ISSUE 2011

POLYTEC

ANNUAL REPORT 2011

25 YEARS

THE ROAD TO BECOMING AN INTERNATIONAL PLAYER. PAGE 20

EXTENSIVE EXPERTISE

KNOW-HOW, HIGH-TECH AND PREMIUM QUALITY PROVIDE THE BASIS FOR POLYTEC'S SUCCESS. PAGE 30

BETTER POSITIONED

ACTIVITIES IN THE NON-AUTOMOTIVE BUSINESS WILL BE INTENSIFIED IN THE COURSE OF A COMPREHENSIVE REORIENTATION OF THE POLYTEC GROUP. PAGE 26

RELOADED

READY FOR NEW GOALS

KEY FIGURES

Key earnings figures	Unit	2011	2010	2009
Sales	EUR million	657.4	770.1	607.0
EBITDA	EUR million	61.3	54.3	10.2
EBIT	EUR million	42.6	27.2	-30.2
Net profit	EUR million	35.3	25.6	-51.4
Earnings per share	EUR	1.54	1.12	-2.33
EBITDA margin (EBITDA/sales)	%	9.3	7.1	1.7
EBIT margin (EBIT/sales)	%	6.5	3.5	-5.0
Net profit margin (Result after tax/sales)	%	5.4	3.3	-8.5

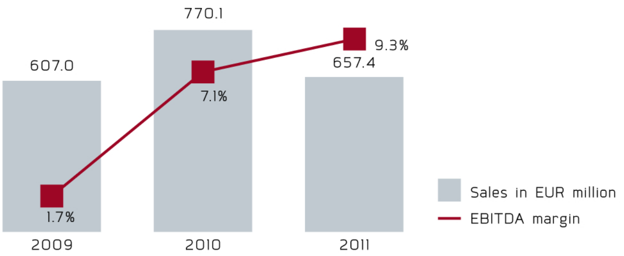
Key earnings figures adjusted	Unit	2011	2010	2009
Sales	EUR million	657.4	770.1	607.0
EBITDA adjusted[1]	EUR million	54.1	54.3	10.2
EBITDA margin (EBITDA/sales)	%	8.2	7.0	1.7
EBIT adjusted[1]	EUR million	35.4	27.2	-30.2
EBIT margin (EBIT/sales)	%	5.4	3.5	-5.0
Average capital employed	EUR million	119.4	136.6	336.7
ROCE before tax (EBIT[1]/capital employed)	EUR million	29.6	19.9	-9.0

[1] Earnings figures for 2011 are adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business at the end of the first half of 2011.

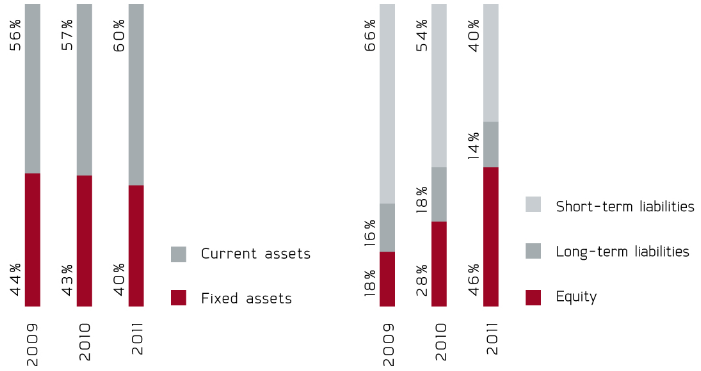
Key balance sheet figures	Unit	2011	2010	2009
Fixed asset ratio	%	35.5	37.5	39.3
Equity ratio	%	45.6	28.3	18.5
Balance sheet total	EUR million	263.9	308.5	332.1
Net working capital	EUR million	26.9	16.5	26.0
Net working capital in % of sales	%	4.1	2.1	4.3
Average capital employed	EUR million	119.4	136.6	336.7
ROCE before tax	%	35.5	19.9	-9.0
Net financial debt (+)/cash(-)	EUR million	-17.9	26.6	69.9
Net financial debt to EBITDA	–	-0.29	0.49	6.9
Gearing	–	-0.15	0.31	1.14

Key share figures	Unit	2011	2010	2009
Share price high	EUR	8.59	5.27	2.98
Share price low	EUR	4.27	2.2	1.01
Average price	EUR	6.53	3.29	2.22
Share price as of December 31	EUR	5.42	4,58	2.11
Earnings per share	EUR	1.54	1.12	-2.33
Average turnover/day	Shares	133,921	60,879	91,315
Market capitalization as of December 31	EUR million	121.03	102.3	47.1
Dividend proposal per share	EUR	0.35	–	–
Dividend yield	%	6.50	–	–

SALES AND EBITDA MARGIN



BALANCE SHEET STRUCTURE



POLYTEC GROUP

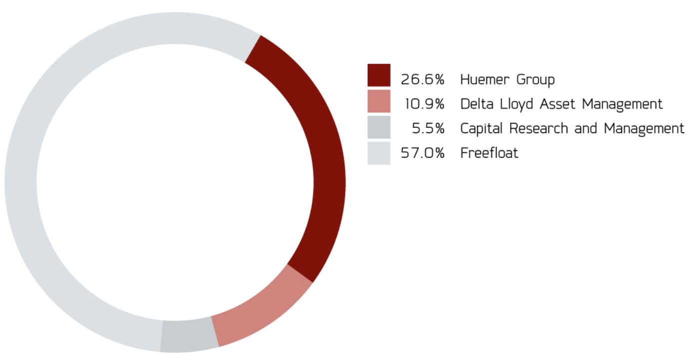
Automotive / Systems adjusted	Unit	2011	2010	2009
Sales	EUR million	559.0	675.9	525.9
Share of Group sales	%	85.0	87.8	86.6
EBITDA adjusted[1]	EUR million	40.5	43.6	1.9
EBITDA margin (EBITDA/sales)	%	7.2	6.5	0.4
EBIT adjusted[1]	EUR million	24.2	19.1	-31.5
EBIT margin (EBIT/sales)	%	4.3	2.8	-6.0

[1] Earnings figures for 2011 are adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business at the end of the first half of 2011.

Car Styling	Unit	2011	2010	2009
Sales	EUR million	78.2	75.8	64.3
Share of Group sales	%	11.9	9.8	10.6
EBITDA	EUR million	7.3	7.0	5.1
EBITDA margin (EBITDA/sales)	%	9.4	9.3	7.9
EBIT	EUR million	5.9	5.4	3.1
EBIT margin (EBIT/sales)	%	7.6	7.2	4.8

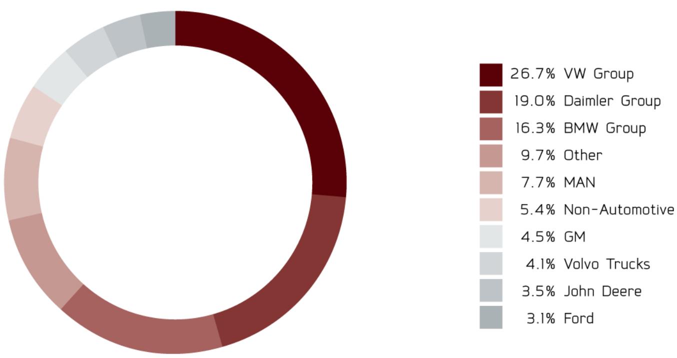
Employees (average)	2011	2010	2009
Automotive / Systems	3,836	5,066	4,775
Car Styling	660	662	610
Holding and other business units	167	153	140
Group total	4,663	5,881	5,525

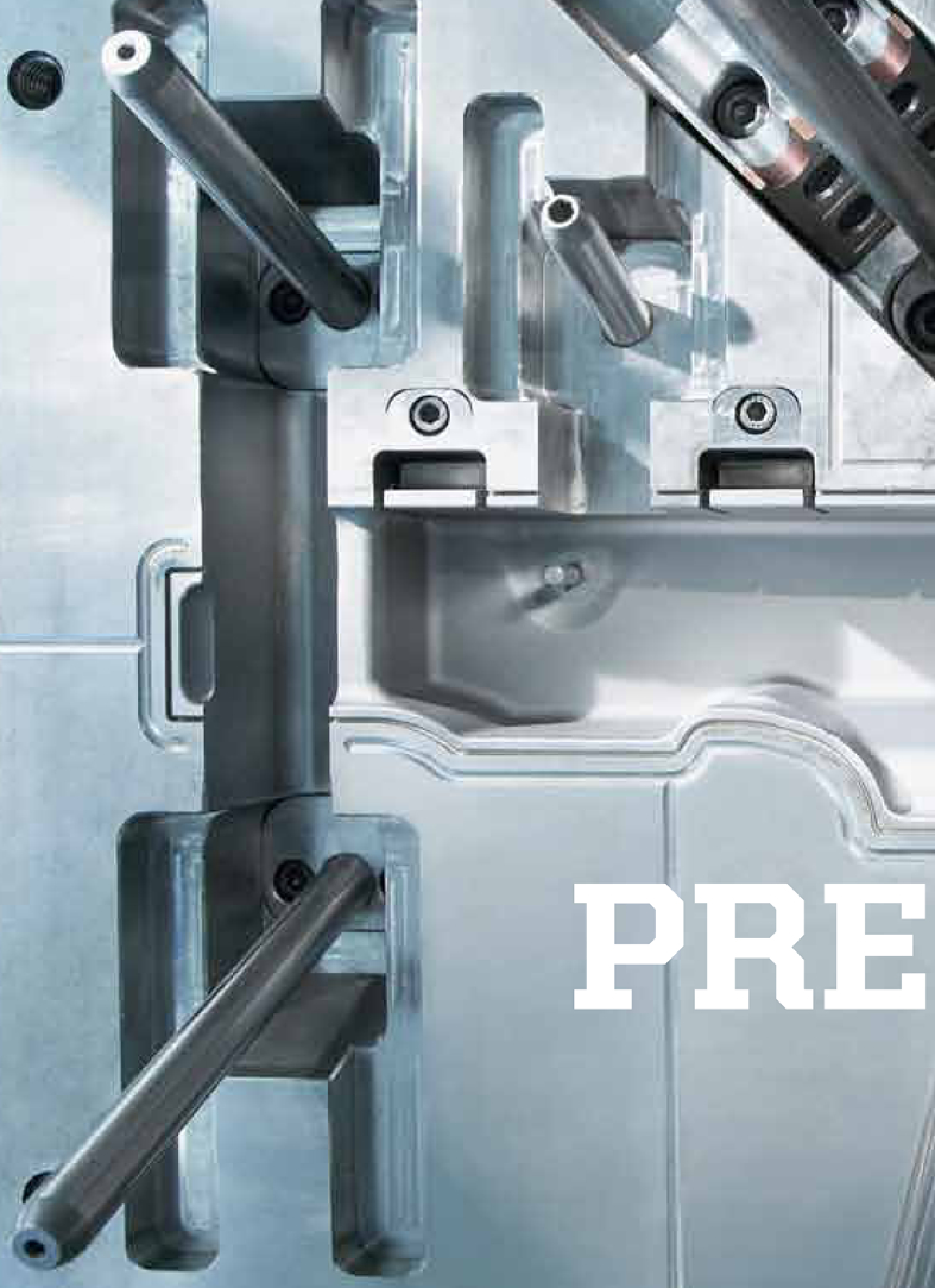
SHAREHOLDER STRUCTURE[1]



[1] Voting rights subject to compulsory notification according to Section 91 of the Austrian Stock Exchange Act as of the balance sheet date December 31, 2011.

GROUP SALES BY CUSTOMER

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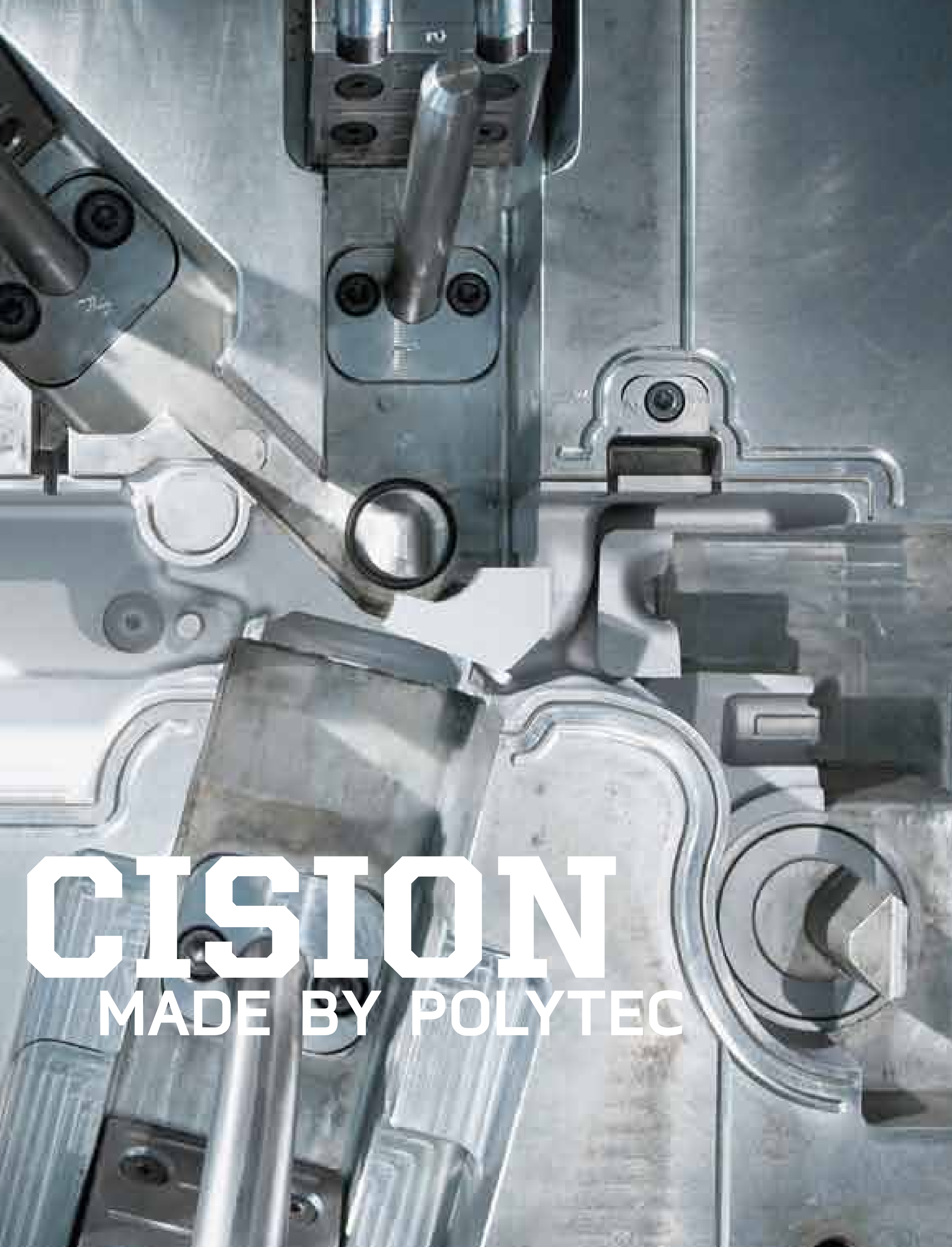
CISION
MADE BY POLYTEC

"... READY FOR NEW GOALS ..."

By marking important milestones in 2011, we have provided a solid basis for the future success of the POLYTEC GROUP: thanks to the divestment of the Interior Systems business, the intensified focus on the non-automotive area as an additional pillar of business, the acquisition of PPI, a specialist in the area of injection molding, and the decision to expand our production capacities at the production plants in Hörsching und Lohne, we have made ourselves fit for further growth.

As in the past, we are building upon a business concept that has already proved successful, pursuing growth through acquisitions on the basis of a solid balance sheet. An equity ratio of 45%, a solid cash position and an increase in earnings power are core elements of our success path. Combined with our traditional core values of innovation, outstanding quality and commitment, they should enable us to generate sustainable corporate value for our customers, employees and shareholders.

Yours sincerely,

Friedrich Huemer

HIGHLIGHTS 2011

- Increase in total sales and earnings on a comparable basis
- Earnings per share of EUR 1.54
- POLYTEC share Austrian top performer in 2011
- Dividend proposal of EUR 0.35 per share
- Divestment of the low-margin Interior Systems business
- Intensification of non-automotive business activities
- Increased capacities by expanding existing plants and acquiring PPI Plastic Products Innovation
- Further growth planned through acquisitions

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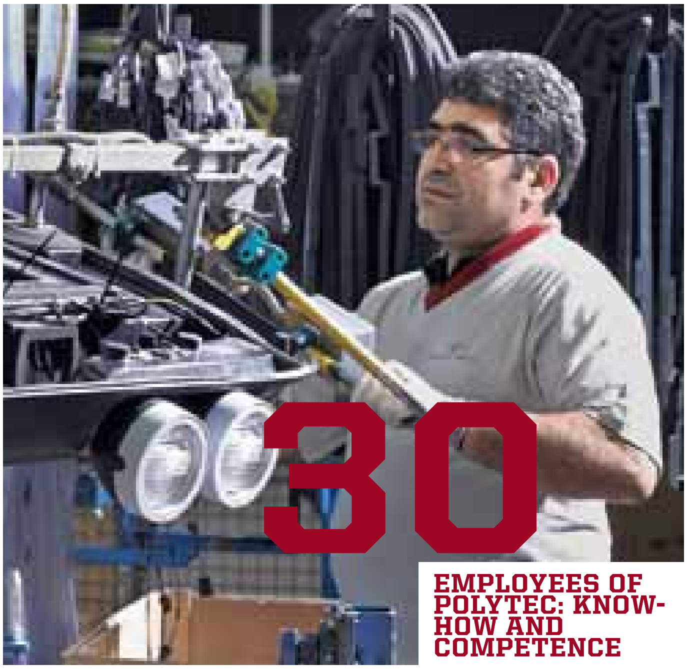
KNOW-HOW, HIGH-TECH & PRIME QUALITY



SHARE & CORPORATE GOVERNANCE 2011

FINANCIALS 2011

SERVICE

"... WE DEFINE OURSELVES THROUGH OUR TECHNOLOGY ONCE AGAIN ..."

THE MEMBERS OF THE BOARD OF DIRECTORS OF POLYTEC HOLDING AG, FRIEDRICH HUEMER, ALFRED KOLLROS AND PETER HAIDENEK, AS WELL AS ALICE GODDERIDGE, VICE PRESIDENT SALES & ENGINEERING, IN AN INTERVIEW

MR. HUEMER, IN 2011 YOU CELEBRATED THE 25TH ANNIVERSARY OF POLYTEC. CAN YOU LOOK BACK OVER THE LAST 25 YEARS WITH SATISFACTION?

HUEMER: Absolutely, even if the past few years have been a little bit mixed. We had been accustomed to strong growth in both sales and earnings for 22 years, and then in 2008 we experienced a dramatic collapse after taking one of our most important strategic steps – the acquisition of PEGUFORM. However, seen from today's perspective, we have come a long way and are back on track in far better shape than we had expected in 2009 – this is why, all in all, I am fairly satisfied.

THE MOTTO OF THIS YEAR'S ANNUAL REPORT IS "POLYTEC RELOADED". IN CONCRETE TERMS, WHAT DOES THIS MEAN?

HUEMER: It means that we are back on a solid footing again and are ready for new growth, both organic and through acquisitions. This has always been POLYTEC's success formula: growth based on a solid balance sheet. The main milestones in 2011 were the disposal of the Interior-Systems business and the intensified focus on the other business areas, especially the expansion of activities in the non-automotive business. A very crucial element is that we are now back in a position to take strategic decisions – especially with regard to potential acquisition steps – within the inner circle of the Board and I can act again in my capacity as the core shareholder.

WHICH EXTERNAL FACTORS HAD AN IMPACT ON POLYTEC'S BUSINESS PERFORMANCE IN 2011? HAVE YOU BEEN AFFECTED BY THE ECONOMIC SLOWDOWN REPORTED TOWARDS THE END OF THE YEAR?

GODDERIDGE: As far as the general economic development is concerned, the customers, who make the biggest contribution to our sales performance, did not experience any declines throughout the 2011 business year. In fact we had to intensify our efforts to be able to meet higher demand. One could almost say that if the previous years were marked by considerable negativity, 2011 was a year of striking positivity. Our customers developed well throughout the year and their figures were in most cases better than expected.

KOLLROS: On the production side, we continuously struggled with capacity issues. Especially in the Plastics area, demand, for instance, for engine compartment parts was very high and weekend shifts had to be run almost without interruption. In this area, we have experienced the boom of the Asian market at first-hand. The development in the Composites area was marked by a certain degree of volatility: in the first six months of 2011, we had a fairly good workload, whereas in the second half of the year we experienced strong fluctuations. The Car Styling division was mainly influenced by program and project developments rather than the general market trend.

AGAINST THIS BACKDROP, HOW SATISFIED ARE YOU WITH THE SALES AND EARNINGS PERFORMANCE OF THE GROUP IN 2011?

HAIDENEK: We are very satisfied. In absolute terms, we reported a sales decline in 2011. This is, however, solely attributable to the fact that we sold the bulk of the Interior Systems business in the first half of the year. On the other hand, we acquired PPI at the end of August 2011, and this has not yet been able to make a significant contribution to Group sales due to the marked seasonality of this business. On an adjusted basis, we reported an increase in sales from EUR 422 million to EUR 484

million, which corresponds to a plus of some 15%. This trend was even more evident if one looks at our earnings performance. Comparable Group EBIT increased by more than 30% to EUR 33 million in 2011. We were thus able to meet our forecast published in the previous year's annual report by achieving a disproportionate increase in operating result, even despite the significant price surge for raw materials, especially for polyolefins. The deconsolidation gain resulting from the disposal of the Interior Systems business totaling some EUR 7 million is not included in this growth rate.

HUEMER: Our ability to achieve a significantly higher operating result despite the substantial decline in revenues is mainly attributable to the Interior Systems business, which was able to return to the profit zone in 2011 after significant losses in 2010. This achievement is the result of our successful restructuring program, which ultimately also contributed to selling this segment at a profit.

HOW DID THE NON-AUTOMOTIVE BUSINESS – WHICH IS NOT NEW BUT IS INCREASINGLY GATHERING MOMENTUM – DEVELOP IN THE COURSE OF THE YEAR? WHAT CONTRIBUTION DID THIS BUSINESS AREA MAKE TO GROUP SALES AND EARNINGS?

HUEMER: Sales in the non-automotive area consist of sales contributions from the Industrial business, which traditionally has been managed separately from the automotive business, and of contributions from new emerging activities in the other units of the POLYTEC GROUP. At present, the non-automotive business overall accounts for 10% of total Group sales and therefore represents a relatively significant contribution. In the mid term, we are striving to considerably increase this proportion by pursing both organic and acquisition-based growth. In terms of profitability, the Industrial business is performing above the Group's total average as it did in the past, whereas the new emerging business activities are still in a start-up phase. Consequently, we cannot really say much at this premature stage, but we will continue to closely monitor and control future developments in this area going forward.

WHERE IS THE JOURNEY IN THIS SEGMENT SUPPOSED TO LEAD AND WHAT KIND OF STRATEGY ARE YOU PURSUING?

HUEMER: There are three main reasons why we should intensify our business activities in this segment: First, this permits better risk management, secondly, it secures full capacity utilization in the event that, one day, part of our automotive production is relocated to Asia or elsewhere, and thirdly, it leads to improvements in results especially in ROCE.

THIS MEANS THAT YOU ARE DIVERSIFYING AND EXPANDING YOUR BUSINESS BASE CAPITALIZING ON YOUR EXTENSIVE KNOW-HOW?

HUEMER: The growing importance of the non-automotive business has drawn us back to our origins. POLYTEC initially started off as a plastics-processing company with a strong focus on the automotive industry. In 2004, however, our business operations underwent a fundamental paradigm shift, when we entered the Interior Systems business and we positioned ourselves as an

automotive supplier with a strong focus on plastics. Today, plastics and its underlying technologies are once again taking center stage and supplying the automotive industry with plastic components has become one of our core activities. This means that we increasingly define ourselves through our technologies rather than through our customer and product base.

GODDERIDGE: We are now able to offer our extensive know-how, which by virtue of our solid position as an automotive supplier represents an important added value, also to other customer groups. We are mainly concentrating on challenging products and applications that offer attractive sales potential, such as white plates for household appliances. In this context, we have succeeded in implementing a product, which is perhaps relatively unspectacular, in a way that offers real added value to the customer. Our hands-on experience in the automotive industry helps us provide a wide range of different options with the highest quality standards and just-in-sequence delivery. Complexity is a key element in this regard, combined with the necessary investment willingness.

AND HOW DID THE DISPOSAL OF THE INTERIOR SYSTEMS BUSINESS IMPACT YOUR OPERATING PERFORMANCE?

HUEMER: Apart from the aforementioned effects on key figures, the main result of this divestment was that we could free up management resources within the Holding. Even if POLYTEC had been organized in a decentralized way in the past, during the recession, we had to directly intervene in the operating business, especially in the Interior Systems business, as we did not have a global positioning in this area and were therefore exposed to correspondingly strong competition. Now, we have free resources at our disposal to focus on other business areas but mainly on well-defined growth targets.

SINCE 2007, YOUR SEGMENT REPORTING STRUCTURE HAS NOT INCLUDED THE INDUSTRIAL DIVISION AS A SEPARATE REPORTING UNIT, SINCE THIS DIVISION WAS TOO SMALL IN RELATION TO THE GROUP AS A WHOLE. WILL THERE BE ANY CHANGES TO THIS REPORTING PRACTICE FOLLOWING THE EXPANSION OF THE NON-AUTOMOTIVE BUSINESS AND THE DIVESTMENT OF THE INTERIOR SYSTEMS BUSINESS?

HAIDENEK: As a matter of fact, starting from January 1, 2012 there has been a fundamental change to the Group's segment reporting. The main reason behind this move is that in our current business, it is no longer possible to directly attribute the income generated and the capital assets employed to individual segments. Especially in the non-automotive area, products are produced across segments, depending on the specific application and underlying technology required or the logistics benefits that can be reaped. In addition, several production steps, that used to be outsourced in the past, are now increasingly carried out internally at a number of different manufacturing plants. In terms of the value chain, this leads to considerable overlapping and to the generation of ever-increasing intra-group sales. This is why from now on we will be a "one-segment group".

GODDERIDGE: On the other hand, thanks to this enhanced flexibility and versatility, we are now able to meet many requirements that we were not able to cover in the past with our more segmented structure. Our ability to cover the entire value generation chain in a wide range of different technologies was a major success factor in 2011, which helped us win several important customer contracts.

MR. KOLLROS, AT THE BEGINNING OF THIS INTERVIEW YOU MENTIONED A NUMBER OF CAPACITY ADJUSTMENT AND EXPANSION MEASURES THAT WERE PUT IN PLACE IN 2011. DESPITE THE HIGH WORKLOAD AND CAPACITY UTILIZATION, WERE YOU ABLE TO SUCCESSFULLY MEET THIS RISING DEMAND?

KOLLROS: Thanks to the rapid resolution of capacity and personnel issues, we were able to successfully meet customer demand by running special and weekend shifts. We managed to face this challenge in a positive way and succeeded in consistently preserving our high quality standards and outstanding delivery reliability.

DELIVERY RELIABILITY AND QUALITY WILL THEREFORE CONTINUE TO PLAY A KEY ROLE ... WHICH OTHER SUCCESS FACTORS ARE TAKING CENTER STAGE?

GODDERIDGE: Another crucial factor is that our customers are increasingly seeking to further expand their position in the BRIC countries and they need reliable suppliers willing to take this step with them. And in certain technology fields, there are not many of this kind. In addition, we are flexible, willing to go in this direction and to invest and we are on a solid financial footing. Moreover, we attach great importance to thinking ahead together with our customers well beyond tomorrow.

HUEMER: Geographic diversity has never been one of our main strengths. However, we now have the necessary financial and management resources to take action and we intend to fill this gap by means of cooperations and, of course, further acquisition steps especially in those business fields, where we have already gained an important position in our domestic market. In our opinion, the greatest potential lies in the Composites and engine compartment part business.

In addition to expanding our geographic footprint, the further development of our product portfolio is also an important growth driver. Therefore, we will continue to intensively focus on development work going forward.

SPEAKING OF PRODUCT DEVELOPMENT – WHAT KIND OF CHALLENGES AND HIGHLIGHTS ARE WORTH MENTIONING? WHAT DO CUSTOMERS DEMAND?

GODDERIDGE: A main focus of product development is the transfer of know-how from the automotive to the non-automotive area. The second key topic is the engine compartment, which provides considerable potential due to the replacement of metal parts. The main focus in this regard is on reducing weight and optimizing space. In addition, price also plays a crucial role and plastic is proving better suited than metal at providing the functional integration requested by the customer. We are therefore integrating an increasingly large number of functions in our cylinder head covers and oil pans. In a nutshell, this translates into: higher quality + more functionalities = higher value added for our customers.

KOLLROS: Lightweight construction also plays a key role in the Composites area. The use of carbon fiber enables the production of more weight-efficient components and structural construction elements, while at the same time preserving their main features. In future, we will therefore produce trunk lids made not only of glass fiber SMC but also of carbon fiber SMC.

AND WHAT ABOUT NEW CONCRETE PRODUCTS AND CONTRACT AWARDS?

GODDERIDGE: An important highlight in 2011 was certainly the development of a solar collector housing for Bosch, which was awarded an innovation prize by the German Federation of Reinforced Plastics (AVK). We were not only able to achieve a considerable weight and cost reduction by replacing a metal product but also to integrate the previous eleven different construction elements into a single component. This is what ultimately helped us win the customer.

IN 2011 YOU ACQUIRED PPI, NOW RENAMED PPE, THUS FURTHER EXPANDING YOUR CAPACITIES IN THE INJECTION MOLDING AREA. WHAT WERE THE MAIN CHANGES RESULTING FROM THIS ACQUISITION?

KOLLROS: A big advantage is that we are now closer to our customers' delivery centers in South Germany and as a result have gained additional attractive opportunities, since the plant in Ebensee can rely on a well-developed infrastructure that requires only a minimum investment to further expand its capacities.

GODDERIDGE: By virtue of its material supply capability and large-scale storage infrastructure, Ebensee is ideally suited for the operation of large machines, which are necessary for the production of large exterior components. For the first time, we have the opportunity to offer customers in the commercial vehicle industry injection-molded and SMC parts, including varnishing, from a single source, responding to the current general trend towards the increasing manufacture of exterior parts using injection-molded technology. In the Car Styling area, we are also enhancing our flexibility thanks to the expansion of our technology portfolio as a result of the PPE acquisition with a view to offering our customers the right technology as an alternative to polyurethane in line with their specific sales volumes.

AND WHAT IS THE REASON BEHIND THE CAPACITY EXPANSION PROGRAM CURRENTLY UNDERWAY IN LOHNE AND HÖRSCHING?

KOLLROS: These capacity expansion measures are aimed at strengthening the Plastics and Car Styling divisions and further consolidating our competitive edge. In the Car Styling area, we are not only expanding but also adapting capacities to the trend towards full-size bumpers and intensified assembly and logistics activities. The new logistics building in Hörsching is due to be completed in April 2012, whereas construction work in Lohne has started at the beginning of March 2012.

ALICE GODDERIDGE

GODDERIDGE: Fortunately, we are not only expanding our capacities to seize new business opportunities, we also need additional capacities to realize current customer projects. The decision as to which plants are going to be further expanded was based, on the one hand, on geographic location and, on the other, on a most practical combination of current and new production projects. Apart from the different technologies applied, we also strictly differentiate between those plants that are geared towards a more lean manufacturing process and which focus on the production of single components and those plants that are ideally suited to more complex and versatile production lines. The scale of series production, storage area and handling also play a crucial role in this regard.

HOW DOES YOUR CORPORATE STRATEGY LOOK – BOTH ON THE MID AND LONG TERM?

HUEMER: After an interruption of three years, we would like to return to the successful path of the past. As I mentioned at the beginning, this means: growth through acquisitions on the basis of a solid balance sheet. We are constantly engaging in concrete negotiations and thoroughly scrutinizing potential investment opportunities. We are thus striving to expand the geographic footprint of our production sites and to enlarge our customer portfolio.

At the same time, we are pursuing well-defined organic growth targets in our existing business with a view to further consolidating our good market position. On the one hand, we want to win new customers for our existing product portfolio and, on the other, we are expanding our product range through intensified development work. As mentioned earlier, the main focus here is on injection-molded products for the entire engine compartment, but also on new applications for fiber-reinforced materials, especially for carbon fiber SMC.

The shift from a primarily product-oriented positioning towards a more technology-oriented business proposition plays an overriding role against this backdrop.

HOW IS LIFE WITHOUT A CORE SHAREHOLDER FROM THE CIRCLE OF THE LENDING BANKS?

HUEMER: I would never consider a bank as a core shareholder in a company as something negative, especially when such a shareholding is in line with the corporate strategy of the bank and is a long-term commitment. Our dependence on the lending banks was due to the tense financial situation at that time and not to the role of the bank as core shareholder. I don't ever want to find myself in such a "financially fragile" situation again.

HAIDENEK: In my opinion, life is just as good as before. When the lending bank sold its stake last year, the offer was oversubscribed by 40% and was very well received by international investors. The increase in free float is very positive for us as it enhances the attractiveness and liquidity of the POLYTEC share on the market.

THIS TIME LAST YEAR YOU WERE NOT RULING OUT A POTENTIAL CAPITAL INCREASE. IS THIS STILL A VALID OPTION AND IF YES, UNDER WHICH CONDITIONS?

HUEMER: This idea was born when the bank was considering disposing of its stakes and the divestment of the Interior Systems business was still up in the air. If this had not been successful, a capital increase would have made sense as part of a forward-looking strategy. In light of our solid balance sheet structure following the successful disposal of the Interior Systems business, there is no question of such a capital measure at present.

ALFRED KOLLROS

PETER HAIDENEK

MR. HAIDENEK, YOU ARE PRESENTING A MORE THAN SOLID BALANCE SHEET FOR THE FULL YEAR 2011. THE EQUITY RATIO HAS TRIPLED TO 45% SINCE 2008 AND THE GROUP IS PRACTICALLY DEBT-FREE. IS THIS BALANCE SHEET STRUCTURE A LONG-TERM GOAL FOR THE GROUP?

HAIDENEK: On the Board of Directors we are unanimous in thinking that a net cash position is not a desirable long-term goal. On the contrary, we view our capital base and our liquidity as a springboard to future growth and also as a solid foundation for the financing of important new acquisitions. However, our gearing ratio, i. e. our net debt to equity ratio, should never exceed 1.

YOUR SHAREHOLDERS MUST HAVE BEEN HAPPY WITH THE POLYTEC SHARE IN 2011. YOU NOT ONLY OUTPERFORMED THE MARKET ONCE MORE, YOU WERE ALSO THE TOP PERFORMER IN THE ATX PRIME?

HAIDENEK: We are also delighted of course. But we should bear in mind that this strong performance is also attributable to a relatively low starting position, which in our case was due to the unfavorable events of the 2008 and 2009 financial years.

HUEMER: The performance of a share and of a company has to be viewed from two perspectives. Every cloud has a silver lining, so a negative situation can turn into something positive but it also works the other way around: the higher you climb, the further you can fall, but equally the opposite might be true.

AND HOW DO YOU JUDGE THE IMMEDIATE FUTURE? WHAT KIND OF DEVELOPMENTS DO YOU EXPECT IN 2012 FOR THE MARKET AS A WHOLE AND FOR POLYTEC?

HUEMER: We are closely monitoring the market especially with regard to the further unfolding of the European sovereign debt crisis. All in all, we do not expect any dramatic changes in the current business. On the sales side, we anticipate a stable or slightly upward trend. As to the earnings performance, we are striving to match the level in 2011 excluding the one-off effect resulting from the disposal of the Interior Systems business. Potential acquisitions, however, might change this scenario.

THANK YOU FOR THE INTERVIEW.

FRIEDRICH HUEMER

COMPET

DELIVERED BY POLYTEC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POLYTEC FOR SPEED READERS

PASSION CREATES INNOVATION

The POLYTEC GROUP is a successful international developer and manufacturer of high-quality plastic parts. For more than two decades, the company has offered customers its extensive experience and know-how as a full-range supplier of injection molded components, a specialist for fiber-reinforced plastics, a manufacturer of genuine accessory parts made of plastic and as a leading-edge developer of customized polyurethane industrial solutions. POLYTEC focuses on innovative applications and on leveraging its extensive in-house R&D capacities and expertise.

POLYTEC's customers include first-class global automotive manufacturers but the company is also increasingly embarking on the non-automotive sector. In both cases, the key factors for success are cutting-edge technologies, perfect quality and absolute delivery reliability at competitive costs. In the automotive and non-automotive area, POLYTEC covers a large part of the value-creation chain in all its segments, ranging from design and product development, tooling, component simulation and testing to almost all current plastics processing technologies. Furthermore, POLYTEC offers excellent performance in downstream processes such as painting and assembly as well as just-in-time or just-in-sequence delivery.

As a partner of the international automotive industry, POLYTEC produces innovative vehicle components made of plastic. Core production areas encompass exterior, interior and engine compartment parts as well as the manufacturing of functional components and accessories of all kinds. POLYTEC's Industrial division, on the other hand, produces high-quality polyurethane parts for a wide range of industrial applications. The use of core technologies in the non-automotive business is also playing an increasingly important role at POLYTEC.

FACTS & FIGURES 2011

EUR 657.4 MILLION
TOTAL SALES

45.6%
EQUITY RATIO

35.5%
ROCE

MAJOR MANUFACTURER OF INJECTION MOLDED
ENGINE PARTS

BIGGEST SUPPLIER OF FIBER-REINFORCED PLASTIC COMPONENTS
FOR THE EUROPEAN AUTOMOTIVE INDUSTRY

EUR 0.35
DIVIDEND PER SHARE

4,663
EMPLOYEES IN 21 LOCATIONS

INCREASING IMPORTANCE OF THE NON-AUTOMOTIVE BUSINESS

2011 AT FIRST SIGHT

SUCCESSFUL REPOSITIONING

Strategic decisions for the repositioning of the Group – above all, the disposal of the Interior Systems business, the sale of POLYTEC Composites Italia as well as the acquisition of PPI Plastic Products – helped to establish a sound basis for the future success of POLYTEC GROUP in 2011. Based on the Group's continued operations adjusted for the main part of the divestment of the Interior Systems business as well as for other effects[1)], total sales of the Group increased by 14.7% to EUR 484.2 million in 2011 compared to 2010. Previous year's sales adjusted for these effects amounted to EUR 422.1 million. This success is mainly attributable to the positive development of the European automotive industry.

[1)] Other effects refer to the disposal of POLYTEC Composites Italia at year-end 2010 as well as to the acquisition of PPI Plastic Products Innovation GmbH & Co KG as of August 31, 2011.

Group EBITDA increased by 13.0% to EUR 61.3 million despite the decline in consolidated Group sales. This corresponds to an EBITDA margin of 9.3%. The increase in EBITDA includes a deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business. Adjusted for this effect, EBITDA remained stable at the previous year's level.

Both the positive development of the automotive industry and the strategic measures implemented by the Group led to a net profit of EUR 35.3 million. This corresponds to earnings per share of EUR 1.54.

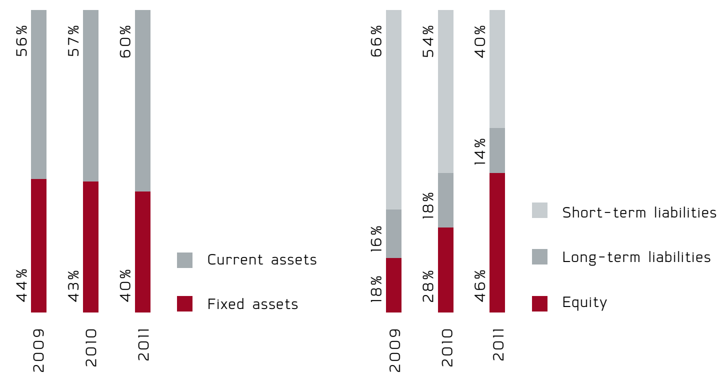
Group key earnings figures	Unit	2011	2010	2009
Sales	EUR Mio.	657.4	770.1	607.0
EBITDA adjusted[2)]	EUR Mio.	54.1	54.3	10.2
EBITDA margin (EBITDA/sales)	%	8.2	7.0	1.7
EBIT adjusted[2)]	EUR Mio.	35.4	27.2	-30.2
EBIT margin (EBIT/sales)	%	5.4	3.5	-5.0
Average capital employed	EUR million	119.4	136.6	336.7
ROCE before tax (EBIT[2)]/capital employed)	EUR million	29.6	19.9	-9.0

[2)] Earnings figures for 2011 are adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business at the end of the first half of 2011.

The equity ratio of the POLYTEC GROUP showed a positive development totaling 45.6% at year-end 2011 due to the Group's favorable earnings situation and the positive effects from the deconsolidation of the Interior Systems business. As of the balance sheet date of December 31, 2011, the company reported net cash of EUR 17.9 million. Even after the deduction of all employee-related obligations totaling EUR 17.7 million, the net cash position remained positive. In addition to the Group's favorable business performance in the year under review, this development was mainly attributable to the positive liquidity effects resulting from the disposal of the Interior Systems business.

Group key balance sheet figures	Unit	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Non-current asset ratio (non-current assets/balance sheet total)	%	35.5	37.5	39.3
Equity ratio (equity/balance sheet total)	%	45.6	28.3	18.5
Balance sheet total	EUR million	263.9	308.5	332.1
Net working capital	EUR million	26.9	16.5	26.3
Net working capital in % of sales (NWC/sales)	%	4.1	2.1	4.3

BALANCE SHEET STRUCTURE OF POLYTEC GROUP (IN %)



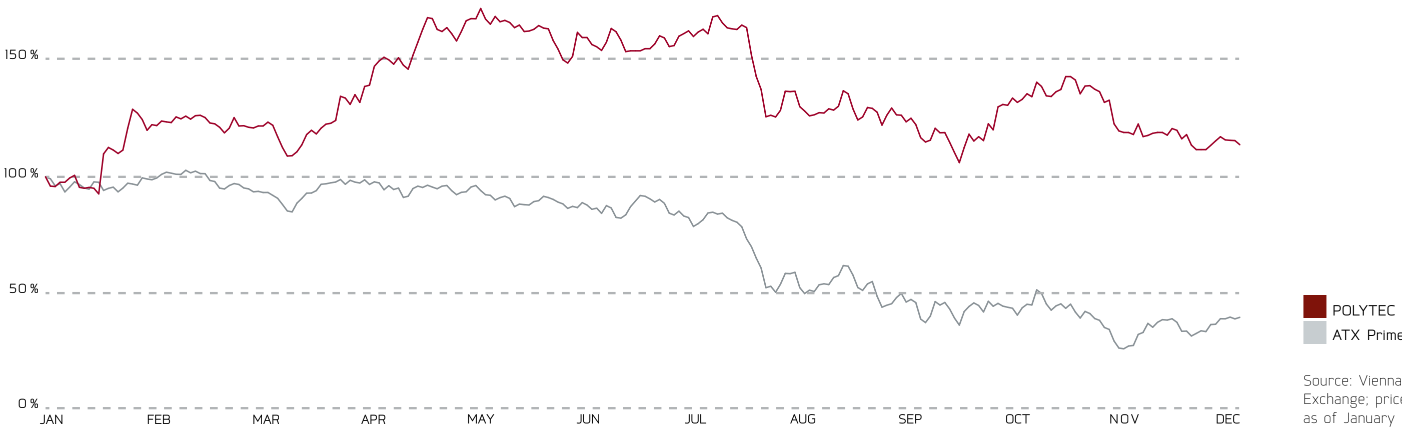
DIVIDEND

In the business year 2011, the net profit of POLYTEC GROUP increased to a solid level of EUR 35.3 million. On this basis, the management and Supervisory Board will propose to the Annual General Meeting to pay out a dividend of EUR 0.35 per share for 2011.

POSITIVE OUTLOOK FOR 2012

Excluding unpredictable negative effects resulting from an escalation of the European sovereign debt crisis, the potential instability of financial markets and the lack of consumer confidence, the POLYTEC GROUP expects Group sales to reach approximately EUR 500 million for the full year 2012. Based on the Group's continuing operations adjusted for the effects from the disposal of the Interior Systems business, the operating result for the full year 2012 is expected to match the level in 2011.

POLYTEC SHARE – PRICE DEVELOPEMENT 2011



Source: Vienna Stock Exchange; price data as of January 3, 2011

NEWS 2011

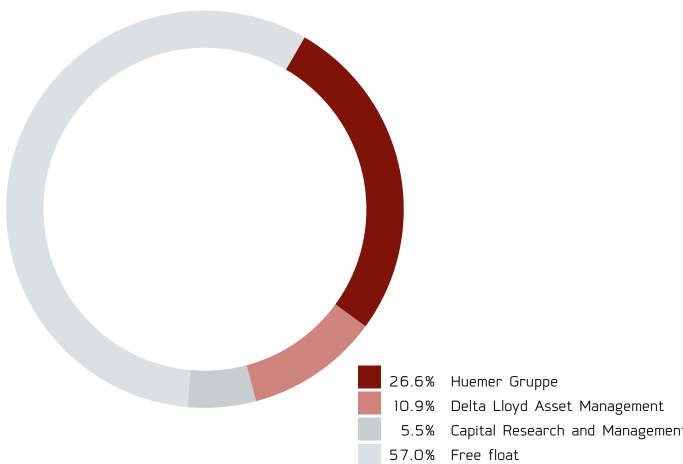
SPORTS CAR ON THE ROAD

The Fisker Karma – together with the Tesla Roadster – is now the second electrically powered sports car model, for which POLYTEC is supplying the front and rear bumpers. The process chain spans the entire Group and crosses multiple divisions: developed in Canada (POLYTEC FOHA) and produced in Austria (Car Styling plant in Hörsching), the front and rear bumpers are painted and assembled by POLYTEC Industrielackierungen, a Group subsidiary founded in 2010 and based in Rastatt (Germany), which specializes in top coating of plastic components. Since July 2011, the bumpers have been dispatched from this plant and delivered to Valmet in Finland. The premium quality of the front and rear bumpers is evident not least in the use of special effect paints, which are available in nine color variants.

WELCOME PPI – GROWTH IN THE POLYTEC FAMILY

With the August 2011 takeover of PPI Plastic Products Innovation in Ebensee (A) – now POLYTEC Plastics Ebensee – POLYTEC took a major step towards the expansion of its production capacities both in the automotive and non-automotive business areas. There are many benefits arising from this move; the Ebensee plant was already a well-established partner of the Car Styling division for projects in the field of injection molding – in future, it will now be a manufacturer of engine compartment parts for large series production. Additional advantages also include the outstanding technical infrastructure of the plant, which grants more flexibility in the use and expansion of capacities, and the geographical proximity to important customers. Thus, the Ebensee plant, with its proximity to the Austrian engine plants of BMW and Opel as well as to the automotive factories in Ingolstadt, Györ, Bratislava and Munich, provides an optimum addition to the network of the German production plants for injection molded components.

FREE FLOAT INCREASED



The sale of the POLYTEC share packages of PT Automotive Consulting and IHC Holding & Consulting, subsidiaries of the Raiffeisen Landesbank of Upper Austria, led to an increase of the free float in 2011 from 39% to 57%. This further enhanced the attractiveness of the POLYTEC share for investors, and also stimulated the interest of analysts, who have recently issued three „buy" recommendations. The road-show presentations, with which POLYTEC informed investors about the operative and strategic development of the Group, were also well received in 2011.

FIT FOR THE FUTURE: EXPANSION OF THE PLANT IN LOHNE

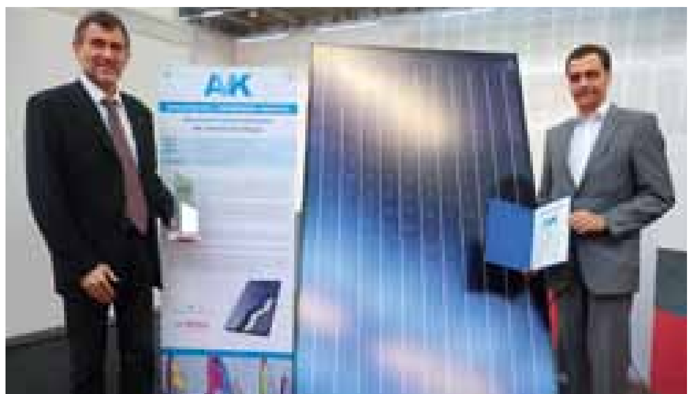
The starting pistol for the expansion of the POLYTEC plant in Lohne was fired in 2011, paving the way for the expansion of capacities in the Plastics and Composites business areas, which will enable the production of higher volumes of existing products, such as the successful POLYTEC cylinder head covers, as well as the realization of new projects in the non-automotive business area. In this context, POLYTEC will exploit its in-depth technology know-how to break into new customer segments – with the long-term goal of strengthening the Plastics and Composites business areas and further developing its competitive advantage. POLYTEC already counts famous names amongst its non-automotive customer base: in future, the company plans to develop and produce components such as washing machine faceplates for manufacturers of white goods.

THREE MILLION FOUR HUNDRED AND FORTY-EIGHT THOUSAND SEVEN HUNDRED AND SIXTEEN

cylinder head covers were produced by POLYTEC for the plants of the European automotive industry in Europe and Asia during 2011. This corresponds to a market share of more than 25% of the German car manufacturers' production in this regard worldwide.

PRIZE-WINNING INNOVATION

With the „Comfort" solar collector housing made of fiber-reinforced SMC, POLYTEC has also demonstrated its outstanding development expertise in the non-automotive business area. The German Industrial Federation of Reinforced Plastics (AVK) honored POLYTEC Composites Germany and Bosch Thermotechnik with one of the most outstanding innovation prizes in the industry during the international AVK conference in Stuttgart in September 2011. The solar tray developed in collaboration with Bosch was awarded second place in the „Environmental" category for innovative and sustainable products in the field of regenerative energy. The collector housing made of glass fiber-reinforced plastic replaces a previous assembly consisting of eleven components, thereby achieving not only a considerable saving in weight but also simpler assembly and a reduction in the logistics workload. The single-walled SMC component also achieves a significant improvement in the visual appearance of the entire collector. The collector housing has been in series production since August 2011 at the POLYTEC plant in Voerde. Since 2010, POLYTEC has increasingly intensified its activities in the non-automotive area. This award underscores the successful strategic expansion of the portfolio and the variety of innovations generated by the Group.



Rudolf Kühfusz, Head of Development, and Michael Klenk, Key Account Manager, POLYTEC Composites Germany (from left to right).

LOGISTICS PERFECTED

It's not only in the field of injection molding that POLYTEC Plastics Germany is taking a pioneering role: in 2011 the starting pistol was fired for the implementation of the so-called „New Logistics Concept" (NLC) of VW and Audi, which demands the highest standards of quality and flexibility throughout the entire production and supply chain. No problem for the plant in Lohne – which recently became one of the first plants to be certified by VW and Audi for this concept. The introduction of synchronized supply chains, which focus on short transit times, low stock levels and continuous improvement in logistics, is setting new standards. The NLC system allows production and supply quantities to be planned and called off virtually to perfection – this in turn ensures a highly transparent, clear and reliable process chain between the plant and its customers. The risk of accumulation or delivery bottlenecks has therefore become a thing of the past: rolling weekly call-off forecasts with collection due dates for the next six months ensure optimum planning of truck capacity and loadings. A further major plus is the introduction of fixed truck schedules and collection times, which enables synchronized delivery of all ordered parts at the same point in time and precise planning of the provision and return of containers.

TOP PERFOMER 2011

During 2011, the POLYTEC share price recorded a plus of 18.3%, outperforming any other stock on the prime market of the Vienna Stock Exchange. This was a considerable achievement, bearing in mind the difficult conditions for the Stock Exchange as a whole. In addition, POLYTEC was awarded the Shareholder Value Award for 2010 by Automotive News Europe and PwC. After the years of crisis and restructuring in 2008–2010, the company plans to resume the distribution of dividends for 2011 with EUR 0.35 per share.

The unique racing car design of the new Jaguar XKRS has many refined features, not least the rear spoiler supplied by POLYTEC. The carbon fiber component has an elegantly shaped surface and is impressively light in weight – extremely valuable advantages conferred by POLYTEC carbon fiber technology.

ELEGANCE À LA POLYTEC

SMC CAPACITY EXPANDED

POLYTEC is one of the leading producers of SMC (Sheet Molding Compound), which is a versatile semi-finished plastic material of great importance to the automotive supplier industry, and also increasingly in demand in the non-automotive sector. With the commissioning of its second SMC line in the Gochsheim plant, POLYTEC Compounds has further expanded its capacities and is therefore well equipped to satisfy the increasing demand for SMC in large rolls. The core elements of the new line are a large roll winder, an automatic monitoring system for the infeed of glass into the plastic mixture, and a new module for impregnation, which prevents the development of bubbles or other defects in the subsequent component. With this line on-stream since January 2012, POLYTEC now has two first-class facilities of equal capacity working to state-of-the-art standards to ensure reliable supplies to customers. Further advantages are quick set-up times, increased SMC output due to increased line speed, and improved quality of impregnation.

SMC at the finishing shortly before the take-up to the large coils.

ALWAYS AHEAD OF THE TREND: SOLAR SPOILERS

Innovative products with sustainable technologies are in greater demand than ever in the automotive industry. POLYTEC recognized this trend at an early stage and has since then focused on the integration of photovoltaic elements into car roofs and rear

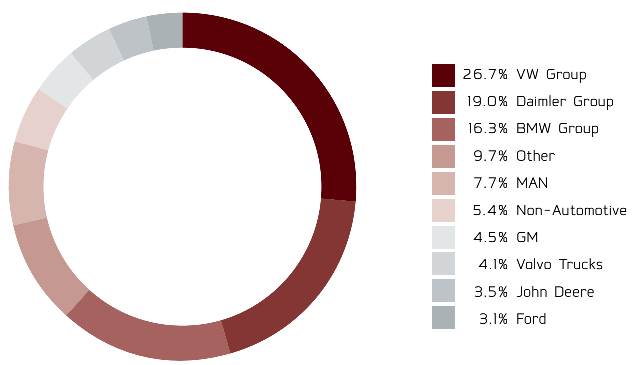
spoilers in the Car Styling area. Solar spoilers enable batteries to be charged using solar energy, thus contributing to optimizing the range of electric and hybrid vehicles. The first prototypes were delivered in 2011, with attention to perfect design as well. After all, the car of the future must be not only „green" but also „good looking".

FOR THE FOURTH TIME IN SUCCESSION ...

... Mitsubishi Motors North America has honored POLYTEC FOHA with the prestigious Diamond Quality Vendor Award. The award was presented for excellent performance in the fields of product development, procurement, warranty, marketing and logistics. POLYTEC FOHA is a long-established supplier of vehicle parts to Mitsubishi Motors North America.

Mark Chaffin, Director Parts, and Kazuhiro Yamana, Deputy Vice-President & COO, Mitsubishi Motors North America, Sieglinde Kaiser, Managing Director POLYTEC FOHA, Yoichi Yokozawa, President & CEO, Mitsubishi Motors North America, and Don Swearingen, Director Mitsubishi Motors North America (from left to right).

GROUP SALES BY CUSTOMER

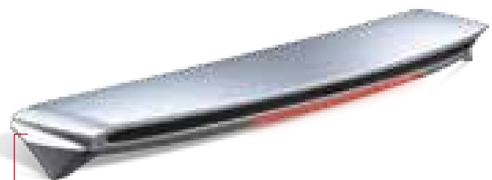


EXPANSION AT HÖRSCHING

With total investments of around EUR 2.5 million in the 3,800 m² expansion of the production, store and logistics areas at the Hörsching plant, POLYTEC Car Styling division has taken an important step towards meeting the increasing demand for exterior styling products in smaller series and thus fulfilling related higher capacity requirements. The new building, which will become operative in April 2012, is ideally equipped for future requirements. The focus was not only on the expansion of capacities, but also on adapting to the trend towards full-size bumpers and increased assembly and logistics activities. POLYTEC is thus better prepared than ever to position itself as a key system supplier for small series and special editions.

25 YEARS POLYTEC

THE ROAD TO BECOMING AN INTERNATIONAL PLAYER



1990-1995 Further acquisitions in the non-automotive business area laid the foundation for the current Industrial segment – the technology and product range was further expanded with the acquisition of POLYTEC Thelen

1986
The company was founded in Grieskirchen (Upper Austria)

1990
The decision was made to pursue a growth strategy via acquisitions and by embarking on new business areas – the current POLYTEC EMC was acquired

1995
POLYTEC entered the automotive supply industry and acquired the current POLYTEC FOR CAR STYLING in Hörsching

1996
The German company Rentrop was acquired as the first injection molding company of the POLYTEC GROUP

1996-1999
Acquisition of additional companies based in Germany, UK and the US

2000
Entry of Swiss financial investor Capvis

2001-2003
The acquisitions of the composites sites of the Lear Corporation in Sweden and Italy as well as of the injection molding companies Thermoplast and Riesselmann & Sohn were concluded

2004
Findlay Industries Europe with a total of seven sites worldwide was taken over

2006
The IPO went hand in hand with the withdrawal of the investor Capvis and the establishment of a new shareholder structure with CEO Friedrich Huemer as the main shareholder

2007
Menzolit Fibron and ISE Intex with sites in Germany, Slovakia and Turkey were acquired

2008-2009
With the acquisition of the PEGUFORM GROUP, POLYTEC ranked among the world's top 100 automotive suppliers – the outbreak of the global financial crisis led to massive declines in sales in both the passenger car and truck segments – a large-scale corporate restructuring program was initiated, which led to the divestment of PEGUFORM with the exception of the composites sites Weiden (GER) and Chodová Planá (CZE)

2010
POLYTEC accomplished a turnaround

2011
The Interior Systems business segment was divested and an intensified focus placed on the non-automotive business

FOR THE PAST 25 YEARS, POLYTEC HAS BEEN SUCCESSFULLY OPERATING AS A DEVELOPER AND MANUFACTURER OF HIGH-VALUE PLASTIC PARTS. THE COMPANY WAS ORIGINALLY FOUNDED IN GRIESKIRCHEN (UPPER AUSTRIA), AND INITIALLY SPECIALIZED IN THE MANUFACTURE OF INDUSTRIAL PRODUCTS MADE OF POLYURETHANE. THANKS TO ITS SUCCESSFUL EXPANSION STRATEGY, POLYTEC HAS BECOME AN IMPORTANT PLAYER IN THE EUROPEAN AUTOMOTIVE SUPPLIER INDUSTRY.

1986
FOUNDATION OF A FAST-GROWING COMPANY

At the age of 28, CEO and core shareholder Friedrich Huemer laid the foundation of the future POLYTEC GROUP by setting up ELASTOFORM. A success story started to unfold: within two decades, POLYTEC evolved from a small manufacturer of industrial products based on polyurethane spray and casting processes to an important supplier for the European automotive industry.

1990
PAVING THE WAY FOR TODAY'S POLYTEC

Two asset deals – the acquisition of some of the machinery belonging to the polyurethane manufacturer SKG, which at that time was a subsidiary of Semperit (1988), and of the production site of the insolvent Swiss casting plant manufacturer Spritztechnik (1989) – paved the way in 1990 for CEO Friedrich Huemer's decision to pursue a strategy of long-term growth via acquisitions and by embarking on new business areas.

1990–1995
THE INDUSTRIAL SEGMENT STARTS TO TAKE SHAPE

In this period, targeted strategic acquisitions enabled POLYTEC to directly access the extensive know-how of important polyurethane manufacturing and processing plants. The core business of the Industrial segment gained worldwide recognition in the small niche market for special machineries and Friedrich Huemer started to develop his personal USP, i. e. the ability to seize economic opportunities. In 1995, Friedrich Huemer acquired a majority stake in POLYTEC Thelen, the most important rival based in Germany. Shortly afterwards, he was offered the possibility to take over the financially troubled company F/O/R based in Hörsching, which, like POLYTEC, produced polyurethane products, however, only for the automotive supply industry.

SINCE 1995
ENTRY AND EXPANSION IN THE AUTOMOTIVE SUPPLY INDUSTRY

The acquisition of today's POLYTEC FOR CAR STYLING based in Hörsching, where the POLYTEC GROUP is currently headquartered, marked the company's entry into the automotive supply industry. Successful restructuring measures following the acquisition in 1995 led to a turnaround within a short period of time. In the following years, the company was able to triple total sales and nearly double its workforce. POLYTEC continued to pursue its successful acquisition policy also in subsequent years and to expand its product and technology portfolio thanks to acquisitions in the automotive supply industry in the US, UK and in Germany.

2000
THE PRIVATE EQUITY PARTNERSHIP WITH CAPVIS INCREASES THE SCOPE FOR INVESTMENT

In the year 2000, the Swiss private equity firm Capvis acquired a two-thirds majority stake in POLYTEC by means of a leveraged buyout, with the Huemer Group still holding the remaining one third in the company. The joint acquisition of the Lear Corporation's plants with the new financial partner laid the foundation for today's Composites business segment, which – following a number of additional acquisitions – has become the leading manufacturer of composite parts and materials for the automotive industry and for other business sectors.

2001–2005
EVOLUTION FROM A COMPONENT MANUFACTURER TO A SYSTEM SUPPLIER

POLYTEC continued along its successful expansion path by pursuing additional acquisitions aimed at further consolidating its market position. The climax of this development was reached with the acquisition of the European branches of the US Findlay Group in 2004, which marked the final step in the evolution of POLYTEC from a component manufacturer to a module and system supplier.

2006
WELCOME ON THE VIENNA STOCK EXCHANGE

Following the Findlay acquisition, POLYTEC was well-equipped for an IPO both in terms of sales and earnings. The IPO also put an end to the six-year majority shareholding of Capvis. On April 28, 2006, almost 20 years to the day since the foundation of the small polyurethane plant in Grieskirchen, POLYTEC went public on the Vienna Stock Exchange, with the CEO and company founder Friedrich Huemer remaining the main owner and core shareholder.

2008–2009
ACQUISITION OF PEGUFORM: ECONOMIC CRISIS SETS IN AS THE COMPANY REACHES ITS GROWTH CLIMAX

The acquisition of the German company PEGUFORM marked the climax of POLYTEC's growth strategy, with the company ranking among the top 100 automotive suppliers worldwide. Before the global financial crisis started to unfold in the second half of 2008, POLYTEC reported total sales of EUR 2.2 billion and a total headcount of 14,000 employees across 50 business sites. Due to the global recession, however, sales showed a significant decrease, up to 30% in the passenger car segment depending on the end-customer and reaching up to 80% in the truck segment. A tough rescue plan was initiated, leading to the divestment of PEGUFORM – with the exception of the composites sites Weiden (GER) and Chodová Planá (CZE) – the resulting refinancing of POLYTEC, the company's operational restructuring and the shutdown of individual business sites.

2010
TURNAROUND ACHIEVED

Thanks to strict management and the parallel recovery of the market, POLYTEC was able to achieve a turnaround in 2010. Starting from the second half of 2010, the company resumed its focus upon its strategic positioning in the global competitive arena, the optimization of its product portfolio and upon strengthening its core competences.

2011
THE NEW STRATEGY PAYS OFF

In the course of its strategic reorientation, POLYTEC decided to dispose of the Interior System business segment in 2011, despite the latter's outstanding technology competence. The reasons behind this divestment lay in this segment's poor chances of achieving the necessary global position. This step went hand in hand with the financial stabilization of the POLYTEC GROUP, which was able to achieve a sustainable turnaround, while providing the management with the necessary flexibility to expand the core business areas of the Group in line with its strategic orientation. The planned expansion of the non-automotive business already showed significant success in the first financial year 2011. At present, POLYTEC is increasingly focusing on the Group's global orientation, on developing extensive R&D capacities in-house and offering high quality and innovative solutions from a single source.

INTER-NATIONAL PLAYER

21 SITES

AUSTRIA

POLYTEC HOLDING AG
POLYTEC FOR CAR STYLING
1 Linz-Hörsching

POLYTEC EMC ENGINEERING
POLYTEC ELASTOFORM
2 Marchtrenk

POLYTEC PLASTICS EBENSEE
3 Ebensee

GERMANY

POLYTEC PLASTICS IDSTEIN
4 Idstein

POLYTEC INDUSTRIE-LACKIERUNGEN
5 Rastatt

POLYTEC COMPOUNDS
6 Kraichtal-Gochsheim

POLYTEC PLASTICS GERMANY
7 Lohne

POLYTEC PLASTICS WOLMIRSTEDT
8 Wolmirstedt

POLYTEC COMPOSITES GERMANY
9 Voerde
10 Cornberg
11 Kraichtal-Gochsheim

POLYTEC COMPOSITES WEIDEN
12 Weiden

POLYTEC THELEN
13 Bochum

BELGIUM

POLYTEC AVO
14 Antwerpen

GREAT BRITAIN

POLYTEC HOLDEN
15 Bromyard

CZECH REPUBLIC

POLYTEC COMPOSITES BOHEMIA
16 Chodová Planá

SLOVAKIA

POLYTEC COMPOSITES SLOVAKIA
17 Sladkovicovo

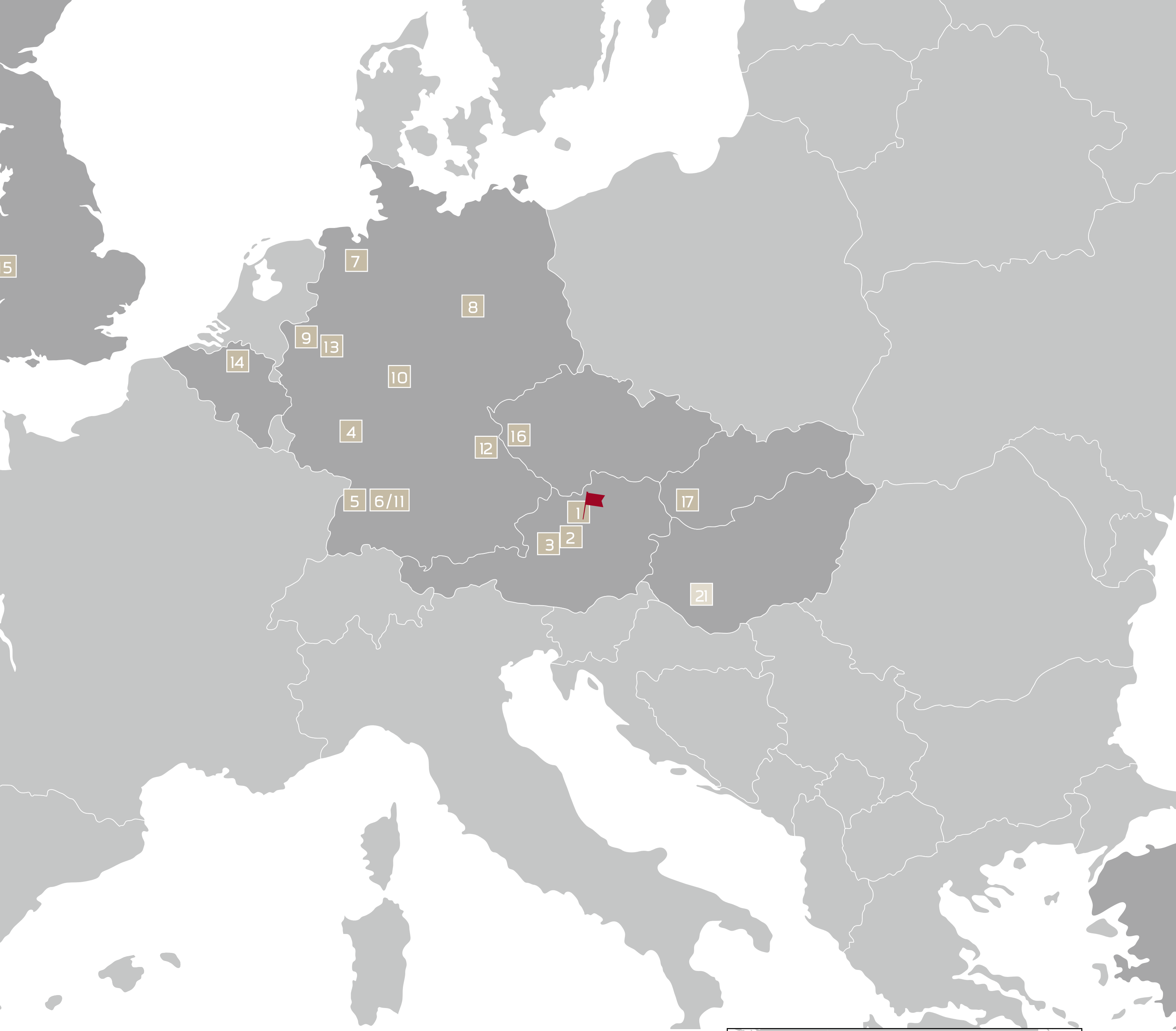
TURKEY

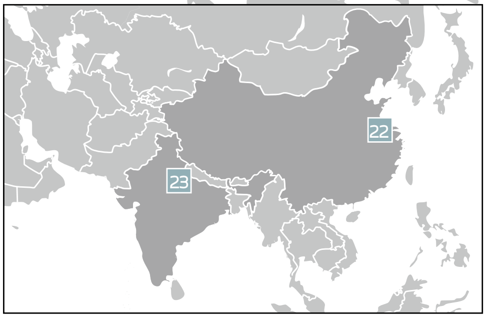
POLYTEC PLASTIK
18 Aksaray

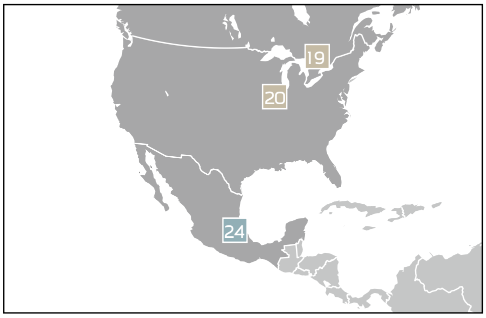
CANADA/USA

POLYTEC FOHA
19 Markham Ontario/Toronto
20 Warren/Detroit

Sites
Participations
Cooperation partners







PARTICIPATION

HUNGARY

RATIPUR
21 Ratipur

COOPERATION PARTNERS

CHINA

NINGBO SHENTONG AUTO DECORATIONS CO., LTD.
22 Yuyao, Zhejiang

INDIA

INJECTOPLAST PVT LTD.
23 Kanpur

MEXICO

BOCAR S.A. DE C.V. (GRUPO BOCAR)
24 Col. Los Reyes Coyoacán

WELL POSITIONED

IN MULTIPLE MARKETS – BUSINESS AREAS AND PRODUCTS

POLYTEC PLASTICS

CORE COMPETENCES	Variety in injection moulding	Availability of all current technologies as well as large spectrum of machine sizes	Substitution of metal with plastics, including integration of function in the engine compartment	Development, simulation, validation, implementation in the engine compartment from the constructed space up to the end product	Development of technically demanding interior parts (hard trim) and exterior class-A surfaces	Established developments/experiences are also used in the non-automotive sector
PROUDUCT PORTFOLIO	ENGINE COMPARTMENT PARTS	- engine covers - cylinder head covers	- toothed belt protections - oil pans - oil scrapers	- oil seperator systems - electronic boxes - crank case vents	- fluid conductive lines - fuel distributor rails - charge-air ducts	- reservoirs - clutch pedals - water box covers
	HARD TRIMS	- trim lids	- lateral trunk trim panels	- lock covers	- pillar trims	- glove boxes
	EXTERIOR PARTS FOR PASSENGER CARS AND TRUCKS	- passenger car original accessories and small series parts	- passenger car and truck bumper – bumper parts	- passenger car and truck frontgrilles		

POLYTEC COMPOSITES

CORE COMPETENCES	Fibre-reinforced plastics from material development and production up to component production using different technologies	Processing of glass and carbon fibres with diverse matrix systems	Substitution of metal with plastics, including integration of function in exterior, under body, engine compartment	Painting/ assembly/ sequence delivery		Established development/ experience is also used in the non-automotive sector
PROUDUCT PORTFOLIO	Pkw ENGINE COMPARTMENT PARTS AND FUNCTIONAL PARTS	- front ends - propeller shaft guards - brackets	- battery pans - trunk separators - frontend mounting structures	- engine covers - spare wheel wells - structural parts	- fuel tank shields - under body and gearbox shields	- underfloor panels
	EXTERIOR PARTS	- roof antenna panels - front grills	- hardtops - trunk lids - licence plate idents	- engine hoods - tailgates - spoilers	- bumpers - gas caps	- tonneau covers - sun roof frames
	Lkw ENGINE COMPARTMENT PARTS AND FUNCTIONAL PARTS	- battery pans - wiring boxes	- oil pans - valve covers	- tool boxes - tool box lids		
	EXTERIOR PARTS	- roof spoilers - front grills - bumpers - cabin roofs	- cabin corner parts - cabin step panels - cabin parts	- fenders - rear light brackets	- lateral air deflectors - door extensions	- underride protections - front lids - lateral full claddings

POLYTEC CAR STYLING

CORE COMPETENCES	Development of individualised solutions for passenger cars, offroad vehicles and motorbikes	Focus on small series and original accessories	Processing of polyurethane and thermoplastics	Painting/ assembly	Implementation of design, CAD, tool making and production up to logistics concept	Processing of metals and stainless steel
PROUDUCT PORTFOLIO	OFF ROAD PARTS	- front guards - fender extensions	- rear lamp bezels - fog lamp bezels	- bumper protections - side claddings	- running boards - skid plates - wind deflectors	
	EXTERIOR PARTS	- front and rear bumpers - front grilles	- front grille surrounds	- fender extensions - mud flaps	- bumper protections - side sills	- side mouldings - spoilers - styling kits
	INTERIOR PARTS	- arm rests - sun glass holders	- tray mats	- cargo step protections	- centre consoles - mobile phone holders	- cargo trays - trunkliners
	METAL PARTS	- entrance sills	- front and rear bumper parts	- dog- and cargo guards	- cargo step protections	- light guards - running boards
	MOTORBIKE PARTS	- hand air deflectors - immobilizer brackets - knee protectors	- pannier stays - fog lamp housings - protectors for cases	- top case pads - side protectors - lateral air deflectors - mirror air deflectors	- crash bars - sissybars - tank protectors - top case spoilers with LED	- step pads - passing light brackets

POLYTEC INDUSTRIAL

CORE COMPETENCES	POLYURETHANE PARTS	- Research laboratory in the own house - Use-oriented recipes	- Shore hardness from 25 Shore A to 80 Shore D - FDA approval - Mould making - Hot moulding - Centrifugation	- High-pressure spraying - Low-pressure spraying - On-site coating - Water jet cutting - Cleaving - Mechanical processing	MACHINERY & ENGINEERING	- Mechanical and plant engineering - Control technology - Automation technology
PROUDUCT PORTFOLIO	PRODUCTS MOULDED PARTS MADE OF COMPACT CASTED POLYURETHANE FOR THE FOLLOWING LINE OF BUSINESSES	- Special-purpose vehicle construction – drive gears, running gear parts, finisher - Structural engineering and recycling technology –	strippers, support rings, discs - Batching, mixing, pumping – augers, pump membranes, funnels	- Steel and sheet metal forming – vibratory grinding systems, coil mats - Material handling technology and drive technology – wheels and rollers	- Mechanical and plant engineering – technical parts according to customer's drawing - Maritime industry – fenders and floats	
	ENGINEERING MULTI-COMPONENT MIXING AND BATCHING SYSTEMS FOR REACTIVE LIQUID PLASTICS FOR THE FOLLOWING BRANCHES	- Polyurethane production - Adhesive processing - Polyamide production - Epoxy resins - Foam sealants	- Automation due to various handling equipments - Mixing head system	- Peripheral equipment such as reaction vessels, filling systems, ovens or hot stages		

REALIGNMENT

MARKET ENVIRONMENT, CORPORATE OBJECTIVES AND STRATEGY

FOLLOWING THE CONSISTENT IMPLEMENTATION OF RESTRUCTURING MEASURES IN 2009 AND 2010, POLYTEC TOOK KEY STEPS IN THE YEAR UNDER REVIEW TO ENSURE FUTURE SUCCESS. IN ADDITION TO THE AUTOMOTIVE BUSINESS, THE COMPANY WILL INCREASINGLY PURSUE BUSINESS IN THE NON-AUTOMOTIVE SECTOR AS A FURTHER VALUE-CREATING PILLAR. AT THE SAME TIME, THE DISPOSAL OF THE LOW-MARGIN INTERIOR SYSTEMS BUSINESS ENABLED POLYTEC TO CONCENTRATE ON ITS CORE COMPETENCES AND INCREASE ITS PROFITABILITY.

MARKET DYNAMICS STABILIZE

For the 2012 business year, the growth curve in the international automotive industry is expected to flatten out, stabilizing on a higher comparable basis. Although production output in 2010 and 2011 failed to match the levels of the years before 2007, it still showed significant growth and thereby reached a very solid level.

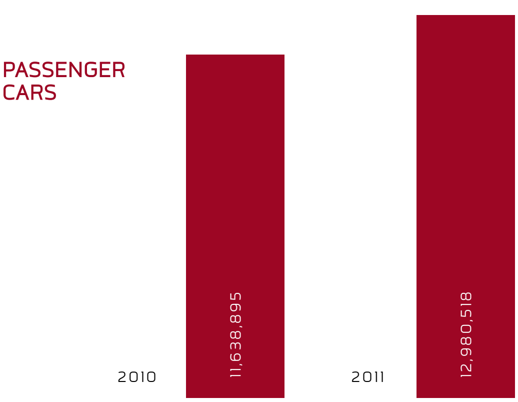
In 2011, the global automotive market proved to be robust, with the total number of new car registrations rising by 4.5% to 66.2 million units worldwide. Europe's automotive production and exports both achieved record-breaking levels especially in the premium segment. The German market reported a total increase of 6% and some of the BRIC countries also recorded considerable growth rates, with China, however, slightly losing momentum. In the year under review, the US automotive industry was also able to regain its past strength. However, towards the end of the year, market momentum in numerous countries started to slow down. Despite growing economic concerns against the backdrop of the sovereign debt crisis in Europe, the Association of the German Automotive Industry (VDA) expects the global automotive market to grow by 4% in 2012.

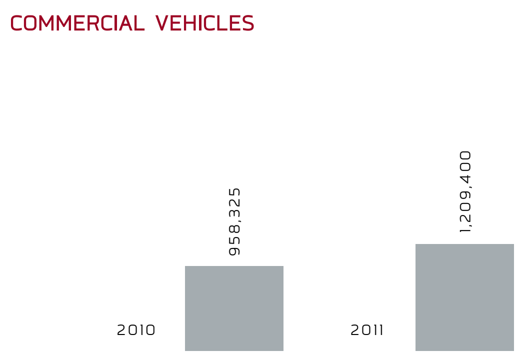
AUTOMOTIVE SUPPLIERS PROFIT FROM RISING SALES FIGURES

It goes without saying that the automotive supply industry also profited a great deal from the recovery of the global automotive market. German automotive suppliers in particular should be able to profit from the increased demand for German premium brands over the long term. Rising costs for raw materials and increasing price pressure from car manufacturers have put considerable strain on margins. However, many companies were able to take advantage of the recession and have put in place extensive operational optimization measures, and are now in better shape in terms of efficiency than ever before. It is widely acknowledged that especially the suppliers of the German automotive industry, including POLYTEC, have risen from the ashes of the global recession even stronger than before.

In order to be able to compete in today's global arena, innovations in product development, as well as in the selection of materials and manufacturing technologies are more essential than ever. One of the major trends today – especially in light of the current ecological challenges – is weight reduction, while maintaining the same quality standards and similar properties. The substitution of metal parts with lightweight and, therefore, more cost-effective plastic components for both car exterior and interior parts offers promising development potential especially for the POLYTEC GROUP.

GLOBAL AUTOMOTIVE PRODUCTION OF GERMAN OEM





THREE FACTORS DETERMINE A COMPANY'S SUCCESS

-- TECHNOLOGY
-- QUALITY
-- COSTS

A VERY DEMANDING MARKET

In order to be and stay successful in the challenging automotive supply market, a company has to gain a leading position and create a convincing unique selling proposition especially in the following three main areas:

TECHNOLOGY: Technology leadership not only means technological supremacy but also refers to the ability to identify new trends and technological advance developments early on. A clear focus on core competences also provides a decisive competitive advantage.

QUALITY: Quality leadership not only refers to outstanding product quality, which is implicit, but also to operational perfection in all processes including just-in-time and just-in-sequence delivery.

COSTS: Especially against the backdrop of considerable price and competitive pressure and persisting consolidation tendencies within the industry, achieving and maintaining cost leadership plays a crucial role not only in times of recession. The steady improvement of cost structures across all corporate units is an overriding business principle of the POLYTEC GROUP.

Additional elements such as flexibility, customer access and management quality round off the company's wide range of success factors. A stable asset and finance structure along with sufficient liquidity are also perceptibly gaining importance.

Last but not least, another crucial element of success is a high level of diversification, which limits a company's dependency on individual customers and sectors or its vulnerability to regionally different economic developments.

POLYTEC SOLIDLY POSITIONED

Thanks to its extensive product, technology and process expertise, POLYTEC has achieved a solid position in all three areas mentioned above. In the Composites and Car Styling segments, where the company is the uncontested market leader in Europe, POLYTEC ranks among the main players in the European automotive supply industry and also in the plastics manufacturing business. Almost all top European car manufacturers, among them all brands of the Volkswagen Group (including MAN and Scania), the BMW Group, Daimler Car and Truck, the FORD Group, Jaguar Land Rover as well as John Deere and the Volvo Car Corporation, are longstanding customers of POLYTEC. But also the emerging car manufacturers in the electro-mobility segment – such as Tesla and Fisker – have recently become customers of POLYTEC. Moreover, POLYTEC can rely on long-term contracts with renowned customers from the non-automotive sector, who profit from the company's extensive know-how along the entire process chain.

IMPORTANT MILESTONES IN 2011

In 2011, two important decisions were taken to ensure the company's future success.

First of all, the decision was made to specifically pursue business in the non-automotive sector as a further value-creating pillar in addition to the automotive business, which currently remains the main sales driver of the Group. Over the mid term, the company plans to increase the 10% contribution of the non-automotive business to the Group's total sales to roughly 20% or even beyond. In this context, POLYTEC is building upon its extensive in-house know-how and many years of expertise to open up new attractive customer segments; for instance, a long-term agreement with a renowned white goods manufacturer for the development and delivery of faceplates for washing machines was finalized in the year under review. For Bosch, POLYTEC is currently producing collectors for solar panels. The company not only offers high-quality components that meet the strict requirements of the automotive industry but also extensive know-how throughout its industrial, assembly and logistic processes. POLYTEC's operational excellence was in fact a major determining factor for the award of the contracts mentioned above.

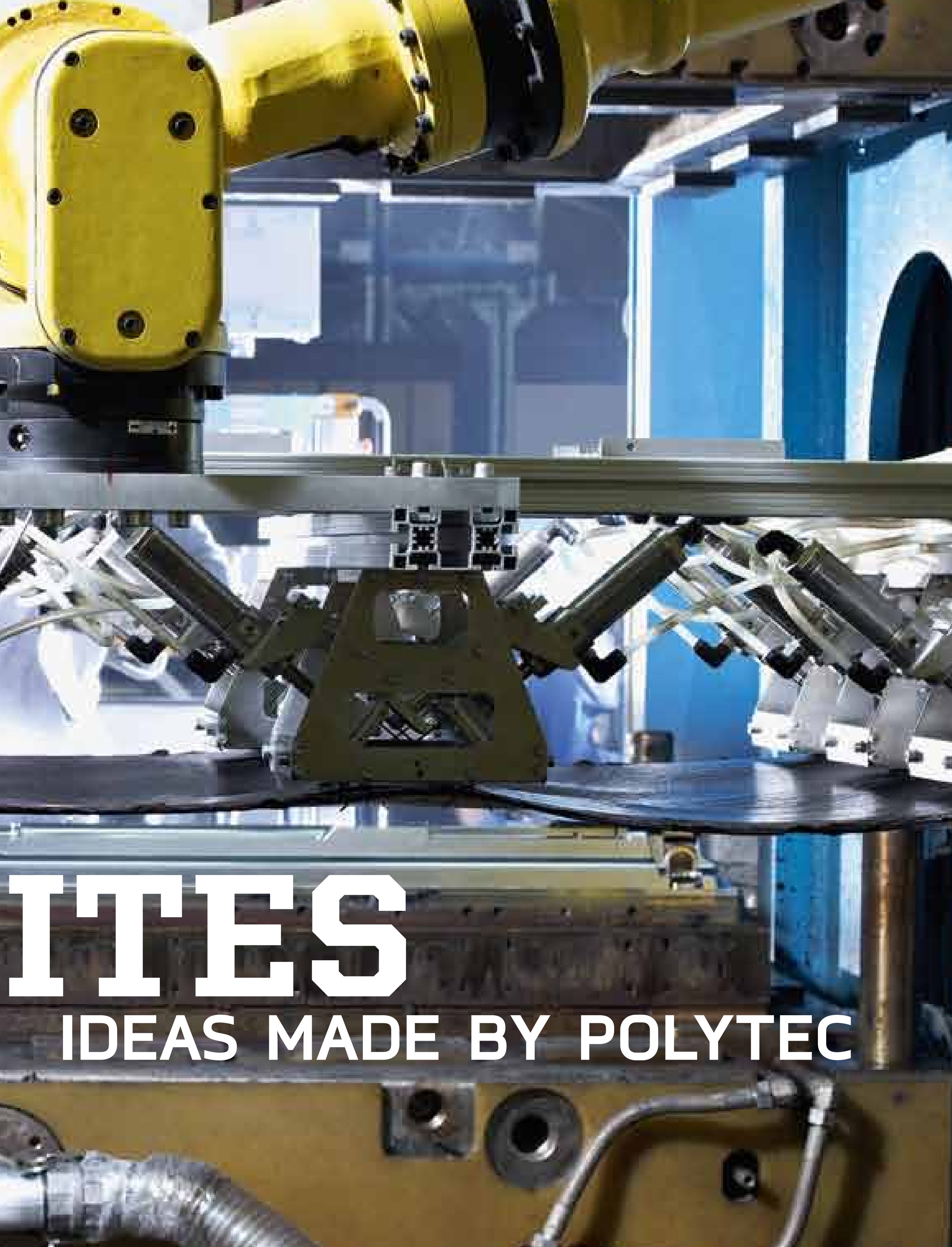
Secondly, the strategic divestment of the low-margin Interior Systems business led to a stronger focus on the company's core competences and, consequently, to the enhancement of the economic stability, efficiency and dynamism of the Group as a whole. However, the main reason behind this disposal was the poor outlook for achieving a global positioning for the Group in the Interior Systems area in the medium term.

FURTHER GROWTH ALSO THROUGH ACQUISITIONS

POLYTEC's overriding strategic goal is the consolidation of its competitive position in all its business and competence areas based on the organic growth arising from intensified activities in all relevant market and customer segments. This particularly applies to the Plastics and Composites areas, which are integral parts of the AUTOMOTIVE / SYSTEMS segment of POLYTEC. The Car Styling segment is also going to make a significant contribution to strengthening the position and earnings power of the Group through further organic growth. The same applies to the non-automotive business, which is growing in importance.

Furthermore, the competitive position of POLYTEC will be further consolidated through acquisition-based growth. After more than two decades of successful acquisition activities, POLYTEC has the extensive know-how required to achieve growth through acquisitions, efficiently integrate the acquired companies into the existing corporate structure and implement extensive restructuring plans if this is deemed necessary.


COMPOS


ITES
IDEAS MADE BY POLYTEC

WITH KNOW-HOW AND ENTHUSIASM

SKILLED EMPLOYEES ARE THE BACKBONE OF SUCCESS

THE PLANT IN RASTATT specializes in paintwork. Here Michel W. can be seen mounting a front grill in the color "Eclipse" for Fisker.

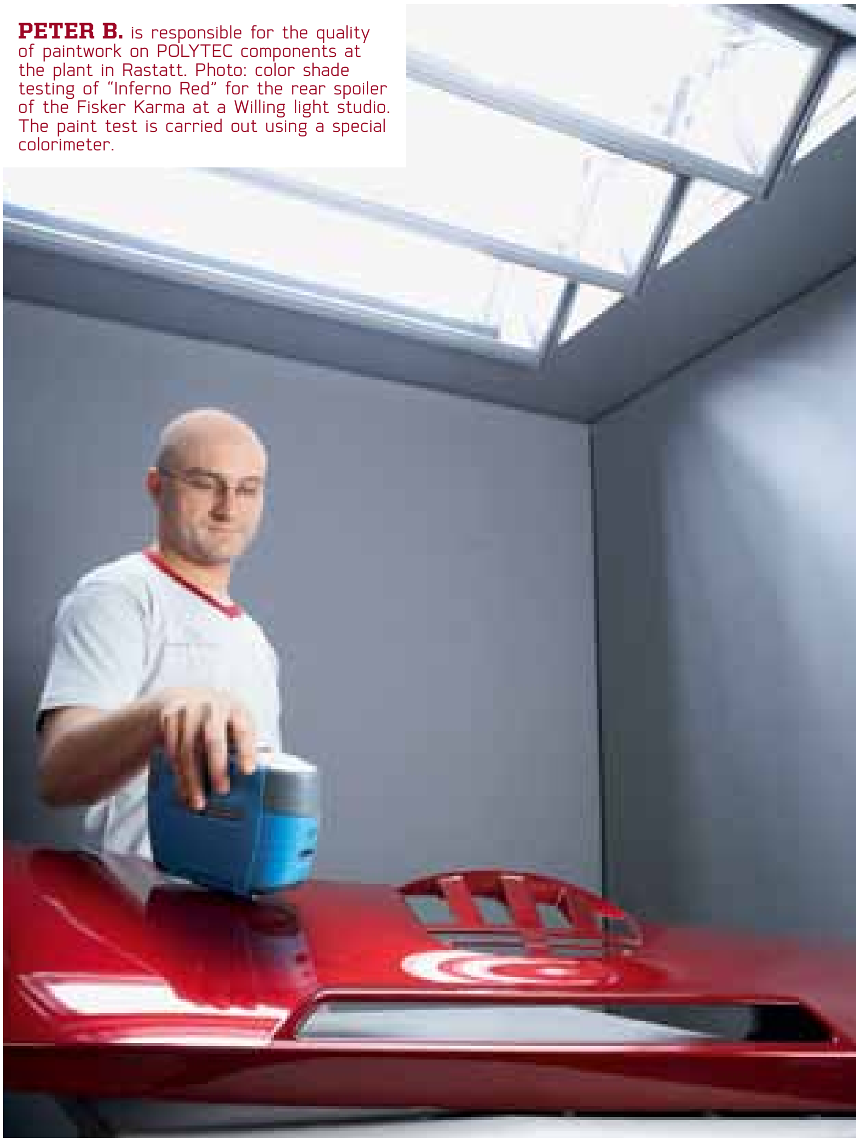
The professional know-how and commitment of its employees are key contributing factors to the POLYTEC GROUP's success. In 2011, the Group employed roughly 4,700 people in 21 locations. To be able to respond flexibly to the peak workload periods that are so typical of the industry, some 5% of production capacity in the past business year was covered by leased staff.

POLYTEC invests in comprehensive training and further education measures to increase the know-how and ability of its employees to develop innovative technologies and products.

In addition, POLYTEC also offers apprentices attractive training schemes in professions ranging from office clerk to process engineering. Each year some 100 apprentices start their careers at the POLYTEC GROUP, positioning it as an important innovator and employer in the regions where its plants are based. The high quality of the training offered is a guarantee that the company will be able to successfully meet the exacting demands of industry going forward.

MONA F. IS RESPONSIBLE FOR IMPACT AND FLEXURE TESTS carried out on a "Zwick" testing machine at the Composites plant lab in Gochsheim. During these tests, semi-finished products and moldings are tested for their mechanical, electrical, chemical, visual and fire-retardant properties. Test certificates are then drawn up in cooperation with the logistics and quality assurance departments and lab reports issued.

MARCO B., HEAD OF TRANSPORTATION DESIGN at the Car Styling plant in Hörsching, at work designing accessory parts.



PETER B. is responsible for the quality of paintwork on POLYTEC components at the plant in Rastatt. Photo: color shade testing of "Inferno Red" for the rear spoiler of the Fisker Karma at a Willing light studio. The paint test is carried out using a special colorimeter.

RESEARCH IN THE CHEMICALS LAB: Dr. Armando R. develops materials for the Industrial segment at POLYTEC Elastoform in Marchtrenk using state-of-the-art analysis techniques.

PRECISION MANUFACTURING on all production lines at the Lohne plant. Zülfiye S. seen here mounting thermoplast cylinder head covers on common-rail diesel engines. Some 13,000 cylinder head covers leave the plant each day.

STATE-OF-THE-ART TOOLING at the Car Styling plant in Hörsching: Thomas M. milling the die (visible side) of a foaming tool for the PUR R-RIM process.

ASSEMBLY WORKER HACI B. assembling a John Deere tractor cabin roof at the Composites plant in Gochsheim.

RELIABLE TESTING KNOW-HOW: Karina M. is responsible for the validation testing of the cylinder head covers manufactured by POLYTEC. Photo: testing the oil separators guarantees the perfect function of the engine ventilation system.

SUPERIOR TECHNOLOGY

PLASTIC + GLASS FIBER + INNOVATIVE SPIRIT

FOR MANY YEARS, VW HAS RELIED ON POLYTEC'S KNOW-HOW AND PIONEERING SPIRIT FOR THE DEVELOPMENT AND MANUFACTURE OF FUNCTIONAL AND ENGINE COMPARTMENT PARTS MADE OF PLASTIC. THE POLYTEC D-LFT PROCESS IS NOW SETTING NEW STANDARDS IN THIS FIELD.

At POLYTEC, plastic is very far from being just plastic. This is because for many years the development and use of advanced technologies for the incorporation of glass and carbon fibers in various plastic composite materials has been one of POLYTEC's core competences. Everyone benefits from this process: ongoing optimization of the material composition and manufacturing process brings the customer both economic and functional advantages. The parts are characterized by individual material formulation and coloring, design freedom, functional integration and competitive pricing. And POLYTEC, in turn, can profit from short cycle times, which improve the economics of its production processes.

Furthermore, there are considerable environmental benefits: the underbody produced by POLYTEC at Voerde for the VW Golf, for example, offers improved aerodynamic efficiency and lower weight, thus contributing to the reduction in fuel consumption. The configuration of the underbody geometry optimizes what is called the c_w value and thereby contributes to streamlining the shape of the vehicle. (The coefficient c_w refers to the air resistance of solid bodies; the two letters stand for "constant" and "resistance".)

The underbody is produced using the so-called D-LFT process (D-LFT = Direct Long Fiber Thermoplastics), with which POLYTEC had already set new development standards for the Volkswagen Group a decade ago.

FIRST TO MARKET WITH D-LFT

As early as the mid-1990s, the POLYTEC plant in Voerde developed an innovative manufacturing process for plastic cross members for the VW Passat. The material used was LFT, a combination of polypropylene thermoplastic with long glass fiber reinforcement. The first vehicles with the new D-LFT „front end" were brought on to the market in 1997 and were the first in Europe.

This pioneering work on POLYTEC's cross members delivered two important results: on the one hand, it enabled the cost-effective pre-assembly of an entire module of headlights, fog lights, indicator lights, radiator, fan and horn, plus crumple elements, which are attached to this component and can be installed in the engine compartment as a unit. On the other hand, POLYTEC also revolutionized the manufacturing process itself, thus presenting a significantly more economical process for large-series production. VW consequently benefitted not only from the technical advantages of the new technology but also from a price reduction of around 30%. POLYTEC was therefore not only first to market with this technique, but in addition was honored with the VW "Value to the Customer" award.

THE MATERIAL MANUFACTURING FOR THE UNDERBODIES isperformed online in a fully automated process. The material is delivered from the extruder at high pressure and a temperature of 230 degrees Celsius, it is then placed in the mould by robot 1 and finally pressed. Here, robot 2 takes the part out of the mould und transfers the parts to the double press cut process. During the pressing process the robot is able to place both claws close to the tooling, helping to keep the cycle times as short as possible.

GLASS FIBER is delivered on coils and transferred to the extruder via multiple channels.

PRECISION IN DETAIL: Here, eight nut bolts are positioned automatically and transferred to the assembly line.

SIGNIFICANT GAINS IN THE ECONOMICS OF PRODUCTION

LFT offers significant advantages to the production process, since with this technology material manufacturing is performed online, i. e. within the process itself. Unlike the GMT process (GMT = Glass Matting Reinforced Thermoplastic), LFT does not require any semi-finished parts as part of the manufacturing process. This means that the components of LFT can be heated, mixed and then pressed, all directly at the molding press. The materials feeding mechanism, the stamping, the assembly of purchased parts, the removal of finished parts and the 100% inspection are all fully automated. In addition, the parts do not require any further processing. This too benefits the environment: waste from the stamping process and granulated material from old parts can be recycled without any loss of quality. This reduces the consumption of materials.

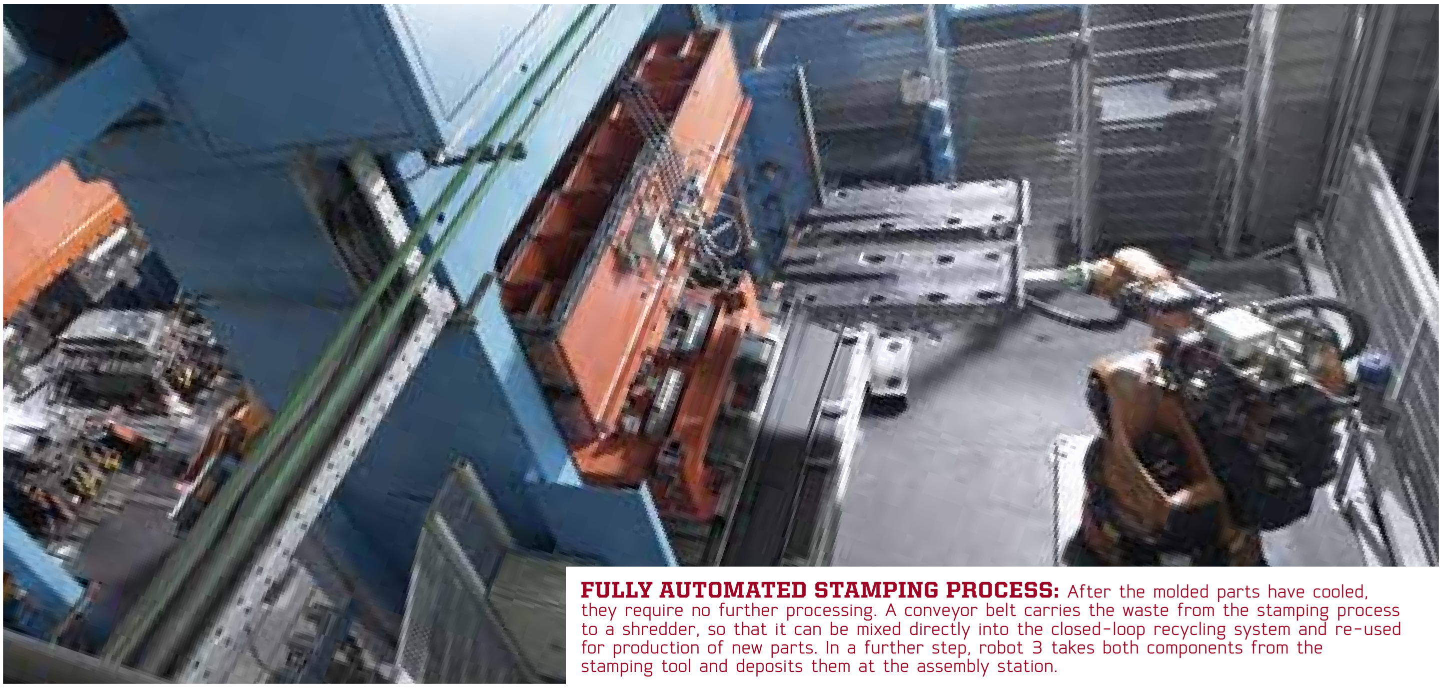
FULLY AUTOMATED QUALITY CHECKING: The components are 100% inspected after assembly.

MULTI-YEAR CONTRACTS, LARGE PRODUCTION VOLUMES

D-LFT is especially suited for the large-scale series production of structural components under economically optimal conditions. Since 2003 the LFT-3 double pressing line in Voerde has produced up to 2.3 million underbodies a year for VW alone – over a period of eight years that amounts to the remarkable volume of more than 14.4 million items. In addition to c_w-underbodies, POLYTEC uses D-LFT technology also for engine and gearbox shields as well as for a battery box cover for MAN. This technology is also used for cross members for the Škoda Superb. The current contract for the PQ35 underbodies for VW runs until 2013, and from spring 2012 onwards it will be successively replaced by the new MQB platform. The parts will be delivered to all the Volkswagen Group's European plants, including Wolfsburg, Mladá Boleslav (Škoda), Barcelona (Seat) and Györ.

A PROCESS WITH POTENTIAL

A total of 80,000 tons of long-fiber reinforced thermoplastics are produced per year Europe-wide. The proportion of D-LFT continues to increase, with total production volumes growing by 8–10% annually. This also provides a solid turnover for POLYTEC Composites.



FULLY AUTOMATED STAMPING PROCESS: After the molded parts have cooled, they require no further processing. A conveyor belt carries the waste from the stamping process to a shredder, so that it can be mixed directly into the closed-loop recycling system and re-used for production of new parts. In a further step, robot 3 takes both components from the stamping tool and deposits them at the assembly station.

IN THE LAST STAGE of the process, each part is discharged by robot 4 on to one of two different conveyor belts, depending on the result of the inspection. After a final visual inspection by a plant employee, the underbodies are packed ready for dispatch to the VW, Audi, Seat and Škoda plants for assembly.

D-LFT – ADVANTAGES

- Online material manufacturing
- No purchase of semi-finished parts
- Individual formulation, i. e. free choice of polymer and fiber
- Design freedom
- Excellent impregnation of the fibers ensures high-quality components
- Closed-loop recycling: direct re-use of waste from the stamping process and of old parts guarantees a high recycling yield
- Power-saving, fully automated production process
- High elasticity module, meaning a higher degree in the deformability of the material compared to thermoplastic injection molding
- Short operating cycles, high output
- Economic advantages for large-series production due to low material costs and material density

TOP CLASS INJECTION MOLDING

FOR A WORLD ENGINE

PRECISION IN THIS RESPECT STARTS with placing the inserts before the plastic is actually injected into the mold. In a very short time, a fully automated robot performs all auxiliary actions for the production cycle and ensures the insertion of a total of 19 sockets and three threaded studs.

IT ALL STARTS WITH KNOW-HOW: For roughly four years, a specialist team at POLYTEC has been developing HGV and car oil pans made of plastic.

DETAIL OF A PRODUCTION TOOL: The honeycomb structure of the surface of the oil pan maintains the stiffness of the component material and at the same time reduces its weight.

At the beginning of 2012, the starting gun was fired at the POLYTEC plant in Lohne, Germany, for series production of an innovative plastic oil pan for the Volkswagen Group. 600,000 items per year are scheduled to be produced for the 2.0 liter and 1.8 liter versions of the Group's "world engine" (developed by Audi). This contract once again demonstrates the first-class competence of the plant in Lohne concerning the development and production of components using injection molding techniques.

IRREFUTABLE ADVANTAGES

In comparison to conventional pans made of steel, plastic pans offer many advantages. A very important criterion in this respect is weight reduction, which boosts fuel efficiency and therefore lowers both the operating costs and the CO_2 emissions from the engine. The steel pan used previously tipped the scales at 2.5 kilograms; in comparison, at 0.8 kilograms, the plastic pan from POLYTEC weighs only around one third thereof. In addition, plastic oil pans offer stone impact resistance, freedom from corrosion and lower noise emissions. The material used is a heat-stabilized polyamide with a high loading of glass fiber reinforcement which allows the oil to warm up more quickly – and hence the engine as a whole reaches its operating temperature more quickly.

INNOVATION FROM THE POLYTEC STABLE

During the development process of HGV and car oil pans made of plastic, POLYTEC was granted its own patent for a particular design of an oil drain screw. This oil drain screw of plastic has a special twist stop and patented lock at the tightened position, which protects it against accidental release. This means that in future POLYTEC can offer its customers even more advantages in respect of space and cost reduction, fully in accordance with our motto: PASSION CREATES INNOVATION.

INDISPUTABLE PROOF: No oil pan leaves the plant until it has been 100% tested for leak tightness. Every component is tagged so the results of the test are traced and documented with all the measured values.

ASKING THE EXPERTS

"... SUBSTITUTION OF METAL WITH PLASTIC CONTINUES TO GAIN GROUND ..."

WERNER KARL, HEAD OF DEVELOPMENT AT POLYTEC PLASTICS, TALKS ABOUT THE FUTURE OF PLASTICS AS A MATERIAL FOR THE ENGINE COMPARTMENT AND OTHER INNOVATIVE PRODUCTS.

WERNER KARL (2ND FROM RIGHT) **WITH HIS DEVELOPMENT TEAM**

MR. KARL, WHAT ARE THE MOST IMPORTANT CHALLENGES YOU ARE CURRENTLY FACING IN THE AREA OF DEVELOPMENT?

WERNER KARL: Powertrain in particular is a challenge and requires the know-how of highly-qualified workers and specialists. Development times are short and the level of innovation demanded is very high, while at the same time the number of vehicle projects is rising. We are responding to these very specific challenges by working with modular concepts, which offer a host of advantages in terms of development times and development costs. Another important aspect for our customers is system integration, i. e. our customers actively involve us in their development processes. POLYTEC has established itself as a fast, reliable and competent partner for innovative solutions in this area. Our customers also benefit from the synergies of our cross-divisional work. For example, we are able to offer "multi-material concepts" and a range of manufacturing methods from all divisions – always selecting the best manufacturing methods for the particular customer.

APROPOS "WEIGHT REDUCTION BY REPLACING METAL WITH PLASTIC" – HOW DO YOU ASSESS THE FUTURE TREND IN THIS AREA?

WERNER KARL: Generally speaking, the automotive area still has optimization potential in terms of fuel consumption and CO_2 reduction. Today, vehicle CO_2 emissions average between 126 g/km and 163 g/km. As of 2015, this figure will be capped at 130 g/km for all new cars registered in the European Union and will be further reduced to just 95 g/km as of 2020. Manufacturers are already preparing for this – and the magic formula is weight reduction, i. e. the construction of lighter-weight parts and thus lighter vehicles.

This opens up a broad field of opportunities for us as a development supplier. Depending on the vehicle class, consumption falls by 0.3 to 0.6 liters/100 km for every 100 kg of weight reduction, cutting CO_2 emissions by approximately 7 g/km. We are therefore continuously developing new technologies and innovative products that replace metal with plastic, even on and in the engine. Examples of this include our oil pans that will be taken into series production this year, or the cylinder head cover with integrated crank case vent and an intake module for Porsche. The success of our technical products is based on our ability to leverage our "own" development chain, from product development to construction, simulation, tooling and product testing and an excellent, stable connection to the manufacturing processes.

AND WHICH INNOVATIVE PRODUCTS AND TECHNOLOGIES FORM THE FOCUS IN 2012?

WERNER KARL: At present, we are working intensively on flame-retardant materials for engine design covers and on promising approaches for soft covers, where we are developing covers for the engine compartment made of compact foam. Our new patented "key lock," a hose connection device, will shortly be going into production. At the same time, we will continue the targeted further development of products for the engine compartment, such as reservoirs, fluid conductive lines or air ducts, and of course, our core products, in particular, oil separators. However, our expertise is increasingly being used outside the automotive sector, for example in domestic appliances, electrical equipment or road construction. In general, the substitution of metal with plastic continues to gain ground. We, therefore, focus not only on the product, but also on optimizing the manufacturing technologies, such as the sealing technology.

"... DEVELOP OUR IDEAS AS A TEAM ..."

CHRISTOPH KNOGLER IS THE HEAD OF THE INNOVATION TEAM AT POLYTEC'S CAR STYLING DIVISION IN HÖRSCHING. HE EXPLAINS HOW IDEAS ARE DEVELOPED THERE AND TALKS ABOUT TRENDS IN HIS FIELD.

CHRISTOPH KNOGLER (MIDDLE) **WITH HIS "INNOVATION" COLLEAGUES**

MR. KNOGLER, HOW DO NEW PRODUCT IDEAS FOR THE CAR STYLING DIVISION DEVELOP AT POLYTEC?

CHRISTOPH KNOGLER: Like in the other segments at POLYTEC we also develop our ideas as a team. That means actively involving our customers, suppliers, staff and also experts from external institutes in the conceptual design process. It is particularly important to analyze our customers' processes and engage in an open dialogue. We primarily regard ourselves as a development partner and as a pool of ideas for OEM – and not just as the "executor" of customer projects. On the one hand, we focus on the ongoing further development of existing accessories and, on the other, on analyzing and evaluating ideas for completely new products. Our innovation teams include employees from the areas of design, project management, development, purchasing, application technology and sales. At regular innovation team meetings, experts from the various core areas examine new ideas in terms of their technical and economic feasibility and effectiveness and then make a selection on the basis of these criteria. The next step is systematic realization, a process that usually begins with the design and CAD development of functional prototypes, which are shown to potential customers.

WHICH INNOVATIONS CAN WE EXPECT FROM THE CAR STYLING DIVISION IN THE FORESEEABLE FUTURE? WHAT ARE THE TRENDS?

CHRISTOPH KNOGLER: At present we are focusing on three key topics: First, sustainable "green" technologies for applications in the area of accessories, for example our photovoltaic spoiler, which uses solar power to generate electricity, an interesting product for manufacturers of hybrid and electrical vehicles. Secondly, we are continuously engaged in developing innovative, energy-efficient light technologies for car interiors and exteriors. Thirdly, we are looking for ways to integrate electronics and sensor systems in plastic components. In addition, our innovation teams boast a high level of competence in surface technologies. In this area, there has been a sustained trend in recent years toward a "carbon look," which thanks to our expertise in the area of surface finishing can also be achieved with outstanding quality in plastic parts. In all new developments, we fully leverage the POLYTEC GROUP's existing product know-how and production potential. The optimization of the materials used also plays an important role in this respect. We are therefore working on improving the mechanical properties of polyurethane, while simultaneously reducing weight. In this regard, carbon fiber could be used as a filling material in future.

AND WHAT IS THE SECRET OF POLYTEC'S INNOVATIVE STRENGTH?

CHRISTOPH KNOGLER: When putting together our innovation teams, we attach great importance to balancing different perspectives. Experience meets new approaches, design has to be reconciled with technical feasibility, development concepts must be viewed in relation to profitability. And we live our motto PASSION CREATES INNOVATION. We don't just execute projects for our customers, but we actively shape their development and make joint investments in new, innovative solutions.

"... CARBON FIBER-REINFORCED PLASTICS ARE IDEAL FOR REDUCING WEIGHT ..."

MICHAEL PAUSCH, HEAD OF PRODUCT DEVELOPMENT COMPOSITES, ON THE INCREASING SIGNIFICANCE OF THE ROLE OF CARBON FIBERS IN LIGHTWEIGHT CONSTRUCTION.

MR. PAUSCH, ONE KEY AREA OF YOUR WORK IS THE USE OF CARBON FIBERS – WHAT IS YOUR DEVELOPMENT STRATEGY HERE?

MICHAEL PAUSCH: POLYTEC is a leading manufacturer of fiber-reinforced plastics, which are processed using a host of different technologies. In particular, carbon fibers contribute significantly to component weight reduction and are therefore ideal for lightweight applications. More than ten years ago, we started using carbon fibers in components, for example, in the scuttle panel for McLaren-Mercedes. Between 2004 and 2007, some 3,000 scuttle panels were produced annually. In future, greater emphasis will be given to bringing products with carbon fiber to series production maturity on a large scale – these have been extremely rare in the industry in the past and would of course require appropriate economic efficiency. If we succeed, carbon fiber SMC has the potential to become a key technology for the future.

WHY ARE CARBON FIBERS BECOMING INCREASINGLY IMPORTANT IN THE AUTOMOTIVE INDUSTRY JUST NOW?

MICHAEL PAUSCH: For years, the poor availability of carbon fibers and the resulting high procurement costs dampened demand for this lightweight technology. Now, however, the omnipresent discussion about reducing CO_2 emissions by using sustainable, resource-efficient technologies has led to a fundamental paradigm shift, as weight reduction is being promoted. Components built using carbon fibers can replace entire body parts made of metal and will therefore play a key role in lightweight construction – and POLYTEC is already excellently positioned for this. We have extensive expertise in both the engineering and industrial processes and can transfer it to alternative processing technologies with carbon fibers. The most important prerequisites for bringing products to series production maturity are sound tool concepts, the development of suitable materials and a fully-automated manufacturing process wherever possible.

MICHAEL PAUSCH

WHERE DO YOU SEE THE PRODUCTS OF THE FUTURE IN THIS TECHNOLOGY?

MICHAEL PAUSCH: The trend toward weight reduction is sure to continue. Lightweight construction using carbon fiber SMC offers extremely wide-ranging innovation potential, e. g. for electrical vehicles, as the batteries are very heavy. The desired range extension for electrical vehicles not only depends on the power of the battery, but also on vehicle weight. This is where lightweight construction is called for. Sub-assemblies such as front hoods or trunk lids and other structural body parts can be built in material combinations with steel or aluminum, which can achieve weight-reductions of up to 35% in comparison to conventional solutions.

DIVERS

ITY
MADE BY POLYTEC

POLYTEC: TOP PERFORMER 2011

STOCK MARKETS

2011 was a year marked by widespread uncertainties on most stock markets, mainly triggered by the European debt crisis, the emerging fears of a global economic slowdown and the Fukushima natural disaster. In the first half of the year under review, it was mainly the uncertainty about the further global economic development that led to a higher degree of volatility on the capital markets. In the second half of the year, it was mainly the development of the debt crisis in the countries of the euro zone and the related political implications for these countries that determined general market sentiment.

Against this backdrop, the Vienna Stock Exchange faced a weak international environment in 2011, with all European stock exchanges reporting considerable share price declines as a result of the global economic situation and the exacerbation of the European sovereign debt crisis. In the year under review, share turnover also showed a downward trend on most European trading floors. On the Vienna Stock Exchange, total trading volume in domestic stocks in monetary terms dropped by 18% compared to the previous year, with the ATX falling by 34.9% and the ATX Prime by 33.4% in 2011.

POLYTEC SHARE PRICE PERFORMANCE

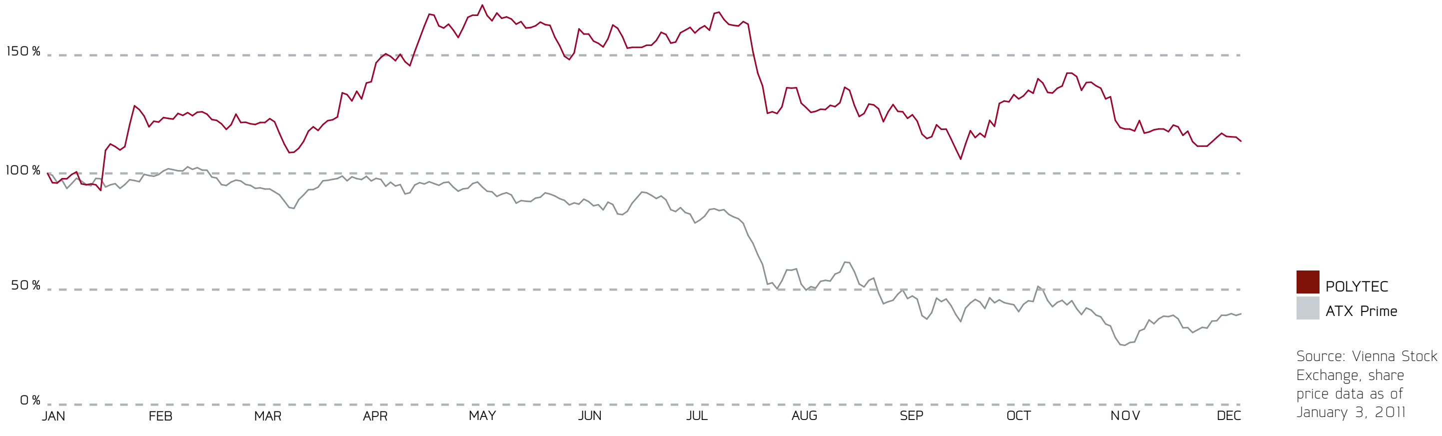
Despite the Group's favorable situation and positive media coverage, POLYTEC's share price was unable to evade the general development of the global capital markets in the year under review. However, the company's closing price at year-end 2011 amounted to EUR 5.42, a solid plus of 18.3%. Thanks to this comparatively favorable performance, the POLYTEC share emerged as the top performer on the ATX Prime in 2011, with market capitalization totaling EUR 121.03 million at year-end.

- DIVIDEND PROPOSAL OF EUR 0.35 PER SHARE
- WITH A PLUS OF 18.3% POLYTEC SHARE IS THE TOP PERFORMER ON THE VIENNA STOCK EXCHANGE IN 2011
- FREE FLOAT INCREASED TO 57%

POLYTEC share	Unit	2011	Change in %	2010	2009
Share price as of December 31	EUR	5.42	18.3%	4.58	2.11
Share price high	EUR	8.59		5.27	2.98
Share price low	EUR	4.27		2.20	1.01
Market capitalization as of December 31	EUR million	121.03	18.3%	102.30	47.10
Average turnover/day[1)]	Number of shares	133,921	120.0%	60,879	91,315
Earnings per share	EUR	1.54	37.5%	1.12	-2.33
Dividend per share	EUR	0.35[2)]		n/a	n/a
Dividend yield	%	6.5%		n/a	n/a

[1)] Double counting [2)] Proposal to the Annual General Meeting

POLYTEC SHARE – PRICE DEVELOPMENT IN 2011



Source: Vienna Stock Exchange, share price data as of January 3, 2011

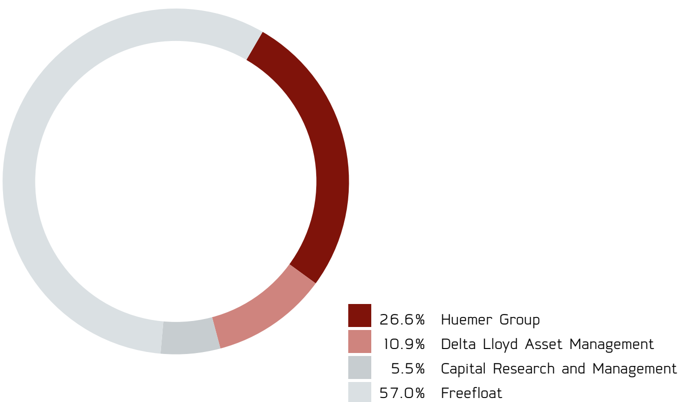
SHAREHOLDER STRUCTURE

As of the balance sheet date for 2011, POLYTEC Holding AG's share capital amounted to EUR 22.3 million and was divided into 22,329,585 bearer shares with a nominal value of EUR 1.00 each.

On June 30, 2011 PT Automotive Consulting GmbH and IHC Holding & Consulting GmbH (both companies belong to the Raiffeisenlandesbank Oberösterreich) announced that they had sold their 20% shareholding in POLYTEC Holding AG to institutional investors through an accelerated book building.

Furthermore, POLYTEC Holding AG was informed on July 4, 2011 that Capital Research and Management Company held 5.5% of the voting rights of POLYTEC Holding AG.

SHAREHOLDER STRUCTURE[1]



[1] Voting rights subject to compulsory notification according to Section 91 of the Austrian Stock Exchange Act as of the balance sheet date December 31, 2011.

DIVIDEND POLICY

POLYTEC Holding AG's dividend policy envisages a payout ratio of roughly 20% of net profit to the shareholders.

In the 2011 business year, the net profit of POLYTEC GROUP reached a solid level of EUR 35.3 million. Therefore, the Board of Directors and the Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of EUR 0.35 per eligible share for the 2011 business year.

In 2011, the POLYTEC GROUP organized numerous road shows and took part in several investor conferences in Europe. In the year under review, the management met with institutional investors during 13 road-show days and six investment conferences, some of which lasted for more than one day. In addition, investors were kept abreast of the company's key figures and operating and strategic development within the framework of conference calls.

POLYTEC ONCE AGAIN WON MULTIPLE AWARDS

At the ARC Award (New York), the 2010 Annual Report of POLYTEC Holding AG won the Bronze Prize in the category "Interior Design." Thus, all the company's annual reports published since the IPO have won a prize for their design.

CEO Friedrich Huemer also received an especially gratifying award in the year under review. The POLYTEC share received the "Shareholder Value Award" from PwC and Automotive News Europe. This prize is awarded to the company with the highest shareholder value return in the automotive supplier industry.

Basic information – POLYTEC share

ISIN	AT0000A00XX9
Ticker symbols	
Vienna Stock Exchange	PYT
Reuters	POLV.VI
Bloomberg	PYT AV
Market segment	prime market
First trading day	May 2, 2006
Issue price per share	EUR 7.75
Number of shares issued	22,329,585
Authorized capital	EUR 11,164,792
Free float	57%

Financial calendar 2012

Results for the fourth quarter and the financial year 2011	April 4, 2012
Interim report for the first quarter 2012	May 9, 2012
Annual General Meeting 2011	May 16, 2012
Ex-dividend day	May 21, 2012
Dividend payment day	May 23, 2012
Interim report for the first half year 2012	August 3, 2012
Interim report for the third quarter 2012	November 7, 2012

	Unit	2011	2010	2009	2008	2007	2006
Dividend	in EUR	0.35	–	–	–	0.30	0.25
Dividend yield	%	6.5%	–	–	–	3.4%	3.5%
Payout ratio	%	22%	–	–	–	18%	29%

SHARE ANALYSES

Coverage by national and international investment banks is an important factor for the visibility of the POLYTEC share within the financial community. In the 2011 business year, the following financial institutions provided analyses of the POLYTEC share:

Financial institution	Recommendation		Share price target
Raiffeisen Centrobank	Nov. 10, 2011	BUY	EUR 10.5
Erste Group Bank	Nov. 11, 2011	BUY	EUR 13.3
MM Warburg	Feb. 15, 2012	BUY	EUR 10.0

INVESTOR RELATIONS

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INVESTOR.RELATIONS@POLYTEC-GROUP.COM
WWW.POLYTEC-GROUP.COM

CORPORATE GOVERNANCE

POLYTEC HOLDING AG VOLUNTARILY UNDERTAKES TO COMPLY WITH THE AUSTRIAN CORPORATE GOVERNANCE CODE AS MOST RECENTLY AMENDED. KEY ELEMENTS OF A GOOD CORPORATE GOVERNANCE CULTURE ENCOMPASS A HIGH DEGREE OF TRANSPARENCY FOR ALL STAKEHOLDERS AND THE SUSTAINABLE INCREASE IN CORPORATE VALUE OVER THE LONG TERM. THIS ALSO IMPLIES AN EFFICIENT COLLABORATION BETWEEN THE COMPANY'S GOVERNING BODIES, THE PROTECTION OF SHAREHOLDERS' INTERESTS AND AN OPEN CORPORATE COMMUNICATION.

The Austrian Corporate Governance Code was first introduced in October 2002 and subsequently revised several times in line with changed legal provisions and increased corporate governance requirements. The information and statements provided in this report are based on the latest version of the Austrian Corporate Governance Code from January 2010. The latest version of the code can be requested from both the company and the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

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

RULE 43

regarding the establishment of a Remuneration Committee for the Supervisory Board has not been complied with, as the Supervisory Board consists of no more than six members. The function of the Remuneration Committee is therefore carried out by the Supervisory Board.

GOVERNING BODIES OF POLYTEC HOLDING AG

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 June 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 2014

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

Fred Duswald	none
Manfred Trauth	none
Viktoria Kickinger	none
Robert Büchelhofer	SWARCO AG (Chairman of the Supervisory Board), Wattens (A), MIBA AG, Laakirchen (A)
Reinhard Schwendtbauer	none

BOARD OF DIRECTORS



FRIEDRICH HUEMER (CEO)

- Born in 1957
- Chairman of the Board of Directors and founder of the current POLYTEC GROUP
- Appointed until December 2016
- Areas of responsibility: M&A/Investment Management/Corporate Strategy/ Corporate Communications/Human Resources/Legal Affairs/ Marketing and Sales
- Supervisory Board positions: Globe Air AG (Chairman of the Supervisory Board)

PETER HAIDENEK (CFO)

- Born in 1965
- Member of the Board of Directors since February 2011
- Appointed until February 2014
- Areas of responsibility: Finance/IT/Controlling/ Accounting/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: Plants/Production/ Purchasing/Business Development
- Supervisory, Board positions: None

DISTRIBUTION OF RESPONSIBILITIES WITHIN THE BOARD OF DIRECTORS

The areas of responsibility of the members of the Board of Directors are laid down in the company's internal rules of procedure. The Board of Directors of POLYTEC Holding AG conducts extensive discussions on both Group-relevant and segment-specific topics during its board meetings, which take place at regular intervals. Details about the areas of expertise and responsibility of each individual board member are provided in this Corporate Governance report in the description of the Board of Directors.

COMMITTEES OF THE SUPERVISORY BOARD

	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 set up an Audit Committee pursuant to the Stock Corporation Act. In the year under review, the Audit Committee carried out its controlling and monitoring function at two executive meetings. The Audit Committee is responsible for monitoring the accounting process and the auditing process of both the financial statements and the consolidated financial statements as well as monitoring the effectiveness of the internal control and risk management systems. It also supervises the compilation of the Corporate Governance report for each financial year. In 2011, the members of the Committee were Reinhard Schwendtbauer (Chairman), Fred Duswald and Robert Büchelhofer.

In addition to the mandatory establishment of the Audit Committee, a Nomination Committee and a Committee for the Assessment of Risk Management have been set up.

INDEPENDENCE OF THE SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board of POLYTEC Holding AG 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. 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 PRIOR CONSENT

In the year under review, no transactions requiring prior consent pursuant to Rule 49 of the Austrian Corporate Governance Code were carried out by members of the Supervisory Board.

REMUNERATION REPORT

REMUNERATION OF THE BOARD OF DIRECTORS

Total remuneration of the members of the Board of Directors including performance-related components amounted to TEUR 2,913 in the year under review (2010: TEUR 2,021). 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).

As of the balance sheet date, no loans or advance payments had been made to the members of the Board of Directors. No stock option plan or share-based remuneration systems were introduced in the year under review.

The Chairman of the Board of Directors Friedrich Huemer is employed at IMC Verwaltungsgesellschaft mbH and works for POLYTEC Holding AG on the basis of a service contract.

One member of the Board of Directors is entitled to severance payments pursuant to Section 23 of the Austrian Salaried Employee Act upon termination of his mandate and the simultaneous termination of his employment relationship.

REMUNERATION 2011 (IN TEUR)

Member of the Board of Directors	Basic salary	Variable remuneration components
Friedrich Huemer	704	1,531
Alfred Kollros	244	170
Peter Haidenek[1]	169	95

[1] Member of the Board of Directors since February 2011.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board for the 2011 financial year will be approved at the 12th Annual General Meeting to be held on May 16, 2012. The Board of Directors will propose a total remuneration of EUR 88,750 to the Annual General Meeting.

The remuneration of the members of the Supervisory Board for the 2010 financial year was approved at the 11th Annual General Meeting held on May 19, 2011 and totals EUR 78,750. The distribution of this sum among the individual members was left to the discretion of the Board as agreed by the AGM.

POLYTEC Holding AG has concluded a Directors and Officers (D&O) insurance policy for the members of the company's Board of Directors, Supervisory Board and executive staff as well as the managing bodies of the subsidiaries. The premiums for this insurance policy are paid by the company.

DIRECTORS' DEALINGS

The members of the Board of Directors and the Supervisory Board of POLYTEC Holding AG as well as related persons conducted purchase or sale transactions involving POLYTEC shares in the year under review. The Financial Market Authority (FMA) 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. On the basis of 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 and thus extended further than specified in the Issuer Compliance Regulation. Moreover, specific training sessions are organized at regular intervals to raise compliance awareness among both executives and members of staff. All employees concerned are also informed in due time of the start and the end of blackout periods. Finally, the company has implemented all mandatory organizational and electronic measures for handling and passing on sensitive data.

REPORT BY THE SUPERVISORY BOARD

FOR THE 2011 BUSINESS YEAR

In the year under review, the Board of Directors of POLYTEC Holding AG provided the members of the Supervisory Board and the Committees of the Supervisory Board with regular information about the business performance and the financial situation of the company. During both scheduled meetings and informal discussions, communication between the Board of Directors and the Supervisory Board was characterized by a high degree of openness, which allowed the Supervisory Board to comprehensively assess the company's business development as well as to support the Board of Directors' fundamental decisions. In 2011, the Supervisory Board executed its duties pursuant to the Austrian legal provisions and the company's articles of association as well as in compliance with the Austrian Corporate Governance Code during four meetings.

In the 2011 business year, the Audit, Nomination and Risk Management Committees, which were set up pursuant to the Corporate Governance Code, met whenever was deemed necessary.

The Supervisory Board of POLYTEC Holding AG is currently composed of five shareholder representatives and is committed to compliance with the Austrian Corporate Governance Code. All members of the Supervisory Board are deemed to be independent according to the criteria of independence specified in the Austrian Corporate Governance Code.

The financial statements, including the Management Report, the consolidated financial statements and 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; that the financial statements and the consolidated financial statements were prepared in accordance with generally accepted accounting principles and 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 result of this 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, the management of the company's affairs, the Group Management Report and the consolidated financial statements did not meet with any objections. The Supervisory Board therefore approved the financial statements pursuant to Section 96 para. 4 of the Austrian Stock Corporation Act.

Furthermore, the Supervisory Board concurs with the recommendation of the Board of Directors to distribute a dividend of EUR 0.35 per eligible share for the 2011 business year.

On behalf of the Supervisory Board, I would like to express my deepest gratitude to the Board of Directors and all members of the workforce of the POLYTEC GROUP for their performance and dedication in the 2011 business year.

Hörsching, March 27, 2012

Fred Duswald m. p.
Chairman of the Supervisory Board

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GROUP MANAGEMENT REPORT OF POLYTEC HOLDING AG

FOR THE FINANCIAL YEAR 2011

1. BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

ECONOMIC DEVELOPMENT

In 2011, the world economy showed a growth of approximately 3% expanding at roughly the same rate as its long-term average. Economic stimulus programs following the recession in 2009 as well as solid growth in the emerging markets were the main drivers of this favorable development.

But 2011 was also a problematic year for the world economy. The main issue that increasingly dominated as the year progressed was the sovereign debt crisis, which mainly affected the euro zone. And the debate about limiting public debt had a major impact on economic developments in the United States as well.

As in previous years, the emerging economies were responsible for most of the expansion, with their real gross domestic product rising by nearly 6%. Asia was once again the main growth driver with an increase of almost 7%, with China and India leading the way. But an even better development in this region was prevented by sharp rises in inflation rates. It was particularly important for the world economy that the Chinese economy expanded by a good 9%, despite a growth slowdown over the course of the year. Economic developments in the other emerging markets were also generally positive. Eastern Europe achieved GDP growth of 4%, as in 2010; Latin America was not able to match the prior-year growth, but still expanded strongly.

Developments in the industrialized countries were disappointing, however. In Japan, the earthquake disaster in March 2011 inevitably led to an economic slump. The US economy made only sluggish progress, especially when compared with earlier phases of recovery after a recession. The country's unemployment rate remained at an unusually high level, which depressed private consumption. Another negative factor was that the real-estate sector in the United States suffered badly from the crisis and was unable to supply any stimulus. Starting with the discussion about increasing the public debt ceiling and with the threat of temporary insolvency, consumer and business confidence indicators worsened significantly towards the middle of the year. The US economy stabilized encouragingly in the second half of the year, but growth for the full year of less than 2% was anything but satisfactory and significantly lower than the long-term average.

The situation was even more unfavorable in Western Europe, which was impacted by an escalation of the debt crisis in the euro zone. The number of countries receiving assistance from the EFSF (European Financial Stability Facility) increased, and the crisis is meanwhile no longer limited to the smaller peripheral countries. The expansion of the rescue schemes and debt restructuring for Greece were insufficient to prevent concern about possible contagion effects, and the financial markets reacted with a high degree of nervousness and consequential volatilities. All in all, the economies of the euro zone achieved GDP growth of approximately 1.5% in 2011. Although the German economy once again expanded at an above-average rate of 3%, it was unable to escape from the unfavorable environment and its growth slowed down as the year progressed. In the fourth quarter of the year, economic growth in the euro zone was probably even slightly negative.

SECTOR DEVELOPMENT

PRODUCTION

The positive development of the German manufacturers, which started to unfold in the second half of 2010, continued throughout the 2011 business year. In the important automotive market of Germany alone, the number of vehicles produced increased by 5.8% to 5.8 million units. Worldwide production of the German car manufacturers grew by 11.5% to 12.9 million vehicles.

Export volumes, a significant pillar of the German automotive industry, reached a level of 4.5 million vehicles in the year under review, which corresponds to an increase of 7% compared to the previous year. Thus, the dramatic decline in 2009 was offset within two years and a new record level achieved. Matthias Wissmann, President of the German Association of the Automotive Industry (VDA) said commenting on this development: "Exports remain the strong pillar of automotive production in Germany. We were able to increase our market shares in almost all relevant markets – thus further fortifying the domestic manufacturing business."

SALES MARKET

The world automotive market showed a robust performance in 2011. While the United States, China, India and Russia posted double-digit growth rates, the European car market declined slightly by 1% to 12.8 million units. In contrast, the Japanese car market recovered more rapidly than expected. As VDA President Wissmann pointed out, "Worldwide registrations of new cars increased by 6% to 65.4 million units in 2011. German car manufacturers were able to gain additional market shares in Western Europe, Russia, the United States, China, India, Japan and South Korea."

In the year under review, the US market for lightweight vehicles (passenger cars and light trucks) expanded by 10% above the previous year's level to 12.7 million units. For the first time, German car manufacturers sold a total of 1 million lightweight vehicles in the United States, further increasing their market share for the seventh year in a row reaching a level of 8.2%.

After the strong growth rates of the previous years, the Chinese market returned to a normal growth path, recording an 8% increase in total car volumes to 12.2 million vehicles compared to 2010.

The Indian car market showed a favorable development towards the end of 2011: despite a restrictive monetary policy and higher petrol prices, the Indian car market expanded by 6% to 2.5 million new car registrations in 2011.

In the year under review, the European commercial vehicle industry was able to increase sales volumes by 9.9% to 1,935,392 units but failed to match the pre-crisis level of 2008 by roughly 25%. In absolute terms, France was the largest market with roughly 0.5 million new car registrations in 2011, which corresponds to a growth rate of 5.6%; whereas Germany with an increase of 17.6% recorded the strongest growth, with new car registrations totaling 0.3 million. In contrast, the Italian and Spanish markets showed a decline of 5% each.

In the heavy-duty truck segment over 16 tons, all major sales markets recorded growth in 2011. In Germany, the number of new registrations in this segment increased by a considerable 23.3%. France and the UK showed the strongest growth rates with increases exceeding 40%. In the European market at large, new registrations rose by 36.0% to 236,512 vehicles in 2011.

Source: VDA, ACEA

BUSINESS DEVELOPMENT AND GROUP SITUATION

GENERAL BACKGROUND INFORMATION

CHANGE TO SEGMENT REPORTING

The major part of the Interior Systems business was sold at the end of the first half of 2011. At the same time, the proportion of "non-automotive" business in virtually all the Group's previous operating segments is increasing significantly and sustainably. Other previous dividing lines between the areas of business are also becoming blurred. For instance, the Car Styling division will make increasing use of the injection molding capacity of the Plastics division and the paint-spraying capacity of the Composites division. In consequence, this is leading to a matrix organizational structure for the POLYTEC GROUP.

Accordingly, following the sale of POLYTEC Interior Zaragoza at the end of the year, the management of POLYTEC Holding AG decided to amend the internal management and reporting structure with effect from January 1, 2012. From 2012, the segmentation will no longer be product-oriented, as it has been in recent years, but technology-oriented, with the remaining principal segment, namely "plastic processing", encompassing well over 90% of the Group. This is why the Group will be a "one-segment Group" from 2012.

POLYTEC HOLDING AG

Hörsching, Austria

AUTOMOTIVE / SYSTEMS

PLASTICS

- POLYTEC PLASTICS GERMANY — Lohne, Germany, 2 plants — 100%
- POLYTEC PLASTICS IDSTEIN — Idstein, Germany — 100%
- POLYTEC PLASTICS EBENSEE — Ebensee, Austria — 100%

COMPOSITES

- POLYTEC COMPOSITES GERMANY — Gochsheim, Germany, 3 plants — 100%
- POLYTEC COMPOUNDS — Gochsheim, Germany — 100%
- POLYTEC INDUSTRIELACKIERUNGEN — Rastatt, Germany — 100%
- POLYTEC COMPOSITES SLOVAKIA — Sladkovicovo, Slovakia — 100%
- POLYTEC PLASTIK — Aksaray, Turkey — 100%
- POLYTEC COMPOSITES WEIDEN — Weiden, Germany — 100%
- POLYTEC COMPOSITES BOHEMIA — Chodová Planá, Czech Repubic — 100%

CAR STYLING

- POLYTEC FOR Car Styling — Hörsching, Austria — 100%
- POLYTEC HOLDEN — Bromyard, UK — 100%
- POLYTEC FOHA — Detroit, USA, Toronto, Canada — 80%
- POLYTEC AVO — Antwerpen, Belgium — 100%
- Ratipur Autófelszerelés — Komló, Hungary — 24%

INDUSTRIAL

70% POLYTEC HOLDING AG
30% Peter Stinshoff

- POLYTEC ELASTOFORM — Marchtrenk, Austria
- POLYTEC EMC ENGINEERING — Marchtrenk, Austria
- POLYTEC THELEN — Bochum, Germany

In addition to a more detailed presentation of profits and losses at Group level, the POLYTEC GROUP will make significant, cross-segment disclosures as defined in IFRS 8.31 et seq. in future.

BUSINESS DEVELOPMENT OF THE GROUP

Based on the Group's continued operations adjusted for the main part of the divestment of the Interior Systems business as well as for other effects[1)], total sales of the POLYTEC GROUP increased by 14.7% to EUR 484.2 million in 2011 compared to 2010. Previous year's sales adjusted for these effects amounted to EUR 422.1 million. This success is mainly attributable to the positive development of the European automotive industry.

The disposal of the Interior Systems business towards the end of the first half of 2011 led to a decline in consolidated Group sales by 14.6% or EUR 112.7 million to EUR 657.4 million.

As of August 31, 2011 POLYTEC Holding AG acquired PPI Plastic Products Innovation GmbH & Co KG based in Ebensee (A) – now renamed POLYTEC Plastics Ebensee GmbH (PPE) – instead of expanding capacities at a German plant. PPI contributed EUR 5.3 million to total sales in 2011.

Other operating income declined in 2011 by roughly EUR 8.6 million compared to the previous year. Approximately EUR 8.0 million of this decline were attributable to the disposal of the Interior Systems business.

In the year under review, the material ratio, which amounted to 53.1% of total sales in 2010, was reduced by 0.4 percentage points to 52.7% despite higher raw material prices. This positive effect was due to the divestment of the material-intensive Interior Systems business.

In 2011, the personnel ratio increased slightly by 0.2 percentage points to 27.0% compared to the previous year. This increase was mainly driven by higher capacity utilization and personnel-intensive production as a result of the favorable economic development especially during the first nine months of the year under review.

In addition to the decline in other operating income by roughly EUR 23.2 million to EUR 90.0 million due to the disposal of the Interior Systems business, expenses for leased staff also decreased by 21.4% or EUR 5.7 million.

Group EBITDA increased by 13.0% to EUR 61.3 million despite the decline in consolidated Group sales. This corresponds to an EBITDA margin of 9.3%. The increase in EBITDA includes a deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business. Adjusted for this effect, EBITDA remained stable at the previous year's level.

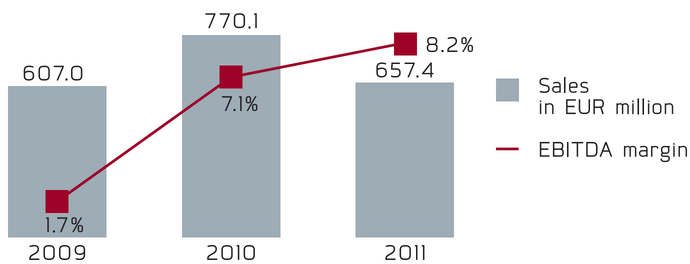
In addition to the aforementioned deconsolidation gain, this favorable performance was mainly attributable to the positive development of all relevant sales markets as well as to the consistent implementation of optimization measures at the main production plants in the year under review.

At the same time, the disposal of the Interior Systems business also led to a sustainable improvement of the entire cost structure of the Group.

EBIT recorded a significant increase to EUR 42.6 million on a year-on-year basis despite the disposal of the Interior Systems business, which corresponds to an EBIT margin of 6.5%.

The decline in amortization and depreciation by over 30% to EUR 18.7 million in 2011 was mainly attributable to restrictive investments in fixed assets and the divestment of the Interior Systems business.

Development of sales and EBITDA margin



The decline in financial expenses by more than half to EUR -3.3 million in the year under review was mainly attributable to a considerable improvement of financing conditions over the short and long term as well as to interest income deriving from an investment in the amount of EUR 30 million as of the balance sheet date on December 31, 2011. The financial result in 2011 amounted to EUR -3.1 million. In the previous year, the financial result of EUR -1.5 million included a positive effect of EUR 6.1 million from the disposal of a 10% stake in Grammer AG at the end of the third quarter 2010.

Including deferred tax effects, the Group's effective tax rate amounted to 10.8% in 2011 and was therefore considerably lower than the full taxation of income due to the conservative measurement of tax losses carried forward in the past.

Both the positive development of the automotive industry and the strategic measures implemented at the Group level led to a net profit of EUR 34.5 million. This corresponds to earnings per share of EUR 1.54.

	Unit	2011	2010	2009
Sales	EUR million	657.4	770.1	607.0
EBITDA[2)] adjusted	EUR million	54.1	54.3	10.2
EBITDA margin (EBITDA/sales)	%	8.2	7.0	1.7
EBIT[2)] adjusted	EUR million	35.4	27.2	-30.2
EBIT margin (EBIT/sales)	%	5.4	3.5	-5.0
Average capital employed	EUR million	119.4	136.6	336.7
ROCE before tax (EBIT[2)]/capital employed)	%	29.6	19.9	-9.0

[1)] Other effects refer to the disposal of Polytec Composites Italia at year-end 2010 as well as to the acquisition of PPI Plastic Products Innovation GmbH & Co KG as of August 31, 2011.

[2)] Earnings figures for 2011 are adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business at the end of the first half of 2011.

AUTOMOTIVE / SYSTEMS

	Unit	2011	2010	2009
Sales	EUR million	559.0	675.9	525.9
Share of Group sales	%	85.0	87.8	86.6
EBITDA[2)] adjusted	EUR million	40.5	43.6	1.9
EBITDA margin (EBITDA/sales)	%	7.2	6.5	0.4
EBIT[2)] adjusted	EUR million	24.2	19.1	-31.5
EBIT margin (EBIT/sales)	%	4.3	2.8	-6.0
Capital employed	EUR million	62.9	83.3	105.9

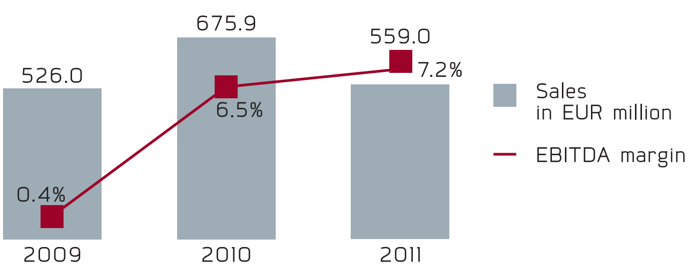
The Automotive / Systems segment reported sales of EUR 559.0 million in 2011, a decline of 17.2% compared to the previous year mainly due to the disposal of the Interior Systems business.

POLYTEC Plastics Ebensee GmbH (formerly PPI Plastic Products Innovation GmbH & Co KG), which was acquired as of August 31, 2011, contributed EUR 5.3 million to segment sales.

The solid development of all production areas in the year under review as well as the disposal of the low-margin Interior Systems business led to an improvement of the earnings situation of the segment.

Including a one-off effect from the disposal of the Interior Systems business of EUR 7.2 million, EBITDA increased by 9.4% to EUR 47.7 million. The EBITDA margin, adjusted for these effects, amounts to 7.2%.

Development of sales and EBITDA margin



A more detailed description of the values related to the deconsolidation of the Interior Systems business is provided in the notes to the consolidated financial statements under B. 1. A description of the acquired assets and liabilities following the acquisition of PPI Plastic Products Innovation GmbH & Co KG is also available in the explanatory notes.

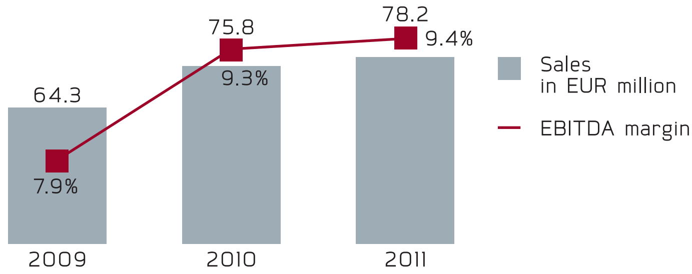
CAR STYLING

	Unit	2011	2010	2009
Sales	EUR million	78.2	75.8	64.3
Share of Group sales	%	11.9	9.8	10.6
EBITDA	EUR million	7.3	7.0	5.1
EBITDA margin (EBITDA/sales)	%	9.4	9.3	7.9
EBIT	EUR million	5.9	5.4	3.1
EBIT margin (EBIT/sales)	%	7.6	7.2	4.8
Capital employed	EUR million	35.1	31.7	33.0

The Car Styling segment increased its sales by 3.2% to EUR 78.2 million in the year under review. Even if with some delay, the effects of the earthquake catastrophe in Fukushima led to a reduction in the volume of sales of the segment's Japanese customers, resulting in lower sales volumes of original equipment for this market. The sales and earnings situation of the segment was also further impacted by lower-than-expected production volumes for key customers in the small series business area.

In line with the development of sales, segment EBITDA improved slightly to EUR 7.3 million, with the EBITDA margin remaining almost stable at 9.4% compared to the previous year.

Development of sales and EBITDA margin



OTHER BUSINESS UNITS

	Unit	2011	2010	2009
Sales	EUR million	20.2	18.5	16.8
Share of Group sales	%	3.1	2.4	2.9
EBITDA	EUR million	6.1	3.6	3.3
EBIT	EUR million	5.0	2.6	-1.7

The segment "Other Business Units" principally encompasses POLYTEC Holding AG and the Industrial business of the Group, as well as consolidation effects on results, which cannot be attributed to any segment in particular.

GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

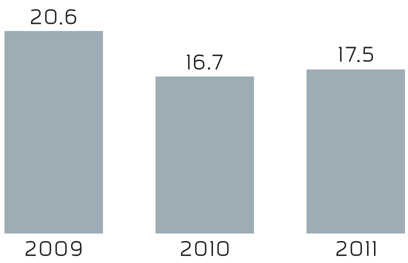
	Unit	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Asset ratio (fixed assets/ balance sheet total)	%	35.5	38.8	39.3
Equity ratio (equity/balance sheet total)	%	45.6	28.3	18.5
Balance sheet total	EUR million	263.9	308.5	332.1
Net working capital	EUR million	26.9	16.5	26.3
Net working capital in % of sales (NWC/sales)	%	4.1	2.1	4.3

The POLYTEC GROUP's total capital expenditure remained almost stable at EUR 17.5 million in the year under review compared to the previous year and was mainly attributable to project-related investments in the construction and further expansion of plants. In the production plant in Lohne, the leading production site for the Plastics business, investments were made in a further production line to meet the high demand for cylinder head covers. In the Composites business area, investments were made at the POLYTEC Compounds plant in Gochsheim for the expansion and modernization of the manufacturing facilities for semi-finished mats.

The expansion measures announced in the year under review to be carried out at the plants in Lohne (Germany) and Hörsching (Austria) were started according to plan in the second half of 2011 but did not lead to any significant expenses by year-end 2011.

Due to further restrictive investment activities, the asset ratio of the Group decreased from 38.8% to 35.5% in 2011.

Capital expenditure in tangible assets (in EUR million)

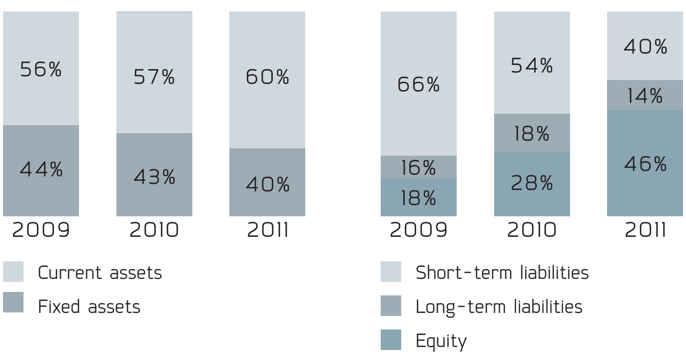


As far as the other key financial figures are concerned, it should be noted that the disposal of the Interior Systems business led to a significant improvement of key financials.

The equity ratio of the POLYTEC GROUP showed a positive development totaling 45.6% at year-end 2011 due to the Group's favorable earnings situation and the positive effects from the deconsolidation of the Interior Systems business.

The increase in net working capital from EUR 16.5 million to EUR 26.9 million was attributable to both the positive business performance in the year under review and the acquisition of PPI Plastic Products Innovation GmbH & Co KG as of August 31, 2011, which contributed to this increase thanks to the high level of its inventory assets compared to the Group average.

Balance sheet structure of the POLYTEC GROUP



As of the balance sheet date on December 31, 2011, the Group reported net cash of EUR 17.9 million; even after the deduction of all employee-related obligations totaling EUR 17.7 million, the net cash position remained positive. In addition to the Group's favorable business performance in the year under review, this development was mainly attributable to the positive liquidity effects resulting from the disposal of the Interior Systems business.

	Unit	2011	2010
Net debt (+)/net cash (-)	EUR million	-17.9	26.7
Net debt (+)/net cash (-) to EBITDA	–	-0.29	0.49
Gearing (net debt (+)/net cash (-)/equity)	–	-0.15	0.31

CASH FLOW

	Unit	2011	2010
Cash flow from operating activities	EUR million	29.2	46.0
Cash flow from investing activities	EUR million	8.6	-1.8
Cash flow from financing activities	EUR million	-23.6	-47.1
Changes in cash and cash equivalents	EUR million	14.2	-2.8

In the year under review, cash flow from operating activities amounted to EUR 29.2 million, significantly below the previous year's level. This was mainly attributable to the increase in working capital, which principally resulted from a wider scope of activity as well as from the acquired inventory assets of PPI Plastic Products Innovation GmbH & Co KG.

The cash inflow from investing activities of EUR 8.6 million in 2011 was due to the restrictive investment policy of the Group, with capital expenditure for fixed assets increasing only slightly to EUR 17.5 million, as well as to the payments received following the disposal of the Interior Systems business.

The cash outflow from financing activities of EUR -23.6 million was mainly attributable to the repayment of interest-bearing liabilities totaling EUR 22.2 million in the year under review.

NON-FINANCIAL PERFORMANCE INDICATORS

ENVIRONMENTAL PROTECTION

Practical environmental protection involves more than just compliance with regulatory obligations. Many organizations 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 such an environmental management system. All the Group's major plants 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 specializing in processing plastics, the avoidance of waste is particularly important. In those plants, which work mainly with injection molding technologies, every effort is made to regranulate the waste material and channel it back into the production process.

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

EMPLOYEES

The average number of those employed[1)] by the POLYTEC GROUP and their geographic distribution in the years from 2009 to 2011 is as follows:

	2011	2010	2009
Austria	466	384	382
Germany	3,111	3,883	3,644
Rest of Europe	1,036	1,520	1,341
North America	22	20	15
South Africa	0	74	76
Asia	0	0	67
Total	4,663	5,881	5,525

1) Incl. leased staff; 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.

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

	2011	2010	2009
Automotive / Systems	3,836	5,066	4,775
Car Styling	660	662	610
Holding / Other business units	167	153	140
Total	4,663	5,881	5,525

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

	Unit	2011	2010	2009
Sales per employee	TEUR	141	131	110

A strong customer focus and ongoing process optimization to enhance profitability, environmental-friendliness and efficiency are top priorities for the POLYTEC GROUP. To ensure that it is well equipped to face 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 and with the support of external educational institutions. Alongside the further development of technical know-how and manual skills, strong emphasis is placed on the teaching of foreign languages, as these are essential for the business success of an international company like POLYTEC.

Executive remuneration packages include a performance-based component to promote identification with the company and a strong sense of responsibility.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

By virtue of a purchase agreement dated December 23, 2011, the Zaragoza site (POLYTEC Interior Zaragoza S.L.) was transferred to Módulos Ribera Alta S.L.U., Zaragoza, Spain, a wholly-owned subsidiary of Celulosa Fabril S.A., Zaragoza, Spain, by means of an asset deal. The transfer of beneficial ownership took place when the deal was completed on January 3, 2012.

The disposal of the Zaragoza site was the final step towards the POLYTEC GROUP's complete withdrawal from the area of Interior Systems. The sale of the assets by way of an asset deal will have a positive effect on earnings of EUR 0.6 million in the first quarter of 2012.

Events after the balance sheet date that are relevant for the valuation on the balance sheet date, such as pending legal disputes or claims for damages and any other obligations or anticipated losses that must be disclosed in accordance with IAS 10 (Contingencies and Events Occurring after the Balance Sheet Date) are reflected in the present consolidated financial statements.

2. REPORT ON THE EXPECTED DEVELOPMENT AND RISKS FOR THE GROUP

FORECAST REPORT

SECTOR

CARS

The business prospects of the world automotive industry for 2012 are relatively good. However, future developments will largely depend on the further unfolding of the European sovereign debt crisis currently underway. If the situation on the financial markets is going to stabilize contributing to strengthening consumer confidence, an increase in global car sales of up to 4% appears feasible. On the contrary, under more adverse circumstances, car sales might also show a slight decline in 2012. The main growth drivers will remain the Asian countries as in the previous years. The Chinese and Indian car markets are expected to grow by 8% and 10% respectively in 2012. But also the resilient US market is anticipated to expand by 5%, whereas the euro zone is expected to report only a slight increase in 2012, provided that the financial markets will continue to stabilize and consumers will regain their confidence.

COMMERCIAL VEHICLES

The global commercial vehicle market showed a robust performance in 2011 as in the previous year. For 2012, a further increase of 7% is anticipated in the world market for heavy commercial vehicles (over 16 tons). In Western Europe, heavy truck sales volumes are expected to grow by 4% provided that the aforementioned favorable conditions will occur. For the POLYTEC GROUP, however, this vehicle category will increasingly lose importance due to a switch in technology in favor of injection molding. The world market for lightweight commercial vehicles (up to 16 tons) is expected to move sideways or show a slight increase in 2012 depending on country-specific economic developments.

GROUP RESULTS FORECAST

Excluding unpredictable negative effects resulting from an escalation of the European sovereign debt crisis, the potential instability of financial markets and the lack of consumer confidence, the POLYTEC GROUP expects Group sales to amount to approximately EUR 500 million for the full year 2012. Based on the Group's continuing operations adjusted for the effects from the disposal of the Interior Systems business, operating results are anticipated to match the level of 2011.

RISK REPORTING AND FINANCIAL INSTRUMENTS

With regard to the company's risk reporting please refer to section E. 4 of the notes to the consolidated financial statements. For details of the derivative financial instruments used by the Group please refer to section C. 15 of the notes.

3. REPORT ON RESEARCH AND DEVELOPMENT

With the aim to continuously improve competitiveness and business success, research and development activities across all segments of the POLYTEC GROUP focus intensively on new technological developments and advances in both the automotive and non-automotive areas, always in close consultation and collaboration with corporate customers. Materials and manufacturing processes currently under series production are also constantly being further developed.

In the 2011 business year, the main focus was once again on the use of lightweight components to reduce the weight of individual parts, on increased cost-efficiency by means of intelligent functional integration and on new ecological and sustainable product innovations.

The POLYTEC GROUP operates several development centers. In keeping with the Group strategy, each of these development centers specializes in the products that are manufactured at the particular plant.

AUTOMOTIVE / SYSTEMS – PLASTICS

The competence center in the north German town of Lohne is mainly responsible for the development of injection-molded parts predominantly for the engine compartment and, to an increasing extent, also for the growing non-automotive business area, as well as for exterior components for both trucks and passenger cars produced in small series. Development work ranges from the substitution of aluminum parts with plastic parts to the further development of existing products. The test area has been further extended to quickly meet constantly rising customer demands and to support the development of brand new components, with a view to further consolidating the company's pioneering role in the field of engine component parts, as exemplified by the following examples.

For the separation of oil from air, a procedure that plays an increasingly important role, the POLYTEC GROUP has for several years successfully used an integrated switched cyclone-type oil mist separator. In the latest cylinder cover heads, the company has incorporated the POLYSWIRL oil separator, which is a centrifugal separator that sets the gas stream into rotation and separates the oil drops from the air. The POLYSWIRL oil separator has already been incorporated in the cylinder cover heads of VW, Audi, Daimler, BMW and PSA. POLYDRAIN is a modular oil drain valve to remove oil from the blow-by gases of engines and can be used both as a single module and as a functional element in POLYTEC's cylinder head covers. POLYVENT, a POLYTEC proprietary development, is an innovative pressure control valve for particularly compact gasoline motors. The patented KEYLOCK system, which represents another highlight in this segment, allows for the fast connection of lines. POLYTEC uses innovative projectile injection technology (PIT) for the production of cooling water pipes and was awarded a prize for this technology at the EuroMold, the world's largest fair for mold-making and tooling, design and product development. During the production process, a projectile pushes the melted core of the plastic through the cavity and back into the machine tool instead of into an overflow as was previously the case.

AUTOMOTIVE / SYSTEMS – COMPOSITES

In the Composites business area, the focus is above all on finding new and better applications for long fiber-reinforced thermosetting and thermoplastic materials (glass, carbon and basalt fibers). Other key development activities are centered upon increasing the efficiency of ongoing production and optimizing the processing of SMC (Sheet Molding Compounds), and LFT (Long Fiber Thermoplastic) und GMT (Glass Mat Thermoplastic) parts including their surface coating and varnishing processes.

The constant further development of proprietary SMC semi-finished parts and the development of tailor-made solutions for both internal projects and external customers are also important topics at POLYTEC Composites. In this context, the Composites division was able to successfully realize a host of important projects for a wide variety of industries and ultimately bring them to series production.

As of January 2011, two trunk lids and a SMC top storage compartment lid for the BMW 6 Series Convertible (followed by the Coupé in the middle of 2011) went into production. These products fulfill the highest Class-A surface quality standards and are pre-assembled to the sheet-metal body-shell parts of the vehicle before undergoing online cathodic dip painting (CDP) and coating processes at the customer's plants. The CDP and coating processes can reach temperatures of up to 200° C placing considerable demands on the materials. Thanks to its high temperature resistance SMC is therefore ideally suited for the production of these components.

In the non-automotive area, a new solar industry product for Bosch was successfully developed and brought to series production in the year under review. An intelligent solar collector housing made of SMC as the supporting element for a solar thermal module replaces a previous assembly consisting of a large number of single components such as aluminum profiles, plates and fastening elements. This technical solution is brand new and was awarded an innovation prize by the German Federation of Reinforced Plastics (AVK).

Driven by the needs and demands of the car industry, lightweight construction has become another key area of development work at the POLYTEC Composites division. This involves a number of related topics such as sustainability and increasing the range of electrically powered vehicles through smart lightweight construction. POLYTEC Composites materials and processing technologies offer a wide range of possibilities in this area such as the use of carbon fiber-reinforced materials or material with reduced density. A number of customers have awarded POLYTEC Composites compelling development projects for vehicles that are due to be launched onto the market from 2013 and these will remain in the pipeline beyond 2011. Demand in this sector is continuously growing. POLYTEC is therefore working with unabated intensity to maintain its competitiveness to win further customer contracts for the series production of lightweight solutions.

CAR STYLING

The business activities of the Car Styling segment cover the entire process chain even if this division mainly focuses on developing original accessories and small series. From initial design concepts and clay models (M 1:1) and digitalization and CAD construction up to the creation of rapid-prototyping-models, the customer is offered a full-service package, as is standard practice in series development. But, since development and lead times in the original accessories segment are considerably shorter than in series production, processes have to be geared towards high flexibility and short response times, without, however, compromising documentation and quality assurance. All necessary production tools and devices are developed and manufactured in an in-house tool shop and mold construction department, which also contributes to shortening implementation periods.

In the area of advance developments, the Car Styling division mainly focuses on process engineering, and more specifically, on constantly improving PUR-R-RIM materials. Thus the use of carbon fiber as a filling for polyurethane (PUR) is currently under scrutiny to improve weight efficiency in the area of lightweight automotive construction. At present, development work also concentrates upon new possibilities for treating the surfaces of PUR components.

In the area of innovation management, a team of experts from different functional units of the division is currently exploring the potential of adjusting the current product range to future challenges. This involves, on the one hand, developing additional features for components in the current product portfolio (for instance USB charging as an armrest accessory) and, on the other hand, adapting today's products to the mobility requirements of tomorrow (for instance rear spoilers with photovoltaic solar panels).

In 2011, POLYTEC GROUP spent approximately EUR 11.0 million (2010: approx. EUR 16.0 million) of its sales on research and development activities. The significant decrease is attributable to the divestment of the Interior Systems business.

4. KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING 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 organizational 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 the separation of functions, signature authorization policies and signatory powers for authorizing payments on an exclusively collective basis 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, about 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. DISCLOSURES ON 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.

Shareholders with a stake of over 10.0% of the share capital as of the balance sheet date on December 31, 2011 included:

Huemer Invest GmbH: This company holds 26.6% of the share capital in POLYTEC Holding AG (partially via its wholly owned subsidiary, Huemer Holding GmbH). The family of the CEO of the POLYTEC GROUP, Friedrich Huemer, is the sole shareholder of the said companies and Friedrich Huemer is the managing director with sole power of representation of the said companies.

Compared to the balance sheet date on December 31, 2010, this corresponds to a reduction in the shareholding of 4.2%. Notice of this reduction was given to the company on January 28, 2011 in the form of a voting rights announcement pursuant to section 91 of the Austrian Stock Exchange Act.

The title to 16% of the company's share capital, which had been pledged as security for the acquisition of a working capital line of credit in 2009, was reassigned to Huemer Holding GmbH in January 2011 once the borrowed funds had been fully repaid.

Distribution of voting rights in greater detail:
- Huemer Holding GmbH 16.00%
- Huemer Invest GmbH 10.64%

Delta Lloyd Asset Management NV announced via a voting rights notification as of May 9, 2011 that it holds approximately 10.9% 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.

In a letter pursuant to section 91 et seq. of the Stock Exchange Act as of June 30, 2011, POLYTEC Holding AG was informed that PT Automotive Consulting GmbH had placed its total shareholding – representing roughly 19.7% of total voting rights – through an accelerated bookbuilding and, therefore, no longer holds any shares in the company.

With regard to the Board of Directors' ability to issue shares, please refer to the notes to the consolidated financial statements under D. 20 for more detailed information about the authorized capital.

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

There are no provisions in the Articles of Association 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, March 27, 2012

The Board of Directors

Friedrich Huemer m. p. Peter Haidenek m. p. Alfred Kollros m. p.

CONSOLIDATED FINANCIAL STATEMENTS OF POLYTEC HOLDING AG

FOR THE FINANCIAL YEAR 2011

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2011

COMPARED WITH THE FIGURES FROM THE PREVIOUS YEAR

TEUR	Notes	2011	2010
1. Net Sales	D. 1	657,354	770,070
2. Other operating income	D. 2	13,615	22,231
3. Changes in inventory of finished and unfinished goods		-4,245	-11,575
4. Own work capitalised		1,289	912
5. Expenses for materials and services received	D. 3	-346,237	-408,629
6. Personnel expenses	D. 4	-177,631	-206,215
7. Other operating expenses	D. 5	-90,032	-113,258
8. Deconsolidation gains	B. 1	7,211	736
9. Earnings before interest, taxes and amortisation (EBITDA)		**61,323**	**54,272**
10. Depreciation		-18,705	-27,053
11. Earnings before interest, taxes and amortisation of goodwill (EBITA)		**42,618**	**27,219**
12. Impairments	D. 6	0	0
13. Operating profit (EBIT)		**42,618**	**27,219**
14. Income from associated companies		444	18
15. Financial expenses		-3,343	-6,826
16. Other financial results		-179	5,313
17. Financial result	D. 7	**-3,079**	**-1,495**
18. Earnings before tax		**39,539**	**25,725**
19. Taxes on income	D. 8	-4,291	-140
20. Consolidated profit for the year		**35,249**	**25,585**
thereof result of non-controlling interests		-759	-576
thereof result of the parent company		**34,490**	**25,009**
Earnings per share	D. 21	1.54	1.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JAN. 1–DEC. 31, 2011

TEUR	Group	Non-controlling interests	Total
Profit after tax	34,490	759	35,249
Currency translations	-766	36	-730
Total comprehensive income	33,724	794	34,519

JAN. 1–DEC. 31, 2010

TEUR	Group	Non-controlling interests	Total
Profit after tax	25,009	576	25,585
Currency translations	177	6	183
Total comprehensive income	25,186	582	25,768

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011

COMPARED WITH THE FIGURES FROM THE PREVIOUS YEAR

ASSETS

TEUR	Notes	DEC. 31, 2011	DEC. 31, 2010
A. Fixed assets			
I. Intangible assets	D. 9	663	1,622
II. Goodwill	D. 10	19,180	19,180
III. Tangible assets	D. 11	61,740	92,115
IV. Investments in affiliated companies		205	280
V. Investments in associated companies		31	31
VI. Other financial assets		598	2,478
VII. Trade accounts receivable and other receivables and assets	D. 15	419	3,857
VIII. Interest bearing receivables	D. 16	10,932	0
IX. Deferred tax assets	D. 13	11,759	17,086
		105,527	136,649
B. Current assets			
I. Inventories			
1. Raw materials and supplies		16,645	27,599
2. Unfinished goods and as yet unbillable services minues advanced payments		20,999	21,314
3. Finished goods and merchandise		15,242	13,701
4. Advance payments made		4,959	4,527
	D. 14	57,845	67,141
II. Trade accounts receivable and other receivables and assets			
1. Trade accounts receivable		45,494	59,907
2. Other receivables		7,840	14,956
3. Income tax receivables		82	847
	D. 15	53,415	75,710
III. Interest bearing receivables	D. 16	2,818	0
IV. Cash and cash equivalents	D. 17	43,222	29,013
V. Assets held for sale	D. 19	1,102	0
		263,930	308,512

EQUITY AND LIABILITIES

TEUR	Notes	DEC. 31, 2011	DEC. 31, 2010
A. Shareholder's equity			
I. Share capital		22,330	22,330
II. Capital reserves		37,563	37,563
III. Minority interests		4,783	3,988
IV. Retained earnings		55,654	23,455
	D. 20	120,330	87,336
B. Long-term liabilities			
I. Interest-bearing liabilities	D. 22	18,253	22,206
II. Provision for deferred taxes	D. 13	2,416	5,566
III. Long-term provisions for personnel	D. 23	17,665	24,878
IV. Other long-term liabilities	D. 24	208	3,231
		38,542	55,880
C. Short-term liabilities			
I. Trade accounts payable	D. 25	35,477	65,565
II. Short-term interest-bearing liabilities	D. 26	11,719	25,878
III. Short-term portion of long-term loans	D. 27	9,010	9,204
IV. Liabilities on income taxes	D. 28	4,398	2,922
V. Other short-term liabilities	D. 29	44,455	61,728
		105,058	165,296
		263,930	308,512

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2011

COMPARED WITH THE FIGURES FROM THE PREVIOUS YEAR

CONSOLIDATED CASH FLOW

TEUR		2011	2010
	Earnings before tax	39,539	25,725
–	Income taxes	-1,816	-1,878
+	Depreciation (appreciation) of fixed assets	18,705	27,053
–	Release of badwill	-11	0
–	Non-cash gains from securities held for sale	0	-6,119
–	Non-cash earnings from deconsolidation	-7,211	-736
+(-)	Increase (decrease) in long-term provisions	456	527
-(+)	Profit (Loss) from asset disposals	-639	-18
=	Consolidated cash flow from earnings	49,024	44,555
-(+)	Increase (decrease) in inventories, advance payments made	-7,933	2,824
-(+)	Increase (decrease) in trade and other receivables	-32,096	-16,897
+(-)	Increase (decrease) in trade and other payables	14,323	16,375
+(-)	Increase (decrease) in short-term provisions	5,900	-818
=	Consolidated cash flow from operating activities	29,218	46,038

TEUR		2011	2010
–	Investments in fixed assets	-17,489	-16,702
–	Acquisition of consolidated subsidiaries (Purchase price less the acquired cash and cash equivalents)	-1,007	0
–	Acquisition of subsidiaries	-35	-25
+	Disposal of affiliated companies	350	35
–	Disposal of not longer consolidated subsidiaries (Proceeds less cash and cash equivalents)	24,128	2,479
+	Disposal of marketable securities	0	12,050
+(-)	Profit (Loss) from asset disposals	639	18
+(-)	Translation differences	-18	0
+	Book value of asset disposals	2,041	329
=	Consolidated cash flow from investing activities	8,610	-1,816

TEUR		2011	2010
+(-)	Increase (decrease) in interest-bearing loans and liabilities to banks	-22,202	-47,728
-(+)	Increase (decrease) in interest-bearing receivables and grants	-687	394
+	Payments for own shares	0	85
+(-)	Other changes in equity	-730	183
=	Consolidated cash flow from financing activities	-23,619	-47,066

TEUR		2011	2010
+(-)	Consolidated cash flow from operating activities	29,218	46,038
+(-)	Consolidated cash flow from investing activities	8,610	-1,816
+(-)	Consolidated cash flow from financing activities	-23,619	-47,066
=	Changes in cash and cash equivalents	14,210	-2,844
+	Opening balance of cash and cash equivalents	29,013	31,857
=	Closing balance of cash and cash equivalents	43,222	29,013

STATEMENT OF CHANGES IN EQUITY

TEUR	Notes	Share capital	Capital reserves	Treasury stock	Retained earnings	Non-controlling interests	Total
Balance as of January 1, 2011		22,330	37,563	0	23,455	3,988	87,336
Total comprehensive income after tax		0	0	0	33,724	794	34,519
Payments		0	0	0	0	0	0
Other changes		0	0	0	-1,525	0	-1,525
Balance as of December 31, 2011	D.20	22,330	37,563	0	55,654	4,783	120,330

TEUR	Notes	Share capital	Capital reserves	Treasury stock	Retained earnings	Non-controlling interests	Total
Balance as of January 1, 2010		22,330	37,563	-216	-1,601	3,406	61,483
Total comprehensive income after tax		0	0	0	25,186	582	25,768
Payments		0	0	85	0	0	85
Other changes		0	0	131	-131	0	0
Balance as of December 31, 2010	D.20	22,330	37,563	0	23,455	3,988	87,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF POLYTEC HOLDING AG

FOR THE FINANCIAL YEAR 2011

A. GENERAL INFORMATION

The POLYTEC GROUP is an internationally operating corporation focusing on the automotive and plastics industry with its head office in Austria. In the automotive industry, the Group is working as supplier of exterior and engine compartment components in the high-volume market segment (Automotive / Systems division) as well as supplier of original equipment and components for small and medium series (Car Styling division). Furthermore, the Group produces PU plastic parts as well as machines for their production for other industries.

The consolidated financial statements for the financial year 2011 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 "Landes- und Handelsregister Linz" [Commercial Registry of the City 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 financial statements.

The following new or amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) were adopted by the EU and are applicable for the first time in the financial year 2011:
- IFRS 1 (revised): Limited exemption of first-time adopters from comparative disclosures in accordance with IFRS 7
- IAS 24 (revised): Related Party Disclosures
- IAS 32 (revised): Classification of Rights Issues
- IFRIC 14 (new): Prepayments in the context of minimum funding requirements
- IFRIC 19 (new): Extinguishing Financial Liabilities with Equity Instruments
- Amendments to a number of existing IFRS as a result of the annual improvements project in 2010.

The new or amended standards, which are applicable from January 1, 2011, do not lead to any material changes in the consolidated financial statements of the POLYTEC GROUP. As a result, the accounting and measurement policies applied in the 2011 financial year remain essentially unchanged compared with the consolidated financial statements as of December 31, 2010.

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 fo the first time for financial years commencing on or after:
IAS 1 (revised)	Amendments to IAS 1: Presentation of the components of other comprehensive income	July 1, 2012
IAS 12 (revised)	Limited amendments to IAS 12: Recovery of underlying assets	January 1, 2012
IAS 19 (revised)	Amendment to the accounting standard for employee benefits	January 1, 2013
IAS 27 (revised 2011)	Separate Financial Statements	January 1, 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	January 1, 2013
IFRS 7 (revised)	Amendment to IFRS 7: Improving Disclosures about Transfer of Financial Assets	July 1, 2011
IFRS 9	Financial Instruments	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

This list represents the changes relevant for POLYTEC GROUP. The resulting repercussions on future transactions are currently being evaluated.

The revised IAS 19 standard envisages the abolition of the corridor method, which had been hitherto applied by the POLYTEC GROUP. The revised IAS 19 standard will be applied by the POLYTEC GROUP starting from the 2013 business year.

The new IFRS 9 envisages far-reaching changes with regard to the classification and measurement of financial instruments, the impairment of financial assets and the rules on hedge accounting. Because of the ongoing revision of the standard, the impact on the POLYTEC GROUP cannot be reliably estimated at present. Given the current status of the project, application of IFRS 9 will only be mandatory for financial years commencing on January 1, 2015.

With regard to the future application of additional standards and interpretations that have not yet come into effect and have not yet been applied by the POLYTEC GROUP, no significant material changes to the reported assets, liabilities or other disclosures in the consolidated financial statements are expected.

The consolidated financial statements are presented in thousands of euros (TEUR). When adding up rounded amounts and information given as a percentage, rounding differences may occur due to the use of automatic calculation methods.

The profit and loss statement of the Group is prepared in accordance with the total cost accounting method.

Pursuant to Article 245 a UGB [Austrian Business Code], the present consolidated financial statements replace the consolidated financial statements, which would otherwise have to be prepared in accordance with Article 244 et seq. 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 financial statements include all companies by full consolidation, which are under a controlling influence by the parent company. Thus, five national subsidiaries (previous year: four) and 21 international subsidiaries (previous year: 24) were included in addition to the parent company; these subsidiaries are under the legal and factual control of the POLYTEC GROUP. Nine companies (previous year: twelve), which were not included, are not important for the consolidated financial statements. The balance sheet date for all companies included in the consolidated financial statements is December 31, 2011.

Special purpose entities are included in the consolidated financial statements provided that they are under the controlling influence of the POLYTEC GROUP.

An overview of the fully consolidated companies can be found in annex 5 of the notes of the consolidated financial statements.

The annual financial statements of subsidiaries are included into the consolidated financial statements 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.

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

Basis of consolidation	Full consolidation
As of Dec. 31, 2010	29
Retirement due to company divestments	-3
Company acquisitions	1
As of Dec. 31, 2011	27
thereof foreign companies	21

The Interior-Systems business was transferred to Toyota Boshoku Europe N.V., Zaventem, Belgium by virtue of the purchase agreement dated June 9, 2011. Transfer of beneficial ownership took place when the deal was completed on June 30, 2011. The Board of Directors of POLYTEC decided to sell the Interior-Systems business despite the outstanding technological expertise present within the business. The motives for this strategic decision were the limited prospects for the global positioning needed in this area and the extreme competitive pressures exerted by a few global competitors. Following a thorough examination by the Board of Directors of POLYTEC, Toyota Boshoku emerged as the most sensible purchaser both in the interests of shareholders and the customers and employees at the sites affected.

The divested business achieved annual sales of approximately EUR 320 million with roughly 2,000 employees in the 2010 financial year. The key products of the Interior-Systems business included door panels, roof liners and pillar coverings. The sites in South Africa (Polytec Interior South Africa Proprietary Ltd.) and in Poland (Polytec Interior Polska Sp.z.o.o.) are affected by the sale, as are four sites in Germany (POLYTEC Interior GmbH). These sites were transferred by the sale of 100% of the shares in the respective companies. The sites in Hodenhagen (formerly part of POLYTEC Riesselmann GmbH & Co KG) and Waldbröl (POLYTEC Intex GmbH & Co KG) were transferred by means of asset deals. The operations of POLYTEC Automotive GmbH & Co KG had already been transferred to POLYTEC Interior GmbH in the form of an asset deal on April 30, 2011. With regard to the sale of the Interior-Systems site in Spain (Zaragoza), which was not sold as part of this transaction, please refer to the disclosures under E.2 – Events after the balance sheet date.

In total, the sale of the Interior-Systems business led to POLYTEC's remaining business areas being significantly strengthened and to an increase in the average operating profit margin achieved in the Group. It gives the management the requisite flexibility to be able to expand the core areas of the Group further in line with its long-term strategy. At the same time, the management of POLYTEC is advocating the further expansion of its market position in the areas of composites, injection molding components and car styling as a matter of priority. Possible acquisitions to complement POLYTEC's core business strategically are investigated on an ongoing basis.

The following companies were deconsolidated in the year under review:

Company	Share of equity	Date of deconsolidation
POLYTEC Interior GmbH, Geretsried, Germany	100%	June 30, 2011
Polytec Interior Polska Sp.z.o.o., Tomaszow Mazowiecki, Poland	100%	June 30, 2011
Polytec Interior South Africa (Proprietary) Ltd., Rosslyn, South Africa	100%	June 30, 2011

The deconsolidation profit or loss is included in the profit or loss from the disposal of the entire Interior-Systems business shown below.

The contribution of the Interior-Systems business to the figures shown in the consolidated income statement is as follows in 2011:

TEUR	
Net sales	160,844
Income after taxes	402

The profit or loss from the sale of the Interior-Systems business was calculated by comparing the net assets sold with the consideration received allowing for translation differences previously recognised direct in equity.

TEUR	
Consideration received	24,454
Net assets sold	-18,768
Cumulative translation differences that in the case of loss of control in the subsidiaries were reclassified from equity	1.525
Gain on disposal	7,211

The gain on disposal was recognised in the deconsolidation profit or loss item in the consolidated income statement.

In addition to the purchase price, the consideration received includes sale-related expenses. Allowing for the cash and cash equivalents of the divested Interior-Systems business of TEUR 6,179, cash flow of TEUR 24,128 is produced.

The net assets divested as a result of the sale of the Interior-Systems business are as follows:

TEUR	
Fixed assets	34,327
Current assets	88,765
Non-current provisions and liabilities	-16,902
Current provisions and liabilities	-87,422
Net assets of the Interior-Systems business as of June 30, 2011	**18,768**

A purchase agreement concerning the acquisition of 100% of the shares in PPI Plastic Products Innovation GmbH & Co KG was signed with PPI Immobilien Gesellschaft GmbH on August 3, 2011. The purchase price amounted to TEUR 1,188.

The assets and liabilities of PPI Plastic Products Innovation GmbH & Co KG acquired were recognised at the following fair values on the acquisition date, namely August 31, 2011:

TEUR	Carrying value prior to the acquisition	Fair value at the time of the first consolidation
Intangible assets	21	21
Tangible assets	4,395	5,295
Inventories	3,882	3,882
Accounts receivable	4,313	4,313
Cash and cash equivalents	182	182
Interest-beating liabilities	-8,376	-8,376
Obligations due to employees	-1,148	-1,148
Trade accounts payable	-1,167	-1,167
Provisions for deferred taxes	0	-75
Other liabilities	-1,128	-1,728
Net assets acquired	**974**	**1,199**
Purchasing price	–	1,188
Difference	–	**11**

The remaining negative difference was recognised as income thus increasing the net profit.

The contribution of the company to the figures shown in the consolidated income statement is as follows in 2011:

TEUR	
Net sales	5.345
Income after taxes	-561

To simplify the Group structure, the limited partner's shares in POLYTEC EMC Engineering GmbH & Co KG and in POLYTEC Elastoform GmbH & Co KG were each transferred into their respective limited liability companies acting as general partners by means of the transfer agreement dated October 27, 2011. As a result, POLYTEC EMC Engineering GmbH & Co KG and POLYTEC Elastoform GmbH & Co KG were extinguished without being liquidated. Their corporate assets were transferred to POLYTEC EMC Engineering GmbH and POLYTEC Elastoform GmbH respectively by way of universal succession.

By virtue of the merger agreement dated December 19, 2011, POLYTEC Riesselmann GmbH & Co KG was merged with POLYTEC Plastics Germany GmbH & Co KG (formerly POLYTEC Intex GmbH & Co KG) by way of merger by acquisition. Here, too, the aim was to simplify the Group structure. The merger was entered in the Commercial Register of the Oldenburg District Court on January 24, 2012. This conversion has reduced the number of consolidated companies by one company.

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 non-controlling interests 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 as 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 2011 financial year can be found in section B. 1.

Non-controlling interests are disclosed in the Consolidated Financial Statements under equity in accordance with IAS 27.

All accounts receivables and payables as well as expenses and earnings 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 WITH 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 profit and loss 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 to 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 profit and loss 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 receivables and loans will be accounted with the Group equity capital and will be recorded under the position "Differences from the currency translation".

The following currency exchange rates were used:

	Average exchange rate		Exchange rate on the balance sheet date	
	2011	2010	Dec. 31, 2011	Dec. 31, 2010
CAD	1.3801	1.3635	1.3215	1.3323
GBP	0.8709	0.8554	0.8353	0.8607
PLN	3.9635	4.0032	-	3.9746
USD	1.3980	1.3184	1.2938	1.3362
ZAR	9.7752	9.6339	-	8.8652
CZK	24.5700	25.2525	25.7732	25.0627

C. ACCOUNTING AND VALUATION 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 Group companies were retained. All financial statements were prepared on the assumption that the entity is a going concern.

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 approximately TEUR 10,972 (previous year: TEUR 16,034).

2. GOODWILL

Goodwill results from acquisitions of subsidiaries or interests in associated companies and 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 are determined on a straight-line method.

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

%	
Buildings and leasehold improvements	4.0-20.0
Technical equipment and machinery	6.7-50.0
Other plant, 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 is performed according to schedule over the period of the leasing agreement or over the economic useful life of the assets provided that the transfer of legal ownership of the leased assets is secure enough until the end of the leasing agreement period. The payment obligations resulting from the future leasing rates are discounted and recorded as liabilities.

5. GOVERNMENT GRANTS

Government grants and subventions of 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.

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.

Extraordinary amortizations will be performed for all financial assets in the case of 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 TAX AND OTHER ACCOUNTS RECEIVABLE

Receivable 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

In 2010, all securities were sold.

10. CASH AND SHORT-TERM FINANCIAL RESOURCES

Cash and other short-term financial means consist of cash on hand, checks 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

Assets are tested at the balance sheet date if any indications exist for impairment. For goodwill, such an annual verification (impairment test) is performed shortly before any balance sheet date even if no indications for impairment are given.

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. In case of goodwill, the segment is usually defined as a cash-generating unit.

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 its 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 3 year planning horizon. A perpetual annuity based on the third year's estimates has been assumed for the period beyond this planning horizon The interest rate used for calculating the present value is the weighted average cost of capital of the corresponding cash-generating unit and was defined with 10% to 11% for the 2011 financial year.

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 both amounts from 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 impairment, 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 on the number of years of service and the applicable income on 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 at the balance sheet date with the "projected-unit-credit method" and by applying a discount rate of 4.75% (previous year: 4.75%) as well as by taking into account future salary increases of 2.0% (previous year: 2.0%). 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 method is used for actuarial gains/losses. If the actuarial gains/losses exceed the present value of the defined benefit obligation by more than 10.0% at the beginning of the financial year, they will be recognised as income or expense divided over the average remaining working lives of employees. Current and past service cost and actuarial gains/losses recognised as income or expense are shown in personnel expenses in the consolidated income statement, while interest expense associated with provisions for pensions is shown in the financial result.

ENTITLEMENT TO SEVERANCE PAYMENTS

Due to legal obligations, the employees of Turkish group companies are entitled to severance payments and 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.

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 4.75% (previous year: 4.75%) as well as an increase of 1.5% (previous year: 1.5%) will be applied. The guidelines 2005G – Dr. Klaus Heubeck will be used for the actuarial calculations.

The corridor method is used for actuarial gains/losses. If the actuarial gains/losses exceed the present value of the defined benefit obligation by more than 10.0% at the beginning of the financial year, they will be recognised as income or expense divided over the average remaining working lives of employees. Current and past service cost and actuarial gains/losses recognised as income or expense are shown in personnel expenses in the consolidated income statement, while interest expense associated with provisions for pensions is shown in the financial result.

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 expense (the income tax credit) includes the actual taxes and the deferred taxes.

The actual taxes for the individual companies are calculated based on 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 IFRS 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 losses carried forward 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-TERM AND SHORT-TERM LIABILITIES

The value of the trade account payables 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 using the effective interest method.

The other provisions disclosed under liabilities were 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 will be 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 will be categorized as follows:

a. Financial assets measured at fair value through profit or loss
b. Held for trading
c. Loans and receivables
d. Available for sale

Financial liabilities will be 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 were held on December 31, 2011.

	Currency	Longest term	Nominal (x 1,000)	Fair value in TEUR
Interest rate swap	EUR	Oct. 2012	10,000	-288
Foreign exchange forward contract	USD	Jun. 2012	500	-11
Foreign exchange forward contract	USD	Dec. 2012	500	-3

A Group company also has insignificant currency options. The fair value of these currency options amounted to TEUR -13 as of December 31, 2011.

In addition, a call option may be exercised starting from the 2014 financial year for the acquisition of stakes in companies outside the Group.

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 are 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 RESULTS

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 proportional 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 results.

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 flow 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 deferred tax assets) 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 interest, increases in wage payments and pension contributions as well as anticipated earnings on planned assets. If the development of these relevant parameters differs significantly from the original expectations, this might have considerable repercussions on the provisions and consequently on 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 PROFIT AND LOSS 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. A detailed description of the business activities of the different divisions can be found in section A. of the notes of the consolidated financial statements.

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 customary market conditions.

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.

CHANGE TO SEGMENT REPORTING

The major part of the Interior-Systems business was sold at the end of the first half of 2011. The proportion of "non-automotive" business in virtually all the Group's previous operating segments is increasing significantly and permanently. Other previous dividing lines between the areas of business are also becoming blurred. For instance, the Car Styling division will make increasing use of the injection molding capacity of the Plastics business and the paint-spraying capacity of the Composites business. In consequence, this is leading to a matrix organizational structure for the POLYTEC GROUP.

Accordingly, following the sale of POLYTEC Interior Zaragoza at the end of the year, the management of POLYTEC Holding AG decided to amend the internal management and reporting structure with effect from January 1, 2012. From 2012, the segmentation will no longer be product-oriented, as it has been in recent years, but technology-oriented, with the remaining principal segment, namely "plastic processing", encompassing well over 90% of the Group. This is why the Group will be a "one-segment group" from 2012.

In addition to a more detailed presentation of profits and losses at Group level, the POLYTEC GROUP will make significant, cross-segment disclosures as defined in IFRS 8.31 et seq. in future.

Being a supplier of the automotive industry, the Group only depends on a small number of major customers. In 2011 and 2010, only three customer groups achieved more than 10% of the group's entire sales. In total, the three main customers accounted for roughly 69%[1] of total sales in 2011 (previous year: 56%). Due to the broad variety of models and brands of POLYTECS 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 at the Group level can be summarized as follows:

	External sales		Deferred tax assets		Obligations towards employees	
TEUR	2011	2010	2011	2010	Dec. 31, 2011	Dec. 31, 2010
Austria	21,776	29,471	8,601	10,794	2,619	1,913
Germany	418,915	513,436	2,306	5,835	14,757	22,633
Other EU	186,813	181,269	853	457	0	132
Rest of world	29,849	45,894	0	0	290	201
Group	657,354	770,070	11,759	17,086	17,665	24,878

All information for the segments of the Group can be found in annex 1 of the notes of the consolidated financial statements. Segment sales are reported based on the customer's location.

[1] Including MAN after incorporation into the VW Group.

Sales are divided according to categories as follows:

TEUR	2011	2010
Part sales and other sales	608,450	701,977
Tooling and development sales	48,904	68,093
Total	657,354	770,070

2. OTHER OPERATING INCOME

TEUR	2011	2010
Earnings from the disposal and appreciation of fixed assets excluding financial assets	165	81
Income from release of provisions	4,769	8,935
Exchange rate gains	0	1,045
Other income	8,681	12,170
Total	13,615	22,231

3. EXPENSES FOR MATERIAL AND OTHER SERVICES RECEIVED

TEUR	2011	2010
Material expenses	295,724	344,167
Expenses for services received	50,513	64,462
Total	346,237	408,629

4. PERSONNEL EXPENSES

TEUR	2011	2010
Wages and salaries	144,989	160,259
Expenses for statutory social charges	29,188	34,925
Expenses for severance payments and pensions	2,006	4,754
Other personnel expenses	1,448	6,276
Total	177,631	206,215

Expenses for severance payments and pensions also include expenses for contribution-oriented plans.

The average number of employees was:

	2011	2010
Workers	3,239	4,072
Employees	895	1,112
Total	4,134	5,184

On the balance sheet date as of December 31, 2011, the POLYTEC GROUP employed 3,578 employees (2,764 workers and 814 white-collar employees excluding leased staff).

5. OTHER OPERATING EXPENSES

TEUR	2011	2010
Leased staff	20,955	26,647
Maintenance	15,041	17,838
Transport	6,639	9,615
Rent for buildings	12,712	15,310
Other rent and leases	4,397	4,821
IT and communication costs	2,800	3,330
Legal and consulting fees	3,064	4,041
Loss on exchange rate	98	427
Other operating expenses	8,357	12,708
Other sales expenses	3,483	5,113
Other administration expenses	9,347	9,700
Risk provision and damaging	1,897	3,123
Non income based taxes and charges	438	522
Losses on disposal of fixed assets, excluding financial assets	804	63
Total	90,032	113,258

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. 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 2011 as in the previous year.

7. FINANCIAL RESULT

TEUR	2011	2010
Income from associated companies	444	18
Interest income and income from securities	1,080	232
Interest component of pension commitments	-753	-1,240
Other interest expenses	-3,669	-6,308
Income from the disposal of securities held as current assets	0	6,119
Other financial result	-179	-315
Total	-3,079	-1,495

Income from other investments includes dividends from the POLYTEC Immobilien Group of TEUR 438 (previous year: TEUR 0).

The interest component from pension commitments is a non-cash item. All other interest expenses or interest income are cash items.

8. INCOME TAXES

TEUR	2011	2010
Expenses for current income taxes	4,277	2,962
thereof non periodic	3	57
Changes in deferred income taxes	13	-2,823
thereof non periodic	0	0
Total	4,291	140
thereof non periodic	3	57

The income tax expense of the 2011 financial year amounting to TEUR 4,291 is lower by an amount of TEUR 5,594 compared to the calculated income tax expense amounting to TEUR 9,885, which would result by applying a tax rate of 25% to the result prior to income taxes amounting to TEUR 39,539.

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

TEUR	2011	2010
Earnings before tax	39,539	25,725
there of 25% calculated income tax expense	9,885	6,431
Changes in value adjustments for deferred tax assets	-1,729	-3,414
Permanent differences	-4,319	-2,912
Differences from the discrepancy between the local and the consolidated tax rate	451	-23
Income tax expense for the reporting period	4,288	83
Non-periodic income tax expense	3	57
Disclosed income tax expense	**4,291**	**140**

9. INTANGIBLE ASSETS

The classification of the intangible assets and their development summarized in the consolidated balance sheet are shown in the Consolidated Movement of Assets (annex 2 of the notes).

No intangible assets were mortgaged or pledged as a security for bank liabilities in 2011 as in 2010.

10. GOODWILL

The goodwill is allocated to the following divisions:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Car Styling	12,643	12,643
Automotive/Systems	0	0
Other	6,537	6,537
Total	**19,180**	**19,180**

11. 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 of 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. 6) amounted to TEUR 21,990 as of December 31, 2011 (previous year: TEUR 34,920) and are due as follows:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Within 1 year	6,482	10,423
Longer than 1 year and within 5 years	15,508	24,497
Longer than 5 years	0	0

Tangible assets include finance lease goods with a book value amounting to TEUR 6,269 (previous year: TEUR 4,791). The most important finance leases concern production plants.

The finance lease results in leasing obligations towards third parties amounting to TEUR 5,232 (previous year: TEUR 5,379). The specified leasing obligations (cash values including redemption for residual value) are due as follows:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Within 1 year	1,534	3,029
Longer than 1 year and within 5 years	3,698	2,350
Longer than 5 years	0	0

The leasing payments (without redemption for residual value) corresponding to the cash values amount to TEUR 4,696 (previous year: TEUR 4,590) and are due as follows:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Within 1 year	1,534	2,581
Longer than 1 year and within 5 years	3,162	2,009
Longer than 5 years	0	0

In the 2011 financial year, no tangible asset impairment charges were recognized as in the previous year. No revaluations were made in 2011 as in the previous year.

TEUR 21,314 (previous year: TEUR 30,953) of the tangible assets are mortgaged or pledged as a security for bank liabilities.

12. LOANS

The Group had issued long-term loans to companies of the POLYTEC Immobilien Group (see also the explanations with regard to affiliated companies in E. 6). These were fully paid back in 2011. 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:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Carrying value	0	1,606
Cash flow of the following year	0	408
Cash flow in the years 2 to 5	0	1,349
Cash flow over more than 5 years	0	0

13. DEFERRED TAXES

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

TEUR	Dec. 31, 2011		Dec. 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Tangible assets	-1,586	377	-398	207
Provisions for severance payments	499	0	435	0
Provisions for pensions	121	0	1,338	0
Provisions for personnel	115	0	485	0
Tax losses carried forward	9,961	0	8,844	0
Leasing liabilities	1,062	0	1,276	0
Other provisions	1,335	-21	1,607	0
Others	189	-27	3,375	117
Subtotal	**11,696**	**329**	**16,962**	**324**
Consolidation of debt	0	2,087	0	5,242
Elimination of intercompany profits	62	0	124	0
Capitalization/provisions for deferred taxes	**11,759**	**2,416**	**17,086**	**5,566**

Deferred taxes on losses carried forward of TEUR 16,424 (previous year: TEUR 31,004) were not capitalized.

14. INVENTORY

The inventory is structured as follows:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Raw materials and supplies	16,645	27,599
Unfinished goods	8,579	8,424
Work-in-progress	20,341	28,611
Advance payments received	-7,921	-15,721
Finished goods and merchandise	15,242	13,701
Advance payments made	4,959	4,527
Total	57,845	67,141

TEUR 0 (previous year: TEUR 25,776) of the inventory are pledged as a security for bank liabilities.

15. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

TEUR	Dec. 31, 2011	Dec. 31, 2010
Trade accounts receivable	45,494	61,046
thereof with a residual term > 1 year	0	1,139
thereof from companies, in which participating interests are held	2	286
thereof from affiliated companies	13	4
Other receivables and assets	7,970	17,126
thereof with a residual term > 1 year	419	2,718
thereof from related companies	0	36
Income tax receivable	82	847
thereof with a residual term > 1 year	0	0
Pre-payments and deferred charges	288	548
thereof with a residual term > 1 year	0	0
Total	53,834	79,567
thereof with a residual term > 1 year	419	3,857
thereof from companies in which participating interests are held	2	286
thereof from affiliated companies	13	4
thereof from related companies	0	36

Within the scope of silent global assignments, TEUR 9,936 (previous year: TEUR 32,302) of bank liabilities are secured by accounts receivable.

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

TEUR	Dec. 31, 2011	Dec. 31, 2010
Non payable	29,052	44,379
Due up to 60 days	13,287	10,536
Due up to 120 days	1,238	2,912
Due up to 360 days	1,038	3,066
Longer than 360 days	878	153
Total	45,494	61,046

For the determination of the recoverability of the accounts receivable, not only the individual creditworthiness of the debtor, but especially their days overdue has 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:

TEUR	Trade accounts receivables	Other receivables
Balance as of January 1, 2011	2,494	94
Changes in consolidation	-683	-94
Use	-374	0
Release	-63	0
Allocation	494	0
Foreign exchange rate differences	3	0
Balance as of December 31, 2011	1,871	0

16. INTEREST-BEARING RECEIVABLES

In essence, the non-current interest-bearing receivables are due from Toyota Boshoku and are the result of the sale of the Interior-Systems business.

The Group has also made available a short-term loan to a company in the POLYTEC Immobilien Group (please see the explanations under E.6. on related parties). This will be repaid in full in the financial year 2012.

17. CASH AND CASH EQUIVALENTS

TEUR	Dec. 31, 2011	Dec. 31, 2010
Cash and cash equivalents (short term)	43,222	29,013

Restrictions concerning the amounts included in this position were not existent on the balance sheet date. TEUR 0 (previous year: TEUR 189) are pledged as a security for bank liabilities.

18. FINANCIAL ASSETS

TEUR	Amortized costs	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount as of Dec. 31, 2011	Fair value as of Dec. 31, 2011
Loans and receivables					
Accounts receivables and other receivables	53,046	0	0	53,046	53,046
Interest-bearing receivables	13,750			13,750	13,750
Investments in other companies	833	0	0	833	833
Cash and cash equivalents (short term)	43,222	0	0	43,222	43,222
	110,852	0	0	110,852	110,852
Held for trading					
Foreign exchange forward transactions	0	0	-27	-27	-27
Interest rate derivatives	0	0	-288	-288	-288
	0	0	-315	-315	-315
Total	110,852	0	-315	110,537	110,537

TEUR	Amortized costs	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount as of Dec. 31, 2010	Fair value as of Dec. 31, 2010
Loans and receivables					
Accounts receivables and other receivables	78,102	0	0	78,102	78,102
Loans	1,606	0	0	1,606	1,606
Investments in other companies	1,183	0	0	1,183	1,183
Cash and cash equivalents (short term)	29,013	0	0	29,013	29,013
	109,903			109,903	109,903
Held for trading					
Foreign exchange forward transactions	0	0	70	70	70
Interest rate derivatives	0	0	-645	-645	-645
	0	0	-575	-575	-575
Total	109,903	0	-575	109,328	109,328

Cash and cash equivalents, trade accounts receivable 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 with the cash value of the payments based on the actual market parameter.

Loans and receivables also include securities that are not 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:

TEUR	Thereof stage 1 Dec. 31, 2011	Thereof stage 2 Dec. 31, 2011	Thereof stage 3 Dec. 31, 2011
Held for trading			
Foreign exchange foreward transactions	0	-27	0
Interest rate derivatives	0	-288	0
	0	-315	0

TEUR	Thereof stage 1 Dec. 31, 2010	Thereof stage 2 Dec. 31, 2010	Thereof stage 3 Dec. 31, 2010
Held for trading			
Foreign exchange foreward transactions	0	70	0
Interest rate derivatives	0	-645	0
	0	-575	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.

19. ASSETS HELD FOR SALE

The assets held for sale relate to property, plant and equipment (TEUR 144) as well as inventories (TEUR 958) in connection with the transaction described under E.2., Events after the balance sheet date.

20. 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 held on 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 EUR 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.

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 2006 financial year, which can be allocated to the capital increase. In the 2008 financial 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 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:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Total equity	120,330	87,336
Balance sheet total	263,930	308,512
Equity ratio	45.6%	28.3%

For POLYTEC, the term "capital management" means the control of the equity capital and the net financial liabilities. 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.

21. 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 non-controlling interests) by the weighted average of outstanding ordinary shares during the reporting period.

		Dec. 31, 2011	Dec. 31, 2010
Net income after non-controlling interests	TEUR	34,490	25,009
Weighted average number of ordinary shares issued	shares	22,329,585	22,329,585
Average number of treasury shares	shares	0	0
Average number of shares outstanding	shares	22,329,585	22,329,585
Earnings per share	EUR/share	1.54	1.12

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.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of POLYTEC Holding AG prepared in accordance with Austrian accounting regulations as of December 31, 2011 provide the basis for payment of a dividend.

The Board of Directors of POLYTEC Holding AG will propose payment of a dividend of EUR 0.35 per share for the 2011 financial year to the Annual General Meeting.

In principle, the dividends are subject to the deduction of capital gains tax at 25%. This means that for individuals with unlimited liability for tax, their income tax liability is settled (final taxation). Joint stock companies with unlimited liability for tax, which hold at least 10% of the share capital, are exempt from capital gains tax. For those individuals whose liability for tax is limited, the relevant double taxation treaties must also be taken into account.

22. 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:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Liabilities due to banks	14,365	19,658
thereof with a residual term > 5 years	0	286
thereof with collateral securities	14,365	19,658
Other interest bearing liabilities	190	198
thereof with a residual term > 5 years	0	0
Lease liabilities	3,698	2,350
thereof with a residual term > 5 years	0	0
Total	18,253	22,206

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

	2011		2010	
	Proportion %	Average ordinary interest	Proportion %	Average ordinary interest
EUR	94.3	2.61	96.2	4.49
GBP	5.7	2.69	3.8	2.40

23. OBLIGATIONS DUE TO EMPLOYEES

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

TEUR	Dec. 31, 2011	Dec. 31, 2010
Provisions for severance payments	2,417	1,714
Provisions for pensions	13,788	21,464
Provisions for long-service bonus payments	1,170	1,368
Other long-term provisions	290	333
Total	17,665	24,878

For further information about the development of the provisions for severance payments, pensions and long service bonus payments in the previous financial years please refer to annex 3 of the notes of the consolidated financial statements.

24. OTHER LONG-TERM LIABILITIES

TEUR	Dec. 31, 2011	Dec. 31, 2010
Long-term contingent liabilities and provisions	0	2,629
Government grants (residual terms > 1 year)	208	601
Total	208	3,231

25. TRADE ACCOUNTS PAYABLE

TEUR	Dec. 31, 2011	Dec. 31, 2010
Trade accounts payable	34,484	63,636
thereof due to affiliated companies	151	153
Advanced payments received	992	1,929
Total	35,477	65,565

26. SHORT-TERM INTEREST-BEARING LIABILITIES

As in the previous year, current interest-bearing liabilities relate entirely to liabilities to banks.

27. SHORT-TERM PART OF LONG-TERM LOANS

TEUR	Dec. 31, 2011	Dec. 31, 2010
Bank liabilities with a residual term of less than 1 year	7,476	6,175
Lease liabilities with a residual term of less than 1 year	1,534	3,029
Total	9,010	9,204

28. 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:

TEUR	2011	2010
Balance as of January 1 of the reporting year	2,922	2,202
Changes in the consolidation basis	0	-180
Exchange rate differences	7	2
Use	-2,098	-1,063
Release	-22	-497
Addition	3,590	2,457
Balance as of December 31 of the reporting year	4,398	2,922

29. OTHER SHORT-TERM LIABILITIES

TEUR	Dec. 31, 2011	Dec. 31, 2010
Provision for vacation	5,449	6,449
Other personal expenses	5,325	5,899
Losses and risks	5,943	11,080
Other short-term provisions	19,074	15,291
Short-term provisions	35,791	38,719
Liabilities to associated companies	0	0
Other tax liabilities	2,416	6,733
Social security liabilities	977	1,040
Other liabilities	5,143	14,283
Government grants with a residual term of less than one year	129	382
Deferred charges	0	571
Total	44,455	61,728

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 of the notes of the consolidated financial statements.

30. FINANCIAL LIABILITIES

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

TEUR	Amortized costs	Fair value without impact on profit and loss	Fair value through profit and loss	Carrying value as of Dec. 31, 2011	Fair value as of Dec. 31, 2011
Measured at amortized costs					
Long-term interest-bearing financial liabilities	14,555	0	0	14,555	14,555
Short-term interest-bearing financial liabilities	19,190	0	0	19,190	19,190
Trade accounts payable	35,477	0	0	35,477	35,477
Other short-term liabilities	4,826	0	0	4,826	4,826
	74,048	0	0	74,048	74,048
Not allocated according IAS 39 (Financial lease)					
Long-term interest bearing financial liabilities	3,697	0	0	3,697	3,697
Short-term interest bearing financial liabilities	1,539	0	0	1,539	1,539
	5,236	0	0	5,236	5,236
Total	79,284	0	0	79,284	79,284

TEUR	Amortized costs	Fair value without impact on profit and loss	Fair value through profit and loss	Carrying value as of Dec. 31, 2010	Fair value as of Dec. 31, 2010
Measured at amortized costs					
Long-term interest-bearing financial liabilities	19,856	0	0	19,856	19,856
Short-term interest-bearing financial liabilities	32,053	0	0	32,053	32,053
Trade accounts payable	65,565	0	0	65,565	65,565
Other short-term liabilities	13,636	0	0	13,636	13,636
	131,110	0	0	131,110	131,110
Not allocated according IAS 39 (Financial lease)					
Long-term interest bearing financial liabilities	2,349	0	0	2,349	2,349
Short-term interest bearing financial liabilities	3,029	0	0	3,029	3,029
	5,378	0	0	5,378	5,378
Total	136,488	0	0	136,488	136,488

Trade accounts payables and other liabilities have short-term maturity and, therefore, the carrying values nearly accord with the residual value. The residual value of the interest-bearing liabilities and other financial liabilities were calculated with the cash value of the payments related to the liabilities based on 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 reserves and bank deposits. The income tax payments are separately shown in the cash flow from business activities.

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

TEUR	2011	2010
Interest cash in	1,080	232
Interest cash out	-4,026	-6,769
Total	-2,947	-6,537

2. EVENTS AFTER THE BALANCE SHEET DATE

By virtue of the purchase agreement dated December 23, 2011, the Zaragoza site (POLYTEC Interior Zaragoza S.L.) was transferred to Módulos Ribera Alta S.L.U., Zaragoza, Spain, a wholly-owned subsidiary of Celulosa Fabril S.A., Zaragoza, Spain, by means of an asset deal. The transfer of beneficial ownership took place when the deal was completed on January 3, 2012.

The sale of the Zaragoza site was the final step towards the POLYTEC GROUP's complete withdrawal from the area of Interior-Systems. The sale of the assets by way of an asset deal will have a positive effect on earnings of approximately EUR 0.6 million in the first quarter of 2012.

Further events occurring after the balance sheet of 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. OTHER RISKS AND OBLIGATIONS AS WELL AS OFF-BALANCE SHEET TRANSACTIONS

Individual companies of the POLYTEC GROUP concluded a factoring agreement for up to EUR 16.5 million with a German factoring company. Provided that 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 GmbH Group, there is an existing obligation with regard to a leasing agreement amounting to TEUR 1,500 (previous year: TEUR 1,500). An amount of TEUR 1,500 (previous year: TEUR 542) was reported on the liabilities side in the present consolidated financial statements due to the closure of the site in Sweden.

Various legal actions and claims are pending from litigations and claims incidental to the ordinary course of business. Although the outcome of these proceedings and claims cannot be predicted with certainty, the Board of Directors does not believe that the outcome of any of these matters will have a material adverse effect on the company's liquidity situation, results of operations or financial condition.

Other risks and obligations, which have not been mentioned in the present consolidated financial statements or in the explanations concerning the consolidated financial statements, are inexistent.

4. RISK REPORTING

Within the scope of its business activities, the POLYTEC GROUP is subject to a variety of risks, which are directly related to corporate transactions. Risk management is an integral part of all business processes of POLYTEC. 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. In line with the organizational structure of POLYTEC, risks are locally managed and monitored close to the market, especially within the scope of the current business processes. However, 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, which faces very strong competition and is also currently undergoing a consolidation process. Sales volumes are mainly dependent on the acquisition of new orders, which are usually placed two to three years prior to serial production. In the order acquisition phase, each supplier faces strong competition from its rivals to offer the best conditions. During serial production, the supplier is also dependent on the sales figures of the vehicle, for which the supplier provides the components; however, the supplier has no direct influence on the vehicle's business success. Furthermore, suppliers are permanently benchmarked by the OEMs even after the start of 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 represented by the fluctuation of raw material prices, which in the case of the POLYTEC GROUP as a plastic-processing company are mainly due to a sustainable change in oil price and refinery capacities. On the procurement side, this risk is countervailed with long-term delivery agreements and on the sales side, with material fluctuation clauses in the disclosed calculations, as far as these are enforceable towards the customers. To some extent, negotiations with regard to raw materials and bought-in parts take place directly between the company's customers and the suppliers. As far as prices are only agreed with the customer on an annual basis, changes in raw material prices are an important parameter for the annual negotiations of new prices. Furthermore, increased research and development expenses are aimed at using new raw materials (natural fiber).

FINANCIAL RISKS, THEIR MANAGEMENT AND SENSITIVITY

Credit risk: Due to the company's customer structure, with more than 90% of total turnover being generated with OEMs or with 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 in accordance with what has been agreed is guaranteed. In the 2011 financial year, approx. 69%[1] (previous year: 56%) of the turnover was achieved with the company's three major customers; this results in a certain accumulated credit risk, which has been assessed by the management as rather uncritical with regard to the potential non-payment of credits. Dependency on only a few customers is a basic characteristic of the automotive industry suppliers. In this context, the "customer" is defined as a group of affiliated companies, which can also produce vehicles of several different brands. The management will focus on greater diversification going forward by expanding its customer base in the non-automotive business area.

[1] Including MAN after incorporation into the VW Group.

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

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

TEUR	Dec. 31, 2011	Dec. 31, 2010
Loans and receivables	110,851	109,903
At fair value through profit and loss	0	0
Held for trading	0	70
Available for sale	0	0
Total	110,851	109,973

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

			Overdue but not impaired			
Dec. 31, 2011	Total	Not overdue and not impaired	Up to 60 days	Up to 60-120 days	Up to 120-360 days	Longer than 360 days
Trade accounts receivables	45,494	29,052	13,287	1,238	1,038	878
Other accounts receivables	8,340	7,757	0	0	212	372

			Overdue but not impaired			
Dec. 31, 2010	Total	Not overdue and not impaired	Up to 60 days	Up to 60-120 days	Up to 120-360 days	Longer than 360 days
Trade accounts receivables	61,046	44,379	10,536	2,912	3,066	153
Other accounts receivables	18,521	16,843	348	93	1,103	134

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

TEUR	Carrying value as of Dec. 31, 2011	Total obligate cash flows	Thereof till 1 year	Thereof over 1 but less than 5 years	Thereof more than 5 years
Bank loans	22,031	23,118	7,321	15,404	393
Bank credits in current account	11,719	12,012	12,012	0	0
Financial lease	5,231	5,513	1,694	3,818	0
Trade payables	35,477	35,477	35,477	0	0
Other financial liabilities	4,826	4,826	4,826	0	0
Total	79,284	80,945	61,329	19,223	393

TEUR	Carrying value as of Dec. 31, 2010	Total obligate cash flows	Thereof till 1 year	Thereof over 1 but less than 5 years	Thereof more than 5 years
Bank loans	36,884	40,528	19,582	20,442	504
Bank credits in current account	15,042	15,580	15,580	0	0
Financial lease	5,378	5,903	3,311	2,592	0
Trade payables	65,565	65,565	65,565	0	0
Other financial liabilities	13,636	13,636	13,636	0	0
Total	138,488	141,212	117,674	23,034	504

Bank credits in current accounts provided to the Group have a contractually agreed remaining term of less than one year so that their expected future cash flow has to be shown during this term. However, these credits are normally prolonged on a 12-15 month basis so that the aforementioned repatriations cannot be expected.

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. As the purchase of intermediate inputs is performed with the same currency as the sale of intermediate inputs, foreign exchange risks are hedged. The Group is subject to higher foreign exchange risks in those countries, where invoices are written in euro but intermediate inputs have to be purchased in the local currency. Such risks, for example, apply to Czech crown. 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:

	Dec. 31, 2011		
TEUR	Euro	Foreign currency	Total
Investments	834	0	834
Receivables and other assets	44,104	8,943	53,046
Interest-bearing receivables	13,750	0	13,750
Cash in bank	41,904	1,318	43,222
Derivative instruments	-302	-13	-315
Total	100,290	10,248	110,537

	Dec. 31, 2011		
TEUR	Euro	Foreign currency	Total
Long-term interest-bearing financial liabilities	16,730	1,523	18,253
Short-term interest-bearing financial liabilities	20,211	518	20,729
Accounts payable trade	32,510	2,967	35,477
Other short-term liabilities	3,796	1,031	4,826
Total	73,247	6,039	79,285

	Dec. 31, 2010		
TEUR	Euro	Foreign currency	Total
Investments	1,183	0	1,183
Receivables and other assets	66,537	11,565	78,102
Loans	1,606	0	1,606
Cash in bank	23,344	5,669	29,013
Derivative instruments	-575	0	-575
Total	92,095	17,234	109,329

	Dec. 31, 2010		
TEUR	Euro	Foreign currency	Total
Long-term interest-bearing financial liabilities	21,367	839	22,206
Short-term interest-bearing financial liabilities	32,978	2,104	35,082
Accounts payable trade	59,346	6,219	65,565
Other short-term liabilities	12,953	683	13,636
Total	126,644	9,845	136,489

The distribution structure shows that the risk the Group is subject to due to exchange rate fluctuations is very low since both financial assets held in foreign currency totaling 9.3% (previous year: 15.8%) and liabilities totaling 7.6% (previous year: 7.2%) account for only a minor part of the total volume. Furthermore, currency fluctuations would equally affect both assets and liabilities and therefore show compensatory effects.

A roughly 10% decrease or increase in exchange rates with regard to trade accounts payable and liabilities outside the Group would not have any significant impact on results and 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 are 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:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Liabilities to banks	33,560	51,711
thereof with fixed interest rate	5,908	5,828
thereof with variable interest rate	27,652	45,883
Finance lease	5,231	5,378
thereof with fixed interest rate	5,231	5,378
thereof with variable interest rate	0	0
Other interest-bearing liabilities	190	198
thereof with fixed interest rate	190	198
thereof with variable interest rate	0	0
Total	**38,981**	**57,287**
thereof with fixed interest rate	11,329	11,404
thereof with variable interest rate	27,652	45,883

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, without taking into account existing interest rate swaps, result in an increase of the interest expenses by approx. TEUR 280 (previous year: TEUR 460).

Interest-bearing receivables and current cash and cash equivalents contain assets, on which interest is payable at floating rates, of TEUR 23,893. An increase of the 3-month EURIBOR by 100 basis points would increase interest income by approximately TEUR 239 (previous year: TEUR 290).

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

TEUR	2011	2010
Received payments	-464	-460
Valuation result	274	226
Total	**-190**	**-234**

Following the sale of the listed securities held as current assets (shares) by the Group in the previous year, POLYTEC is no longer subject to the risk of a change in the stock exchange price.

5. NET INCOME ACCORDING TO EVALUATION CATEGORIES

Dec. 31, 2011 TEUR	Interests	Value adjustments	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	1,080	-431	0	0	444	0	1,093
Financial liabilities	-3,669	0	-63	0	0	0	-3,732
Financial investments available for sale	0	0	0	0	0	0	0
Financial investments held-to-maturity	0	0	0	0	0	0	0
At fair value through profit and loss	0	0	0	0	0	-191	-191

Dec. 31, 2010 TEUR	Interests	Value adjustments	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	232	411	0	0	18	0	661
Financial liabilities	-6,308	0	-8	0	0	0	-6,316
Financial investments available for sale	0	0	0	6,119	0	0	6,119
Financial investments held-to-maturity	0	0	0	0	0	0	0
At fair value through profit and loss	0	0	0	0	0	-164	-164

6. RELATED PARTIES

Related parties according to IAS 24 include 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 family of the CEO of the POLYTEC GROUP, Friedrich Huemer, is the sole owner of the stakes in the said companies and Friedrich Huemer is the managing director with sole power of representation of the said companies.

At the balance sheet date on December 31, 2011, the company was informed about the following proportions of voting rights, which is subject to notification pursuant to Para. 91 of the Stock Exchange Act:

Huemer Group: 27%
Delta Lloyd Asset Management NV: 11%
Capital Research and Management: 5%

The remaining shares are free float.

The POLYTEC GROUP has established business relationships with the following companies of the IMC Group in the 2010 financial year:

POLYTEC IMMOBILIEN GROUP

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

1. POLYTEC Holding AG	Group Headquarter
2. POLYTEC For Car Styling GmbH & Co KG	Hörsching Plant
3. POLYTEC Avo n.v.	Schoten Plant
4. POLYTEC Thermoplast GmbH & Co KG	Idstein Plant
5. POLYTEC Riesselmann GmbH & Co KG	Lohne and Wolmirstedt Plants
6. PPI Plastic Products Innovation GmbH & Co KG	Ebensee Plant
7. POLYTEC Composites Germany GmbH & Co KG	Gochsheim, Cornberg and Voerde Plants
8. POLYTEC Composites Slovakia s.r.o.	Sladkovicovo Plant
9. POLYTEC Elastoform GmbH & Co KG	Marchtrenk Plant
10. POLYTEC Thelen GmbH	Bochum Plant

The rental expenses from the rental contracts amounted to approx. EUR 8.2 million in the 2011 financial year (previous year: EUR 9.2 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 18,809 as of December 31, 2011 (previous year: TEUR 27,839) and are due as follows:

TEUR	Dec. 31, 2011	Dec. 31, 2010
Within 1 year	7,726	9,058
Longer than 1 year within 5 years	8,720	14,892
Over 5 years	2,363	3,889

Loans were issued to a company of the Polytec Immobilien Group, which were balanced under "Loans" in the financial assets in the previous year. The loans carried interests at an ordinary market rate and were fully repaid in the 2011 financial year. Further information can be found in section D. 12.

POLYTEC Immobilien Deutschland GmbH paid a dividend of TEUR 438 to the POLYTEC GROUP in the 2011 financial year.

On the basis of the explicit request by the purchaser Toyota Boshoku, the sale of the Interior-Systems business was linked indispensably to the sale of the properties rented to the respective companies in the Interior Division by the POLYTEC Immobilien Group. In this connection, the sale of the property by the POLYTEC Immobilien Group was effected at a price at the lower end of the market value range. The POLYTEC Immobilien Group only agreed to the sale at this unfavorable price on condition that it received compensation for the waiver associated therewith of a more advantageous alternative potential sale. In the light of this, the POLYTEC GROUP paid a compensation of TEUR 1,375 to the POLYTEC Immobilien Group. The sale of the Interior-Systems business in this economically beneficial form for the POLYTEC GROUP was only possible through the concessions by the POLYTEC Immobilien Group regarding the sale of the properties to Toyota Boshoku, since without these it is highly likely that the sale would have been far less advantageous.

In the wake of the preparation of the sale of the Zaragoza site, the POLYTEC Immobilien Group concluded a sale-and-leaseback agreement with the Spanish company and took over a loan by the POLYTEC Immobilien Group to this company below its carrying amount. This had no impact on earnings as far as the consolidated income statement of the POLYTEC GROUP is concerned.

All transactions were carried out based on market customary rates. No provisions for doubtful debts and no expenses for doubtful or unrecoverable debts were recorded in 2011 in connection with transactions with related parties.

OTHER BUSINESS RELATIONSHIPS

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

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

7. SALARIES OF EXECUTIVES

Total remuneration of the members of the Board of Directors in the year under review amounted to TEUR 2,913 (previous year: TEUR 2,021). TEUR 2,903 (previous year: TEUR 2,016) are to be attributed to short-term benefits. TEUR 10 (previous year: TEUR 5) refer to payments made after the termination of the working relationship. In addition, remuneration in kind in the form of company cars and mobile phones were granted.

Not yet paid variable portions of salary affecting the 2011 business year are balanced in the short-term personnel provisions.

There are no stock-option plans or similar shareholding-based remuneration pursuant to IFRS 2.

Total expenses for the remunerations of the members of the Supervisory Board in the 2011 financial year amounted to TEUR 89 (previous year: TEUR 90).

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

8. EXPENSES FOR THE GROUP AUDITORS

Expenses for the services provided by the Group auditors in 2011 are as follows:

TEUR	2011	2010
Annual financial statements	104	112
Other services	41	181
Total	**145**	**293**

9. GOVERNING BODIES OF POLYTEC HOLDING AG

In the year under review, the **members of the Board of Directors** at the time of the preparation of the consolidated accounts included:

Friedrich Huemer, Wallern (Chairman of the Board of Directors)
Alfred Kollros, St. Valentin
Peter Haidenek, Velden am Wörthersee (since February 1, 2011)

In the year under review, the **members of the Supervisory Board** at the time of the preparation of the consolidated accounts included:

Fred Duswald, Thalheim (Chairman)
Manfred Helmut Trauth, Knittelsheim, Germany (Vice Chairman)
Robert Büchelhofer, Starnberg, Germany
Viktoria Kickinger, Vienna
Reinhard Schwendtbauer, Leonding

The Board of Directors of POLYTEC Holding AG approved the consolidated financial statements on March 27, 2012 and authorized its transmission to the Supervisory Board. The Supervisory Board is entitled to initiate changes to the consolidated financial statements within the framework of its supervisory duty.

Hörsching, March 27, 2012

The Board of Directors

Friedrich Huemer m. p. Alfred Kollros m. p. Peter Haidenek m. p.

ANNEX 1

REPORTING BY BUSINESS SEGMENT

	Automotive / Systems		Car Styling	
TEUR	2011	2010	2011	2010
Net sales (not consolidated)	669,699	824,583	88,473	87,937
thereof:				
Internal sales own division	109,632	148,659	10,129	11,919
Internal sales other divisions	1,089	76	122	244
External sales	558,977	675,847	78,223	75,773
EBITDA	47,678	43,535	7,331	7,016
Depreciation and amortisation	16,252	24,484	1,392	1,567
Material earnings positions				
Income from reversal of provisions for liabilities	4,713	8,552	43	331
Deconsolidation gains	7,211	736	0	0
Operating profit (EBIT)	31,426	19,051	5,938	5,449
Financial expenses	-4,619	-7,037	-388	-344
Other finacial results	450	0	0	0
Taxes on income	-1,202	-349	-507	-516
Net profit	26,055	11,664	5,043	4,589
Operating assets	132,938	205,549	46,916	39,635
Operating liabilities	70,059	122,189	11,820	7,894
Capital employeed	62,879	83,260	35,095	31,741
thereof:				
Deffered taxes	3,262	6,404	454	436
Employee benefit obligations	15,560	22,920	1,577	1,399
Investments	13,575	14,308	2,500	1,560
Book value of asset disposals and change in long-term provisions including deconsolidation gains	4,955	220	-181	-240

INFORMATION ON GEOGRAPHIC ALLOCATION

	External sales		Fixed assets		Deferred tax assets		Obligations to employees	
TEUR	2011	2010	2011	2010	2011	2010	2011	2010
Austria	21,776	29,471	45,532	32,695	8,601	10,794	2,619	1,913
Germany	418,915	513,436	44,864	83,905	2,306	5,835	14,757	22,633
Other EU	186,813	181,269	13,260	17,738	853	457	0	132
Rest of the world	29,849	45,894	1,872	2,312	0	0	290	201
Group	657,354	770,070	105,527	133,693	11,759	17,086	17,665	24,878

Other Segments		Consolidation		Group	
2011	**2010**	**2011**	**2010**	**2011**	**2010**
21,362	19,235	0	0	779,534	931,754
1,206	773	0	0	120,967	161,352
2	12	0	0	1,212	332
20,154	**18,450**	**0**	**0**	**657,354**	**770,070**
6,064	**3,614**	**251**	**108**	**61,323**	**54,272**
1,061	1,002	0	0	18,705	27,053
13	51	0	0	4,769	8,935
0	0	0	0	7,211	736
5,003	**2,612**	**251**	**108**	**42,618**	**27,219**
1,760	646	-96	-90	-3,343	-6,826
33,514	11,665	-33,699	-6,333	264	5,332
-3,046	710	465	16	-4,291	-140
37,231	**15,632**	**-33,080**	**-6,300**	**35,249**	**25,585**
24,189	17,939	-6,859	-3,433	197,183	259,689
6,443	6,631	-3,575	-3,456	84,747	133,257
17,746	11,308	-3,283	24	112,437	126,333
8,091	10,294	-48	-48	11,759	17,086
851	751	-322	-192	17,665	24,878
1,413	834	0	0	17,489	16,702
-178	-263	130	167	4,725	-115

ANNEX 2

SUMMARY OF FIXED ASSETS AS OF DECEMBER 31, 2011

TEUR	Balance as of Jan. 1, 2011	Changes in consolidation	Translation differences	Additions	Disposals
I. Intangible assets					
1. Research and development costs	1,008	0	0	0	207
2. Rights	9,204	-2,498	-9	368	3,066
3. Goodwill	45,508	0	0	0	0
	55,720	-2,498	-9	368	3,273
II. Tangible assets					
1. Land and buildings	12,291	-1,474	26	723	1,980
2. Technical equipment and machinery	228,237	-59,506	-187	7,904	33,365
3. Other equipment, fixtures, fittings and equipment	51,572	-17,370	-4	4,599	2,962
4. Advance payments made and assets under construction	1,793	-1,009	-1	3,894	322
	293,893	-79,359	-165	17,120	38,629
III. Financial assets					
1. Investments in affiliated companies	280	-35	0	35	75
2. Investments in associated companies	1,031	0	0	0	0
3. Investment in joint ventures	882	0	0	0	275
4. Other investments	1,606	0	0	15	1,621
5. Fixed asset securities	1	–	–	–	–
	3,800	-35	0	50	1,971
	353,412	-81,893	-173	17,539	43,874

CONSOLIDATED MOVEMENT OF FIXED ASSETS AS OF DECEMBER 31, 2010

TEUR	Balance as of Jan. 1, 2010	Changes in consolidation	Translation differences	Additions	Disposals
I. Intangible assets					
1. Research and development costs	1,008	0	0	0	0
2. Rights	9,684	-95	48	781	1,214
3. Goodwill	45,627	-119	0	0	0
	56,319	-214	48	781	1,214
II. Tangible assets					
1. Land and buildings	12,827	-1,085	200	427	103
2. Technical equipment and machinery	228,794	-9,959	1,232	8,695	4,846
3. Other plant, fixtures, fittings and equipment	49,361	-1,079	517	4,574	2,214
4. Advance payments made and assets under construction	4,465	0	5	2,200	118
	295,446	-12,122	1,954	15,897	7,282
III. Financial assets					
1. Investments in affiliated companies	290	0	0	25	35
2. Investments in associated companies	1,031	0	0	0	0
3. Investment in joint ventures	882	0	0	0	0
4. Other investments	2,000	0	0	0	394
5. Fixed asset securities	2	-1	0	0	0
	4,205	-1	0	25	429
	355,971	-12,338	2,002	16,702	8,925

Cost of acquisition or production					
Transfers	Balance as of Dec. 31, 2011	Depreciation of the financial year	Accumulated depreciation	Net book value Dec. 31, 2011	Net book value Dec. 31, 2010
0	801	25	801	0	25
0	3,999	607	3,335	663	1,597
0	45,508	0	26,328	19,180	19,180
0	50,308	632	30,464	19,844	20,803
88	9,674	481	4,983	4,691	6,289
548	143,632	14,223	99,724	43,908	69,867
89	35,925	3,352	26,374	9,551	14,190
-726	3,630	18	40	3,590	1,770
0	192,860	18,073	131,120	61,740	92,115
0	205	0	0	205	280
0	1,031	0	1,000	31	31
0	607	0	10	597	872
	0	0	0	0	1.606
	1	0	0	1	1
0	1.844	0	1,010	834	2,790
0	245,012	18,705	162,594	82,417	115,707

Cost of acquisition or production					
Transfers	Balance as of Dec. 31, 2010	Depreciation of the financial year	Accumulated depreciation	Net book value Dec. 31, 2010	Net book value Dec. 31, 2009
0	1,008	80	984	25	105
0	9,204	1,022	7,606	1,597	1,870
0	45,508	0	26,328	19,180	19,300
0	55,720	1,102	34,917	20,803	21,274
25	12,291	575	6,002	6,289	6,924
4,322	228,237	20,871	158,371	69,867	80,696
413	51,572	4,506	37,382	14,190	14,113
-4,760	1,793	0	23	1,770	4,442
0	293,893	25,951	201,778	92,115	106,176
0	280	0	0	280	290
0	1,031	0	1,000	31	31
0	882	0	10	872	872
0	1,606	0	0	1,606	2,000
0	1	0	0	1	2
0	3,800	0	1,010	2,789	3,95
0	353,412	27,053	237,706	115,707	130,645

ANNEX 3

CHANGES IN PROVISIONS FOR SEVERANCE PAYMENTS, PENSIONS AND JUBILEE PAYMENTS IN THE FINANCIAL YEARS 2007-2011

TEUR	2011	2010	2009	2008	2007
Present value of severance payments (DBO) as of January 1	1,906	1,638	1,921	1,743	1,947
Change in scope of consolidation	556	0	0	0	0
Service cost	129	120	129	124	162
Interest cost	88	87	99	91	87
Severance payments	-70	-106	-329	-98	-179
Realized actuarial profit/loss	130	167	-182	61	-275
Present value of severance payments (DBO) as of December 31	2,739	1,906	1,638	1,921	1,743
Unrealized actuarial profit/loss	-322	-192	-25	-208	-147
Provisions for severance payments as of December 31	2,417	1,714	1,613	1,713	1,597

TEUR	2011	2010	2009	2008	2007
Present value of pensions (DBO) as of January 1	21,536	20,355	21,459	20,653	7,148
Change in scope of consolidation	-7,734	0	-2,244	2,306	13,752
Service cost	95	1,386	962	586	327
Interest cost	631	1,153	1,187	213	727
Pensions payments	-839	-927	-888	-1,217	-630
Realized actuarial profit/loss	-4	-432	-121	-1,082	-670
Present value of pensions (DBO) as of December 31	13,684	21,536	20,355	21,459	20,653
Unrealized actuarial profit/loss	104	-72	856	1,108	165
Provisions for pensions as of December 31	13,788	21,464	21,211	22,566	20,818

TEUR	2011	2010	2009	2008	2007
Present value of performance orientated obligations	1,170	1,368	1,272	2,291	1,155
Realized actuarial profit/loss	0	0	0	0	0
Provisions for jubilee payments	1,170	1,368	1,272	2,291	1,155

ANNEX 4

CHANGES IN SHORT-TERM PROVISIONS IN THE FINANCIAL YEAR 2011

TEUR	Balance as of January 1, 2011	Change in scope of consolidation	Currency translation	Utilisation	Release	Addition	Balance as of Dec. 31, 2011
Provisions for vacation	6,449	-1,604	-3	4,599	539	5,744	5,449
Other short-term personnel expenses	5,899	-1,725	1	3,091	274	4,514	5,325
Provisions for anticipated losses and risks	11,080	-2,461	0	3,893	1,043	2,261	5,943
Provisions	15,291	-3,039	500	4,314	3,726	14,856	19,074
	38,719	-8,829	3	15,896	5,582	27,375	35,791

CHANGES IN SHORT-TERM PROVISIONS IN THE FINANCIAL YEAR 2010

TEUR	Balance as of January 1, 2010	Change in scope of consolidation	Currency translation	Utilisation	Release	Addition	Balance as of Dec. 31, 2010
Provisions for vacation	4,383	-339	3	3,220	349	5,971	6,449
Other short-term personnel expenses	5,934	-1,007	2	1,473	2,011	4,454	5,899
Provisions for anticipated losses and risks	16,483	0	11	4,639	6,107	5,333	11,080
Provisions	14,084	0	45	6,616	2,828	10,606	15,291
	40,884	-1,346	61	15,947	11,295	26,363	38,719

ANNEX 5

SCHEDULE OF GROUP INVESTMENTS AS OF DECEMBER 31, 2011

Company	Location	Country	Parent company	Direct and indirect share %	Type of consolidation[1]
POLYTEC Invest GmbH	Lohne	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 Autófelszerelés Kft.	Komló	HUN	POLYTEC Holding AG	24.0	KOE
Automotive / Systems Division					
Polytec Holding Deutschland GmbH	Lohne	GER	POLYTEC Holding AG	100.0	KV
Polytec Automotive GmbH & Co KG	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV
Polytec Automotive Verwaltungs GmbH	Lohne	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[2]	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV
POLYTEC Plastics Germany GmbH & Co. KG[2] (formerly: POLYTEC Intex GmbH & Co. KG)	Lohne	GER	Polytec Holding Deutschland GmbH	100,0	KV
Polytec Thermoplast GmbH & Co KG[2]	Idstein	GER	Polytec Holding Deutschland GmbH	100.0	KV
PPI Plastic Products Innovation GmbH & Co KG	Ebensee	AUT	POLYTEC Holding AG	100.0	KV
PPI Plastic Products Innovation GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO
Polytec Interior Zaragoza S.L.	Zaragoza	ESP	POLYTEC Holding AG	100.0	KV
PDN Real Estate GmbH	Bötzingen	GER	Polytec Holding Deutschland GmbH	100.0	KO
PT Beteiligungs GmbH	Hörsching	AUT	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[2]	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
POLYTEC Compounds GmbH & Co. KG[2]	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
POLYTEC Compounds Verwaltungs GmbH	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KO
POLYTEC Industrielackierungen GmbH & Co. KG[2]	Rastatt	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
POLYTEC Industrielackierungen Verwaltungs GmbH	Rastatt	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KO
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.	Chodová Planá	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	2.0	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	Marchtrenk	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV
POLYTEC EMC Engineering GmbH	Hörsching	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV
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

[2] According to section 264 b of the German Commercial Code these companies are relieved from the duty of reporting, auditing and publishing annual financial statements and a management report in accordance with the applicable regulations for capital companies.

STATEMENT OF ALL LEGAL REPRESENTATIVES

ACCORDING TO SECTION 82 PARA 4 PT. 3 AUSTRIAN STOCK CORPORATION ACT

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.

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

Hörsching, March 27, 2012

The Board of Directors

Friedrich Huemer m. p. Peter Haidenek m. p. Alfred Kollros 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 financial year from January 1, 2011 to December 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated income statement, the consolidated cash flow statement, consolidated statement of comprehensive invome and the consolidated statement of changes in equity for the financial year ended December 31, 2011, 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 (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).
Those standards require that we comply with professional guidelines and that we 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, 2011 and of its financial performance and its cash flows for the financial year from January 1, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 section 243 a UGB (Austrian Commercial Code) are appropriate.

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

Leonding, March 27, 2012

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

Nikolaus Schaffer m. p.	Ulrich Dollinger m. p.
Certified Public Accountant	Certified Public 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 pricerelevant 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.

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 MOLDING 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-Symbols	
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	57%

Financial calendar 2012

Results for the fourth quarter and the financial year 2011	April 4, 2012
Interim report for the first quarter 2012	May 9, 2012
Annual General Meeting 2011	May 16, 2012
Ex-dividend day	May 21, 2012
Dividend payment day	May 23, 2012
Interim report for the first half year 2012	August 3, 2012
Interim report for the third quarter 2012	November 7, 2012

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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: March 30, 2012

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