency and smaller cubic capacities, POLYTEC has successfully integrated a number of functions into the cylinder head cover that were formerly carried out by individual components within the engine compartment. So, from now on the oil separator, vacuum accumulator, pressure control valve, acoustic insulation, intake function for the fuel injectors, fasteners for various other components in the engine compartment and heat shields can all be brought together "under one cover". During the course of development several varieties of cylinder covers for four-cylinder engines were developed for the common-rail generation: a longitudinal and a transverse version for 2.0 litre engines of generation 1, one for 1.6 litre engines and two longitudinal and transverse versions for 2.0 litres of generation 2 with various options for fitting, including a biturbo version.

In the beginning is know-how – an entire process chain from a single source

The value creation chain is based on the systematic development of technologies and products that ensure optimal solutions for the respective customer requirements. This principle proved itself during the development of the cylinder head covers: POLYTEC was a pioneer in the manufacture of these groundbreaking polyamide cylinder head covers.

The VW Group chose POLYTEC to manufacture the new generation of cylinder head covers not least because of its expertise in the development and construction of prototypes, coupled with its comprehensive quality assurance. In December 2005, Volkswagen commissioned the company to develop the product and take it through to series production. The economic efficiency of implementation in production is also impressive, >



Simulation programmes ensure the optimisation of components during the development process.

Specialists for components construction generate the CAD models.

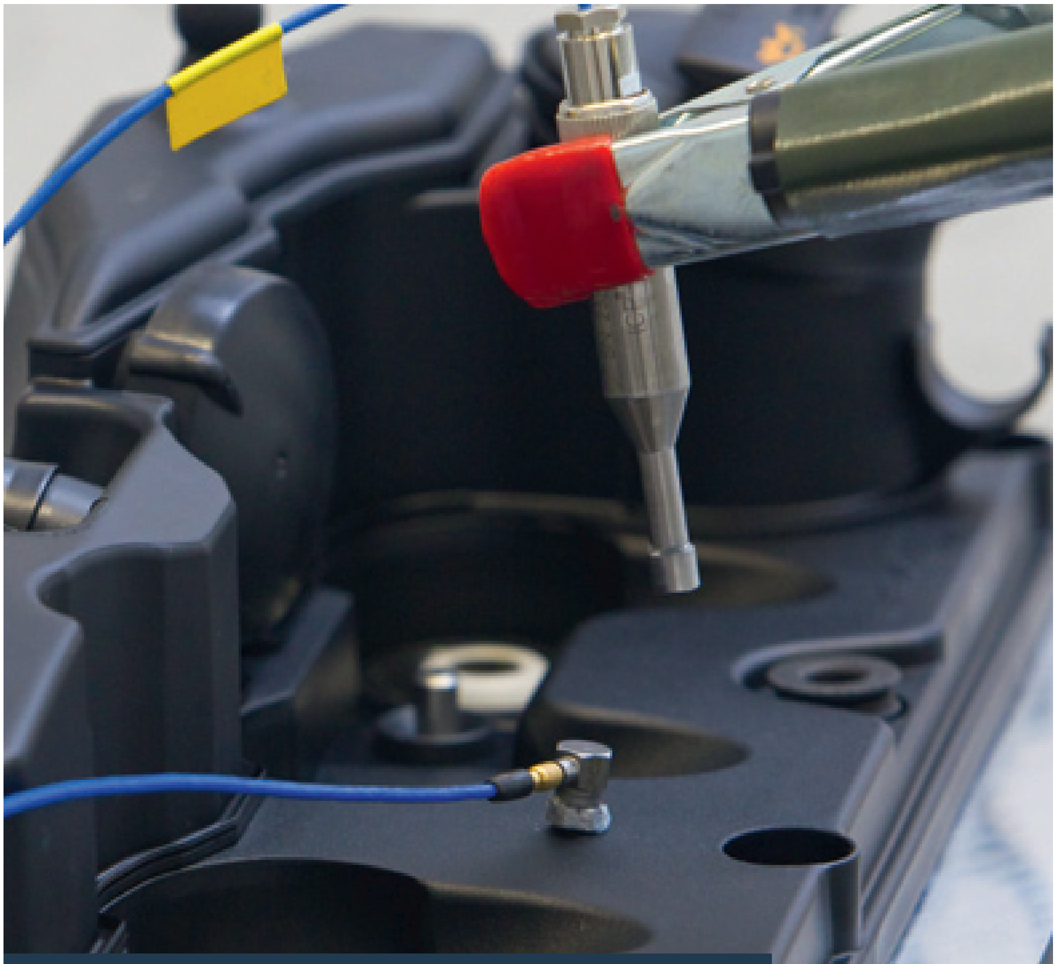
as the comprehensive value creation chain contributes significantly to the success of the model. POLYTEC is not dependent on third parties but can offer the entire process chain from the first design to the finished product from a single source and thus an efficient cost structure.

Optimisation through simulation. First-class specialist know-how is crucial for product development. Thus, four different simulation programmes guarantee the specific optimisation of components during the development process. Using this method of working, over the last 15 years more than 30 cylinder head cover designs have been developed at Lohne and brought to maturity in series production.

Getting a clear image of noise. Test, test, test. The more precise the tests in the preliminary phase, the better the capability of the product to meet all requirements when in use. The expanded and extended testing area in the newly built technology centre allows us to meet the growing customer demands, especially in the area of engine-specific tests.

POLYTEC tests the cylinder head cover prototypes on special test benches for a variety of functions such as oil separation rates, oil-tightness and noise optimisation. With the help of an "acoustic camera", the acoustic measurement tests deliver precise sound recordings that are used to minimise noise. Noise emissions and their reduction are among the important challenges in modern engine building.

Tools as hard as steel. The tools used are crucial for the quality of the cylinder head seal. Computer-aided modelling enables tool design to be optimised, for example, in the injection area or when simulating pressure. "In practice, hardened steel ensures the longevity of the tools that must stand up to the production of up to two million units," explained Heiko Gabbert, head of POLYTEC's components division. It speaks well for the quality of the tools that a product can be manufactured from one and the same tool throughout its entire life cycle.



Noise optimisation is carried out in the sound chamber with the help of an acoustic camera. The absolute output and frequency range can be shown and optimised with the computer-based measuring system.

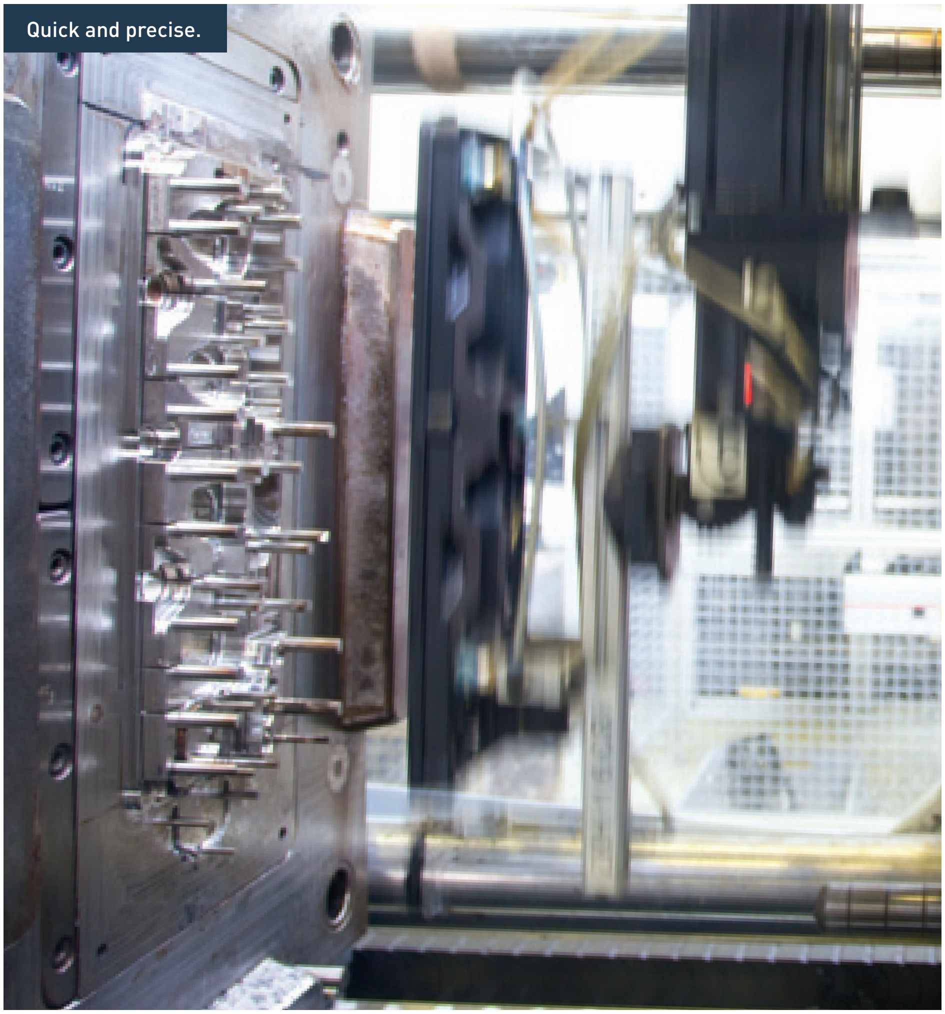
26 parts become one

They might be lightweight, but they are tremendously important for the plant – the production of cylinder head covers is a logistical tour de force. A total of 26 parts made of the special glass-fibre-filled thermoplastic polyamide (PA 66 GF for short) are assembled complete with metal spring valves and steel bolts. In this way, between 40 and 50 employees process approximately 3,000 tonnes of polyamide per year.

Precision manufacturing on all lines. Cylinder head covers for five different common-rail versions can be produced on a single production line. In the first stage, the breather housing and cover, oil discharge unit and the cover for the pressure control valve are moulded and supplied to the cover production line. The temperature of the injection moulding tool is 90 degrees Celsius. The cover is now moulded on the same line and placed on the cooling conveyor to cool down. "The assembly is then welded at the mating face at a temperature in excess of 300 degrees", explains Hans Janssen, manager of Advance Development at POLYTEC in Lohne. The breather housing and the cover are first of all welded to the housing before the oil discharge unit is welded on. The delicate pressure control value is then incorporated, the two oil discharge valves welded on and the gasket fitted. Once the oil seals, decoupling elements, heat shield and oil filler cap have been fitted, the cylinder head cover is complete – but it is not yet ready for delivery, because it is now that POLYTEC's unique test process starts.

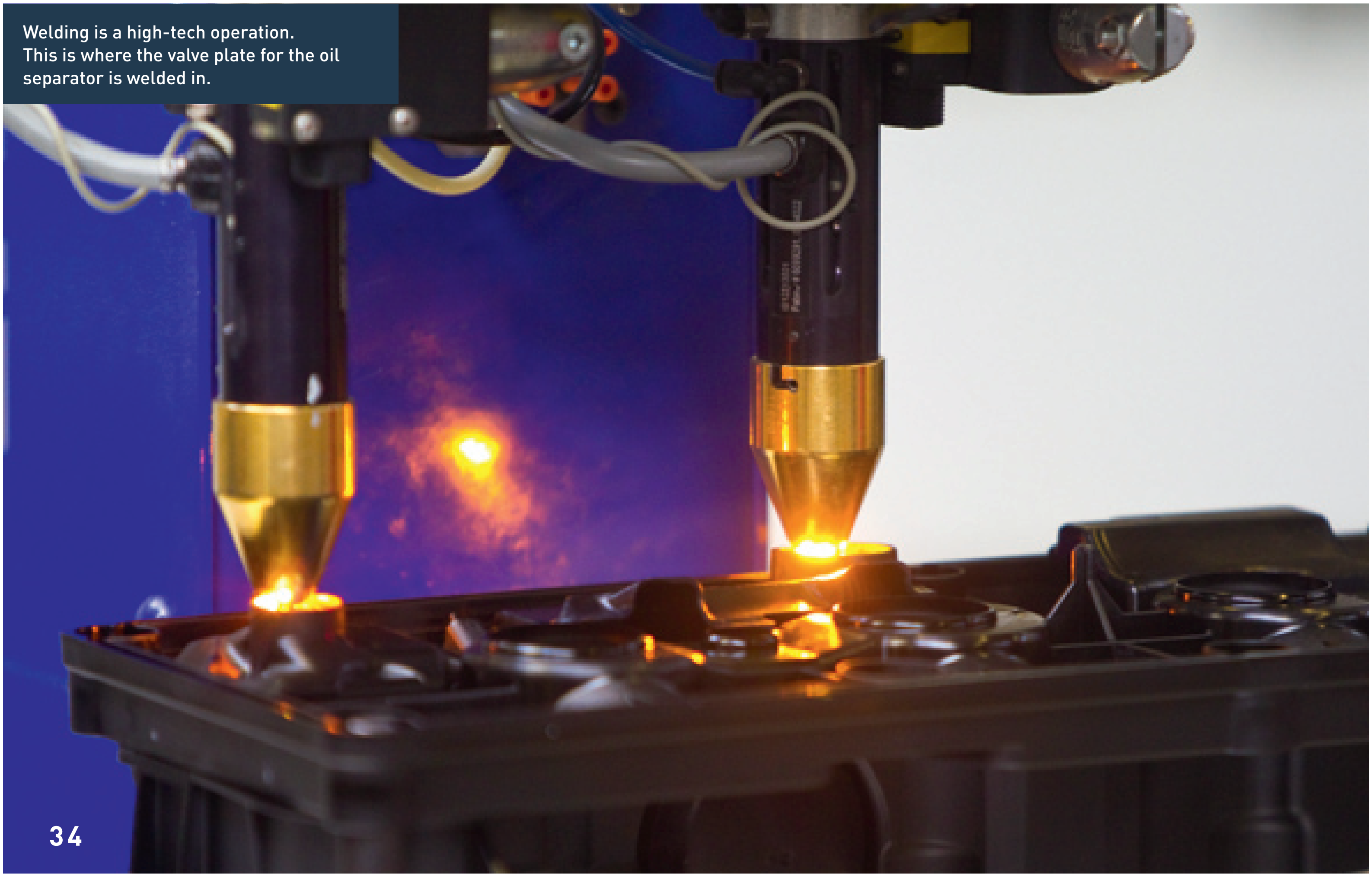
160,000 sets of test data. Reliability is of the utmost importance to the customer, as even the tiniest error will bring engine production to a standstill. The proven testing expertise comes from POLYTEC itself: on special equipment designed specifically for this purpose, the company carries out a complete quality control test – gaining a considerable advantage over its competitors, who depend on external help for such tests. 160,000 sets of test data each month verify when and in what condition each part left the factory.

The test procedure comprises a complete leak and function test: The leak-tightness of the >



Quick and precise.

cover, the switching point of the pressure control value, pressure loss, the operation of the oil discharge valves and leak tightness of the accumulator are not only precision tested, their measurement values are also documented and saved. The covers are marked with the time and date of manufacture, discharged from the test cell and prepared for dispatch to the engine plants in special dust-proof PEPP containers. >



Welding is a high-tech operation. This is where the valve plate for the oil separator is welded in.

POLYTEC produces parts around the clock. Each day large quantities of common-rail cylinder head covers roll off the production line and start their journey to VW Salzgitter, VW Polkowice, VW Chemnitz and Audi Györ.

The entire production process at a glance. The four production lines in this hall produce only cylinder head covers.

factbox

Super 7

Seven functions that have already been fully integrated in the cylinder head cover from POLYTEC and save space in the engine compartment:

- **Oil separator:** The oil separator allows air from the engine to be drawn off into the air intake system. From that air, it separates the drops of oil, which are then returned into the engine, significantly reducing emissions of pollutants and oil consumption. The oil filter POLYSWIRL from POLYTEC that is incorporated in the cylinder cover head is the highlight of a new engine breather system.

- **Vacuum accumulator:** This stores vacuum for the activation of components, many of which require a vacuum even when the engine is not running or immediately after it has been started.

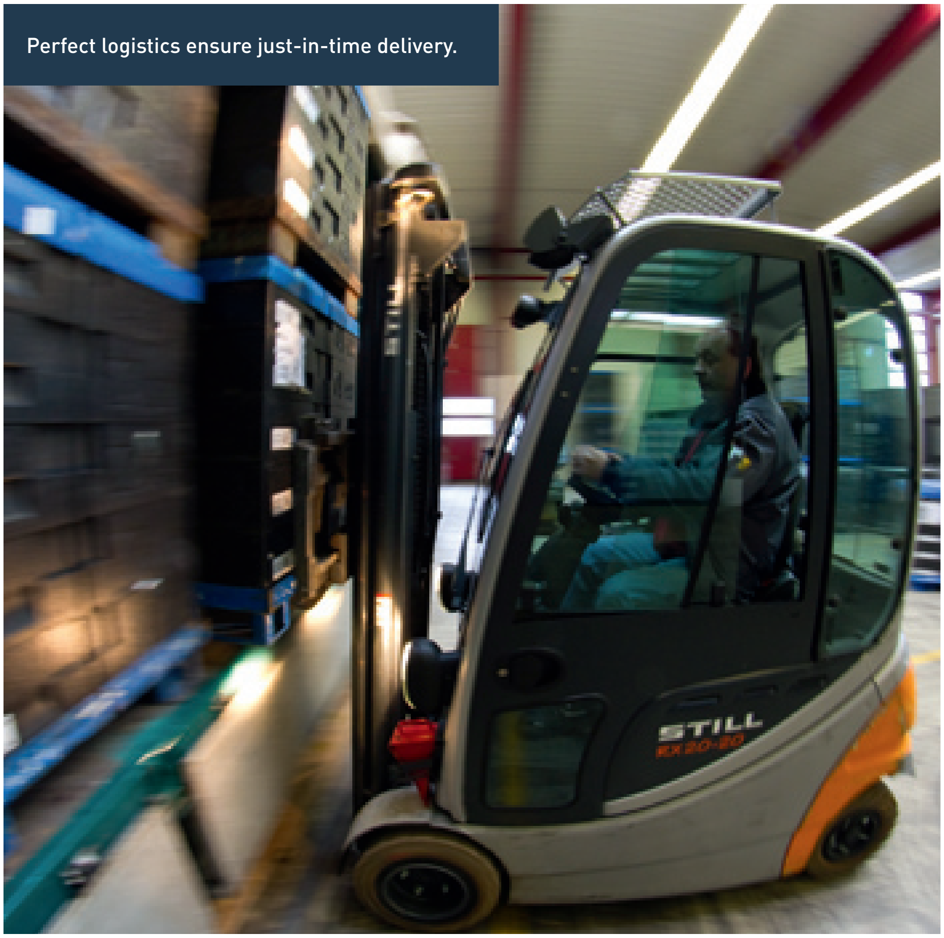
- **Pressure control valve:** Regulates pressure inside the engine.

- **Acoustic insulation:** Minimises noise.

- **Intake function for the fuel injectors:** Is incorporated into the cylinder head cover to save space.

- **Fasteners:** Are fitted in the engine compartment for various cables and components.

- **Heat shield:** A heat shield prevents overheating due to heat transfer.



Perfect logistics ensure just-in-time delivery.

From Lohne to VW in Salzgitter in only three hours

As well as precision in manufacture, the strictest adherence to delivery dates is of paramount importance to customers. Within the framework of Volkswagen's new logistics concept, POLYTEC ensures that cylinder head covers are delivered in the required quantities so that the modules can be fitted in the right sequence on VW's assembly line. POLYTEC successfully meets this challenge with no time buffer and no interim storage. The plant in Lohne delivers to the VW factory in Salzgitter within three hours; two loading windows per day lasting approximately one to one and half hours are all that are allowed under the contract. Whilst the lorries loaded with the cylinder head covers are making their way to the other engine factories, VW Polkowice, VW Chemnitz and Audi Györ, the production line is already working at high speed towards the next delivery. □

Customised as well as mass production

In addition to mass production, POLYTEC is also able to produce small and even very small batches for luxury car models. The cylinder head covers for sports cars such as the Audi TT RS, for example, come from the plant in Lohne. At the request of the customer, these are supplied not in the classic black, but in bright red. The paintwork is completed by machine or by hand at POLYTEC.

WOW!

OK, we admit to be proud on it.

Style, flair and passion – all associated with the new Ferrari 458 Italia. Not only the design convinces at all points – also the powerful engine, aerodynamics, agility and ergonomy distinguish the new fast car from the Italian car manufacturer. POLYTEC also plays in that exceptional liga and is responsible for the production of the front and rear spoilers.

Twice the Strength

In autumn 2009 two new members of the Board of Directors, Eduard Schreiner and Andreas Jagl, joined the top management team of POLYTEC Holding AG. These two renowned specialists will bring to the company substantial expertise gained from their successful international careers. Together with Friedrich Huemer and Alfred Kollros they will take up the challenge of putting POLYTEC back on the road to success after the difficult experiences of the past year.

»Goal and result orientation especially important.«

Eduard Schreiner, the new POLYTEC CFO

Andreas Jagl, the new Chief Marketing Officer at POLYTEC

»Shape the future of this dynamic company.«

In mid October 2009 Eduard Schreiner, an old hand in the finance sector, took over responsibility for finances at the POLYTEC GROUP. The 44-year old father of three has many years of experience as the CFO of publicly listed companies with an international orientation and a focus on profitable growth. Eduard Schreiner was born in Grieskirchen in Upper Austria and graduated from university with a degree in business administration. From 2002 to 2008 he was a member of the Management Board and CFO of Palfinger AG, prior to which he worked for OMV for approximately nine years. Initially he was responsible for international M&A projects within the Finance and Tax department at OMV headquarters. In 1998 he was appointed managing director of OMV Czech Republic, where he was responsible for the establishment and successful growth of OMV on the Czech market. After completing his degree at the Vienna University of Economics, Eduard Schreiner started his career at Deloitte & Touche, where he worked in the area of auditing and tax consulting, after four years also qualifying as a tax consultant.

Outside of working hours Eduard Schreiner's main interest besides his family is relaxing in nature by taking walks and hiking.

According to Schreiner the biggest challenge at POLYTEC will be the general tension in the industry, which has been heightened by the financial crisis. "Enthusiasm, a strong focus on goals and results as well as team spirit are particularly important to me", is how Eduard Schreiner describes his core values.

In November Andreas Jagl, a top manager with a wealth of international experience, became the new Chief Marketing Officer at POLYTEC Holding AG. He succeeded Karl-Heinz Solly, who after 20 years left the company at the end of 2009 to enjoy his well-earned retirement. 42-year-old Andreas Jagl has many years of experience in the automotive industry. In 1998, the Styrian joined the Johnson Controls Group, most recently holding the position of Vice President/General Manager for BMW/Daimler Seating and Mercedes North America at Johnson Controls GmbH Germany. During his twelve years at Johnson Controls, Andreas Jagl held several positions ranging from executive assistant to sales manager, plant manager to sales director as well as Vice President & General Manager of various business units in the USA and Germany.

Away from his office, the father of two enjoys spending time with his family and is an enthusiastic sportsman. Andreas Jagl cannot hide the fact that he comes from the Dachstein-Tauern region because skiing is one of the activities he enjoys most.

Given his many years of experience in the automotive industry, what excites him most about his job at the POLYTEC GROUP is looking forward to the challenge of shaping the future of this dynamic company. ☐

Corporate Governance

After the IPO on the Vienna Stock Exchange on April 28, 2008, POLYTEC Holding AG voluntarily undertook to comply with the Austrian Corporate Governance Code in its latest amended version. Thus, POLYTEC Holding AG reiterates its commitment to transparent company management aimed at a sustainable enhancement of shareholder value.

The Austrian Corporate Governance Code was first introduced in October 2002 and further adapted in subsequent years in line with the amended legal provisions and increased Corporate Governance requirements. The Code is based on the provisions of the Austrian Company, Securities and Capital Market Law as well as on the OECD's fundamental principles of Corporate Governance. Its binding character is guaranteed by companies' voluntary commitment to comply with it. The information and statements provided in this report are based on the latest amended version of the Austrian Corporate Governance Code as of January 2009.

The code as currently amended can be requested via both the company and the Austrian Corporate Governance Working Group at www.corporate-governance.at.

POLYTEC Holding AG complies with the compulsory "L requirements" (Legal Requirements) and meets all "C Rules" (Comply or Explain) of the Austrian Corporate Governance Code, except for the following provisions:

Rule 43
about the establishment of a Remuneration Committee has not been complied with, as the Supervisory Board consists of not more than 6 members. The Committee's tasks will be assumed by the Supervisory Board.

Rule 45
regarding positions of the members of the Supervisory Board held in companies that compete with the POLYTEC GROUP has been complied with in general. However, the Supervisory Board may give its prior consent to the acceptance of such a position. >

Managing Bodies of the POLYTEC Holding AG

Board of Directors

Eduard Schreiner (CFO)

- Born in 1965
- Member of the Board of Directors since October 2009
- Appointed until October 2012
- Areas of Responsibility: Finance/IT/Controlling/Investor Relations
- Supervisory Board Positions: None

Alfred Kollros (COO)

- Born in 1962
- Member of the Board of Directors since April 2006
- Appointed until December 2012
- Areas of Responsibility: Composite Plants/Production/Purchasing
- Supervisory Board Positions: None

Friedrich Huemer (CEO)

- Born in 1957
- Chairman of the Board of Directors and Founder of the POLYTEC GROUP
- Appointed until December 2011
- Areas of Responsibility: M&A/Investment Management/Corporate Strategy/Corporate Communication/Human Resources/Legal Affairs
- Supervisory Board Positions: Globe Air AG, Hörsching, A (Chairman)

Andreas Jagl (CMO)

- Born in 1967
- Member of the Board of Directors since November 2009
- Appointed until November 2012
- Areas of Responsibility: Marketing/Sales/Business Development
- Supervisory Board Positions: None

Karl-Heinz Solly
Member of the Board of Directors (CMO) until December 31, 2009

Klaus Rinnerberger
Member of the Board of Directors (CFO) between March 1 and August 31, 2009

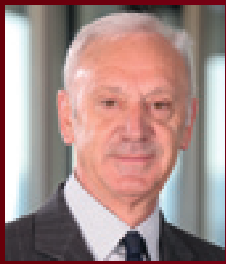
Reinhard Urmann
Member of the Board of Directors (COO) until March 1, 2009

Supervisory Board

Fred Duswald
- Born in 1967
- Chairman of the Supervisory Board since June 2007, member of the Supervisory Board since April 2006
- Appointed until the Annual General Meeting in 2014

Manfred Trauth
- Born in 1948
- Vice Chairman of the Supervisory Board since June 2007, member of the Supervisory Board since 2007
- Appointed until the Annual General Meeting in 2014

Viktoria Kickinger
- Born in 1952
- Member of the Supervisory Board since April 2006
- Appointed until the Annual General Meeting in 2014



Robert Büchelhofer
- Born in 1942
- Member of the Supervisory Board since April 2006
- Appointed until the Annual General Meeting in 2014

Reinhard Schwendtbauer
- Born in 1972
- Member of the Supervisory Board since February 2010
- Appointed until the Annual General Meeting in 2009

Meinhard Lukas
- Born in 1970
- Member of the Supervisory Board since February 2010
- Appointed until the Annual General Meeting in 2014

Andreas Szigmund, Member of the Supervisory Board until February 5, 2010

Disclosure of other Supervisory Board positions pursuant to Rule 58 of the Austrian Corporate Governance Code:

Member	Supervisory board positions
Fred Duswald	None
Manfred Trauth	None
Viktoria Kickinger	S&T AG, Vienna (A)
Robert Büchelhofer	MIBA AG, Laakirchen (A)/M-Tech Technologie und Beteiligungs AG, Unterensingen, (D)
Reinhard Schwendtbauer	None
Meinhard Lukas	None

Description of the working procedure of the Management Board

The Management Board of POLYTEC Holding AG holds board meetings at regular intervals on essential, Group-relevant topics and/or single business areas. The competencies and responsibilities of the Executive Board members are listed in the notes to the Executive Board members in this Corporate Governance report.

Committees of the Supervisory Board

In the year under review, in addition to the mandatory establishment of the Audit Committee, a Nomination Committee and an additional Committee for the Assessment of Risk Management were set up for the first time.

	Chairman	Members
Audit Committee	Reinhard Schwendtbauer	Robert Büchelhofer Fred Duswald
Nomination Committee	Fred Duswald	Manfred Trauth Viktoria Kickinger
Risk Management	Viktoria Kickinger	Manfred Trauth Fred Duswald

The Supervisory Board of POLYTEC Holding AG has installed an Audit Committee, which held its meeting on June 23, 2009 to discuss the annual financial statements 2008, affairs concerning the auditors as well as the Group's risk management.

In 2009, the members of the Audit Committee comprised Andreas Szigmund (Chairman), Fred Duswald and Viktoria Kickinger. Following the retirement of Andreas Szigmund from the Supervisory Board on February 5, 2010 and the appointment of Reinhard Schwendtbauer as his successor on the Board, the composition of the Audit Committee of POLYTEC Holding AG, which is responsible for auditing the Consolidated Financial Statements 2009, has been adjusted as described above. >

Independence of the Supervisory Board members

The members of the Supervisory Board are deemed to be independent if they have no business or personal relationships with the company or its Board of Directors that could result in a material conflict of interest and thus influence the members' behavior. The Supervisory Board of POLYTEC Holding AG has committed itself to compliance with the aforementioned independence criteria pursuant to Rule 53 of the Austrian Corporate Governance Code. Thus, all Supervisory Board members have declared their independence in accordance with the provisions of the Code. Moreover, all members comply with Rule 54 of the Austrian Corporate Governance Code.

Business of Supervisory Board members requiring approval

In the year under review, the following services performed by the Supervisory Board members, which require prior consent pursuant to Rule 49 of the Austrian Corporate Governance Code, were approved. Detailed information about current business relationships with the Supervisory Board members is available in the Consolidated Financial Statements on page 87f.

Member	Remuneration	Services performed
Duswald GmbH	EUR 230,000	Consultancy services within the framework of the disposal of PEGUFORM GROUP
Viktoria Kickinger	EUR 20,000	Consultancy services within the framework of the disposal of PEGUFORM GROUP

Remuneration report

Remuneration of the Board of Directors

Total remuneration of the members of the Board of Directors including performance-related components amounted to EUR 1,954 tsd in the year under review (2008: EUR 1,286 tsd). Due to the difficult situation of the POLYTEC GROUP in the 2009 financial year, the Chairman of the Board decided to forgo 20% and the board member Alfred Kollros to forgo 9% of their basic salary. The total remuneration of the Board also includes a one-off severance payment for Klaus Rinnerberger in the amount of EUR 675,000, who stepped down from the Board at the end of August 2009. The most important parameters for calculating the variable remuneration components include the achievement of performance-related targets set for each individual member and the development of the return on capital employed (ROCE). Friedrich Huemer, Chairman of the Board of Directors, is employed by IMC Verwaltungsgesellschaft mbH and works for the POLYTEC Holding AG on the basis of an employment contract. The remaining members of the Board od Directors shall, upon termination of their function and concurrent termination of employment, be entitled to severance payments in the meaning of Article 23 of the Austrian Employees Act.

Remuneration report (in TEUR)

Member of the Board of Directors	Basic salary	Stock options	Variable remuneration components	One-off payments
Friedrich Huemer	521	–	–	–
Andreas Jagl[1]	35	–	–	–
Alfred Kollros	200	–	40	–
Eduard Schreiner[2]	43	–	–	–

[1] Member of the Board of Directors since November 2, 2009
[2] Member of the Board of Directors since October 15, 2009

Members of the Board of Directors who resigned in the 2009 financial year

Member of the Board of Directors	Basic salary	Stock options	Variable remuneration components	One-off payments
Reinhard Urmann[1]	32	–	–	–
Klaus Rinnerberger[2]	191	–	–	675[3]
Karl-Heinz Solly[4]	217	–	–	182[5]

[1] Resigned from the Board as of March 1, 2009
[2] Member of the Board of Directors from March 1, until August 31, 2009
[3] Severance payment
[4] Went into retirement as of December 31, 2009
[5] Severance payment

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board for the 2009 financial year was determined at the Annual General Meeting held on July 17, 2009 and totals EUR 70,800. The distribution of this sum among the individual members was left to the discretion of the Board as resolved by the AGM. POLYTEC Holding AG has concluded and also bears the costs of a Directors and Officers (D&O) insurance policy for the members of the company's Board of Directors and the Supervisory Board, executive staff as well as the managing bodies of the subsidiaries.

Directors' dealings

The members of the Board of Directors and the Supervisory Board of POLYTEC Holding AG as well as related persons conducted several purchase or sale transactions involving POLYTEC's shares in the year under review. However, the Financial Market Authority was notified in due time and the transactions were published on the FMA's website.

Compliance regulation

POLYTEC Holding AG has introduced compulsory compliance guidelines pursuant to Rules 20 and 21 of the Austrian Corporate Governance Code. Based on the Group's corporate structure, the relevant confidentiality area was also extended to the managing directors and the holders of the power of attorney in the subsidiaries-exceeding the provisions laid down in the compliance regulation. Moreover, specific training sections are organized at regular intervals to raise compliance awareness of both executives and members of staff. All employees concerned are also informed in due time of the start and the end of blocking periods. Finally, the company has implemented all mandatory organizational and electronic measures for handling and passing on sensitive data.

Report of the Supervisory Board of POLYTEC Holding AG

The Supervisory Board, the Board of Directors and the workforce of POLYTEC Holding AG can look back on the most challenging business year the company has ever faced. Against the backdrop of a global economic and financial crisis, which began to unfold at year-end 2008, POLYTEC Holding AG ran into considerable financial difficulties following the acquisition of the PEGUFORM GROUP, which was mainly financed with borrowed funds. The turmoil on the international financial markets, which sent the entire automotive industry into a tailspin, led to a credit crunch and made the planned repayment of the incurred liabilities impossible. Following extensive negotiations between the management and the financing banks, which saw the in-depth involvement of the members of the Supervisory Board, a restructuring concept was agreed upon at the end of the first half of 2009, which was unanimously approved by the extraordinary Annual General Meeting held on June 26, 2009. For more detailed information about this restructuring concept please refer to page 4 (interview with the Board of Directors) of this report.

In the 2009 reporting year, the Supervisory Board exercised its duties at six meetings pursuant to the Austrian legal provisions and Corporate Governance Code as well as the company's articles of association. In addition to numerous informal discussions, the Board of Directors provided the members of the Supervisory Board with detailed information about the financial situation of the company and the status of the restructuring negotiations at two extraordinary meetings.

During both scheduled meetings and informal discussions, communication between the Board of Directors and the Supervisory Board was characterized by a degree of openness that proved instrumental during the year under review as it allowed the Supervisory Board to efficiently assess the business conduct of the Board of Directors and support its fundamental decisions.

At the extraordinary Annual General Meeting held on February 15, 2010 two candidates, Reinhard Schwendtbauer and Meinhard Lukas, proposed by the shareholder PT Automotive Consulting GmbH, were appointed to the Supervisory Board of POLYTEC Holding AG. Moreover, with the exception of Andreas Szigmund, who resigned from the Supervisory Board as of end of the extraordinary AGM, all other members were reelected. Thus, the Supervisory Board is currently composed of six shareholder representatives who, in their controlling function, are committed to the criteria of independence specified in the Austrian Corporate Governance Code.

The year under review was also marked by a number of personnel changes to the Board of Directors of POLYTEC Holding AG: Eduard Schreiner was appointed Chief Financial Officer (CFO) as of October 15, 2009 and Andreas Jagl Chief Marketing Officer (CMO) as of November 2, 2009. The appointment of Alfred Kollros as Chief Production Officer (CPO) was extended until December 31, 2012. The Board of Directors is therefore composed of proven experts who, in the view of the Supervisory Board, will be able to tackle their specific tasks and face up to the challenges of the market and the industry in the best interest of the company, the workforce and the shareholders. Karl-Heinz Solly resigned from the Board of Directors as of year-end 2009 upon termination of his assignment as CSO, a position he has held since the IPO in 2006, and he is now enjoying his well-earned retirement. Moreover, Reinhard Urmann stepped down from the Board of Directors of POLYTEC Holding AG as of March 1, 2009 by mutual consent. Between March 1, and August 31, 2009 Klaus Rinnerberger also held a position on the Board of Directors.

The Financial Statements, including the Management Report and the Consolidated Financial Statements as well as the Group Management Report of POLYTEC Holding AG, were audited by Deloitte Oberösterreich Wirtschaftsprüfungs GmbH, 4060 Leonding, in its capacity as auditor of the Financial Statements and Consolidated Financial Statements. The auditor confirmed that corporate accounting, the Financial Statements and the Consolidated Financial Statements comply with all legal requirements, the Financial Statements and the Consolidated Financial Statements provide a true and fair view of the asset, financial and profit situation of the company and that the Management Report and the Group Management Report are consistent with the Financial Statements and the Consolidated Financial Statements.

The Supervisory Board concurs with the results of the audit of the Financial Statements and the Consolidated Financial Statements. The final result of the audit conducted by the Supervisory Board of the Management Report prepared by the Board of Directors as well as of the corporate management, the Group Management Report and the Consolidated Financial Statements did not meet with any objections.

The Supervisory Board agrees with the recommendation of the Board of Directors that no dividends be distributed for the 2009 financial year due to the current earnings and liquidity situation.

Moreover, the Supervisory Board has approved the Financial Statements pursuant to Article 125 para. 2 of the Austrian Stock Corporation Act.

On behalf of the Supervisory Board, I would like to thank all those who have contributed to the solid operating performance and the restructuring of the company against the backdrop of a very challenging environment in the 2009 business year. I would also like to thank our shareholders for their trust, which represents a crucial prerequisite for the further development of the company. In particular, I would like to express my deepest gratitude to the Board of Directors and all 5,525 members of the workforce for their great commitment and dedication in the past year.

Hörsching, April 6, 2010

Fred Duswald m.p.
Chairman of the Supervisory Board

A Tough Year
Also for Shareholders

The financial and economic depression had a dramatic impact on both the automotive and component supplier industries. This is reflected in the share price performance of almost all listed companies in this sector. For the POLYTEC GROUP the situation was further exacerbated by the difficulties arising from the acquisition of PEGUFORM. The company's share price started a sharp downward slide in autumn 2008 from roughly EUR 10 to EUR 2.3 at the beginning of 2009 and remained almost stable at this level throughout the rest of the year under review. The successful corporate restructuring program, which led to the disposal of PEGUFORM, and the resulting repayment of liabilities incurred for the acquisition made a significant contribution to stabilizing share price performance.

Share and Investor Relations

POLYTEC GROUP's Investor Relations Team is committed to offering all its stakeholders up-to-date, comprehensive and transparent information with a view to strengthening the trust of both institutional and private investors as well as of analysts and the general public.

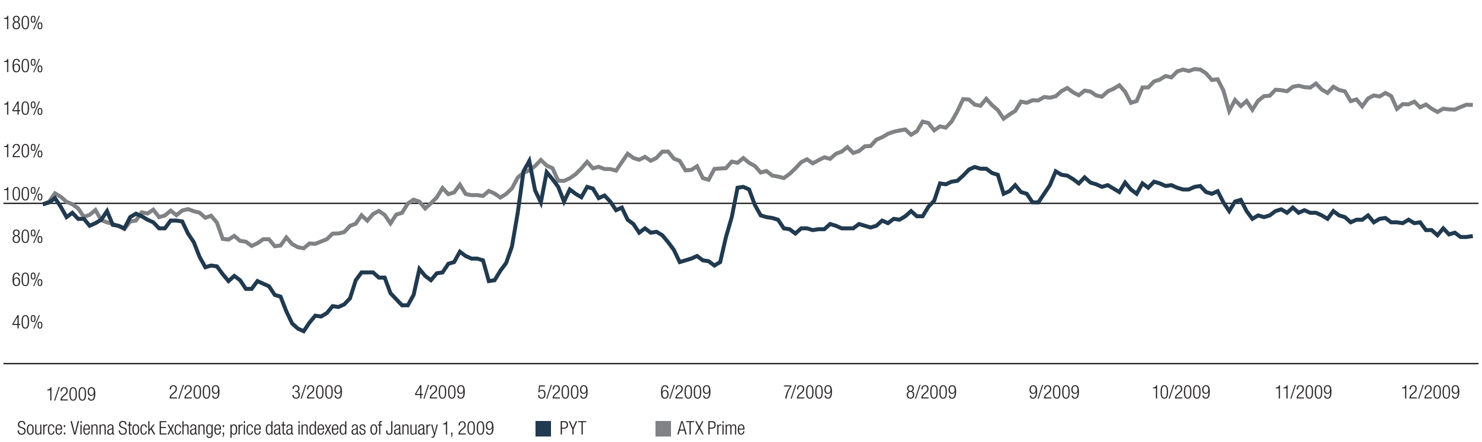
Development of international stock markets

The opening of the 2009 trading year was dominated by the negative influence of the international financial and economic crisis. While the turmoil on the world's capital markets reached its climax in 2008 – with the insolvency of the US bank Lehman Brothers triggering off a massive chain reaction that led to a global collapse of share prices on the international stock exchanges – concerns and uncertainties about the further economic development of those countries that had hitherto been considered growth economies dominated market sentiment at the beginning of the 2009 business year. Following a turnaround and a perceptible recovery from the second quarter of 2009 onwards, all major indexes were able to close the year under review with a plus.

POLYTEC's share price performance

POLYTEC Holding AG ran into considerable financial difficulties following the acquisition of PEGUFORM GROUP in September 2008, mainly due to the short-term borrowings incurred by the company to finance the purchase price. The turmoil on the international financial markets led to a credit "crunch"

Share price development 2009 of the POLYTEC share



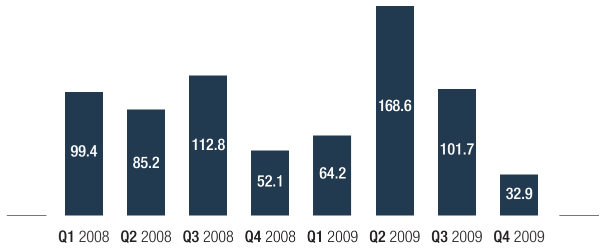
Source: Vienna Stock Exchange; price data indexed as of January 1, 2009

Share data figures	Unit	2009	2008	2007
Share price high	EUR	2.98	11.30	14.00
Share price low	EUR	1.01	2.30	7.30
Average share price	EUR	2.22	8.2	10.2
Share price as of Dec. 31	EUR	2.11	2.3	8.9
Earnings per share	EUR	-2.33	0.08	1.66
Average stock exchange turnover per day	Number of shares	91,315	87,836	145,920
Stock exchange turnover	EUR million	50.8	197.4	360.6
Market capitalization as of Dec. 31	EUR million	47.1	51.4	198.7
Proposed dividend floor per share	EUR	–	–	0.30
Dividend yield based on average share price	%	–	–	2.9

Source: Vienna Stock Exchange

and made the repayment of such liabilities impossible. The resulting uncertainties, along with the daily announcements about the dramatic situation in the automotive industry and growing concerns about the further unfolding of the financial crisis, led to a drop in POLYTEC's share price to an all-time low of EUR 1.01 on March 9, 2009.

Development of stock trading volume (2008–2009 on a quarterly basis in tsd. units)



Source: Vienna Stock Exchange

Following a slight recovery, the company's share price reached its high for the year of EUR 2.98 on May 6, 2009. The restructuring program initiated by the company in the wake of extensive negotiations with the financing banks and core shareholders, which led to the disposal of PEGUFORM and consequently to the repayment of the liabilities incurred for the acquisition, contributed to stabilizing POLYTEC's share price performance. This solution was unanimously approved by the extraordinary Annual General Meeting on June 26, 2009.

The company's share price remained mostly stable throughout the reporting year, falling slightly to EUR 2.11 by December 31, 2009 after opening at EUR 2.30 at the beginning of 2009. The market capitalization of POLYTEC Holding AG amounted to roughly EUR 47 million at year-end 2009. In the course of 2009, POLYTEC's stock trading volume (excluding turnover from over-the-counter trading) increased slightly to roughly 91,000 shares per day (2008: 87,000). Turnover from over-the-counter trading amounted to EUR 7.8 million or 24% of POLYTEC's total stock market turnover in Austria.

Shareholder structure

As of the balance sheet date in 2009, POLYTEC Holding AG's share capital amounted to EUR 22.3 million divided into 22,329,585 bearer shares with a nominal value of EUR 1.0 each. In January 2006, POLYTEC Holding AG acquired 29,934 treasury shares (0.13% of the share capital) from a retired member of the Group's management for a purchasing price of EUR 7.20 per share (following prior approval of the Annual General Meeting on October 27, 2004). The number of treasury shares held by the company has remained unchanged since then.

Notifications received during the 2009 financial year pursuant to Article 91 of the Austrian Stock Exchange Act

During the 2009 financial year, POLYTEC Holding AG received the following voting right notifications pursuant to Article 91 of the Austrian Stock Exchange Act:

- On July 6, 2009 HUEMER Holding GmbH reported that following the assignment of 16% of the share capital or 3,572,734 shares as security, its share of POLYTEC Holding AG's voting rights was lower than 20%. On the same date, POLYTEC Holding AG was also informed by Peter Posch lawyers that the title of property for 16% of the company's share capital or 3,572,734 shares had been assigned to them as a security.

- On August 27, 2009 Delta Lloyd Asset Management NV reported that it now held 2,245,000 shares and thus more than 10% of POLYTEC Holding AG's voting rights.

- On September 8, 2009 PT Automotive Consulting GmbH reported that it now held 4,542,364 shares and thus more than 20% of voting rights.

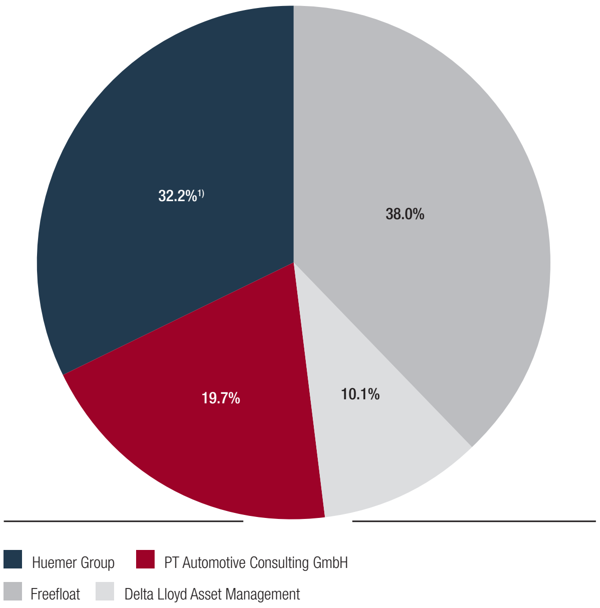
- On September 9, 2009 the parent company CROSS Industries AG reported that the 15.01% and 5.33% interests held by CROSS Motorsport Systems AG and Unternehmensinvest AG respectively had been reduced to zero.

- On September 29, 2009 PT Automotive Consulting GmbH reported that its share of voting rights was lower than 20% due to the sale of 150,000 shares and now amounted to 19.7%.

- On October 6, 2009 HUEMER Holding GmbH reported that it had transferred its shareholding of 14.8% in POLYTEC Holding AG or 3,311,783 shares to its parent company HUEMER Invest GmbH, which now holds a 14.8% share of POLYTEC Holding AG's voting rights or of the company's share capital. >

As a result, POLYTEC Holding AG's shareholder structure as of December 31, 2009 was as follows:

Current shareholder structure



Source: Vienna Stock Exchange
[1] 16% of voting rights have been assigned to Peter Posch as a security.

Basic information on the POLYTEC share	
ISIN	AT0000A00XX9
Ticker symbol	
Vienna Stock Exchange	PYT
Reuters	POLV.VI
Bloomberg	PYT AV
Market segment	Prime Market
First trading day	May 2, 2006
Issue price for share	EUR 7.75
Number of shares issued	22,329,585
Authorized capital	EUR 11,164,792
Free float	roughly 38%

Financial calendar 2010	
Results for the fourth quarter and the financial year 2009	April 13, 2010
Results for the first quarter 2010	May 11, 2010
Annual General Meeting 2010	May 19, 2010
Results for the second quarter and the first half year 2010	August 4, 2010
Results for the third quarter and the first nine months 2010	November 3, 2010

Dividend policy

POLYTEC Holding AG's dividend policy envisages a continuing pay out ratio of roughly 30% of net profit. Due to the negative earnings development in the 2009 financial year, the Board of Directors will propose that no dividend be distributed. □

Investor Relations

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Group Management Report POLYTEC Holding AG

for the financial year 2009

1. Global economic conditions and sector situation report

Economic environment

In the 2009 financial year, worldwide economic development was impacted by the most severe recession since the war. Real GDP dropped in almost all regions due to the global financial and economic crisis, with the industrialized countries recording the strongest declines (-3.6%). Real global GDP decreased significantly by 2.3% compared to the previous year. After the economic slump at year-end 2008, the beginning of the second half of 2009 saw a reversal of this global downward trend, mostly due to growth impulses from Asia.

In the year under review, worldwide economic development was marked by the collapse of international trade and a strong decline in demand for consumer goods. As well as all industrialized countries, the recession also hit the emerging markets and, most of all, the export-dependent economies. However, thanks to the concerted efforts of both national central banks and governments, the situation on the international financial markets was at least partially stabilized. Furthermore, intensified fiscal counter-measures in the form of economic stimulus programmes contributed to mitigating the economic slump in the course of the reporting year.

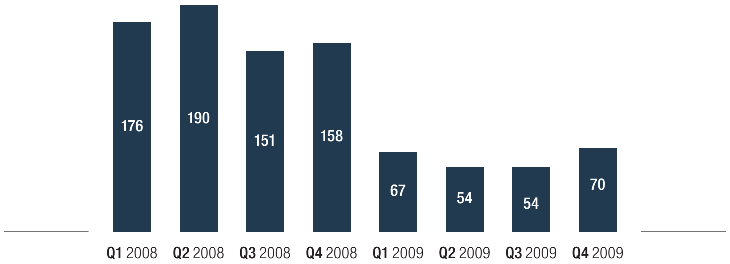
The recession, which had already started to unfold in the second half of 2008, hit **Europe** with full force in the 2009 financial year. The reasons behind this recession were the financial crisis and thus a contraction in consumption and investing activities, destocking of inventories and a drop in exports. In contrast to last year's development, real GDP showed a strong decline within the EU in the reporting year (2008: +0.8%; 2009: -4.1%). Only in the second half of 2009 did numerous companies start to restock their inventories, which had been destocked during the first half-year, resulting in a slight increase in the level of capacity utilization which up to that point had been very low. At the same time, state economic stimulus programmes started to prove effective by supporting both private and public consumption.

Sector situation

The problematic development of the world economy during the year under review, as a result of the global crisis on the international financial markets, led to a strong decline in sales in the automotive industry throughout the most important markets. The European automotive production volumes dropped from 18.5 million to 15 million vehicle units.

EU27 – Production development by vehicle category

Heavy-goods vehicles (in tsd. units)



Passenger cars (in million units)

Source: www.acea.be/company internal graphics

The most important customers of the Group recorded considerable declines in sales due to the dramatic drop in new car registrations in 2009. According to a survey carried out by the management consulting company Roland Berger, global sales in the automotive supply industry declined by 25%.

This downward trend was, amongst other, mitigated by the introduction of vehicle scrappage premiums by the governments, which mostly benefited manufacturers of small passenger cars, and therefore had only a limited impact on the POLYTEC GROUP, as the group is mainly orientated toward premium manufacturers.

While passenger car sales will probably be negatively impacted by the termination of scrappage schemes, an order backlog is anticipated over the short term in the premium segment. The trend on the automotive market is generally shifting toward more lightweight and eco-friendly vehicles, high-value fittings and greater customization. Given its product portfolio focused on weight reduction and its extensive experience in the premium car segment, the Group is poised to benefit from this trend. The German manufacturers started the current 2010 business year with a resumption of the growth trend.

BUSINESS DEVELOPMENT AND GROUP SITUATION

General information

The restructuring programme of the POLYTEC GROUP, which was agreed upon by the financing banks and the company and unanimously approved by an extraordinary General Meeting on June 26, 2009 envisaged, among other things, the disposal of the PEGUFORM GROUP (which had been acquired in the 2008 financial year), with the exception of the two plants (Weiden and Chodova Plana) belonging to the Automotive Composites Division. Thus, the PEGUFORM GROUP, with the exception of the two aforementioned plants, is to be classified as "held for sale" pursuant to IFRS 5 and consequently divested from the Automotive Systems Division.

With regard to the revenue and earnings development of both the Group and the Automotive Systems Division, it should be noted that the divestment of the PEGUFORM GROUP reported in the Notes to the Consolidated Accounts under D. 10 permits only a partial comparison with the audited financial statements of the 2008 business year.

To allow better comparability and, therefore, a more accurate assessment of the development of results, reported figures for the 2008 financial year also include figures adjusted for the effects of the acquisition of PEGUFORM GROUP.

In the following Group Management Report, the financial figures for the year under review have also been adjusted for the effects of the acquisition of the PEGUFORM GROUP, which was deconsolidated as of July 31, 2009 and whose contribution to results has been classified as "result from divested divisions".

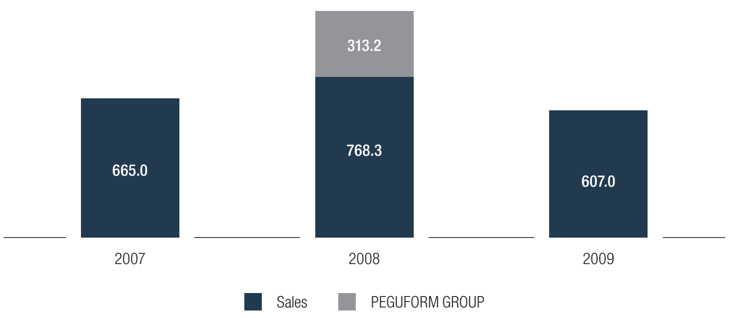
Business development of the Group

Against the backdrop of strong declines in production volumes within the passenger car, heavy-goods and commercial vehicle segments as a result of the global economic recession, Group sales dropped by 21.0% to EUR 607.0 million, with the two former PEGUFORM GROUP plants, consequently rebranded as POLYTEC Composites Bohemia and POLYTEC Composites Weiden, contributing EUR 34 million to total sales figures.

Key financial figures showed the following development in the year under review:

Earnings figures of the Group	Units	2009	2008 comparable	2008	2007
Sales	EUR million	607.0	768.3	1,081.5	665.0
EBITDA	EUR million	10.2	50.2	65.0	63.7
EBITDA margin (EBITDA/sales)	%	1.7	6.5	6.0	9.6
EBIT before restructuring costs	EUR million	-22.4	13.9	16.7	41.0
EBIT after restructuring costs	EUR million	-30.2	13.9	16.7	41.0
EBIT margin (EBIT/sales)	%	-5.0	1.8	1.5	6.2
Net profit from continued operations	EUR million	-51.4	9.8	3.0	37.3
Net profit margin (net profit/sales)	%	-8.5	1.3	0.3	5.6
Earnings per share	EUR	-2.33	0.42	0.08	1.66
Average capital employed	EUR million	336.7	n/a	365.0	171.9
ROCE before tax	%	-9.0	n/a	4.6	23.9

Sales development 2007–2009 (in EUR million)



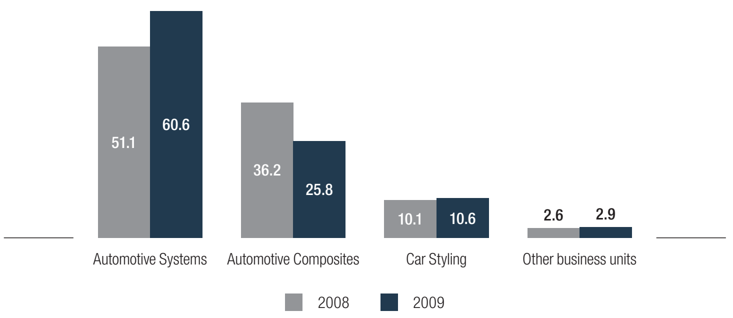
The downward market trend in the automotive industry and, most specifically, in the commercial vehicle segment which started unfolding at year-end 2008, continued throughout the reporting year resulting in a considerable decline in Group operating income, which turned negative. EBITDA remained positive totalling EUR 10.2 million, as the successful implementation of restructuring measures led to positive EBITDA margins in the second half of the reporting year.

Parallel to the development of Group EBIT, the result from continuing operations after taxes decreased to EUR -51.4 million compared to EUR 9.8 million in the previous year. The result on a pro-rata basis from the divestment of the PEGUFORM GROUP had an additional negative impact of EUR -38.7 million on Group figures.

This also applies to the restructuring costs totalling EUR 7.8 million reported in the profit and loss account. More detailed information about individual items is available in the Notes to the Consolidated Accounts under D. 7.

The contribution of the individual divisions to total sales figures has changed considerably in the year under review. Due to drastic declines in sales in the commercial vehicle segment, the Automotive Composites Division only accounted for 26% of total Group sales in 2009 after 36% in the previous year.

Contribution to sales by segment (in %)



Automotive Systems Division

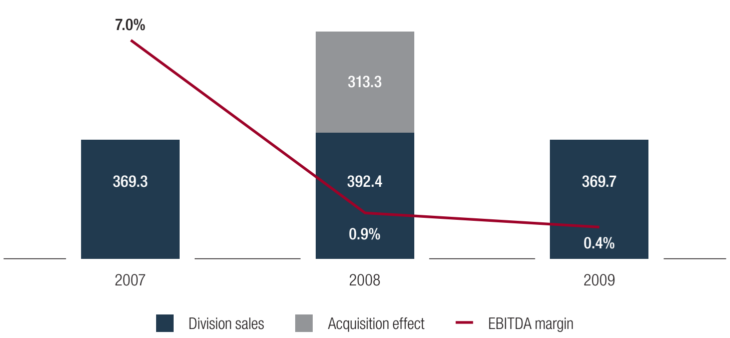
	Units	2009	2008 comparable	2008	2007
Sales	EUR million	369.7	392.4	705.6	369.3
Share of Group sales	%	60.6	51.1	65.2	55.5
EBITDA	EUR million	1.4	3.5	18.3	25.8
EBITDA margin (EBITDA/sales)	%	0.4	0.9	2.6	7.0
EBIT before restructuring costs	EUR million	-21.5	-21.2	-18.3	10.8
EBIT after restructuring costs	EUR million	-23.7	-21.2	-18.3	10.8
EBIT margin (EBIT/sales)	%	-6.4	-5.4	-2.6	2.9
Net profit	EUR million	-21.5	-24.1	-30.9	4.1
Net profit margin (net profit/sales)	%	-5.8	-6.1	-4.4	1.1
Average capital employed	EUR million	257.3	n/a	282.7	106.2

The Automotive Systems Division is the most important business unit of the POLYTEC GROUP, accounting for 61% of total Group sales. In the year under review, division sales declined by 5.8% to EUR 369.7 million and the result after taxes amounted to EUR -21.5 million, including one-off restructuring expenses of EUR 2.2 million for personnel downsizing measures as well as impairment charges following extraordinary amortization on fixed assets of EUR 3.9 million.

Part sales recorded a drop of 17.1% to EUR 310.3 million. Tooling sales increased from EUR 18.0 million to EUR 59.4 million mainly due to new projects started in the year under review.

The strong decline in part sales was attributable to the global economic recession and, most of all, to the wide range of sales incentive programmes which had proved ineffective for this division, as it mainly supplies premium car manufacturers.

Development of sales and EBITDA (in EUR million)



Division EBIT amounted to EUR -23.7 million in 2009 compared to EUR -21.2 million in 2008. The previous year's figure included a one-off amortization of goodwill totalling EUR 6.3 million. Similarly, the 2009 comparative value includes the aforementioned one-off effects in the amount of EUR 6.1 million.

Earnings development principally reflected the downward trend of the automotive industry from Q4 2008 onward, although cost-saving measures began to become effective as of the second half of 2009, resulting in a considerable improvement of EBIT compared to Q4 2008 (EUR -10.3 million).

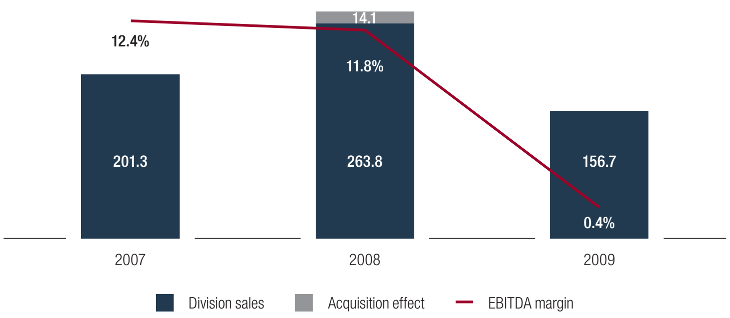
Automotive Composites Division

	Unit	2009	2008	2007
Sales	EUR million	156.3	277.9	201.3
Share of Group sales	%	25.8	36.2	30.3
EBITDA	EUR million	0.5	32.7	24.9
EBITDA margin (EBITDA/sales)	%	0.4	11.8	12.4
EBIT before restructuring costs	EUR million	-6.1	24.3	19.9
EBIT after restructuring costs	EUR million	-7.8	24.3	19.9
EBIT margin (EBIT/sales)	%	-5.0	8.8	9.9
Net profit	EUR million	-12.8	14.4	23.7
Net profit margin (net profit/sales)	%	-8.2	5.2	11.8
Average capital employed	EUR million	35.9	36.9	22.3

The development of the Automotive Composites Division was marked by a dramatic decline in both sales and earnings within the commercial vehicle segment. Division sales decreased by 43.8% to EUR 156.3 million in a year-on-year comparison, despite the first-time full-year contribution to total sales figures of the plants POLYTEC Composites Bohemia and POLYTEC Composites Weiden in the amount of EUR 34 million. The strong (organic) drop in sales principally reflected the development of the commercial vehicle market, which registered a 64% decrease benchmarked against total European production volumes.

Due to the collapse in demand from Q4 2008 onward, the market is currently suffering from excess capacities and distorted cost structures due to investments made by suppliers on the basis of considerably higher turnover expectations. On the back of this negative development, capacities at all plants had to be brought in line with the anticipated lower production volumes. In addition to considerably downsizing leased staff, short-time working schemes were introduced at all corporate sites in the year under review. These successful remedial measures were also reflected in the quarterly development of EBITDA, which showed a considerable improvement over the course of the year, totalling EUR 0.5 million for the full-year 2009.

Development of sales and EBITDA (in EUR million)



In the year under review, EBIT declined to EUR -7.8 million due to a drop in sales, whereas the previous year showed a positive EBIT of EUR 24.3 million mainly attributable to successful restructuring measures. This corresponds to a decline in the EBITDA margin from 8.8% to -5.0%.

As a consequence of the severe slump in the market, structural optimization measures were also implemented. After the successful closing of the Slovakian plant in Trnava at the end of 2008, at the beginning of the year, the closure of the plant in Sweden was initiated and had almost been completed by the end of the year. However, owing to the high closure expenses, the company was forced to file for insolvency at the beginning of 2010.

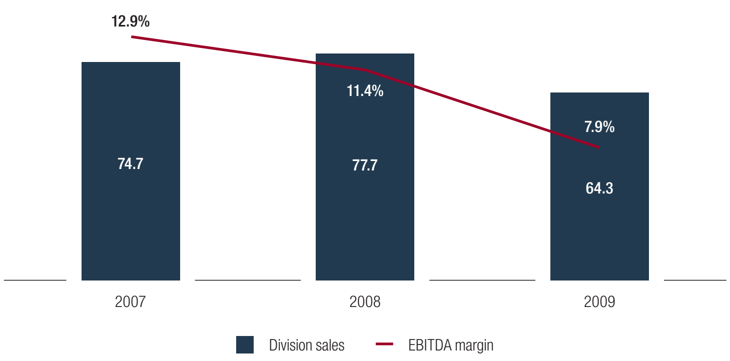
Car Styling Division

	Unit	2009	2008	2007
Sales	EUR million	64.3	77.7	74.7
Share of Group sales	%	10.6	10.1	11.3
EBITDA	EUR million	5.1	8.9	9.6
EBITDA margin (EBITDA/sales)	%	7.9	11.4	12.9
EBIT	EUR million	3.1	6.8	7.9
EBIT margin (EBIT/sales)	%	4.8	8.7	10.6
Net profit	EUR million	2.1	4.4	5.3
Net profit margin (net profit/sales)	%	3.3	5.7	7.1
Average capital employed	EUR million	33.0	34.7	33.0

Given the severity of the crisis, the Car Styling Division performed quite well. Nevertheless, the division was unable to completely buck the downward trend in the automotive industry and showed a decline in both sales and earnings in the year under review. Division sales amounted to EUR 64.3 million and EBIT to EUR 3.1 million, with the EBIT margin totalling 4.8%.

In view of the current trend toward the increased personalization of passenger cars, market opportunities for this division are still regarded as favorable.

Development of sales and EBITDA (in EUR million)



Other business units

	Unit	2009	2008	2007
Sales	EUR million	16.8	20.3	19.6
Share of Group sales	%	2.9	2.6	2.9
EBITDA	EUR million	3.3	5.2	3.5
EBIT before restructuring	EUR million	2.2	3.9	2.4
EBIT after restructuring	EUR million	-1.7	3.9	2.4
Net profit	EUR million	-19.3	15.0	4.2

"Other business units" principally encompass the non-automotive business of the Group, POLYTEC Holding AG, as well as consolidation effects on results which cannot be attributed to any division in particular.

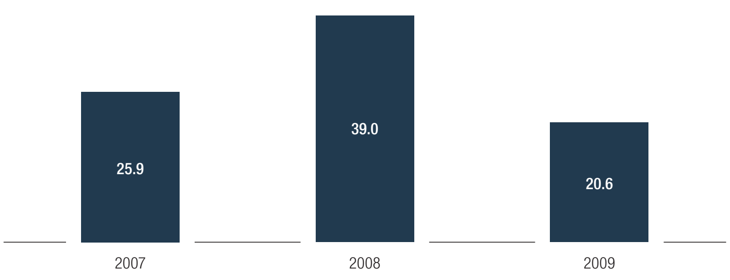
The negative result mainly relates to costs in connection with the divestment of the PEGUFORM GROUP in the amount of EUR 3.1 million.

Group key balance sheet figures

	Unit	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Asset ratio (Long term assets/ Total balance sheet)	%	39.3	51.5	32.7
Equity ratio (Equity/ Total balance sheet)	%	18.5	15.2	35.7
Balance sheet total	EUR million	332.1	1,020.8	445.0
Net working capital	EUR million	26.0	17.9	77.3
Net working capital in % of sales (NWC/sales)	%	4.3	4.4	8.9

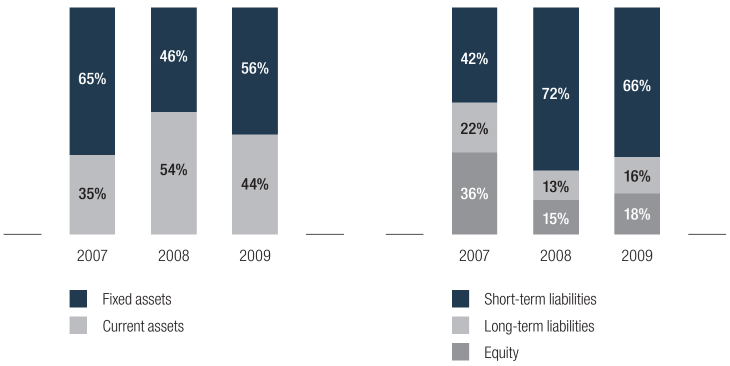
The intensity of investment was considerably reduced in the year under review compared to the previous year due to the divestment of the PEGUFORM GROUP. Capital expenditures for tangible assets dropped by 47.2% to EUR 20.6 million in the reporting year and were mainly attributable to customer-related investments in the purchase of facilities for new up-coming projects.

Capital expenditures for tangible assets (without PEGUFORM) (in EUR million)



The increase in the equity ratio from 15.2% to 18.5% despite the current deficit situation is attributable to debt relief but also a decline in balance sheet total in connection with the divestment of the PEGUFORM GROUP.

Balance sheet structure of POLYTEC GROUP



Group key financial figures

	Unit	2009	2008	2007
Net debt	EUR million	69.9	346.4	29.2
Net debt to EBITDA	x	6.9	5.33	0.46
Gearing debt (net debt/equity)	x	1.14	2.24	0.18

The substantial reduction in the POLYTEC GROUP's net debt is attributable to debt relief in connection with the divestment of the PEGUFORM GROUP.

Cash flow from continuing operations

	Unit	2009	2008 comparable	2007
Cash flow from operating activities	EUR million	10.7	70.1	-7.5
Cash flow from investing activities	EUR million	-18.0	-238.3	-9.7
Cash flow from financing activities	EUR million	19.9	163.8	23.6
Changes in cash and cash equivalents	EUR million	12.6	-4.4	6.4

In the year under review, cash flow from operating activities amounted to EUR 10.7 million and was marked by a decline in earnings due to the crisis-fuelled drop in sales and extraordinary expenses in connection with the Group's restructuring measures.

At the same time, working capital management measures led to positive effects. As mentioned above, investments were mainly concentrated on customer-related and efficiency-enhancing projects.

The positive cash inflow from financing activities totalling EUR 19.9 million mainly resulted from additional funding made available by the POLYTEC GROUP's principal lending bank in the course of the restructuring process.

Non-financial performance indicators

Environmental protection

Practical environmental protection involves more than compliance with regulatory obligations. Many organisations do more than is legally required and voluntarily introduce an environmental management system with the aim of continuously improving their environmental performance and reducing the negative impact of their operations on the environment. ISO 14001 is the internationally recognized standard for putting in place an environmental management system. All the group's major sites have received certification in accordance with this standard.

Dealing carefully and responsibly with natural resources is an essential part of the POLYTEC GROUP's business activities. For a company specialising in processing plastics, the avoidance of waste is particularly important. In those factories, which work mainly with injection moulding technologies, every effort is made to regranulate the waste material and channel it back into the production process. The Group also focuses on increasing the use of natural materials.

The economic (sparing) use of raw materials or the use of alternative materials is also an integral aspect of all research and development activities.

EMPEFLEX is a flax fibre-reinforced polypropylene for interior trims, which in addition to its low specific weight offers several other functional advantages. The material is very stiff and highly impact resistant, properties that are reflected in its excellent crash performance. Furthermore, EMPEFLEX components can be laminated with decorative materials without the application of adhesive, which increases economic efficiency and reduces emissions, while at the same time enabling entire composite systems with thermoplastic surface materials to be recycled. EMPEFLEX is derived from the flax plant, which needs very little fertiliser or pesticides, making even the production of this renewable resource extremely environmentally friendly. As flax is an annual plant it also closes the CO_2 cycle. At the end of the vehicle's life EMPEFLEX can be recovered from the car body and either reused or recycled as an energy source.

We continue to produce the following technologies that make a positive contribution to reducing emissions:

- **POLY*SWIRL*** (oil separator system; reduces oil consumption)
- **POLY*FLAX*** (natural fibre-based composite).

A further development is the use of sugar cane resin as a matrix material for long fibre-reinforced interior trim parts. Car interior trim parts produced in this manner contain up to 100% renewable raw materials. The process has, however, not yet been used in series production.

Employees

The average number of those employed[1] by the POLYTEC GROUP and their geographic spread in the years from 2007 to 2009 is as follows:

	2009	2008 comparable	2008	2007
Austria	382	424	424	363
Germany	3,644	4,028	4,831	4,072
Rest of Europe	1,341	1,827	2,208	1,716
North America	15	17	17	25
South America	0	0	281	0
South Africa	76	83	83	102
Asia	67	160	252	154
Total	5,525	6,539	8,095	6,432

The average number of employees by division can be broken down as follows:

	2009	2008 comparable	2008	2007
Automotive Systems Division	2,908	3,056	4,930	3,321
Automotive Composites Division	1,867	2,686	2,368	2,380
Car Styling Division	610	647	647	591
Holding/other segments	140	150	150	140
Total	5,525	6,539	8,095	6,432

A key performance indicator in the HR area, sales per employee, developed as follows:

	Unit	2009	2008 comparable	2008	2007
Sales per employee	TEUR	110	117	134	103

[1] Contract workers/Employees of companies included in the consolidated financial statements for the first time are shown in the table on a pro rata temporis basis from the date of initial consolidation.

A strong customer focus and ongoing process optimisation in terms of profitability, environmentally-friendliness and efficiency are top priorities for the POLYTEC GROUP. Besides, these factors also define the attitude of POLYTEC employees to their work.

In order to be well equipped to face up to the dynamic market challenges that lie ahead, the POLYTEC GROUP promotes the further education and professional training of its employees, both through in-house educational and vocational training measures as well as with the support of external educational institutions. Alongside the further development of technical know-how and manual skills, a strong focus is placed on teaching foreign languages, as these are essential for the business success of an international company such as POLYTEC.

Executive remuneration packages include a performance-based component to promote identification with the company and the careful and efficient use of financial resources.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

The election and re-election of members of the Supervisory Board took place at an extraordinary General Meeting on February 5, 2010. With the exception of Andreas Szigmund, who resigned at this meeting, all members of the Supervisory Board were re-elected. Reinhard Schwendtbauer and Meinhard Lukas were elected as new members of the Supervisory Board. For more detailed information regarding the members of the Supervisory Board please refer to the Corporate Governance Report.

Please refer to section E. 2 of the Notes to the Consolidated Accounts for more information about events and transactions after the balance sheet date, which are of material importance for the evaluation of assets and liabilities.

2. Report on the expected development and risks for the Group

FORECAST REPORT

Sector

Passenger cars
As mentioned above, our customers were unable to buck the downward market trend in 2009. For the 2010 business year, market sentiment is expected to improve and premium car manufacturers in particular are more optimistic, anticipating slight increases compared to the previous year. Thus, our most important customers have reiterated their growth targets over the mid term and expect the automotive industry to resume its upward trend going forward.

Commercial vehicles
In the commercial vehicle segment, manufacturers expect a slight increase for the full-year 2010 despite the persistently uncertain market situation. The reason for this assumption is that the industry has reduced its stocks of commercial vehicles in 2009. The resulting increase in production is also confirmed by the lower number of planned "down" days compared to the previous year. Furthermore, it is expected that this moderate market recovery will gather momentum in the second half of 2010. However, no perceptible improvement of the general situation is anticipated before 2011 a nd 2012. For the 2012 business year, the expectations of most commercial vehicle OEMs are high, especially if today's heavy good vehicles are replaced by the new generation of commercial vehicles with EURO-5 and EURO-6 engines. Nevertheless, production figures are not expected to match the peak levels of the 2007 and 2008 boom years.

Development of results

Automotive Systems Division
For the full-year 2010, sales are expected to show a slight increase. Due to the clear positioning of this division as a supplier of the European premium segment, no negative effects are anticipated from the termination of various European scrappage schemes.

Besides, in the light of the expected positive sales development and the further implementation of optimization measures, the division's operating income is anticipated to increase in the 2010 business year.

Automotive Composites Division

Against the backdrop of the current general market development, there are few signs at present of a long-term recovery of the Automotive Composites Division, despite a slight increase at the beginning of 2010. However, based on the implementation of sales and cost optimization measures which will become fully effective in 2010, the situation has already been improved.

In the event that capacity utilization does not show a further improvement in the course of 2010, the company does not rule out the possibility of putting in place additional restructuring measures upon termination of short-time working schemes.

Liquidity

In the wake of the global financial crisis, in autumn 2008 the POLYTEC GROUP ran into severe financial difficulties following a significant rise in the level of indebtedness for the acquisition of the PEGUFORM GROUP, which might have jeopardized the survival of the company. In spring 2009, a comprehensive restructuring programme was negotiated with the lending banks of the POLYTEC GROUP, which led to the divestment of the PEGUFORM GROUP and resulted in the sustainable reduction of the company's debt level. This programme was successfully finalized in summer 2009. Following the reduction of the POLYTEC GROUP's indebtedness and the guaranteed continuation of the parent company's operations, the main lending bank of the Group made additional funds available in the amount of EUR 31 million with a view to meeting future liquidity requirements for the further development of business.

Continuing operations and financing activities

The persisting global financial and economic crisis and the severe slowdown in economic activity posed a huge challenge to POLYTEC Holding AG. The Group's business performance in the year under review was marked by a massive slump in both the passenger car and commercial vehicle segments, which led to considerable declines in sales and earnings. In the year under review, the POLYTEC GROUP posted a negative result after taxes of EUR -90.1 million, including effects from business divisions "held for sale" (for further details about the included one-off expenses please refer to the Notes to the Consolidated Accounts under D. 6 and D. 8).

In light of the current challenging economic situation and the difficulty of predicting the further development of the passenger car and commercial vehicle businesses, the company's future earnings situation and financing requirements might be subject to changes that cannot be estimated with any degree of certainty on the basis of the information currently available. According to current business planning calculations, the POLYTEC GROUP is expected to post a positive EBIT in 2010 while the company's liquidity projections show that additional cash and cash equivalents in the amount of EUR 18.5 million will be required; this, however, can be covered within the current financial framework. Furthermore, it should be noted that business planning calculations and the resulting liquidity projections also encompass measures which have not yet been fully agreed upon (sales increases, reduction of personnel costs). Therefore, the final outcome of negotiations will have a significant impact on the future earnings situation and financing requirements of both the Group and the individual subsidiaries. The POLYTEC GROUP's business planning calculations have been drawn up by both local management and the Board of Directors to the best of their knowledge and belief on the basis of the information currently available about the development of the passenger car and commercial vehicle segments, which is, however, hard to predict at present. Against the backdrop of widespread uncertainties and negative market sentiment as a result of the global economic downturn, the POLYTEC GROUP cannot fully rule out that the future business development of the Group's subsidiaries might be in jeopardy. It is therefore possible that unfavourable impairments of certain balance sheet assets might be recognized in future. In the first two months of 2010, Group results were slightly behind schedule.

Against this background, additional funding to be provided by the Group's main lending bank is deemed to be vital for the survival of POLYTEC Holding AG. As the company's principal creditor, the lending bank has confirmed in writing as of March 9, 2010 that it intends to guarantee additional funding based on the anticipated development of Group operations in line with the original planning calculations and pending approval by the relevant Committees by December 31, 2011. Deviations from plan of individual companies or plants of POLYTEC Holding AG alone are not considered a sufficient reason to terminate the financing agreement on the part of the lending bank, provided that the general business development of POLYTEC Holding AG does not fall substantially short of the original planning calculations. In the event of further declines in earnings or of a suspension of funding on the part of the lending bank, the survival of the Group would be in jeopardy.

However, based on the current business planning calculations and in light of the additional funding guaranteed by the lending bank, the Board of Directors expects the Group to continue business operations.

RISK REPORTING AND FINANCIAL INSTRUMENTS

For more detailed information about risk reporting please refer to section E.5 of the Notes to the Consolidated Accounts. For information concerning Group derivative financial instruments please refer to section C. 21 of the Notes. Concerning "Continuance of operations" we refer to the chapter "Continuing operations and financing activities".

3. Research and development

To secure the Group's future competitiveness and business success, research and development activities focus on continuously improving and streamlining current manufacturing processes, on new and further development of automotive components in consultation and collaboration with our customers, and on the further development of materials.

In the 2009 business year, a number of developments reflecting the latest trends were successfully implemented. These encompassed the use of lightweight components to reduce CO_2 emissions, intelligent system integration to increase cost-efficiency and a new ecological and sustainable product based on the discussions currently underway in the specialist media.

The POLYTEC GROUP operates several development centres. In keeping with the corporate strategy each of these development centres specialises on the products that are manufactured at the respective site. New engine compartment parts are developed in the north German town of Lohne, where the largest production site for engine compartment parts is based. Development work ranges from the introduction of plastic parts as substitutes for aluminium parts to the further development of existing components. The test area has been extended to meet constantly rising customer demands and to support active work on new developments, with a view to further consolidating the company's pioneering role in the field of engine component parts.

The development focus in the Bavarian town of Geretsried is on interior systems. Employees here work constantly on the further development of materials, concentrating on weight reduction, cost efficiency and component quality. In the field of material development, the clear focus is on developing sandwich materials and environmentally friendly materials based on natural fibres. Development work in the field of manufacturing concentrates, above all, on improving the integrated module concept in order to further reduce assembly costs.

In the 2009 business year, we started series production of a door trim panel based on an innovative laminating solution to achieve high product quality and weight-reduced components at a lower cost.

Further research activities, which focus on basic topics such as the use of resins based on renewable raw materials and also on the further development of natural fibre production in general (development project in cooperation with the Chemnitz University of Technology to study the use of green flax instead of the well-rotted flax used hitherto etc.), round-off the company's development portfolio.

In the town of Morsbach-Lichtenberg in North Rhine-Westphalia, development work concentrates on the field of pillar trims, in particular on back injection moulding of textiles and other materials. The town is also home to the competence centre for the finishing of special textile goods for back injection moulding. The use of thin wall technology in the field of injection moulding is also developed at this centre, as are the plastic door trim panels.

In addition to goal-orientated pre-development projects carried out in close consultation with automotive manufacturers, concerted efforts have also been devoted to developing new component and surfacing materials, as well as process technologies. Thanks to this development work, the Group has already registered several trademarks, e.g. POLYSWIRL (oil separator system), POLYFLAX (natural fibre-based composite), POLYLOAD (a new type of lightweight matrix), POLYSKIN (2-component processes for high-quality interior parts at optimum cost) and POLYGRAIN (in-mould graining process). Further projects are in the pipeline. At present, the POLYTEC GROUP owns more than 240 registered trademarks and patents.

In the Automotive Composites Division the focus is above all on finding new and better applications for thermoset materials. Other development activities are aimed at increasing efficiency in the production and handling of SMC (sheet moulding compounds) as well as enhancing their processing and varnishing safety. The new generation of vehicles is also posing new challenges in terms of component strength and impact resistance, requiring constant development of the basic material and the way in which it is processed. Another key area of development work encompasses the weight reduction of components whilst preserving their main properties.

The business activities of the Car Styling Division offer the full range of the process chain, beginning with first design concepts to clay models (M 1:1), digitalization, CAD construction and the construction of rapid-prototyping-models. In the tool shop and mould construction department we construct and develop tools for serial production as well as devices. These processes will be executed from our highly experienced project managers in close relationship with our customers. The process chain ranges from the plastic parts production, the pretreatment to the prime coating, painting, assembling and logistics. This enables us to react highly flexible and to steadily improve the competence.

In 2009, the POLYTEC GROUP spent approximately 2.7% of total Group sales on research and development (2008: 2.6%).

4. Key features of the internal control system and risk management system in relation to the financial reporting process

The Board of Directors is responsible for implementing an adequate internal control and risk management system for the accounting process and financial reporting. Appropriate organisational measures ensure that all relevant legal requirements to make complete, correct, timely and orderly entries in the books and other records are met.

The entire process from procurement to payment is subject to strict rules and guidelines that are intended to avoid any risks these processes may entail. These measures and rules include separation of functions, signature authorisation policies, and signatory powers for authorising payments applying on a collective basis only and restricted to a small number of employees, as well as system-supported checks by the software in use.

By using a standardized, Group-wide financial reporting system, together with ad hoc reporting on major events, the Board of Directors is kept constantly abreast of all relevant issues. The Supervisory Board is informed in Supervisory Board meetings, held at least once every quarter, on the current business development, including operative planning and the medium-term strategy of the Group, with direct and immediate information being provided to the Supervisory Board in special cases. Internal control and risk management are among the topics dealt with at the Audit Committee meetings.

5. Information regarding capital, -share, -voting and control rights and associated obligations

The share capital of POLYTECH Holding AG is split into 22,329,585 bearer shares with a par value of EUR 1.00 each. The Group has no other types of shares. All shares have been admitted to trading in the prime market segment of the Vienna Stock Exchange.

In January 2006, POLYTEC Holding AG acquired 29,934 treasury shares (0.13% of the share capital) for a purchasing price of EUR 7.20 per share (following prior approval of the Annual General Meeting on October 27, 2004) from a retired member of the Group's management. The number of treasury shares held by the company has remained unchanged since then.

Shareholders with a stake of over 10.0% of the share capital as of the balance sheet date and at the time of the compilation of this report included:

IMC Verwaltungsgesellschaft mbH: This company holds shares in POLYTEC Holding AG on its own behalf, but also on behalf of the affiliated companies Huemer Holding GmbH and Huemer Invest GmbH.

The total shareholding of the three companies amounts to roughly 32% of the share capital[2)]. The CEO of the POLYTEC GROUP, Friedrich Huemer, is the indirect sole shareholder of IMC Verwaltungsgesellschaft mbH and the managing director with sole power of representation of the said companies.

Due to the necessity of acquiring a working capital line of credit to provide additional funding to the POLYTEC GROUP in the amount of roughly EUR 31 million, the title of property for 16% of the company's share capital or 3,572,734 shares was assigned by HUEMER Holding GmbH, an affiliated company of IMC Verwaltungsgesellschaft mbH, to the lawyer Dr. Peter Posch. In the exercise of his voting rights Mr. Posch is only bound to HUEMER Holding GmbH with regard to a small number of important measures.

PT Automotive Consulting GmbH: This company, based in Linz (Austria), belongs to the affiliated Group of Raiffeisenlandesbank Oberösterreich AG and holds approximately 19% of the company's shares.

Delta Lloyd Asset Management NV: This asset management firm is based in Amsterdam (Netherlands) and holds approximately 10% of the share capital of POLYTEC Holding AG through the following funds:
– Delta Lloyd Europees Deelnemingen Fonds
– Delta Lloyd Luxembourg European Participation Fund

No shareholders have particular rights of control.

With regard to the Board of Directors' ability to issue shares, please refer to the Notes to the Consolidated Accounts under D. 22 for more detailed information about the authorized capital.

There are indemnification agreements between the company and two members of the Board of Directors. There are no indemnification agreements between the company and its Supervisory Board members and employees, nor any other major agreements, which would be affected by a change in control or a public takeover bid.

No provisions in the Articles of Association are laid down that go beyond the statutory provisions for appointing members of the Board of Directors or of the Supervisory Board or for amending the Articles of Association.

Hörsching, April 6, 2010

The Board of Directors

Friedrich Huemer m.p. Eduard Schreiner m.p.

Alfred Kollros m.p. Andreas Jagl m.p.

[2)] Including the 16% of the share capital assigned as security.

Consolidated Accounts of POLYTEC Holding AG

for the financial year 2009

Consolidated income statement for the financial year 2009

compared with the figures from the previous year

in TEUR		Notes	2009	2008 adjusted
1.	Net sales	D. 1	607,047	768,282
2.	Other operating income	D. 2	22,439	21,663
3.	Changes in inventory of finished and unfinished goods		-19,728	29,321
4.	Own work capitalized		823	1,329
5.	Expenses for materials and services received	D. 3	-330,194	-437,135
6.	Personnel expenses	D. 4	-186,509	-216,961
7.	Other operating expenses	D. 5	-87,091	-116,314
8.	Deconsolidation gains	B. 1	3,434	0
9.	**Earnings before interest, taxes and amortization (EBITDA)**		10,221	50,184
10.	Depreciation		-28,671	-28,139
11.	**Earnings before interest, taxes and amortization of goodwill (EBITA)**		**-18,450**	**22,046**
12.	Impairments		-3,965	-8,172
13.	**Operating profit (EBIT) before cost of restructuring**		**-22,415**	**13,874**
14.	Cost of restructuring	D. 7	-7,822	0
15.	**Operating profit (EBIT) after cost of restructuring**		**-30,236**	**13,874**
16.	Income from associated companies		0	142
17.	Financial expenses		-6,884	-6,158
18.	Impairments		-9,944	0
19.	Other financial results		-568	-112
20.	**Financial result**	**D. 8**	**-17,397**	**-6,128**
21.	**Earnings before tax**		**-47,633**	**7,746**
22.	Taxes on income	D. 9	-3,796	2,044
23.	**Net profit of continued operations**		**-51,429**	**9,790**
24.	Net profit of discontinued operations	D. 10	-38,650	-7,575
25.	**Consolidated profit for the year**		**-90,079**	**2,215**
	thereof result minority		-428	-372
	thereof result of the holding company		**-90,506**	**1,844**
	Earnings per share	D. 23	-4,06	0,08
	Earnings per share of continued operations	D. 23	-2,33	0,42

Statement of comprehensive income

Jan. 1 – Dec. 31, 2009

in TEUR	Group	Minority interests	Total
Profit after tax	**-90,506**	**428**	**-90,079**
Minority share of results of discontinued operations	0	846	846
Currency translations	585	-200	385
Market valuation of securities available for sale	9,059	0	9,059
Total comprehensive income	**-80,863**	**1,073**	**-79,790**

Jan. 1 – Dec. 31, 2008

in TEUR	Group	Minority interests	Total
Profit after tax	**1,844**	**1,152**	**2,995**
Currency translations	-3,774	472	-3,302
Market valuation of securities available for sale	**-9,080**	**0**	**-9,080**
Total comprehensive income	**-11,011**	**1,624**	**-9,387**

Consolidated balance sheet as of December 31, 2009

compared with the figures from the previous year

Assets in TEUR			Notes	Dec. 31, 2009	Dec. 31, 2008
A.	**Fixed Assets**				
	I.	Intangible assets	D. 11	1,975	20,558
	II.	Goodwill	D. 12	19,300	19,300
	III.	Tangible assets	D. 13	106,176	474,439
	IV.	Investments in affiliated companies		290	296
	V.	Investments in associated companies		31	31
	VI.	Investment in joint ventures	D. 14	0	7,414
	VII.	Other financial assets		2,874	3,419
	VIII.	Deferred tax assets	D. 16	13,974	22,624
				144,619	**548,080**
B.	**Current assets**				
	I.	Inventories			
		1. Raw materials and supplies		27,429	68,889
		2. Unfinished goods and as yet unbillable services minus advance payments		22,005	83,693
		3. Finished goods and merchandise		20,606	23,432
		4. Advance payments made		2,932	1,829
			D. 17	**72,972**	**177,842**
	II.	Trade accounts receivable and other receivables and assets			
		1. Trade accounts receivable		54,976	146,655
		2. Other receivables		20,526	29,416
		3. Income tax receivables		1,200	11,260
			D. 18	**76,702**	**187,331**
	III.	Marketable securities	D. 19	**5,932**	**6,796**
	IV.	Cash and cash equivalents	D. 20	**31,857**	**100,768**
				332,081	**1,020,816**

Equity and liabilities in TEUR			Notes	Dec. 31, 2009	Dec. 31, 2008
A.	**Shareholders' equity**				
	I.	Share capital		22,330	22,330
	II.	Capital reserves		37,563	37,563
	III.	Treasury stock		-216	-216
	IV.	Minority interests		3,406	15,566
	V.	Retained earnings		-1,601	79,549
			D. 22	**61,483**	**154,792**
B.	**Long-term liabilities**				
	I.	Interest-bearing liabilities	D. 24	12,589	72,063
	II.	Provision for deferred taxes	D. 16	5,098	28,218
	III.	Long-term provisions for personnel	D. 25	25,661	28,264
	IV.	Other long-term liabilities	D. 26	5,800	5,746
				49,147	**134,292**
C.	**Short-term liabilities**				
	I.	Trade accounts payable	D. 27	59,642	155,678
	II.	Short-term interest-bearing liabilities	D. 28	51,801	330,341
	III.	Short-term portion of long-term loans	D. 29	45,276	54,092
	IV.	Liabilities on income taxes	D. 30	2,202	2,466
	V.	Other short-term liabilities	D. 31	62,530	189,157
				221,451	**731,733**
				332,081	**1,020,816**

Consolidated cash flow statement for the financial year 2009 from continued operations

	in TEUR	2009	2008 adjusted
	Earnings before tax	-47,633	7,746
–	Income taxes	3,993	2,778
+	Depreciation (appreciation) of fixed assets	32,646	37,310
+	Non-cash expenditures from securities held for sale	9,944	0
+(–)	Increase (decrease) in long-term provisions	1,108	-767
–(+)	Profit (loss) from asset disposals	-180	-48
=	**Consolidated cash flow from earnings**	**-123**	**47,019**
–(+)	Increase (decrease) in inventories, advance payments made	13,552	7,444
–(+)	Increase (decrease) in trade and other receivables	2,983	55,946
+(–)	Increase (decrease) in trade and other payables	10,892	-7,126
+(–)	Increase (decrease) in short-term provisions	-16,577	-33,214
=	**Consolidated cash flow from operating activities**	**10,728**	**70,069**

	in TEUR	2009	2008 adjusted
–	Investments in fixed assets	-20,569	-39,025
–	Acquisition of consolidated subsidiaries (purchase price less the acquired cash and cash equivalents)	0	-192,432
–	Acquisition of subsidiaries	-48	0
+	Disposal of deconsolidated subsidiaries	25	0
–	Purchase of marketable securities	0	-10,979
+(–)	Profit (loss) from asset disposals	180	48
+	Book value of asset disposals	2,441	4,094
=	**Consolidated cash flow from investing activities**	**-17,970**	**-238,294**

	in TEUR	2009	2008 adjusted
+(–)	Increase (decrease) in interest-bearing loans and liabilities to banks	19,323	172,325
+(–)	Grant of long-term loans (less repayment)	483	-233
–	Dividends	0	-6,690
+(–)	Other changes in equity	98	-1,566
=	**Consolidated cash flow from financing activities**	**19,904**	**163,836**

	in TEUR	2009	2008 adjusted
+(–)	Consolidated cash flow from operating activities	10,728	70,069
+(–)	Consolidated cash flow from investing activities	-17,970	-238,294
+(–)	Consolidated cash flow from financing activities	19,904	163,836
=	**Changes in cash and cash equivalents**	**12,662**	**-4,389**
+	Opening balance of cash and cash equivalents	19,195	23,584
=	**Closing balance of cash and cash equivalents**	**31,857**	**19,195**

Consolidated cash flow statement for the financial year 2009 from discontinued operations

	in TEUR	2009	2008 adjusted
+(–)	Consolidated cash flow from operating activities	-11,371	21,703
+(–)	Consolidated cash flow from investing activities	-10,713	-7,473
+(–)	Consolidated cash flow from financing activities	-1,087	41,677
=	**Consolidated cash flow from discontinued operations**	**-23,170**	**55,908**
+	Opening balance of cash and cash equivalents of discontinued operations	81,574	25,666
–	Outflow of cash and cash equivalents from deconsolidation	-58,404	0
=	**Closing balance of cash and cash equivalents from discontinued operations**	**0**	**81,574**

in TEUR	2009	2008 adjusted
Closing balance of cash and cash equivalents of continued operations	31,857	19,195
Closing balance of cash and cash equivalents of discontinued operations	0	81,574
Closing balance of cash and cash equivalents	**31,857**	**100,768**

Statement of changes in equity

in TEUR	Share capital	Capital reserves	Treasury stock	Minority interests	Retained earnings	Total
Balance as of Jan. 1, 2009	**22,330**	**37,563**	**-216**	**15,566**	**79,549**	**154,792**
Total comprehensive income after tax	0	0	0	1,073	-80,863	-79,790
Dividends	0	0	0	-2,414	0	-2,414
Endconsolidation of minorities	0	0	0	-10,819	0	-10,819
Other changes	0	0	0	0	-287	-287
Balance as of Dec. 31, 2009	**22,330**	**37,563**	**-216**	**3,406**	**-1,601**	**61,483**

in TEUR	Share capital	Capital reserves	Treasury stock	Minority interests	Retained earnings	Total
Balance as of Jan. 1, 2008	**22,330**	**57,784**	**-216**	**692**	**78,328**	**158,918**
Total comprehensive income after tax	0	0	0	1,624	-11,011	-9,387
Dividends	0	0	0	0	-6,690	-6,690
Firstconsolidation of minorities	0	0	0	13,250	-2,064	11,187
Capital reserves	0	-20,220	0	0	20,220	0
Other changes	0	0	0	0	765	765
Balance as of Dec. 31, 2008	**22,330**	**37,563**	**-216**	**15,566**	**79,549**	**154,792**

Notes on the consolidated accounts for the financial year 2009 of POLYTEC Holding AG, Hörsching

A. General information

The POLYTEC GROUP is a globally operating concern focusing on the plastics industry with its head office in Austria. In the automotive industry, the group is working as supplier of interior and engine compartment components (Automotive Systems Division) as well as a supplier of original equipment and components for small series (Car Styling Division). The Automotive Composites Division functions as supplier for the automotive and industrial vehicle industry. Furthermore, the Group produces PU plastic parts as well as machines for their production for other industries.

The consolidated accounts for the financial year 2009 of the POLYTEC Holding AG (hereinafter referred to as "Group" or "POLYTEC GROUP") were prepared in accordance with the guidelines of the International Financial Reporting Standards (IFRS) and their interpretations in line with the EU standard practice.

The headquarters of the POLYTEC Holding AG is located in Hörsching, Austria and is listed in the commercial register of the Landesgericht Linz [Commercial Registry of the regional court of Linz] under the number FN 197646 g.

All standards, which had to be mandatorily applied for the financial years, were applied with regard to the preparation of the present consolidated accounts. Already published standards and standards applied by the EU or interpretations which did not have to be mandatorily applied were not prematurely applied.

The (revised) standard IAS 23 "Borrowing Costs" – under which borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, form part of the cost of that asset and must be capitalized – was adopted by the European Union in December 2008. The POLYTEC GROUP is applying the new standard from the financial year commencing on January 1, 2009. To date, the revision of the standard has had no impact on the consolidated financial statements of the POLYTEC GROUP.

The Group is also applying the standard IAS 1 "Presentation of Financial Statements" from the financial year commencing on January 1, 2009.

Application of the following standards published by the IASB is not yet mandatory and they have not been applied by the POLYTEC GROUP to date either:

Standard/Interpretation	Title	Applicable for the first time for financial years commencing on or after:
IFRS 3 (revised)	Business Combinations	Jul. 1, 2009
IAS 27 (revised)	Consolidated and Separate Financial Statements (IFRS)	Jul. 1, 2009

Together, the revised standards IFRS 3 and IAS 27 form the definitive regulations for accounting for business combinations, consolidated financial statements and minority interests. In particular, greater importance will be accorded to the fair value measurement in future.

With regard to the changes in IFRS 3 (revised) and IAS 27 (revised) together with subsequent changes in other standards, it must be noted that the resulting repercussions on future transactions are currently being evaluated.

In the face of the forthcoming use of not yet effective and by POLYTEC so far not applied standards or interpretations, no material modifications of balanced assets, liabilities or other information are expected in the consolidated accounts.

The consolidated accounts have been prepared in thousand Euro (TEUR). Calculation differences related to rounding may occur when summing up rounded amounts and percentages due to the use of automated calculating machines.

The income statement of the Group is prepared in accordance with the total cost accounting method.

According to Article 245a UGB [Austrian Business Code], the present consolidated accounts replace the consolidated accounts, which would otherwise have to be prepared in accordance with Articles 244 ff UGB.

B. Principles of consolidation

1. Basis of consolidation

The basis of consolidation is determined in accordance with the principles of the IAS 27 (Consolidated and Separate Financial Statements and Accounting for Investments in Subsidiaries) in connection with SIC – 12 (Consolidation – Special Purpose Entities). The parent company is the POLYTEC Holding AG, Hörsching. The consolidated accounts include all companies by full consolidation, which are influenced by the parent company. Thus, four national subsidiaries (previous year: five) and 23 international subsidiaries (previous year: 38) were included in addition to the parent company; these subsidiaries are under the legal and factual control of the POLYTEC GROUP. Ten companies (previous year: 13), which were not included, are not important for the consolidated accounts. The balance sheet date for all companies included in the consolidated accounts is December 31, 2009.

Special purpose entities are included in the consolidated accounts provided that they are under the controlling influence of the POLYTEC GROUP. Special purpose entities are legal entities that are created to fulfil narrow and specific objectives.

An overview of the fully consolidated companies can be found in annex 5 to the notes on the consolidated accounts.

The annual accounts of subsidiaries are included into the consolidated accounts from the time of acquisition until the time of disposal. A subsidiary will first be included when the respective parent company is actually assigned the control with regard to the assets and the business activities of this company.

A joint venture is a contractual arrangement, whereby two or more parties undertake an economic activity that is subject to joint control. Investments are reported in the balance sheet pursuant to IAS 31 by applying the equity method of accounting. Investments are included for the first time in the consolidated accounts at the acquisition costs. Subsequently, the carrying amount of the investment is reduced or increased in line with the results of the associated company. The Group's share of the results of the associated company is recorded in the income statement at the time of the acquisition.

Two joint ventures Celulosa Fabril (CEFA) S.A. in Sant Esteve (Spain) as well as SPPM Sociedale Portuguesa de Pintura e Modulos S.A. in Palmela (Portugal), which were included in the consolidated financial statements of POLYTEC GROUP as of October 1, 2008, were also retired following the deconsolidation of the PEGUFORM GROUP.

In the financial year, the basis of consolidation is changed as follows:

Basis of consolidation	Full consolidation	Consolidation at equity
As of Dec. 31, 2009	**44**	**2**
Retirement due to company divestments	-14	-2
Retirement due to closure	-1	0
Retirement due to Group-internal reorganization	-1	0
Company acquisitions	0	0
New companies	0	0
As of Dec. 31, 2009	**28**	**0**
thereof foreign companies	23	0

The following companies were deconsolidated in the financial year under review for the first time:

Company	Share on equity	Date of deconsolidation
PF-Beteiligungs GmbH, Hörsching (new company)	100%	Jul. 1, 2009
POLYTEC Composites Sweden AB, Ljungby, Sweden	100%	Dec. 31, 2009
PEGUFORM GROUP consisting of:		
Peguform Luxembourg Holding S.a.r.l., Luxemburg	100%	Jul. 1, 2009
Peguform Luxembourg S.a.r.l., Luxemburg	100%	Jul. 1, 2009
Peguform Netherlands B.V., Baarn, Netherlands	100%	Jul. 1, 2009
Peguform GmbH, Bötzingen, Germany	100%	Jul. 1, 2009
Peguform Iberica S.L., Polinya, Spain	100%	Jul. 1, 2009
Peguform de Teruel S.L., Fuentes Claras, Spain	100%	Jul. 1, 2009
Peguform Module Division Iberica Front Ends S.L., Sant Esteve, Spain	100%	Jul. 1, 2009
Peguform Module Division Iberica Cockpits S.L., Martorell, Spain	100%	Jul. 1, 2009
Peguform do Brasil, Ltda., Pinhais, Brazil	100%	Jul. 1, 2009
Peguform Mexico S.A. de C.V., Puebla Pue, Mexico	100%	Jul. 1, 2009
Shock Absorb de Mexico S.A. de C.V., Puebla Pue, Mexico	100%	Jul. 1, 2009
Fabrica de Parachoques de Mexico S.A. de C.V., Puebla Pue, Mexico	100%	Jul. 1, 2009
Peguform Portugal S.A., Lisboa, Portugal	100%	Jul. 1, 2009
Changchun Peguform Automotive Plastics Technology Co. Ltd., Changchun, China	50%	Jul. 1, 2009

The financial crisis, which started in 2008, on the one hand, and the massive slump in economic activity in the automotive and commercial vehicle sector, on the other hand, also had a considerable impact on the commercial and financial position of the POLYTEC GROUP. This resulted in commercial setbacks, which also continued in the first half of 2009. This combined with a substantial increase in the Group's debt because of the acquisition of PEGUFORM, led to the urgent necessity of refinancing the short-term borrowings incurred for the acquisition of PEGUFORM, which would have been due in the second and third quarter of 2009. At the same time, additional liquidity had to be secured to keep operations running.

Following an in-depth analysis of the Group, which was carried out with the help of external experts at the request of the financing banks up to and including April 2009, a compromise was found in May 2009 after intensive but constructive negotiations, which should help ensure the survival of the POLYTEC GROUP.

The restructuring of the POLYTEC GROUP agreed between companies, key shareholders and banks envisages the following key points:

- The POLYTEC GROUP ceded (by transferring the shares in PEGUFORM Luxembourg Holding S.A.R.L.) the PEGUFORM GROUP acquired in the financial year 2008, while at the same time assigning the bonds issued by PEGUFORM Luxembourg Holding S.A.R.L. (363,632 preferred equity certificates class C with a nominal value of EUR 100 each and 34,809 preferred equity certificates class D with a nominal value of EUR 1,000) to two companies held indirectly by the industrialists Stefan Pierer and Rudolf Knünz. The bonds cited here were eliminated in the 2008 consolidated financial statements as an intra-Group liability by Peguform to POLYTEC Holding AG by consolidating debt from the consolidated balance sheet.

- Those banks, which had financed the acquisition of PEGUFORM with loans totaling EUR 169.5 million, waived claims from loans, which exceed EUR 110.0 million.

- The remaining obligations from the acquisition loans amounting to EUR 110.0 million were taken over by the companies making the acquisition in place of a purchase price.

- In the course of the transaction, a core shareholder in POLYTEC Holding AG, namely Cross Motorsports Systems AG/Unternehmens Invest AG, withdrew from POLYTEC Holding AG and now only has a holding in the PEGUFORM GROUP. The industrialists Stefan Pierer and Rudolf Knünz are indirect key shareholders in Cross Motorsports Systems AG/Unternehmens Invest AG.

- In the course of the assignment of the PEGUFORM GROUP, 50% of the claims from a possible reduction of the PEGUFORM GROUP'S purchase price, which was paid by POLYTEC Holding AG and other companies in the POLYTEC GROUP on acquisition of the PEGUFORM GROUP, were also assigned to the banks, which financed the acquisition of the PEGUFORM GROUP. Arbitration proceedings are currently pending with regard to this possible reduction in the purchase price. Because the arbitration proceedings are still at any early stage, the outcome of these proceedings is still uncertain.

- The two PEGUFORM sites (Weiden and Chodová Planá), which are attributable to the Automotive Composites Division, will remain with the POLYTEC GROUP.

- The principal banks of the POLYTEC and PEGUFORM GROUPs provided the requisite liquidity for the two groups to continue.

The divestment of the PEGUFORM GROUP was approved by resolution of the Annual General Meeting on June 26, 2009. Deconsolidation took place on July 1, 2009. Following authorization without any conditions by the responsible competition authorities, the transaction was completed on August 5, 2009.

On the basis of the decision to dispose of the PEGUFORM GROUP, this division was qualified as "held for sale" in accordance with IFRS 5 from the beginning of the first quarter of 2009 and reported separately accordingly. The change related solely to POLYTEC's Automotive Systems Division, since those areas of PEGUFORM that are attributable to the Automotive Composites Division will remain with POLYTEC.

The result of the "held for sale" divisions was reported separately in the income statement; the figures for the previous year were adjusted accordingly.

The deconsolidation gain contained in the result from divisions "held for sale" was calculated by comparing the net worth of the PEGUFORM GROUP being divested, allowing for minority interests, with the sales proceeds. The sales proceeds were established, as described above, from the waiver or assumption of debt amounting to EUR 169.5 million plus interest of EUR 4.8 million.

in TEUR	
Sales proceeds	174,349
Net worth of the Peguform Group as of Jul. 1, 2009	-169,418
Minority interests in the net worth	10,819
Deconsolidation gain	**15,751**

The net worth being invested in the course of the deconsolidation of the PEGUFORM GROUP is as follows:

in TEUR	
Non-current assets	345,177
Current assets	297,434
Non-current provisions and liabilities	-23,217
Current provisions and liabilities	-449,976
Net worth of the Peguform Group as of Jul. 1, 2009	**169,418**

In the business year under review, PF-Beteiligungs GmbH, which had been set up as a special purpose entity as defined in SIC 12 in connection with the acquisition of shares in the PEGUFORM GROUP, was deconsolidated in the course of the sale of the PEGUFORM GROUP because it was now of minor significance for the consolidated financial statements. The company held 10.2% of PEGUFORM Luxembourg Holding S.a.r.l.

After Composites Sweden AB, Ljungby, filed for insolvency on January 14, 2010 (please refer to the Events after the Balance Sheet Date), POLYTEC GROUP lost control over the company. The deconsolidation of POLYTEC Composites Sweden AB, Ljungby, took place already on December 31, 2009 by taking into account the principle of materiality and profitability.

The contribution of POLYTEC Composites Sweden AB, Ljungby, to the values shown in the income statement is as follows:

in TEUR	
Net sales	10,998
Net loss	-3,401

The deconsolidation gain in the amount of TEUR 3.434 results from the negative net assets of POLYTEC Composites Sweden AB, Ljungby, as of December 31, 2009 in the amount of TEUR 3.434. No profit from disposal.

The basis of consolidation has also shrunk by one further company, since LLW Lohner Lackierwerk GmbH has been merged with Polytec Riesselmann GmbH & Co KG. This did not involve the disposal of any assets from the Group.

2. Methods of consolidation

The consolidation of investments for acquisitions until March 31, 2004 was performed on the basis of the book value method by offsetting the acquisition costs of the investments against the equity ratio allotted to these investments at the time of acquisition. A goodwill will be assigned to the assets as far as possible. A badwill was analyzed in previous years for its reason of accrual and, if affecting future losses and expenses, recorded in accordance with IAS 22 as income at the time of occurrence of these losses and expenses.

IFRS 3 "Business Combinations" was applied for income occurred after March 31, 2004. Thus, the consolidation of investments was performed on the basis of the revaluation method (method concerning all assets and liabilities at fair value, also in the case of minorities and complete disclosure of the hidden reserves, independent from the amount of the minority interests). The investment book value is opposed by the proportionate, re-evaluated equity of the subsidiary (purchase accounting).

Remaining differences will be capitalized as goodwill. Goodwill occurred prior to January 1, 2005 were recorded with the book value of December 31, 2004 and are subject to an annual impairment test.

If the acquisition costs are lower than the net assets, the difference (negative consolidation difference) will be recognized in the income statement of the acquisition period.

Further information with regard to the effects of the deconsolidation carried out in the year 2009 can be found in section B. 1.

Minority interests in the equity and in the result of the companies controlled by the parent company are disclosed in the consolidated financial statements under equity in accordance with IAS 27.

All accounts receivable and payable as well as expenses and revenues resulting from transactions between the consolidated companies were eliminated by taking into account the principle of materiality. Intermediate results from Group-internal deliveries were also eliminated as far as they are material.

3. Currency translation

Business transactions in foreign currencies

All transactions in foreign currencies were valued at the exchange rate of the transaction date in the individual companies. Monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Resulting exchange rate differences are recorded in the income statement of the Group.

Translation of individual financial statements in foreign currencies

The functional currency of non-euro subsidiaries is the corresponding national currency; however, this does not apply for the Turkish company whose functional currency is the euro. Assets and liabilities of international subsidiaries were converted with the reference exchange rate of the European Central Bank on the balance sheet date. Positions of the income statement of the Group were converted with average exchange rates of the financial year.

Exchange rate differences of monetary positions, which, from the economic point of view, belong to a foreign company like, for example, long-term debts and loans will be accounted with the Group equity capital and will be recorded under the position "Differences from currency translation".

The following currency exchange rates were used:

	Average exchange rate		Exchange rate on balance sheet date	
	2009	2008	Dec. 31, 2009	Dec. 31, 2008
CAD	1.5808	1.5657	1.5128	1.6998
GBP	0.8894	0.8026	0.8881	0.9525
PLN	4.3365	3.5273	4.1045	4.1528
SEK	10.5820	9.6805	10.2520	10.8696
SKK	1.0000	31.1526	1.0000	30.1205
USD	1.3922	1.4725	1.4406	1.3918
ZAR	11.4679	12.0919	10.6660	13.0719
CNY	n/a	8.9767	n/a	9.4967
CZK	26.4550	25.4453	26.4730	26.8817
BRL	n/a	2.9682	n/a	3.2436
MXN	n/a	17.4520	n/a	19.2308

C. Accounting and evaluation principles

The principle of standardized accounting and evaluation will be applied due to the guidelines applicable throughout the entire Group. Insubstantial deviations with regard to the individual financial statements of international allied companies were retained.

1. Intangible assets

Intangible assets are evaluated with their acquisition costs and amortized according to schedule on a straight-line basis. The amortization rates are between 10.0% and 66.7%.

Expenses for research are shown as expenses in the year of their occurrence. Development costs are normally also periodically occurring expenses. They have to be booked as assets if certain conditions can be proved and if they have been cumulatively fulfilled. Among other aspects, it must be verifiable that the development activities are very likely to result in future accrual of funds, which does not only cover the normal costs but also the corresponding development costs. Capitalized development costs for customer orders are amortized with the beginning of the serial delivery in accordance with the customer's release orders for the entire term of the model. The Group's research and development expenses in the financial year amounted to approx. 2.7% (previous year: 2.6% excluding PEGUFORM GROUP) of total revenues.

2. Goodwill

Goodwill results from acquisitions of subsidiaries or interests in associated companies. Since January 1, 2005, goodwill is not yearly amortized but is subject to an impairment test at least once a year. If a subsidiary or an associated company is sold, the proportionate goodwill will be taken into account in the calculation of the gain or loss of the disposal.

The evaluation of goodwill is performed with regard to the acquisition costs less the accumulated impairment losses (see also the annex "Impairment")

3. Fixed assets

Tangible assets are valued at the costs of acquisition or production, reduced by scheduled amortizations, or the lower achievable market price. The scheduled amortizations will be determined based on a straight-line method.

For limited-life assets, the following rates are used for the scheduled depreciation:

	in %
Buildings and leasehold improvements	4,0-20,0
Technical equipment and machinery	6,7-50,0
Other equipment, fixtures, fittings and equipment	10,0-50,0

Substantial impairment beyond the scope of the scheduled amortizations will be taken into account by extraordinary amortizations. In the case of a discontinuation of the reasons for extraordinary amortizations, corresponding revaluations will be performed.

In the case of fixed assets being immobilized, sold or given up, the profit or loss from the difference of the sales revenue and the net book value will be recorded as other operating income or expenses.

Maintenance expenses will be recorded as expenses in the financial year of their occurrence.

4. Assets from tenancies and leasing

Leased assets for which basically all risks and chances resulting from the property of assets were transferred (finance lease), are valued as assets with their market value or the lower cash value in correspondence with IAS 17. The amortization was performed according to schedule over the economic useful life or over the shorter periods of the leasing agreement. The payment obligations resulting from the future leasing rates are discounted and recorded as liabilities.

5. Government grants

Government grants and subventions from other third parties are recorded under liabilities and liquidated in accordance with the useful life of the allocated asset.

6. Financial assets

Other investments and loans are included under other financial assets. They are valued at the costs of acquisition or the lower market value at the balance sheet date. Interest-bearing loans are balanced with their nominal value.

Interests in joint ventures are balanced pursuant to IAS 31 by applying the equity method of accounting.

The investments balanced at the acquisition costs are investments, which are not listed on an active market and whose current value can, therefore, not be determined on a reliable basis.

The loans are subject to variable interest rates so that their book value almost corresponds to the market value.

Extraordinary amortizations will be performed for all financial assets in the case of impairment (see also the annex "Impairment").

7. Inventories

Inventories are evaluated at their acquisition costs or production costs or the lower achievable market value on the balance sheet date. The determination of the acquisition and production costs is performed for similar assets in accordance with the weighted average cost method or in accordance with similar methods. The production costs only include the directly attributable costs and the proportionate overhead costs. Interests on borrowed capital are not capitalized.

8. Accounts receivable for trade, income taxes and other accounts receivable

Receivables are capitalized at costs of acquisition. Recognizable risks are taken into account by performing appropriate value adjustments.

In other accounts receivable also those derivative financial assets are reported that show a positive market value and are classified as "held for trading".

9. Securities of the current assets

The investment portfolio as of December 31, 2009 contains shares which have been classified as "available for sale" like in the previous year. The adjustment of the present value was recorded under the equity capital not affecting net income. The evaluation is performed with the stock exchange price on the balance sheet date so that the present value can be reliably determined.

10. Cash and short-term financial resources

Cash and other short time financial means consist of cash on hand, cheques and cash at banks as well as securities, which are used by the Group for liquidity management. They are evaluated at market values which are formed on sufficiently solvent markets and which can thus be reliably determined.

11. Impairment

For the purpose of the impairment test, the POLYTEC GROUP summarizes its assets, which are generating cash flow on the lowest level (cash-generating unit). Goodwill is assigned to those cash-generating units which are expected to benefit from synergies and which represent the lowest Group-internal level of the management monitoring of the cash flow.

The value in use of the asset corresponds to the present value of the estimated future cash flows from continuing use of such asset and from the disposal at the end of its useful life applying a fair market discount rate before taxes, which is adjusted to the specific risks of the assets. The estimation of the future cash flow is based on a three year planning horizon. The interest rate used for calculating the present value is the weighted average capital costs of the Group and was defined with 10% to 11% for the financial year 2009. If no individual cash flow can be determined for an individual asset, the determination of the value of benefit is performed for the next higher unit to which this asset belongs and for which an individual cash flow can be determined.

Any impairment loss will be disclosed with the amount by which the book value of the individual asset or the cash-generating unit exceeds the achievable amount. The achievable amount is the higher amount of the net selling price and the use value. Impairment losses proportionately reduce the carrying amount of the assets of the cash-generating unit.

In the case of a discontinuation of the reasons for extraordinary amortizations, corresponding revaluations will be performed for fixed assets. Goodwill, which has been amortized due to impairment, is no longer written up.

12. Obligations towards employees

Provision for severance payments

Due to legal obligations, the employees of Austrian Group companies who have joined the company prior to January 1, 2002 will receive a one-time severance payment in the case of a termination of the employment contract or in the case of retirement. The amount of compensation depends at the number of years of service and the applicable income at the end of the employment. For all employment contracts concluded after December 31, 2002, payments, which will be recorded as expenses, will be made to a company pension fund for employees.

The provisions for severance payments are determined on a standardized basis with the "projected unit credit method" and by applying a discount rate of 5.5% (previous year: 5.5%) as well as by including a dynamic rate for future salary increases of 2.5% (previous year: 3.0%). A reduction for fluctuation of personnel based on the years of service is included. The assumed retirement age for men and women, taking into account certain temporary arrangements, is still defined with 62 years (no change to the previous year).

The corridor amortization method is applied for actuarial profits and losses. If actuarial profits/losses exceed the cash value of the benefit obligation at the beginning of the financial year by more than 10.0%, they are distributed over the expected average remaining service lifetime of the employees and booked as income or expenses. The current service costs, past service costs to be settled as well as actuarial profits/losses are disclosed in the income statement of the Group as part of personnel costs. Interest costs corresponding to severance payment provisions are shown in the financial results.

T.F.R. entitlement to severance payments

Due to legal obligations, the employees of Italian group companies may receive non-recurring payments in the case of a termination of the employment contract or in the case of other legally defined events. The amount of compensation depends on the number of years of service and the applicable income on the payment date of the compensation. Similar obligations apply for employees of Polish or Turkish companies.

Pension obligations

Pension obligations apply for certain employees of German group companies. Accounting of these obligations is performed in accordance with IAS 19. For this purpose, the present value of the defined benefit obligation DBO is calculated and compared to the current value of the planned assets existent on the balance sheet date. The pension provisions are calculated according to the "projected unit credit method", where, depending on the distribution of the obligations to entitlements and liquid pensions and due to the specific regulations of the individual pension funds, a discount rate of 5.5% (previous year: 5.75% to 6.0%) as well as an increase of 1.5% (previous year: 1.5% to 1.75%) will be applied. The guidelines 2005G – Klaus Heubeck are used for the actuarial calculations.

Interest costs resulting from the long-term provisions for personnel are recorded in the income statement of the Group under financial expenses.

Other long-term obligations towards employees

Based on collective agreements or other company agreements, employees are entitled to receive a certain anniversary payment depending on their length of service. Provisions have been set aside for these obligations.

13. Taxes

The income tax expenses (the income tax credit) include the actual taxes and the deferred taxes.

The actual taxes for the individual companies are calculated from the taxable income of the company and the applicable tax rate in the corresponding country.

Deferred taxes are calculated, in particular, for value differences disclosed in the tax and commercial balance sheet of the individual companies resulting from deviating periods, as well as for consolidation bookings. They are determined according to IAS 12 using the balance sheet liability method. Furthermore, the probably realizable tax advantage from existing accumulated losses is included in the calculation. Deferred tax assets on losses carried forward were formed as far as their utilization is expected within a foreseeable period. The calculation of the deferred taxes is based on the customary national income tax rate.

14. Other long- and short-term liabilities

The value of the trade accounts payable results from the present value of the received services at the date of their occurrence. In the following, these liabilities are valued at continued acquisition costs.

Other liabilities, especially accrued interest-bearing liabilities, are reported with their repayment amount unless there is no substantial difference to the present value. Subsequently these liabilities are valued at continued acquisition costs.

The other provisions disclosed under liabilities are recorded if there are recognizable risks and uncertain obligations until the preparation of the balance sheet. They will be specified with the amount which proves to be the most probable amount after careful assessment of the circumstances. Reserves for expenses will not be booked as liabilities.

These positions also include any contingent liabilities in accordance with IFRS 3.

15. Recognition of financial instruments

Financial assets and liabilities are disclosed in the balance sheet if the Group becomes a contractual party of a financial instrument.

Financial assets are derecognized from the accounts if the contractual rights from the assets expire or if the assets are transferred with all substantial rights and obligations. Financial liabilities are derecognized from the accounts if the contractual obligations have been balanced, deleted or expired. Purchases and sales of financial instruments common in the market are balanced on the settlement date.

Financial assets are categorized as follows:

a. Financial assets measured at fair value through profit or loss

b. Held for trading

c. Loans and receivable

d. Available for sale

Financial liabilities are categorized as follows:

a. Financial liabilities measured at residual book value.

Other categories applicable according to IAS 39 are not applied.

16. Derivative financial instruments

In accordance with the financial policy of the Group, derivative financial instruments are held for hedging purposes and to optimize the net interest result of the Group.

The following pending derivative financial instruments are held on December 31, 2009:

	Currency	Long-term	Nominal in TEUR	Fair value in TEUR
Interest rate swap	EUR	Dec. 11	5,000	-180
Interest rate swap	EUR	Oct. 12	10,000	-691
Interest rate swap	EUR	Apr. 12	1,000	-17
Interest rate swap	EUR	Feb. 14	2,000	-31

In the course of the financial year, forward exchange operations were used to hedge the foreign exchange risk, which is part of the Group's business in South Africa. No open forward exchange operations are existent on the balance sheet date.

Interest rate swaps cannot be assigned to a specified balance sheet item but to a portfolio of financial liabilities and serve for the optimization of the net interest income.

In the case of missing market prices, renowned evaluation models, especially option price models and analyses of the discounted expected cash flows, were used for the determination of the fair values.

All derivative financial instruments are categorized as "held for trading".

Hedge accounting procedures in accordance with IAS 39 are not applied.

17. Realization of income and expenses

Revenues from the sale of products and goods are realized upon transfer of the risks and opportunities to the buyer. Operating expenses affect the net income at the time of claiming the services or at the time of their occurrence.

18. Financial result

The financing expenses include the interest and interest equivalent expenses arising from debt financing and finance leasing transactions as well as the interest component of the variation of the obligations to employees.

The financial revenues include the interest, dividends and other revenues realized from the assessment of funds and the investments in financial assets. Interest yields are realized in proportion to time taking into account the effective interest rate of the asset. Dividend yields are shown at the occurrence of the legitimate claim.

Profits and losses from the sale of financial assets, impairment losses from financial assets, exchange rate profits and losses in connection with financing as well as results from security transactions are shown in the financial result.

19. Uncertainties with regard to assessments and assumptions

Estimations and assumptions have to be made to a certain degree in the consolidated financial statements, which have an influence on the balanced assets and liabilities, information with regard to other obligations on the balance sheet date and the recognition of income and expenses during the reporting period. The actual amounts to be realized in the future may deviate from the estimations. Especially the assumptions concerning future cash flows of cash-generating units which are based on the medium-term plans of the Group may prove to be incorrect and may result in certain effects on assets (especially goodwill and active deferred taxes) in the following years.

The assessment of provisions for severance payments and pension contributions is based on a specific method, which applies parameters such as the expected deduction of accrued interests, increases in wage payments and pension contributions as well as anticipated earnings on planned assets. In the case the development of these relevant parameters significantly differs from the original expectations, this might have considerable repercussions over the provisions and, consequently, over the Group's net expenses for severance payments and pension contributions.

In assessing the recoverability of deferred tax assets, the Board of Directors considers whether it is probable that all deferred tax assets will be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. If the company is unable to generate sufficient future taxable income, no deferred tax benefits from operating loss carry-forwards can be recognized and their value has therefore to be adjusted correspondingly.

D. Information concerning the Group's income statement and the consolidated balance sheet

1. Sales revenues and segment reporting

The segments represent product groups and correspond to the internal reporting system of the Group. In correspondence with the product groups, the different segments are divided into the Automotive Systems, Automotive Composites and Car Styling Divisions. A detailed description of the business activities of the different divisions can be found in section A. of the notes on the consolidated accounts.

Assets and liabilities as well as expenses and earnings were only assigned to the individual segments as far as they could be assigned to the corresponding segments directly or with the help of a reasonable method. Positions, which could not be assigned this way, are shown in the columns named "Other segments" and "Consolidation". The transfer prices between the segments are based on comparable conditions usual on the market.

There are no substantial valuation differences of the assets or liabilities of the individual segments. Further information can be found in the explanations of the accounting and valuation principles applied for the Group.

Being a supplier of the automotive industry, the Group only depends on a small number of major customers. In 2009 and 2008, only three customer groups achieved more than 10% of the Group's entire sales. In total, the three main customers accounted for roughly 55% of total sales in 2009 (previous year: 60%). Due to the broad variety of models and brands of our major customers which are operating both in the passenger car sector and in the commercial vehicle sector, all separately reported business fields are affected by the relationship between the customer and the supplier, but, of course, to a different degree.

On the balance sheet dates, the specifications concerning geographical areas on the Group level can be summarized as follows:

	External sales		Deferred tax assets		Obligations for employees	
in TEUR	2009	2008 adjusted	2009	2008	2009	2008
Austria	32,838	48,367	9,261	10,594	1,774	1,885
Germany	404,356	492,936	4,390	7,048	22,322	24,686
Other EU	136,735	178,895	324	3,925	1,405	1,569
Rest of the world	33,118	48,084	0	1,057	160	125
Group	**607,047**	**768,282**	**13,974**	**22,624**	**25,661**	**28,264**

All information for the segments of the Group can be found in annex 1 to the notes on the consolidated financial statement.

Sales according to categories are divided as follows:

in TEUR	2009	2008 adjusted
Sales and other sales	522,745	729,493
Tooling and development sales	84,302	38,788
Total	**607,047**	**768,282**

2. Other operating income

in TEUR	2009	2008 adjusted
Earnings from the disposals and appreciation of fixed assets excluding financial assets	560	165
Income from release of provisions	7,442	10,975
Exchange rate gains	2,121	758
Other income	12,316	9,765
Total	**22,439**	**21,663**

3. Expenses for material and services received

in TEUR	2009	2008 adjusted
Material expenses	254,953	310,884
Expenses for services received	75,241	126,251
Total	**330,194**	**437,135**

4. Personnel expenses

in TEUR	2009	2008 adjusted
Wages and salaries	143,995	175,551
Expenses for statutory social charges	35,114	36,907
Expenses for severance payments and pensions	5,302	2,981
Other personnel expenses	2,098	1,522
Total	**186,509**	**216,961**

The average number of employees was:

	2009	2008 adjusted
Workers	4,077	4,301
Employees	1,159	1,204
Total	**5,236**	**5,505**

On the balance sheet date of December 31, 2009, the POLYTEC GROUP employed 4,976 employees (3,871 workers and 1,105 white-collar employees). In the previous year's figures, employees of discontinued operations are not included.

5. Other operating expenses

in TEUR	2009	2008 adjusted
Leased staff	9,111	22,656
Maintenance	13,765	19,312
Transport	8,239	14,403
Rent building	15,183	14,173
Other rent and leases	5,327	6,025
IT and communication costs	3,366	3,757
Legal and consulting fees	2,903	3,406
Loss on exchange rate	1,626	2,538
Other expenses	10,493	12,729
Other sales expenses	3,874	4,336
Other administration expenses	8,449	10,273
Risk provision and damaging	3,853	2,088
Non income based taxes and charges	518	501
Losses on disposal of fixed assets, excluding financial assets	380	117
Total	**87,091**	**116,314**

6. Impairments

Pursuant to IAS 36 impairment tests are to be carried out when there is an indication of impairment with regard to the company's assets. Due to these impairment tests, extraordinary amortizations on production plants especially at the Spanish branches of the Group amounting to TEUR 3,965 (previous year: TEUR 1,860) were required. In the previous year, impairment charges mainly applied to production plants in Sweden.

According to IFRS 3 (Business Combinations), the goodwill will not be amortized from the beginning of the financial year 2005 but is subject to an annual impairment test.

Due to these impairment tests, no goodwill amortizations were required in 2009. In the previous year, total goodwill amortizations amounting to TEUR 6,312 were required.

7. Restructuring costs

The restructuring costs relate to personnel measures (TEUR 2,891), costs in connection with the closure of the site in Sweden (TEUR 1,845) and costs in connection with the disposal of the PEGUFORM GROUP (TEUR 3,085), which where not attributable to the results of discontinued operations.

8. Financial result

in TEUR	2009	2008 adjusted
Income from associated companies	0	142
Income from securities	0	1,006
Interest income and income from securities	776	3,450
Depreciation of financial assets	-45	-1,000
Interest component of pension commitments	-1,296	-1,225
Other interest expenses	-6,365	-8,384
Impairment of securities held as current assets	-9,944	0
Other financial result	-524	-117
Total	**-17,397**	**-6,128**

The interest component from pension promises, the depreciation of financial assets as well as the impairment of securities held as current assets are non-cash items. All other interest expenses or income are cash items.

The impairment of securities held as current assets relates to shares that were classified as "available for sale". Because of the sustained significant impairment, the overwhelming majority of the impairment charges recognized in equity in the previous year had to be part of P&L in 2009.

9. Income taxes

in TEUR	2009	2008 adjusted
Current income taxes	2,074	3,562
thereof non periodic	-650	767
Changes in deferred income taxes	1,722	-5,606
thereof non periodic	2,090	0
Total	**3,796**	**-2,044**
thereof non periodic	1,440	767

The income tax expense of the financial year 2009 amounting to TEUR 3,796 is lower by an amount of TEUR 15,704 compared to the calculated income tax revenue amounting to TEUR 11,908, which would result by applying a tax rate of 25% to the result prior to income taxes amounting to TEUR -47,633.

The reasons for the difference between the calculated and the actually shown income tax expense of the Group can be summarized as follows:

in TEUR	2009	2008 adjusted
Earnings before tax	-47,633	7,746
thereof 25% calculated tax on income	-11,908	1,936
Changes in value adjustments for deferred tax assets	13,071	13,647
Permanent differences	2,082	-932
Differences from the discrepancy between the local and consolidated tax rate	-841	1,754
Effects from amortizations of investments in associated companies	775	-18,374
Other items	-823	-842
Taxes on income	2,356	-2,810
Non-periodic income tax expense/revenue	1,440	767
Taxes on income for the reporting period	**3,796**	**-2,044**

The increase in value adjustments for deferred tax assets relates especially to the Automotive Systems Division, the Automotive Composite Division as well as POLYTEC Holding AG and was required in view of the expectation that they will be of limited use in future.

Deferred taxes were capitalized for individual Group companies although they suffered losses in 2009. On the basis of present planning statements, the Board of Directors assumes that the capitalized amounts can be realized in the foreseeable future.

10. Result from “held for sale” divisions

The result from 'held for sale' divisions relates solely to the PEGUFORM GROUP, which was sold in the reporting year and is as follows:

in TEUR	2009	2008 adjusted
Sales revenues	558,881	313,186
Total output	589,163	350,169
Cost of materials	-399,359	-225,008
Personnel expenses	-121,953	-60,208
Other operating expenses	-66,424	-50,104
EBITDA	**1,428**	**14,849**
Amortizations	0	-11,984
Impairment acc. to IFRS 5	-47,651	0
EBIT	**-46,223**	**2,865**
Financial result	-6,148	-6,906
Result before taxes	-52,371	-4,041
Income taxes	1,895	-2,754
Net loss for the year	**-50,477**	**-6,795**
Gain on deconsolidation of the Peguform Group	15,751	0
Share of the profits attributable to minority shareholders	-846	-780
Less interest expenses netted off against interest waivers	-3,078	0
Result from “held for sale” divisions	**-38,650**	**-7,575**

The interest waivers relating to interest expense incurred in the financial year 2009 of EUR 3.1 million are netted off against the matching interest expense. The remaining deconsolidation gain of EUR 12.7 million was allocated to the result from "held for sale" divisions, in addition to the current loss by the PEGUFORM GROUP in the first two quarters of 2009, and to the depreciation in the non-current assets "held for sale" on the anticipated value on disposal before taking minority interests into account.

The current result of the PEGUFORM GROUP in the first half of 2009 was calculated on the basis of the reporting to compile the half-year 2009 financial statements and has been correctly apportioned within the result from "held for sale" divisions between the current result and the gain on deconsolidation.

11. Intangible assets

The classification of the intangible assets and their development summarized in the consolidated balance sheet is shown in the consolidated movement of assets (annex 2 to the notes).

As in the previous year no intangible assets are mortgaged or pledged as a security for bank liabilities.

12. Goodwill

The goodwill is allocated to the following divisions:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Car Styling	12,643	12,643
Automotive Composites	119	119
Other	6,537	6,537
Total	19,300	19,300

13. Tangible assets

The classification of the tangible assets summarized in the consolidated balance sheet as well as their development is shown in the consolidated movement of assets (annex 2 to the notes).

The future expenses from non-terminable operating leasing agreements (without the obligations towards the POLYTEC Immobilien Group which are explained in the notes under E. 7) on December 31, 2009 amounted to TEUR 35,079 (previous year: TEUR 44,466) and are falling due as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Within one year	11,599	12,088
Longer than one year and within five years	23,480	32,378
Longer than five years	0	0

Technical equipment and machinery include finance lease goods with a book value amounting to TEUR 13,957 (previous year: TEUR 148,263).

The finance lease results in leasing obligations to third parties amounting to TEUR 15,038 (previous year: TEUR 79,437). The specified leasing obligations (cash values including redemption for residual value) are falling due as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Within one year	10,136	40,426
Longer than one year and within five years	4,902	32,051
Longer than five years	0	6,960

The leasing payments (without redemption for residual value) corresponding to the cash values amount to TEUR 14,730 (previous year: TEUR 77,082) and are falling due as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Within one year	9,509	40,498
Longer than one year and within five years	5,222	30,827
Longer than five years	0	5,757

In the financial year 2009, extraordinary amortizations on fixed assets amounting to TEUR 3,965 (previous year: TEUR 1,860) had to be recognized. Revaluations (previous year: TEUR 0) were not made in the financial year.

TEUR 34,662 (previous year: TEUR 50,083) of the tangible assets are mortgaged or pledged as a security for bank liabilities.

14. Joint Ventures

The joint ventures disposed of in the course of the divestment of the PEGUFORM GROUP were included in the consolidated financial statements until the date of their disposal by applying the equity method of accounting and can be shown as follows:

Changes in the reporting of associated companies

in TEUR	Celulosa Fabril (CEFA) S.A.	SPPM Sociedale Portuguesa de Pintura e Modulos S.A.
As of Jan. 1, 2009	7,414	0
Share of profit/loss	345	0
Change in consolidation	-7,759	0
As of Dec. 31, 2009	**0**	**0**

Since the shareholders' equity of SPPM Sociedale Portuguesa de Pintura e Modulos S.A was negative as of December 31, 2008 as well as at the time of the disposal, the carrying value of the joint venture is to be reported as a zero-amount for both dates.

15. Loans

The Group has issued long-term loans to companies of the POLYTEC Immobilien Group (see also the explanations with regard to affiliated companies in E. 7). The contractually agreed cash flow from the agreed repayments and interests (with the interest rate at the corresponding balance sheet date) can be summarized as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Asset value	2,000	2,483
Cash flow of the following year	521	1,050
Cash flow in the years 2 to 5	1,562	1,673
Cash flow in more than 5 years	0	0

16. Deferred taxes

The differences between the amount stated in the tax balance sheet and the IFRS balance sheet result from the following differences and take effect on deferred taxes:

in TEUR	Dec. 31, 2009		Dec. 31, 2008	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	0	0	22	4,083
Tangible assets	-975	265	-2,986	42,763
Provision for severance payments	360	-32	367	-25
Provisions for pensions	465	0	735	588
Provisions for personnel	314	0	478	-1,130
Tax losses carried forward	10,866	0	12,296	-140
Leasing liabilities	1,947	0	3,174	-17,766
Other provisions	2,785	0	1,648	0
Others	-1,854	48	6,817	-2,703
Subtotal	**13,907**	**281**	**22,551**	**25,671**
Consolidation of debt	0	4,817	0	2,548
Elimination of inter-company profits	67	0	73	0
Capitalization/provisions for deferred taxes	**13,974**	**5,098**	**22,624**	**28,218**

Deferred taxes on losses carried forward of TEUR 29,734 (previous year (adjusted): TEUR 16,663) were not capitalized.

17. Inventory

The inventory is structured as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Raw materials and supplies	27,429	68,889
Unfinished goods	17,871	70,739
Work in progress	27,660	63,179
Advance payments received	-23,526	-50,225
Finished goods and merchandise	20,606	23,432
Advance payments made	2,932	1,829
Total	**72,972**	**177,842**

TEUR 33,141 (previous year: TEUR 7,524) of the inventory are pledged as a security for bank liabilities.

18. Trade accounts receivable and other receivables and assets

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Trade accounts receivable	54,976	146,655
thereof with a residual term > 1 year	3,616	10,389
thereof from associated companies	69	149
thereof from affiliated companies	2	126
Other receivables and assets	19,453	27,147
thereof with a residual term > 1 year	1,135	769
thereof from associated companies	0	0
thereof from affiliated companies	0	8
thereof from related companies	125	59
Income tax receivable	1,200	11,260
thereof with a residual term > 1 year	0	0
Prepayments and deferred charges	1,073	2,269
thereof with a residual term > 1 year	0	178
Total	**76,702**	**187,331**
thereof with a residual term > 1 year	4,751	11,336
thereof from associated companies	69	157
thereof from affiliated companies	2	126
thereof from related companies	125	59

In the scope of silent global assignments, TEUR 42,739 (previous year: TEUR 83,241) of the accounts receivable from deliveries and services have been transferred to banks for security purposes.

The maturity structure of the accounts receivable from deliveries and services for third parties at the balance sheet date can be summarized as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Non payable	43,795	121,189
Due up to 60 days	8,464	20,666
Due up to 120 days	867	2,139
Due up to 360 days	1,208	2,274
Longer than 360 days	642	386
Total	**54,976**	**146,655**

For the determination of the recoverability of the accounts receivable, not only the individual creditworthiness of the debtor, which is a rather uncritical factor due to the customer structure of the Group, but especially their days overdue have to be taken into account. According to estimations made by the management, there are no substantial differences between the book value and the market value of the accounts receivable.

The existing value adjustments concerning accounts receivable developed as follows in the financial year:

in TEUR	Trade receivables	Other receivables
Balance as of Jan. 1, 2009	7,291	354
Changes in consolidation	-4,513	0
Use	-1,063	-316
Release	-170	0
Allocation	1,786	0
Foreign exchange rate differences	-156	39
Balance as of Dec. 31, 2009	**3,176**	**78**

19. Securities of the current assets

The inventory affects the shares in the Grammer AG held by the POLYTEC Holding AG on December 31, 2009.

The shares are pledged as collateral for a loan amounting to EUR 6.0 million.

20. Cash and cash equivalents

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Cash and cash equivalents	31,857	100,768

Essential restrictions concerning the amounts included in this position were not existent on the balance sheet date. An amount of TEUR 189 is pledged to a bank.

21. Financial assets

in TEUR	Amortized cost	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount Dec. 31, 2009	Market value Dec. 31, 2009
Loans and receivables					
Receivables and other assets	70,884	0	0	70,884	70,884
Loans	2,000	0	0	2,000	2,000
Investments in other compnies	1,195	0	0	1,195	1,195
Cash and cash equivalents (short term)	31,857	0	0	31,857	31,857
	105,935	0	0	105,935	105,935
Held for trading					
Interest rate derivatives	0	0	-919	-919	-919
Available for sale					
Other securities	15,876	0	-9,944	5,932	5,932
Total	**121,811**	**0**	**-10,863**	**110,948**	**110,948**

in TEUR	Amortized cost	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount Dec. 31, 2008	Market value Dec. 31, 2008
Loans and receivables					
Receivables and other assets	171,702	0	0	171,702	171,702
Loans	2,483	0	0	2,483	2,483
Investments in other compnies	1,263	0	0	1,263	1,263
Cash and cash equivalents (short term)	100,768	0	0	100,768	100,768
	276,217	0	0	276,217	276,217
Held for trading					
Interest rate derivatives	0	0	-642	-642	-642
Available for sale					
Other securities	15,876	-9,080	0	6,796	6,796
Total	**292,093**	**-9,080**	**-642**	**282,371**	**282,371**

Cash and cash equivalents, trade receivables and other short-term financial assets have short-term maturity. Therefore, the carrying values of these assets are nearly similar to the residual value at the balance sheet date. The residual value of other long-term receivables and other long-term financial assets accords to the cash value of the payments in respect to the actual market parameter.

Loans and receivables also include securities, which are not stockexchange listed. Therefore, allocation of the fair value of these assets was not reliable and so the carrying value was recognized at amortized costs.

Financial assets measured at market value are allocated as follows to the three stages of the fair value hierarchy:

in TEUR	thereof Stage 1	thereof Stage 2	thereof Stage 3
Held for trading			
Interest rate derivatives	0	-919	0
Available for sale			
Securities held as current assets	5,932	0	0
	5,932	**-919**	**0**

These three stages distinguish fair values according to the significance of the factors included in the measurement and illustrate the extent to which observable market data are available in measuring the fair value.

The stages of the fair value hierarchy and their application to assets and liabilities can be described as follows:

Stage 1:
Listed market prices for identical assets or liabilities on active markets.

Stage 2:
Information other than listed market prices, which is observable directly (e.g. prices) or indirectly (e.g. derived from prices).

Stage 3:
Information for assets and liabilities, which is not based on observable market data.

22. Consolidated shareholders‘ equity

The equity capital of the POLYTEC Holding AG on the balance sheet date amounts to TEUR 22,330 (previous year: TEUR 22,330) and is divided into 22,329,585 ordinary shares (previous year: 22,329,585 ordinary shares) with a nominal value of EUR 1.00 each.

According to a decision of the Annual General Meeting of May 21, 2008, an authorized capital stock was agreed. With the corresponding approval of the Supervisory Board and for a period of five years from the registration of the authorized capital stock, the Board of Directors is entitled to increase the equity capital by up to TEUR 11,164,792.00 by issuing new shares with a minimum issue price of EUR 1.00 each. New shares can be issued also excluding shareholders' subscription rights.

In January of 2006, the Group has purchased 29,934 own shares with a nominal value of EUR 1.00 each (0.13% of the equity capital) and a purchase price of EUR 7.20 per share from a retired member of the Group's management (decision of the Annual General Meeting of October 27, 2004). Since then, the inventory has not been changed. The own shares purchased in the previous year are evaluated with their acquisition costs and deducted from the Group's equity capital.

The capital reserves include the agio, which has been deposited on the occasion of capital increases, less the costs of the initial public offering of the POLYTEC Holding AG in the financial year 2006, which can be allocated to the capital increase. In the previous year, on the basis of Austrian law, capital reserves of TEUR 20,220 were liquidated in the individual financial statements of POLYTEC Holding AG to cover the loss for the year.

Retained earnings comprise the past earnings of the Group, which were carried forward as well as other changes in equity.

Information concerning the capital management

The POLYTEC Holding AG is not subject to any statutory minimum capital requirements. However, the Group considers a sufficient equity capital stock as an important element of the insolvency reserve. The relation between the equity capital and the total capital can be summarized as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Total equity	61,483	154,792
Balance sheet total	332,081	1,020,816
Equity ratio	**18.5%**	**15.2%**

For POLYTEC, the term "capital management" means the control of the equity capital and the net financial liabilities, which can be summarized under the term "capital employed". By optimizing both components, the group tries to optimize the return of the shareholders. Apart from the equity ratio, POLYTEC especially uses the parameters "gearing" (net financial liabilities against equity capital) and "leverage ratio" (net financial liabilities against EBITDA) for the assessment of its debt capacity. The entire costs of the used capital and the risks related to the different types of capital are monitored on a permanent basis.

23. Earnings per share

According to IAS 33 (Earnings per Share) the "basic earnings per share" result from the division of the net income allocated to the shareholders (annual net profit of the group after minority interests) by the weighted average of outstanding ordinary shares during the reporting period.

		2009	2008 adjusted
Net income after minorities	TEUR	-90,506	1,844
Result from continuing operations after minority interests	TEUR	-51,856	9,418
Weighted average number of ordinary shares issued	Share	22,329,585	22,329,585
Average number of own shares	Share	29,934	29,934
Average number of shares outstanding	Share	22,299,651	22,299,651
Earnings per share	EUR/share	-4.06	0.08
Earnings per share from continuing operations	EUR/share	-2.33	0.42

The diluted earnings per share correspond to the non-diluted earnings per share since no financial instruments with dilution effect are circulating at the moment.

For the financial year 2009, the Board of Directors of the POLYTEC Holding AG will propose to waive the payment of a dividend as in the previous year.

24. Interest-bearing liabilities

This position includes all interest-bearing liabilities with a remaining term of more than one year and can be structured as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Liabilities due to banks	7,425	30,682
thereof with a residual term > 5 years	4,000	3,007
thereof with collateral securities	4,523	26,356
Other interest-bearing liabilities	262	2,370
thereof with a residual term > 5 years	0	219
Lease liabilities	4,902	39,011
thereof with a residual term > 5 years	0	6,960
Total	**12,589**	**72,063**

The substantial part of the liabilities towards credit institutes secured by property can be prematurely terminated by the financing banks, if the equity ratio of the Group falls below a predefined value or if the ratio of the net financial liabilities and the EBITDA exceeds a defined value.

The agreed ratios were not achieved in the financial year 2009. The liabilities in question are therefore shown as current interest-bearing liabilities in the consolidated balance sheet as of December 31, 2009 and are not included in the above table. The Board of Directors assumes that the lending banks will not make use of their cancellation option. The Group's main lending bank has also confirmed in writing in its letter dated March 9, 2010 that it intends to maintain its financing commitments if the Group's performance matches current planning figures.

The expiring long-term and short-term interest-bearing liabilities of the Group towards credit institutes are existent in the following currencies:

	2009		2008	
	Proportion %	Average ordinary interest	Proportion %	Average ordinary interest
EUR	95.8	4.71	97.5	3.76
GBP	0.7	4.00	0.6	4.40
SEK	0.0	n/a	0.6	3.61
PLN	3.5	8.48	0.1	6.69
BRL	0.0	n/a	1.2	3.22

25. Obligations due to employees

This position summarizes all long-term provisions for obligations due to employees:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Provision for severance payments	1,613	1,713
T.F.R. Severance payment entitlements	1,365	1,529
Provision for pensions	21,211	22,566
Provision for long-service bonus payments	1,272	2,292
Other long-term provisions	201	164
Total	**25,661**	**28,264**

Further information about the development of the provisions for severance payments, pensions and long-service bonus payments in the previous financial years is given in annex 3 to the notes on the consolidated financial statement.

26. Other long-term liabilities

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Contingent liabilities and provisions	5,259	2,325
Government grants (residual term > 1 year)	541	3,421
Total	**5,800**	**5,746**

27. Trade accounts payable

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Trade accounts payable	55,960	154,264
thereof due to associated companies	56	317
thereof due to affiliated companies	193	1,429
Advanced payments received	3,682	1,413
Total	**59,642**	**155,678**

28. Short-term interest-bearing liabilities

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Liabilities due to banks	51,686	327,678
Loans due to not consolidated affiliated companies	115	314
Loans due to related companies	0	2,274
Loans due to public organization (R&D funds)	0	74
Total	**51,801**	**330,341**

29. Short-term part of the long-term loans

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Bank liabilities with a residual term less than 1 year	35,140	13,666
Lease liabilities with a residual term less than 1 year	10,136	40,426
Total	**45,276**	**54,092**

30. Liabilities from income taxes

The liabilities from income taxes basically include liabilities from corporate income taxes and municipal trade earnings taxes (or similar/comparable taxes) in different states, where Group companies have their registered office. The liabilities have developed as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Balance as of Jan. 1 of the reporting year	2,466	3,454
Changes in consolidation	-599	690
Exchange rate differences	-1	1
Use	-436	-2,894
Release	-36	-106
Addition	808	1,320
Balance as of Dec. 31 of the reporting year	**2,202**	**2,466**

31. Other short-term liabilities

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Provision for vacations	4,383	9,163
Other personnel expenses	5,934	31,859
Losses and risks	16,483	33,752
Other short-term provisions	14,084	59,540
Short-term provisions	**40,884**	**134,314**
Liabilities to associated companies	0	57
Other tax liabilities	7,287	20,058
Social security liabilities	1,057	4,268
Other liabilities	11,740	24,015
Government grants within one year	491	880
Deferred charges	1,071	5,564
Total	**62,530**	**189,157**

The other provisions especially include provisions for warranties as well as pending purchase invoices. The development of the short-term provisions is specified in detail in annex 4 to the notes on the consolidated financial statement.

32. Financial liabilities

The allocation of the financial liabilities to the categories according to IAS 39 on the balance sheet date and on the previous balance sheet date can be represented as follows:

in TEUR	Amortized costs	Fair value without impact on profit and loss	Fair value through profit and loss	Carrying value Dec. 31, 2009	Market value Dec. 31, 2009
Measured at amortized costs					
Long-term interest-bearing financial liabilities	7,687	0	0	7,687	7,687
Short-term interest-bearing financial liabilities	86,941	0	0	86,941	86,941
Trade accounts payable	59,642	0	0	59,642	59,642
Other short-term liabilities	12,953	0	0	12,953	12,953
	167,223	**0**	**0**	**167,223**	**167,223**
Not allocated according IAS 39 (financial lease)					
Long-term interest-bearing financial liabilities	4,902	0	0	4,902	4,902
Short-term interest-bearing financial liabilities	10,136	0	0	10,136	10,136
	15,038	0	0	15,038	15,038
Total	**182,262**	**0**	**0**	**182,262**	**182,262**

in TEUR	Amortized costs	Fair value without impact on profit and loss	Fair value through profit and loss	Carrying value Dec. 31, 2008	Market value Dec. 31, 2008
Measured at amortized costs					
Long-term interest-bearing financial liabilities	33,052	0	0	33,052	33,052
Short-term interest-bearing financial liabilities	344,007	0	0	344,007	344,007
Trade accounts payable	155,678	0	0	155,678	155,678
Other short-term liabilities	24,071	0	0	24,071	24,071
	556,808	**0**	**0**	**556,808**	**556,808**
Not allocated according IAS 39 (financial lease)					
Long-term interest-bearing financial liabilities	39,011	0	0	39,011	39,011
Short-term interest-bearing financial liabilities	40,426	0	0	40,426	40,426
	79,437	0	0	79,437	79,437
Total	**636,245**	**0**	**0**	**636,245**	**636,245**

Trade payables and other liabilities have short-term maturity and so the carrying values accord nearly the residual value. The residual value of the interest bearing liabilities and other financial liabilities were calculated with the cash value of payments in respect to the actual market parameters.

E. Other information

1. Cash flow statement

The cash flow statement is represented with the help of the indirect method. The financial resource funds exclusively include the cash and the bank deposits. The income tax payments are separately shown in the cash flow from operating activities.

Interest deposits and interest payments are allocated to the cash flow from operating activities. They can be specified with the following amounts:

in TEUR	2009	2008 adjusted
Interest cash in	776	3,741
Interest cash out	-6,681	-15,080
Total	**-5,904**	**-11,338**

The payment of dividends will be shown as part of the financing activities. The effects from modifications of the basis of consolidation were eliminated and are shown in the cash flow from investing activities.

2. Events after the balance sheet date

At the beginning of 2009 the proper closing of the Swedish site has been agreed, which has also been closed in 2009. Instead of the liquidation of the company, on January 14, 2010 POLYTEC Composites Sweden AB has filed for bankruptcy. A provision has been made for foreseeable cost in that context in the current financial statement.

Further events occurring after the balance sheet date, which are of significance for the evaluation on the balance sheet date, such as outstanding legal cases or claims for compensation and other obligations or impending losses, which would have to be posted or disclosed in accordance with IAS 10 (Contingencies and Events occurring after the Balance Sheet Date), have been taken into account in the present consolidated financial statements.

3. Continuation of the business and financing

The persisting global financial and economic crisis and the severe slowdown in economic activity posed a huge challenge to POLYTEC Holding AG. The Group's business performance in the year under review was marked by a massive slump in both the passenger car and commercial vehicle segments, which led to considerable declines in sales and earnings. In the year under review, the POLYTEC GROUP posted a negative result after taxes of EUR -90.1 million, including effects from business divisions "held for sale" (for further details about the included one-off expenses please refer to the notes on the consolidated accounts under D. 6 and D. 8).

In light of the current challenging economic situation and the difficulty of predicting the further development of the passenger car and commercial vehicle businesses, the company's future earnings situation and financing requirements might be subject to changes that cannot be estimated with any degree of certainty on the basis of the information currently available. According to current business planning calculations, the POLYTEC GROUP is expected to post a positive EBIT in 2010 while the company's liquidity projections show that additional cash and cash equivalents in the amount of EUR 18.5 million will be required; this, however, can be covered within the current financial framework. Furthermore, it should be noted that business planning calculations and the resulting liquidity projections also encompass measures which have not yet been fully agreed upon (sales increase, reduction of personnel costs). Therefore, the final outcome of negotiations will have a significant impact on the future earnings situation and financing requirements of both the group and the individual subsidiaries. The POLYTEC GROUP's business planning calculations have been drawn up by both local management and the Board of Directors to the best of their knowledge and belief on the basis of the information currently available about the development of the passenger car and commercial vehicle segments, which is, however, hard to predict at present. Against the backdrop of widespread uncertainties and negative market sentiment as a result of the global economic downturn, the POLYTEC GROUP cannot fully rule out that the future business development of the group's subsidiaries might be in jeopardy. It is therefore possible that unfavourable impairments of certain balance sheet assets might be recognized in future. In the first two months of 2010, Group results were slightly behind schedule.

Against this background, additional funding to be provided by the Group's main lending bank is deemed to be vital for the survival of POLYTEC Holding AG. As the company's principal creditor, the lending bank has confirmed in writing as of March 9, 2010 that it intends to guarantee additional funding based on the anticipated development of Group operations in line with the original planning calculations and pending approval by the relevant committees by December 31, 2011. Deviations from plan of individual companies or plants of POLYTEC Holding AG alone are not considered a sufficient reason to terminate the financing agreement on the part of the lending bank, provided that the general business development of POLYTEC Holding AG does not fall substantially short of the original planning calculations. In the event of further declines in earnings or of a suspension of funding on the part of the lending bank, the survival of the group would be in jeopardy.

However, based on the current business planning calculations and in light of the additional funding guaranteed by the lending bank, the Board of Directors expects the Group to continue business operations.

4. Other risks and obligations as well as off-balance sheet transactions

Individual companies in the POLYTEC GROUP concluded a factoring agreement for up to EUR 25 million with a German factoring company on September 5, 2008. Provided the receivables are legally valid, the "del credere risk" will be borne by the factoring company. Since the POLYTEC GROUP does not guarantee the recoverability of the receivables, the receivables are derecognized from the consolidated financial statements on the date they are sold to the factoring company in accordance with IAS 39.

Towards the POLYTEC Immobilien Group, there is an existing obligation with regard to a leasing agreement amounting to TEUR 1,500 (previous year: TEUR 1,500). With regard to this, an amount of TEUR 684 (previous year: TEUR 0) was reported on the liabilities side in the present consolidated financial statements because of the closure of the site in Sweden.

Other risks and obligations, which have not been mentioned in the present consolidated accounts or in the explanations concerning the consolidated accounts, are not existent.

5. Risk reporting

In the scope of its business activities, the POLYTEC GROUP is subject to a variety of risks, which are directly related to the corporate transactions. Risk management is an integral part of all business processes of POLYTEC. Also the comprehensive certifications required by a supplier of the automotive industry (e.g. TS ISO/16949:2002) already specify certain regulations, which are also monitored with the help of external audits. Corresponding to the organizational structure of POLYTEC, risks are managed locally and monitored close to the market, especially in the scope of the current business processes. However, the financial risks are mainly controlled by the corporate headquarters. The following basic risk fields can be identified:

Sales market risks: The automotive supplier industry is a market with a very stiff competition, which is also currently facing a quickly proceeding consolidation process. The sales revenue is, in first place, dependent from the acquisition of new orders, which will partially be placed up to two to three years prior to the serial production. In this phase of the order acquisition, each supplier faces a strong competition for the best conditions. During the serial production, the supplier is also dependent from the sales figures of the vehicle for which the supplier provides the components; however, the supplier is not able to influence this success. Furthermore, the suppliers are permanently benchmarked by the OEM even after the start of the serial production, which may result in price demands or, as an extreme example, in the loss of an order. POLYTEC intends to keep the dependency from individual delivery relationships as low as possible with the help of a balanced customer and order mix.

Procurement market risks: One substantial risk is the fluctuation of the raw material prices, which in the case of the POLYTEC GROUP as a plastic-processing company, will especially be caused by a sustainable change of the oil price, but also by the refinery capacities. On the procuring side, this risk is especially countervailed with long-term delivery agreements and on the part of the sales market, this risk is especially countervailed, as far as enforceable towards the customers, with material fluctuation clauses in the disclosed calculations. In parts, our customers directly negotiate with the supplier with regard to raw material and bought-in parts. As far as prices are only agreed upon on an annual basis with the customer, the change of the raw material prices is an important parameter with regard to the negotiations concerning the annual new determination of the prices. Furthermore, it is intended to use new raw materials (natural fiber) with increased research and development expenses.

Financial risks, their management and sensitivity

Credit risk: Due to the customer structure – more than 90% of the turnover is achieved with OEMs or huge system suppliers – POLYTEC is subject to the credit risk of the automotive industry. However, accounts receivable are critically monitored on a permanent basis, and the payment of accounts receivable according to agreement is ensured. In the financial year 2009, approx. 55% (previous year: 60%) of the turnover was achieved with the three major customers; this results in a certain accumulated credit risk, but this risk is assessed as rather uncritical with regard to non-payments of credits by the management. Being dependent on only a few customers is a basic characteristic of suppliers of the automotive industry. In this context, the "customer" is defined as a group of affiliated companies, which can also produce vehicles of several different brands.

The risk of non-payment in the case of liquid assets is very low, since the contractual partners are exclusively banks with very good creditworthiness.

Despite the credit risk, which is generally classified very low, the maximum theoretical risk of non-payment corresponds to the book values of the individual financial assets and amounts to the following:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Loans and receivables	105,935	276,217
At fair value through profit and loss	0	0
Held for trading	0	0
Available for sale	5,932	6,796
Total	**111,867**	**283,013**

The analysis of the overdue but not impaired trade accounts receivable and of other accounts receivable as of December 31 of the reporting year can be presented as follows:

Dec. 31, 2009	Total	Not overdue and not impaired	Overdue but not impaired up to 60 days	60-120 days	120-360 days	Longer than 360 days
Trade accounts receivable	54,976	43,795	8,464	867	1,208	642
Other accounts receivable	21,726	17,897	1,227	2,444	2	157

Dec. 31, 2008	Total	Not overdue and not impaired	Overdue but not impaired up to 60 days	60-120 days	120-360 days	Longer than 360 days
Trade accounts receivable	146,655	121,189	20,666	2,139	2,274	386
Other accounts receivable	40,676	37,342	658	1,050	77	1,549

Liquidity risk: The Group ensures its liquidity by contractual agreements concerning certain credit lines and, if required, by retaining a cash reserve. This is controlled by the company's headquarters. The Group has installed a cash management system for all basic companies of the Group, which can also be used to optimize the net interest result.

The financial liabilities of the Group on the basis of the concluded agreements show the following expected cash flow (including interest payments made with the interest rate on the balance sheet date):

in TEUR	Carrying value Dec. 31, 2009	Total obligate cash flows	thereof up to 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Bank loans	56,648	62,188	31,212	26,810	4,167
Bank current accounts	37,808	38,404	38,404	0	0
Financial leases	15,038	15,822	9,673	6,149	0
Trade leases	59,642	59,642	59,642	0	0
Other financial liabilities	13,125	13,125	13,125	0	0
Total	**182,262**	**189,181**	**152,056**	**32,958**	**4,167**

in TEUR	Carrying value Dec. 31, 2008	Total obligate cash flows	thereof up to 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Bank loans	44,348	54,414	15,998	29,090	9,325
Bank current accounts	327,678	334,955	334,955	0	0
Financial leases	79,437	87,357	44,564	34,349	8,444
Trade leases	155,678	155,678	155,678	0	0
Other financial liabilities	29,104	29,104	28,817	68	219
Total	**636,245**	**661,507**	**580,012**	**63,506**	**17,989**

The revolving credits provided to the Group have a contractually agreed residual term of less than one year so that their expected future cash flow has to be shown during this term. However, these credits will normally be prolonged on a 12-month basis so that the aforementioned repatriations cannot be expected. The financial liabilities, which must be reported as current in the balance sheet because of non-compliance with agreed ratios, were presented in the above table in accordance with their anticipated repayment dates and are therefore not all classified as "thereof up to 1 year".

Foreign exchange risk: The predominant part of the turnover of the POLYTEC GROUP is invoiced in euro so that the foreign exchange risk only affects the Group to a very low degree. In parts, the purchase of intermediate inputs is performed with the same currency as the sale of intermediate inputs so that foreign exchange risks are hedged. The Group is subject to higher foreign exchange risks in such countries, in which invoices are written in euro but intermediate inputs have to be purchased with the local currency. Such risks, for example, are existent with regard to Polish zloty. In many cases, these risks cannot be transferred to financial instruments since they must mainly be attributed to personnel costs.

The financial instruments balanced on the balance sheet date show the following distribution with regard to their currency of origin:

in TEUR	In euro	In foreign currency	Dec. 31, 2009 Total
Investments	1,195	0	1,195
Receivables and other assets	62,951	7,934	70,884
Loans	2,000	0	2,000
Cash in banks	27,143	4,713	31,857
Interest rate derivatives	-919	0	-919
Securities	5,932	0	5,932
Total	**98,301**	**12,647**	**110,948**

in TEUR	In euro	In foreign currency	Dec. 31, 2009 Total
Long-term interest-bearing financial liabilities	12,039	550	12,589
Short-term interest-bearing financial liabilities	95,803	1,941	97,744
Trade accounts payable	56,385	2,590	58,975
Other short-term liabilities	12,331	622	12,953
Total	**176,558**	**5,704**	**182,262**

in TEUR	In euro	In foreign currency	Dec. 31, 2009 Total
Investments	8,677	0	8,677
Receivables and other assets	154,436	17,267	171,702
Loans	2,483	0	2,483
Cash in bank	92,015	8,753	100,768
Interest rate derivatives	-642	0	-642
Securities	6,796	0	6,796
Total	**263,765**	**26,020**	**289,785**

in TEUR	In euro	In foreign currency	Dec. 31, 2009 Total
Long-term interest-bearing financial liabilities	71,375	688	72,063
Short-term interest-bearing financial liabilities	375,783	8,649	384,433
Trade accounts payable	146,564	9,113	155,678
Other short-term liabilities	19,890	4,182	24,071
Total	**613,613**	**22,632**	**636,245**

The distribution structure shows that the risk the Group is subject to due to the change of exchange rates is very low since both the financial assets held in foreign currency amounting to 11.4% (previous year: 9.0%) and the liabilities amounting to 4.5% (previous year: 3.6%) account for only a minor part of the total volume. Furthermore, a change of a currency would affect both assets and liabilities and thus show compensatory effects.

A 10% increase or decrease in exchange rates has no significant impact on results or equity.

Interest rate change risk: The interest rate change risk is countervailed by POLYTEC with the help of a portfolio of variable and fixed forms of financing corresponding to the long-term interest rate development. Derivative products will be used, if required, for securing the interest rate or for optimizing the net interest result.

The interest-bearing liabilities show the following structure on the balance sheet date:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Liabilities to banks	94,455	372,026
thereof with fixed interest rate	11,701	2,986
thereof with variable interest rate	82,754	369,040
Finance leases	15,038	79,437
thereof with fixed interest rate	15,038	78,454
thereof with variable interest rate	0	983
Other liabilities	172	5,033
thereof with fixed interest rate	172	5,033
thereof with variable interest rate	0	0
Total	**109,666**	**456,496**
thereof with fixed interest rate	26,912	86,473
thereof with variable interest rate	82,754	370,023

The predominant part of the variable interest-bearing liabilities depends on the 3-month EURIBOR. An increase of this reference interest rate by 100 basis points would, on the basis of the contractually agreed remaining terms, result in an increase of the interest expenses by approx. TEUR 660 (previous year: TEUR 3,556).

The following results were achieved from the interest rate swaps held by the Group:

in TEUR	2009	2008
Payments received	-316	131
Valuation result	-275	-779
Total	**-591**	**-648**

6. Net income according to evaluation categories

Dec. 31, 2009 in TEUR	Interests	Adjustments	Currency translations	Income from other securities	Incomes from other investments	Investments value adjustments	Net income
Loans and receivables	-7,430	-395	495	0	0	-19	**-7,350**
Financial investments available for sale	0	-9,944	0	0	0	0	**-9,944**
Financial investments held-to-maturity	0	0	0	0	0	0	**0**
At fair value trough profit and loss	0	0	0	-591	0	0	**-591**

Dec. 31, 2008 in TEUR	Interests	Adjustments	Currency translations	Income from other securities	Incomes from other investments	Investments value adjustments	Net income
Loans and receivables	-12,189	-2,005	-1,579	0	139	-1,000	**-16,633**
Financial investments available for sale	0	0	0	1,010	0	0	**1,010**
Financial investments held-to-maturity	0	0	0	0	0	0	**0**
At fair value trough profit and loss	0	0	0	0	0	0	**0**

Exchange rate change risk: The securities of the current assets (shares) held by the Group are subject to the risk of the change of the stock exchange price. An increase (decrease) of the stock exchange price by 10% would result in an increase (decrease) of the equity capital not affecting the net income by TEUR 593 (previous year: TEUR 680).

7. Affiliated persons and companies

Affiliated persons in the sense of IAS 24 are the IMC Verwaltungsgesellschaft mbH, Hörsching, and its affiliated companies in addition to the members of the Board of Directors and of the Supervisory Board. The sole owner and sole manager of the IMC Verwaltungsgesellschaft mbH is the Chairman of the Board of Directors of POLYTEC Holding AG, Mr. Friedrich Huemer.

The following companies of the IMC Group had established business relationships with POLYTEC in the financial year 2009:

POLYTEC Immobilien Group

The POLYTEC GROUP has long-term leasing agreements with the POLYTEC Immobilien Group with regard to the following properties of the POLYTEC GROUP:

1. POLYTEC Holding AG .... Group Headquarter
2. POLYTEC FOR Car Styling GmbH & Co KG .... Plant Hörsching
3. Polytec AVO n.v. .... Plant Schoten
4. Polytec Thermoplast GmbH & Co KG .... Plant Idstein
5. Polytec Riesselmann GmbH & Co KG .... Plants Lohne, Hodenhagen and Wolmirstedt
6. POLYTEC Interior GmbH .... Plants Nordhalben and Ebersdorf
7. POLYTEC Intex GmbH & Co. KG .... Plants Morsbach and Waldbröl
8. Polytec Interior Polska Sp.z.o.o. .... Plant Tomaszow Mazowiecki
9. Polytec Interior Zaragoza S.L. .... Plant Zaragoza
10. Polytec Composites Sweden AB .... Plant Ljungby
11. POLYTEC Composites Germany GmbH & Co KG .... Plants Gochsheim, Cornberg and Voerde
12. POLYTEC Composites Slovakia s.r.o. .... Plant Sladkovicovo
13. POLYTEC Elastoform GmbH & Co KG .... Plant Marchtrenk
14. POLYTEC THELEN GmbH .... Plant Bochum

The rental expenses from the rental contracts in the financial year amounted to approx. EUR 9.2 million (previous year: EUR 8.7 million).

The rental contracts can be terminated by complying with a period of notice of six up to twelve months, but longer waivers of entitlement to terminate the contract have also been agreed in some cases. The lease rental charges, which are existent due to the fixed period of notice or due to longer waivers of entitlement to terminate the contract, amount to TEUR 35,709 (previous year: TEUR 22,693) on December 31, 2009 and are due as follows:

in TEUR	Dec. 31, 2009	Dec. 31, 2008
Within one year	8,829	7,936
Longer than one year within five years	21,347	7,378
Over five years	5,534	7,378

For all properties, the POLYTEC GROUP was granted certain sales options by the lessor.

Loans were issued to a company of the POLYTEC Immobilien Group, which are balanced under “Loans” in the financial assets. The loans will be charged with interests at arm’s length and can be repaid at latest until December 31, 2018. Further information can be found in section D. 15.

All transactions were carried out at normal market rates. There are neither provisions for doubtful debts nor were expenses for doubtful or unrecoverable debts recorded in 2009 in connection with transactions with affiliated parties.

Other business relationships

The POLYTEC GROUP has a contract for work and labor with the IMC Verwaltungsgesellschaft mbH, Hörsching, concerning the provision of a member of the Board of Directors of the POLYTEC Holding AG, Hörsching.

The PPI Plastics Products Innovation GmbH & Co KG functions as supplier of injection moulding products for the POLYTEC GROUP.

GLOBE AIR AG provided transport services to employees of the POLYTEC GROUP in the business year under review.

8. Salaries of the Board of Directors

Total remuneration of the members of the Board of Directors in the year under review amounted to TEUR 1,948 (previous year: TEUR 1,610). Of the figure quoted, TEUR 32 (previous year: TEUR 193) was not spent by the company itself but by its affiliated companies. Furthermore, benefits in kind in the form of company cars and cellular phones were received by these executives.

The 2009 emoluments contain a one-off payment to a member of the Board of Directors amounting to TEUR 675, who left as a result of the POLYTEC restructuring.

In 2009, the Chairman of the Board of Directors waived 20% of the fixed salary, to which he was entitled, as a contribution to dealing with the POLYTEC GROUP’s difficult situation.

Not yet paid variable portions of salary affecting the year 2009 are balanced in the short-term personnel reserves.

There are no stock-option plans or similar shareholding-based remunerations falling under IFRS 2.

The recorded expenses for payments to members of the Supervisory Board in the financial year amounted to EUR 101,750 (previous year: TEUR 74).

In addition consultancy contracts with two members of the Supervisory Board were agreed at common market terms.

There are no credits or advanced payments with regard to current or former members of the organs of the company. No former member of the organs of the company receives any kind of salary from the Group or one of its affiliated companies.

9. Expenses for the Group auditors

Expenses for the services provided by the Group auditors are as follows in 2009:

in TEUR	2009
Annual financial statements	90
Other services	221
	311

10. Bodies of the POLYTEC Holding AG

The persons mentioned below were members of Board of Directors during the financial year and at the time of the preparation of the consolidated accounts:

Friedrich Huemer
Wallern (Chairman of the Board of Directors)

Andreas Jagl
Gröbming (since November 2, 2009)

Alfred Kollros
St. Valentin

Klaus Rinnerberger
Brunn am Gebirge (between March 1, 2009 and August 8, 2009)

Eduard Schreiner
Leonding (since October 15, 2009)

Karl-Heinz Solly
Leonding (up to December 31, 2009)

Reinhard Urmann
Maxhütte-Haidhof, Germany (up to March 1, 2009)

The persons mentioned below were members of the Supervisory Board during the financial year and at the time of the preparation of the consolidated accounts:

Fred Duswald
Thalheim (Chairman)

Helmut Trauth
Knittelsheim, Germany (Vice Chairman)

Robert Büchelhofer
Starnberg, Germany

Viktoria Kickinger
Vienna

Meinhard Lukas
Linz (since February 8, 2010)

Reinhard Schwendtbauer
Leonding (since February 8, 2010)

Andreas Szigmund
Linz (up to February 8, 2010)

The Board of Directors of POLYTEC Holding AG authorized the consolidated financial statements for transmission to the Supervisory Board on March 31, 2010.

Hörsching, April 6, 2010

The Board of Directors

Friedrich Huemer m.p. Alfred Kollros m.p.

Eduard Schreiner m.p. Andreas Jagl m.p.

Reporting by business segment

in TEUR	Automotive Systems 2009	2008	Automotive Composites 2009	2008	2009
Net sales (not consolidated)	440,566	455,104	170,017	307,478	72,495
thereof:					
Internal sales own division	70,634	62,597	13,757	28,352	7,941
Internal sales other divisions	265	106	0	1,222	212
External sales	**369,667**	**392,402**	**156,260**	**277,904**	**64,342**
EBITDA	**1,364**	**3,466**	**547**	**32,664**	**5,099**
Depreciation and amortization	18,912	17,818	6,637	6,994	2,015
Impairments	3,965	6,841	0	1,331	0
thereof goodwill	0	6,312	0	0	0
Material earnings positions					
Income from reversal of provisions for liabilities	1,762	3,415	4,619	6,379	375
Deconsolidation gains	0	0	3,434	0	0
Operating profit (EBIT) before cost of restructuring	**-21,512**	**-21,193**	**-6,090**	**24,339**	**3,084**
Cost of restructuring	-2,182	0	-1,744	0	0
Operating profit (EBIT) after cost of restructuring	**-23,694**	**-21,193**	**-7,834**	**24,339**	**3,084**
Financial expenses	-3,543	-3,256	-1,821	-1,937	-437
Impairments					
Other finacial results	0	2	-64	-1,000	0
Taxes on income	5,720	371	-3,060	-7,003	-530
Net profit of continued operations	**-21,517**	**-24,075**	**-12,780**	**14,399**	**2,118**
Operating assets	148,791	715,105	74,676	105,353	38,148
Operating liabilities	71,654	277,585	46,006	62,246	7,285
Capital employed	77,137	437,519	28,670	43,108	30,863
thereof:					
Deferred taxes	3,605	6,502	2,000	5,539	384
Employee benefit obligations	8,467	11,119	15,379	15,224	1,219
Investments in continued operations	18,000	27,932	1,582	5,956	594
Other non-cash revenues (+)/expenses (–)	-3,062	1,617	-1,480	-725	86

Information on geographical allocation

in TEUR	External sales 2009	2008	Deferred tax assets 2009	2008	Obligations for employees 2009	2008
Austria	32,838	48,367	9,261	10,594	1,774	1,885
Germany	404,356	492,936	4,390	7,048	22,322	24,686
Other EU	136,735	178,895	324	3,925	1,405	1,569
Rest of the world	33,118	48,084	0	1,057	160	125
Total Group	**607,047**	**768,282**	**13,974**	**22,624**	**25,661**	**28,264**

Car Styling		Other segments		Consolidation		Group
2008	2009	2008	2009	2008	2009	2008
87,221	17,625	21,116	0	0	700,702	870,919
9,487	845	767	0	0	93,177	101,203
8	1	98	0	0	478	1,434
77,726	**16,778**	**20,251**	**0**	**0**	**607,047**	**768,282**
8,897	**3,276**	**4,888**	**-65**	**270**	**10,221**	**50,184**
2,101	1,107	1,225	0	0	28,671	28,139
0	0	0	0	0	3,965	8,172
0	0	0	0	0	0	6,312
48	687	1,132	0	0	7,442	10,975
0	0	0	0	0	3,434	0
6,795	**2,168**	**3,663**	**-65**	**270**	**-22,415**	**13,874**
0	-3,896	0	0	0	-7,822	0
6,795	**-1,728**	**3,663**	**-65**	**270**	**-30,236**	**13,874**
-713	-2,678	-149	1,594	-103	-6,884	-6,158
	-9,944				-9,944	0
0	-759	-6,304	255	7,332	-568	30
-1,646	-2,447	10,613	-3,478	-293	-3,796	2,044
4,436	**-17,555**	**7,823**	**-1,695**	**7,206**	**-51,429**	**9,790**
43,882	15,804	19,141	-391	-4,021	277,028	879,460
8,818	5,777	8,439	-564	-4,065	130,158	353,022
35,065	10,028	10,703	173	44	146,870	526,438
442	8,789	10,990	-804	-849	13,974	22,624
1,305	621	825	-25	-208	25,661	28,264
3,961	392	1,176	0	0	20,569	39,025
-527	175	-97	-183	61	-4,464	330

Consolidated movement of fixed assets as of December 31, 2009

in TEUR		Balance as of Jan. 1, 2009	Changes in consolidation	Translation differences	Additions	Disposals
I.	**Intangible assets**					
	1. Research and development costs	9,878	-2,104	0	0	6,766
	2. Rights	21,057	-11,291	59	550	1,063
	3. Goodwill	45,627	0	0	0	0
	4. Customer contracts	79,933	-79,933	0	0	0
		156,496	**-93,328**	**59**	**550**	**7,829**
II.	**Tangible assets**					
	1. Land and buildings	170,266	-159,439	309	797	95
	2. Technical equipment and machinery	609,943	-418,135	4,978	17,048	9,871
	3. Other equipment, fixtures, fittings and eqipment	69,710	-23,766	625	3,224	2,355
	4. Advance payments made and assets under construction	37,386	-18,750	171	14,547	775
		887,304	**-620,090**	**6,083**	**35,616**	**13,096**
III.	**Financial assets**					
	1. Investments in affiliated companies	296	-41	0	35	0
	2. Investments in associated companies	1,031	0	0	0	0
	3. Investments in joint ventures	7,414	-7,759	0	345	0
	4. Other investments	874	-5	0	13	0
	5. Loans	2,483	0	0	0	483
	6. Fixed asset securities	62	-60	0	0	0
		12,160	**-7,865**	**0**	**393**	**483**
		1,055,960	**-721,283**	**6,142**	**36,560**	**21,409**

Consolidated movement of fixed assets as of December 31, 2008

in TEUR		Balance as of Jan. 1, 2008	Changes in consolidation	Translation differences	Additions	Disposals
I.	**Intangible assets**					
	1. Research and development costs	4,903	2,440	0	3,043	508
	2. Rights	10,344	9,658	-75	1,570	822
	3. Goodwill	45,627	0	0	0	0
	4. Customer contracts	0	79,933	0	0	0
		60,874	**92,031**	**-75**	**4,613**	**1,330**
II.	**Tangible assets**					
	1. Land and buildings	10,814	157,962	-525	1,947	490
	2. Technical equipment and machinery	189,372	390,484	-2,705	23,653	8,524
	3. Other equipment, fixtures, fittings and eqipment	47,544	19,244	-1,497	8,280	5,092
	4. Advance payments made and assets under construction	7,304	41,828	-80	15,665	7,497
		255,034	**609,518**	**-4,807**	**49,545**	**21,603**
III.	**Financial assets**					
	1. Investments in affiliated companies	195	51	0	51	0
	2. Investments in associated companies	1,045	0	0	0	14
	3. Investments in joint ventures	0	7,057	0	357	0
	4. Other investments	770	5	0	99	0
	5. Loans	2,250	0	0	1,575	1,342
	6. Fixed asset securities	2	0	0	60	0
		4,262	**7,113**	**0**	**2,142**	**1,356**
		320,169	**708,662**	**-4,882**	**56,300**	**24,289**

Cost of acquisition and production Transfers	Balance as of Dec. 31, 2009	Depreciation of the fiscal year	thereof extraordinary	Accumulated depreciation	Net book value as of Dec. 31, 2009	Net book value as of Dec. 31, 2008
0	1,008	74	0	904	105	8,794
371	9,684	1,301	0	7,814	1,870	5,990
0	45,627	0	0	26,328	19,300	19,300
0	0	0	0	0	0	5,774
371	**56,319**	**1,375**	**0**	**35,045**	**21,274**	**39,858**
988	12,827	837	0	5,903	6,924	134,097
24,831	228,794	25,648	3,965	148,098	80,696	277,005
1,923	49,361	4,752	0	35,248	14,113	25,951
-28,113	4,465	23	0	23	4,442	37,386
-371	**295,447**	**31,260**	**3,965**	**189,270**	**106,176**	**474,439**
0	290	0	0	0	290	296
0	1,031	0	0	1,000	31	31
0	0	0	0	0	0	7,414
0	882	10	10	10	872	874
0	2,000	0	0	0	2,000	2,483
0	2	0	0	0	2	62
0	**4,205**	**10**	**10**	**1,010**	**3,195**	**11,160**
0	**355,971**	**32,646**	**3,975**	**225,326**	**130,645**	**525,456**

Cost of acquisition and production Transfers	Balance as of Dec. 31, 2009	Depreciation of the fiscal year	thereof extraordinary	Accumulated depreciation	Net book value as of Dec. 31, 2008	Net book value as of Dec. 31, 2007
0	9,878	556	0	1,084	8,794	4,375
382	21,057	1,854	0	15,067	5,990	3,676
0	45,627	6,312	6,312	26,328	19,300	25,612
0	79,933	1,157	0	74,159	5,774	0
382	**156,496**	**9,879**	**6,312**	**116,638**	**39,858**	**33,662**
557	170,266	1,981	0	36,169	134,097	6,961
17,664	609,943	30,244	1,860	332,938	277,005	78,171
1,232	69,710	6,190	0	43,759	25,951	15,286
-19,835	37,386	0	0	0	37,386	7,304
-382	**887,304**	**38,415**	**1,860**	**412,866**	**474,439**	**107,722**
0	296	0	0	0	296	195
0	1,031	1,000	1,000	1,000	31	1,045
0	7,414	0	0	0	7,414	0
0	874	0	0	0	874	770
0	2,483	0	0	0	2,483	2,250
0	62	0	0	0	62	2
0	**12,160**	**1,000**	**1,000**	**1,000**	**11,160**	**4,262**
0	**1,055,960**	**49,294**	**9,172**	**530,504**	**525,456**	**145,646**

Changes in provisions for severance payments, pensions and jubilee payments for the years 2005 to 2009

in TEUR	2009	2008	2007	2006	2005
Present value of severance payments (DBO) as of Jan. 1	**1,921**	**1,743**	**1,947**	**1,925**	**1,355**
Service cost	129	124	162	179	148
Interest cost	99	91	87	80	68
Severance payments	-329	-98	-179	-126	-89
Realized actuarial profit/loss	-182	61	-275	-111	444
Present value of severance payments (DBO) as of Dec. 31	**1,638**	**1,921**	**1,743**	**1,947**	**1,925**
Unrealized actuarial profit/loss	-25	-208	-147	-435	-567
Provisions for severance payments as of Dec. 31	**1,613**	**1,713**	**1,597**	**1,512**	**1,358**

in TEUR	2009	2008	2007	2006	2005
Present value of pensions (DBO) as of Jan. 1	**21,459**	**20,653**	**7,148**	**6,588**	**5,635**
Reclassification	-2,244	2,306	13,752	0	0
Service cost	962	586	327	284	446
Interest cost	1,187	213	727	265	251
Pensions payments	-888	-1,217	-630	-169	-157
Realized actuarial profit/loss	-121	-1,082	-670	180	413
Present value of pensions (DBO) as of Dec. 31	**20,355**	**21,459**	**20,653**	**7,148**	**6,588**
Unrealized actuarial profit/loss	856	1,108	165	-619	-413
Provisions for pensions as of Dec. 31	**21,211**	**22,566**	**20,818**	**6,529**	**6,175**

in TEUR	2009	2008	2007	2006	2005
Present value of performance orientated obligations	1,272	2,291	1,155	818	820
Realized actuarial profit/loss	0	0	0	0	0
Provisions for jubilee payments	1,272	2,291	1,155	818	820

Consolidated chart of short-term provisions in the financial year 2009

in TEUR	Balance as of Jan. 1, 2009	Changes in consolidation	Currency translation	Utilization	Release	Addition	Balance as of Dec. 31, 2009
Provisions for vacation	**9,163**	**-2,952**	**33**	**5,486**	**0**	**3,625**	**4,383**
Other short-term personal expenses	31,859	-21,877	14	3,148	2,942	2,029	5,934
Provisions for anticipated losses and risks	33,752	-8,188	44	11,282	2,808	4,964	16,483
Provisions	**59,540**	**-43,837**	**8**	**9,660**	**1,692**	**9,725**	**14,084**
	134,314	**-76,854**	**99**	**29,575**	**7,442**	**20,342**	**40,884**

Schedule of Group investments as of December 31, 2009

Company	Location	Country	Parent company	Direct and indirect share %	Type of consolidation[1]
POLYTEC Automotive Systems GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO
POLYTEC Invest GmbH	Geretsried	GER	POLYTEC Holding AG	100.0	KV
PF Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO
Car Styling Division					
POLYTEC FOR Car Styling GmbH & Co KG	Hörsching	AUT	POLYTEC Holding AG	100.0	KV
POLYTEC FOR Car Styling GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO
Polytec Holden Ltd.	Bromyard	GBR	POLYTEC Holding AG	100.0	KV
POLYTEC FOHA CORPORATION	Markham	CAN	POLYTEC Holding AG	80.0	KV
Polytec Foha Inc.	Warren	USA	POLYTEC Holding AG	80.0	KV
Polytec AVO n.v.	Schoten	BEL	POLYTEC Holding AG	100.0	KV
Ratipur Kraftfahrzeugbauteile und Autoausstattung Herstellungs- und Vertriebsgesellschaft m.b.H.	Komló	HUN	POLYTEC Holding AG	24.0	KOE
Automotive Systems Division					
Polytec Holding Deutschland GmbH	Geretsried	GER	POLYTEC Holding AG	100.0	KV
POLYTEC Interior GmbH	Geretsried	GER	Polytec Holding Deutschland GmbH	100.0	KV
Polytec Automotive GmbH & Co KG	Geretsried	GER	Polytec Holding Deutschland GmbH	100.0	KV
Polytec Automotive Verwaltungs GmbH	Geretsried	GER	Polytec Holding Deutschland GmbH	100.0	KO
Polytec Deutschland Verwaltungs GmbH	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KO
Polytec Riesselmann GmbH & Co KG	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV
POLYTEC Intex GmbH & Co. KG	Morsbach	GER	Polytec Holding Deutschland GmbH	100.0	KV
POLYTEC Intex Montage GmbH	Morsbach	GER	POLYTEC Intex GmbH & Co. KG	100.0	KO
Polytec Thermoplast GmbH & Co KG	Idstein	GER	Polytec Holding Deutschland GmbH	100.0	KV
Polytec Interior UK Ltd.	Birmingham	GBR	POLYTEC Interior GmbH	100.0	KO
Polytec Interior Zaragoza S.L.	Zaragoza	ESP	POLYTEC Holding AG	100.0	KV
Polytec Interior Polska Sp.z.o.o.	Tomaszow Mazowiecki	POL	POLYTEC Holding AG	100.0	KV
Polytec Interior South Africa (Proprietary) Ltd.	Rosslyn	SAF	Polytec Holding Deutschland GmbH	100.0	KV
PDN Real Estate GmbH	Bötzingen	GER	Polytec Holding Deutschland GmbH	100.0	KO
Automotive Composites Division					
PT Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV
POLYTEC Composites Italia S.r.l.	Mondovì	ITA	POLYTEC Holding AG	100.0	KV
POLYTEC Composites Beteiligungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KV
POLYTEC Composites Verwaltungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KO
POLYTEC Composites Germany GmbH & Co KG	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
POLYTEC Composites Slovakia s.r.o.	Sladkovicovo	SLK	PT Beteiligungs GmbH	100.0	KV
PT Plastik Ürünleri Sanayi ve Ticaret A.S.	Aksaray	TK	PT Beteiligungs GmbH	100.0	KV
Polytec Composites Bohemia s.r.o.	Chodova Plana	CZE	PT Beteiligungs GmbH	100.0	KV
POLYTEC Composites Weiden GmbH	Weiden	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
INAPAL PLASTICOS, S.A.	Leca do Balio	POR	POLYTEC Composites Germany GmbH & Co KG	19.7	KOE
Ljungby Komposit AB	Ljungby	SWE	PT Beteiligungs GmbH	25.0	KOE
Industrial Division					
POLYTEC Industrial Plastics GmbH	Bochum	GER	POLYTEC Holding AG	70.0	KV
POLYTEC Elastoform GmbH & Co KG	Marchtrenk	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV
POLYTEC EMC Engineering GmbH & Co KG	Marchtrenk	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV
POLYTEC EMC Engineering GmbH	Hörsching	AUT	POLYTEC Industrial Plastics GmbH	70.0	KO
POLYTEC THELEN GmbH	Bochum	GER	POLYTEC Industrial Plastics GmbH	70.0	KV

[1] KV = fully consolidated
KE = consolidated at equity
KO = not consolidated due to subordinated importance
KOE = no valuation at equity due to subordinated importance

Statement of all Legal Representatives

According to clause 82 Section 4 pt. 3 BörseG

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Hörsching, April 6, 2010

The Board of Directors

Friedrich Huemer m.p. Alfred Kollros m.p. Eduard Schreiner m.p. Andreas Jagl m.p.

Auditors' report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of POLYTEC Holding AG, Hörsching, for the fiscal year from January 1, 2009 to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended December 31, 2009 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements and for the accounting system

The company's management is responsible for the Group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing issued by the International Auditing (ISA) and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2009 and of its financial performance and its cash flows for the fiscal year from January 1, 2009 to December 31, 2009, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Without qualifying our opinion, we draw attention to the fact that both the future development and going concern are uncertain and are largely contingent on securing further funding as well as on future business trends as anticipated by the Board of Directors to the best of their knowledge on the basis of current information.

In light of the current challenging economic situation and the difficulty of predicting the further development of the passenger car and commercial vehicle businesses, we would like to stress the fact – as pointed out by the Board of Directors in the notes to the consolidated accounts and in the Group managment report – that the company's future earnings situation and financing requirements might be subject to changes that cannot be estimated with any degree of certainty on the basis of the information currently available. It cannot be fully ruled out that going concern of subsidiaries of the Group might be in jeopardy. Therefore unfavorable future impairments of balance sheet assets (including deferred taxes) are possible. Furthermore, it should be noted that business planning calculations and the resulting liquidity projections also encompass measures, which have not yet been agreed upon (sales increase, reduction of personnel costs). The final outcome of these negotiations could have a significant impact on the future earnings situation and financing requirements of the Group.

The company's principal creditor, the lending bank, has confirmed in writing as of March 9, 2010 that it intends to keep the financing agreement – subject to approval by the relevant committee even until December 31, 2011 – if the development of Group operations is in line with the original planning calculations as of November 27, 2009. The lending bank will not consider negative deviations from planning calculations of individual companies and/or sites of the Group alone as a sufficient reason to terminate the financing agreement, provided that the business development of the Group as a whole does not fall substantially short of the original planning calculations as of November 27, 2009.

With regard to this supplemental information, please also refer to the description of group financing and going concern in the notes on the consolidated accounts (E. 5) and in the Group management report (p. 56f.).

Comments on the management report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to article 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements. The disclosures according to article 243a UGB (Austrian Commercial Code) are appropriate.

Leonding, March 31, 2010

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

Nikolaus Schaffer ppa. m.p.
Austrian Chartered
Accountant

Ulrich Dollinger m.p.
Austrian Chartered
Accountant

Glossary

Capital employed: Equity plus interest bearing liabilities minus cash and cash equivalents.

Compliance guidelines: Corporate regulations that specify organizational measures to prevent stock trading based on price-relevant information that is not yet available to the public as well as the confidential treatment of such insider information.

Corporate Governance: „Corporate constitution"; the Austrian corporate governance code represents a set of rules for the responsible management and control of a company.

Deferred taxes: Balance sheet item to show fiscal valuation differences. In the case of temporary discrepancies between the group balance sheet and the fiscal balance sheet, both deferred tax assets and deferred tax liabilities are recognized in order to report the tax expenses in accordance with the group financial result.

EBITDA margin: Ratio of EBITDA to revenues in percent.

IFRS (International Financial Reporting Standards): Accounting standards drawn up by the International Accounting Standards Board (IASB; formerly International Accounting Standards Committee, IASC), whose task is to draw up generally accepted international accounting standards. In addition to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the IASB they also comprise the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the interpretations of the Standing Interpretations Committee (SIC).

Market capitalization: A measurement of corporate size equal to the share price times the number of shares outstanding.

Net debt: Debt less cash and cash equivalents.

Net debt to EBITDA: Net debt net of cash and cash equivalents in relation to EBITDA; measure of the payback period for debt on the basis of net debt and EBITDA.

OEM: The abbreviation for "Original Equipment Manufacturer".

OTC (Over the Counter) market: Market where securities are traded directly between dealers outside the stock exchange.

PPM: The quality ratio PPM (parts per million) is used in the automotive industry as an indicator for the quality and stability of a production process.

Sheet Moulding Compound (SMC): A fiber glass reinforced thermosetting compound in sheet form, usually rolled into coils interleaved with plastic film to prevent autoadhesion. Made by dispensing mixed resin, fillers, maturation agent, catalyst and mold release agent onto two moving sheets of polyethylene film.

Basic information on the POLYTEC share	
ISIN	AT0000A00XX9
Ticker symbol	
Vienna Stock Exchange	PYT
Reuters	POLV.VI
Bloomberg	PYT AV
Market segment	Prime Market
First trading day	May 2, 2006
Issue price for share	EUR 7.75
Number of shares issued	22,329,585
Authorized capital	EUR 11,164,792
Free float	roughly 38%

Financial calendar 2010	
Results for the fourth quarter and the financial year 2009	April 13, 2010
Results for the first quarter 2010	May 11, 2010
Annual General Meeting 2010	May 19, 2010
Results for the second quarter and the first half year 2010	August 4, 2010
Results for the third quarter and the first nine months 2010	November 3, 2010

Investor Relations

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NOTE

This Annual Report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices can result in rounding-related differences during the addition of rounded amounts and percentages.

This Annual Report contains assessments and assertions relating to the future made on the basis of all the information currently available. Such future-related statements are usually introduced with terms such as “expect”, “estimate”, “plan”, “anticipate”, etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report.

Statements referring to people are valid for both men and women.

This Annual Report is published in German and English. In cases of doubt, the German version shall take precedence.

Editorial closing date: April 7, 2010