POLYTEC

ANNUAL REPORT 2013

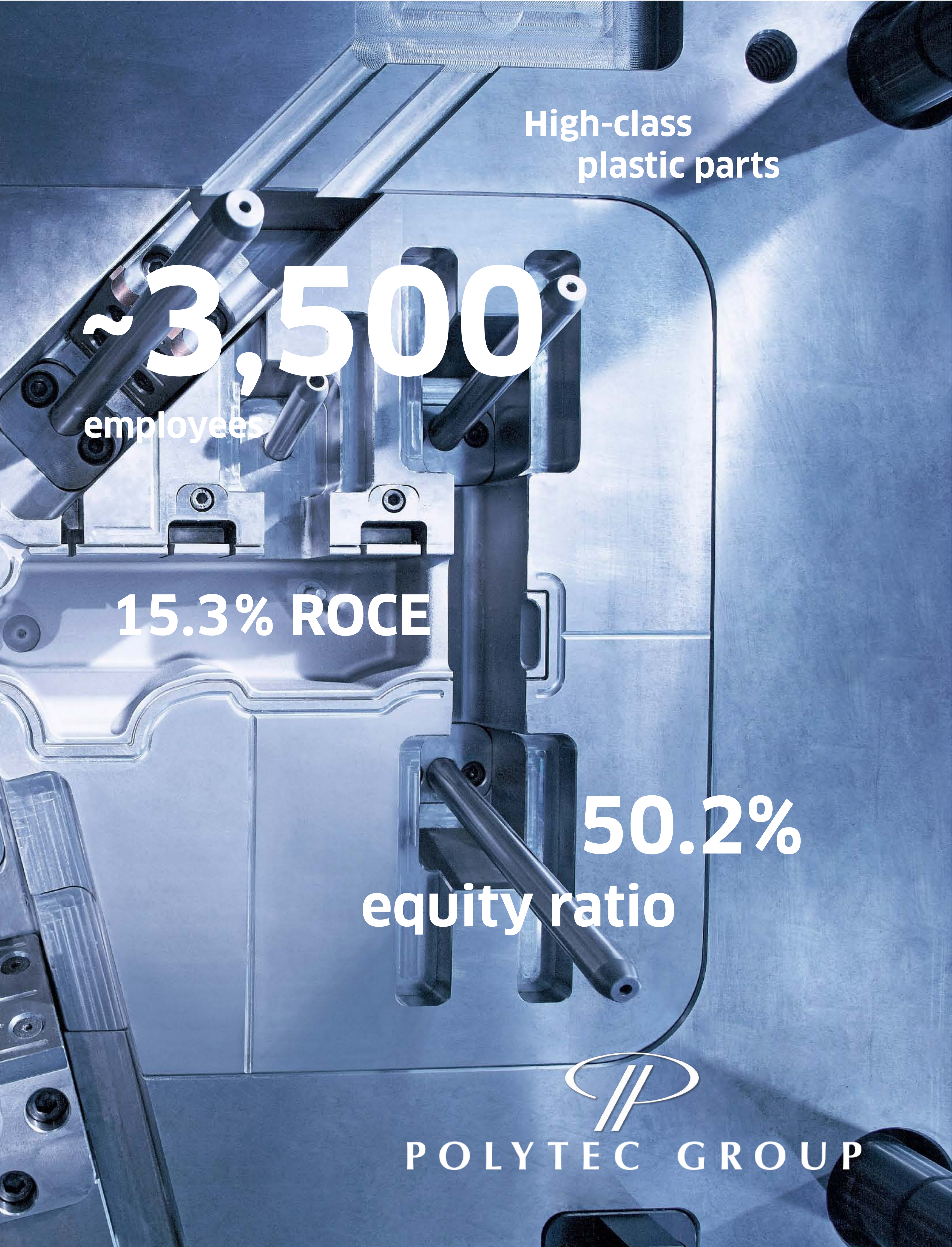
MAG 13

Efficiency in focus

Even more versatile and focused through a new lean management program p. 36

POLYTEC GROUP

The POLYTEC GROUP is worldwide successful as a leading developer and manufacturer of high-quality plastic parts. For more than 25 years, the company has offered its customers in-depth expertise and hands-on experience as a full-service provider in the area of injection molding, as a specialist in fiber-reinforced plastic components, as a manufacturer of original accessory parts made from plastic and as a leading developer of tailor-made industrial solutions made of polyurethane. Innovative applications coupled with the ability to leverage the wide range of in-house R&D capacities and competences take center stage at POLYTEC. POLYTEC counts the world-renowned brands of the automotive industry among its customers but is also increasingly supplying markets outside of this sector. In both the automotive and non-automotive areas, the company's most important criteria for success encompass state-of-the-art technologies, top quality, absolute delivery reliability and competitive pricing.


High-class
plastic parts
~3,500
employees
15.3% ROCE
50.2%
equity ratio
POLYTEC GROUP

KEY FIGURES 2013

INCOME FIGURES	Unit	2013	2012	2011
Sales	EUR million	476.6	481.6	657.4
Passenger cars	EUR million	291.5	291.1	451.5
Commercial vehicles	EUR million	138.4	138.2	170.2
Non-automotive	EUR million	46.7	52.3	35.6
EBITDA[1]	EUR million	36.4	41.3	54.1
EBIT[1) 2)]	EUR million	20.2	27.4	35.4
Earnings per share	EUR	0.65	0.97	1.54
EBITDA margin (EBITDA/sales)	%	7.6	8.6	8.2
EBIT margin (EBIT/sales)	%	4.2	5.7	5.4

BALANCE SHEET FIGURES	Unit	2013	2012[3]	2011[3]
Balance sheet total	EUR million	273.1	260.3	268.4
Equity ratio	%	50.2	50.8	44.8
Net working capital	EUR million	49.3	47.8	26.9
Net working capital in % of sales	%	10.4	9.9	4.1
Average capital employed	EUR million	132.0	120.2	119.4
ROCE before tax[1]	%	15.3	23.0	35.4
Net financial debt (+)/cash (-)	EUR million	-11.6	-14.5	-17.9
Net financial debt to EBITDA	–	-0.32	-0.35	-0.29
Gearing	–	-0.08	-0.11	-0.15

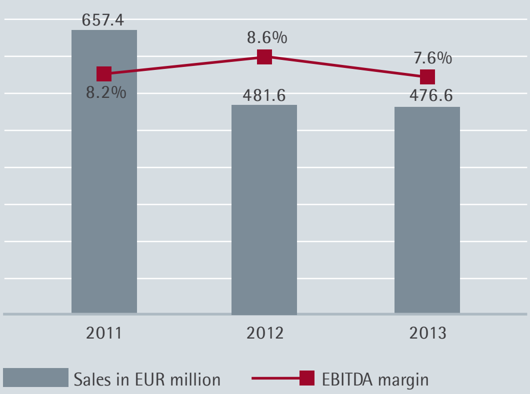
CASH FLOW AND CAPEX	Unit	2013	2012	2011
Cash flow from earnings	EUR million	29.9	34.8	49.0
Free cash flow	EUR million	10.9	7.7	37.8
Capital expenditures in fixed assets	EUR million	22.0	16.0	17.5

1) Earnings figures for 2011 have been adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business towards the end of the first half of 2011. Earnings figures for 2012 have been adjusted for a one-off deconsolidation gain of EUR 0.3 million resulting from the deconsolidation of POLYTEC Interior Zaragoza S.L., Spain.
2) EBIT for the 2013 business year includes restructuring costs of EUR 1.2 million. These refer to expenses in connection to the phase-out of the garden furniture production at the Ebensee plant.
3) The comparative information was adjusted retrospectively to IAS 8.

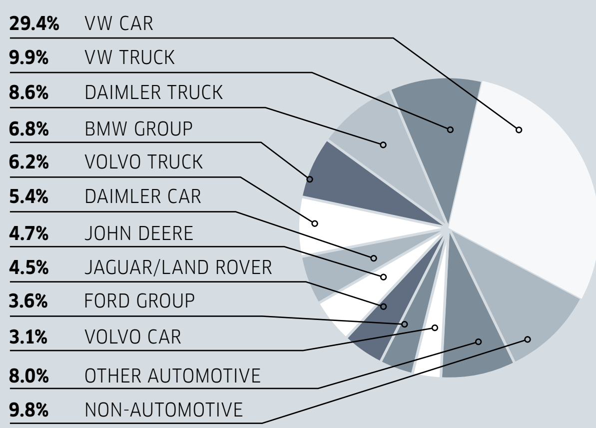
EMPLOYEES	**Unit**	**2013**	**2012**	**2011**
Employees (average period)	FTE	3,516	3,562	4,663
Employees as of Dec. 31	FTE	3,504	3,481	3,715
Sales per employee	TEUR	136	135	141

SHARE	**Unit**	**2013**	**2012**	**2011**
Price as of Dec. 31	EUR	6.79	5.87	5.42
Highest price	EUR	7.25	7.46	8.59
Lowest price	EUR	5.94	5.12	4.27
Earnings per share	EUR	0.65	0.97	1.54
Average daily turnover	Shares	48,750	70,606	133,921
Market capitalisation as of Dec. 31	EUR million	151.6	131.1	121.03
Dividend proposal per share	EUR	0.25	0.35	0.35
Dividend yield based on closing price	%	3.70	6.0	6.5

SALES & EBITDA MARGIN



GROUP SALES BY CUSTOMER



Efficiency *in focus*

The past year brought both light and shade: If we look at the figures, the results we achieved are solid, but they clearly failed to meet our expectations. Therefore, I cannot be satisfied with this set of results, even if they are partly attributable to external factors beyond our control. In those cases where we were directly responsible for the decline in results, we must learn from our mistakes and continue to devote concerted efforts to improving our structures, processes and above all, our efficiency. Corresponding measures were already adopted in the course of 2013.

This unfavorable set of results has also been reflected in our dividend proposal for the 2013 business year. Nevertheless, we were able to maintain our payout ratio almost unchanged, demonstrating our commitment to generating a sustainable return for our shareholders. Our efforts in this regard were supported by our solid capital basis.

In 2013, we also proved successful in a number of fields. The preparation measures for the opening of a production plant in China were effectively put in place. We also succeeded in winning new contracts and acquiring new customers, which will provide compelling growth potential for the years to come. In totality, this demonstrates that we are still well positioned in the market and we can rely on the loyalty of our customers as their innovative and dependable partner moving forward.

Yours sincerely,
Friedrich Huemer

»... WE MAINLY WANT TO IMPROVE PROFITABILITY ...«

An interview with the members of the Board of Directors of POLYTEC HOLDING AG, Friedrich Huemer, Markus Huemer, Alice Godderidge, Peter Haidenek and Alfred Kollros.

Friedrich Huemer, CEO

Mr. Huemer, could you please start with an overall assessment of the 2013 business year? You had set yourself the target of matching the previous year's figures, but in the course of the year you had to lower your expectations ...

Friedrich Huemer: As a businessman I cannot be satisfied with a set of results that is significantly below the previous year's level and clearly below our expectations. In the course of the year, we had to revise our original forecasts for 2013 downward and no manager likes to do that. This is, however, mainly attributable to one-off effects, which are very unlikely to occur again, but to which we have probably not responded quickly enough.

»Future perspectives are positive«

As far as our China project is concerned, we made good progress in 2013. We also succeeded in winning new contracts and acquiring new customers. The overall market environment could be deemed satisfactory and this also applies to our sales performance, if we exclude the aforementioned one-off effects. We recorded a quite solid development, especially in the automotive area, which accounts for roughly 90% of our business. Future perspectives are also favorable.

In the quarterly reports for 2013, you mentioned weak sales in several sections of the automotive business, strong declines in the non-automotive area and start-up difficulties for an injection-molding project. Could you elaborate further on these subjects?

Peter Haidenek: The decrease in sales you are referring to mainly relate to the first quarter of 2013. We had a bumpy start to the 2013 business year. However, from April the situation improved significantly. In the last quarter, we experienced a year-end rally for old truck models ahead of the introduction of the Euro VI standard. In the passenger car segment, 2013 was a satisfactory year in terms of sales. Thus, on balance, our business development in the automotive area proved quite solid. However, the loss of two important customers at our plant in Ebensee and the unsmooth start of a number of projects in our plant in Lohne had a negative impact on our business performance.

Friedrich Huemer: In Ebensee, the Praktiker Group, for which we used to produce garden furniture, went out of business due to insolvency and one of our major customers in the area of logistics boxes drastically reduced its call-off orders. This not only led to a significant decline in sales, but it meant also that we had to immediately cease the production of garden furniture, which is not a core business anyway, a step that was originally planned for the medium term. This abrupt and unplanned halt in production caused considerable additional costs.

The second major deviation from schedule took place in our PLASTICS plant in Lohne where the start of the extremely complex production of switch control panels for Miele was not as smooth as we had hoped. Start-up costs were over budget. Additionally, the plant had to manage, simultaneously, numerous other project start-ups, which is normally good news but, in this specific situation, contributed to increased complexity. Nevertheless, we continue to be convinced that the decision to strategically diversify our business towards non-automotive products was the right one and we can learn a lot from the difficulties we encountered over the past year.

Peter Haidenek, CFO

Against this backdrop, how did POLYTEC's single business units develop?

Alice Godderidge: The overall picture is mixed. Due to the previously mentioned exceptional factors, which mainly affected the PLASTICS segment, this business field showed weak development in 2013, both in terms of sales and earnings. Mid-term perspectives, however, look very promising in light of the aforementioned new customer acquisitions and the start of numerous new projects. In this context, the main focus is on air intake- and air filter systems and we expect to see a gradual improvement in margins going forward.

After a restrained beginning in 2013, the COMPOSITES business benefited from the aforementioned dynamic development in the fourth quarter of the truck segment, but ultimately failed to meet our expectations. Intensive discussions with our core customers showed that despite all the challenges we were faced with, the sentiment for the future is positive. Additionally, we were able to win a number of new customers with considerable future potential, for instance, in the agricultural machinery segment. This is of crucial importance, especially in light of the expiry of old contracts. In 2013, we also registered some success in the area of carbon fiber SMC, where we won our first contract for series production.

»We learned a lot from the difficulties we encountered over the past year«

In CAR STYLING, we are currently experiencing a structural transformation from the manufacturing of conventional accessories towards small-series production. While the plant in Hörsching remained clearly below our expectations in 2013, the plant in Bromyard had to be further expanded following the award of a contract for the production and just-in-sequence delivery of assembled bumpers for Jaguar. Here, we also plan to invest in an additional paint shop depending on the demand from future orders. The plant in Hörsching also secured an important contract in 2013 for the production of a component for engine acoustics known as the soft cover. This contract was awarded to the sales department of the PLASTICS division in Lohne, which is responsible for engine compartment parts. However, due to technology reasons, this component will be produced in Hörsching. This is a good example of how effectively cross-departmental collaboration works throughout the Group.

The INDUSTRIAL business area once again exceeded our expectations in 2013 as it won the largest single contract for the production of molded parts in its entire history

»The INDUSTRIAL division has exceeded our expectations«

Panoramic view of the future: Where does the trail lead in the automotive industry? What are your estimations with regard to further market developments? Where do the megatrends go?

Markus Huemer: The automotive industry is growing worldwide, however, this growth is distributed unevenly. While the emerging markets will – even though more volatile than at last – continue to show considerable growth over the mid-term, Europe will continue to show a stable or at most, a slightly positive development. Our major customers are increasingly moving their production, including all engine-related processes, to these growth markets. This is also the reason behind our planned move towards China and to other BRIC countries. As far as the main trends are concerned, the focus continues to lie on lightweight construction, improvement of CO_2 emissions, car infotainment and hybrid drive concepts. For POLYTEC this means additional substitutions and functional integration as well as highest standards regarding the development of new products and production technologies.

Which POLYTEC's technologies and products have greatest future potential?

Alice Godderidge: In the COMPOSITES area, the greatest potential comes from the new manufacturing processes in the area of lightweight construction that are

Markus Huemer, CBDO

Alfred Kollros, COO

based on the use of carbon fibers, which nowadays are also applied to series production. The next step will be hybrid products, the combination of multiple technologies into a single component, which will further increase the rigidity of the components, while reducing their overall weight. The PLASTICS area will continue to drive material substitution, i. e. the substitution of metal parts with plastic components. The trend goes from the engine compartment towards the power train, as best exemplified by the production of transmission oil pans. This is one of the products we plan to produce in China starting from 2016. In the meantime, lightweight construction has also entered the CAR STYLING business, as demonstrated by the bumpers made of carbon-fiber-reinforced polyurethane formulations.

What about competition in Europe and in the other regions relevant to you including China? What are the most important success factors in your opinion?

Markus Huemer: Competitive pressure remains strong, but we are confident that we are well positioned for success. In Europe, the COMPOSITES market is relatively stable due to the high entry barriers and to the high investments required. In the PLASTICS area, extensive technological know-how is needed. Here we rank among the few suppliers that could be successful in the long term. However, it is vital that we continually monitor our business environment, especially the Asian companies trying to enter this market, which are willing to pay huge strategic premiums. Moreover, we must continue to devote concerted efforts to maintaining our competitiveness.

»Targeted lean management for more competitiveness«

Alfred Kollros: This applies to innovation and quality, as well as to efficiency. In terms of efficiency, we carried out several value stream analyses in 2013. We also set an important milestone with the start of a lean management system to sustainably improve our competitiveness.

Where does your strategic focus lie in this area? Organic growth is playing an increasingly important role in addition to growth through acquisitions. Has the move towards China already begun?

Friedrich Huemer: Organic growth has indeed become a major focus for our future development. In parallel, strategic acquisitions continue to be an option. In 2013, despite evaluating a number of potential candidates, we did not find anything appropriate since we were not willing to pay the exaggerated price expectations on the sell-side. To the contrary, I am very confident about this year's options. Already, very promising negotiations are underway with regard to potential acquisition targets, also including companies that filed for insolvency. In this context we can rely on our extensive experience in such situations, on our short reaction times and on our integration ability. However, the interest of our major customers remains our main driver. Moving forward, we must be able and be prepared to make short-term decisions.

As for organic growth, we are continuing to concentrate on China. In 2013 we made considerable progress in this regard. We have been producing in China with a partner for several years, but now our own production plant is in the course of formation. Pre-series production is planned for year-end 2015. Corresponding agreements with our customers have already been concluded.

When you talk about the further development of your existing business, do you plan to make investments also in your existing plants? What will happen next in Ebensee?

Friedrich Huemer: We definitely also invest in Europe. In Lohne, we have already put in place extensive expansion measures following the award of the Miele contract in 2013. In Bromyard, we also plan to expand our production capacities if order development proves positive. For our plant in Turkey, further expansion measures, including a new paint shop, are also on our agenda. A positive mid-term growth scenario can also be anticipated for the plant in Ebensee, where we have already withdrawn from the production of garden furniture and embarked on higher-value productions.

How do you win new customers in such a densely occupied market like the automotive supplier industry?

Alice Godderidge: By gaining and continually consolidating customer's trust and appreciation. The main success factors in this area are innovation, quality, a sound cost structure and, last but not least, a solid financial set-up. Another successful approach is to take over competitors' production programs when they go out of business, which means to help a customer in a critical situation. This is certainly a proven way to create a positive atmosphere. An example here is to take over a company that has filed for insolvency to make sure that its customer base continues to be supplied over the long-term.

»Winning and consolidating customers' trust and appreciation«

At the beginning of this year you expanded the Board of Directors from three to five members. What is the rationale behind this move and what are the mid- and long-term perspectives?

Friedrich Huemer: Both new Board members - Alice Godderidge and my son Markus – were directly under me in their previous functions as Vice Presidents. We have now formally upgraded their positions, both of which are of crucial importance for the company. From an organizational point of view there were no major changes. Nevertheless, their appointment to members of the Board of Directors presents an important signal to the market. In the case of Alice Godderidge, the intention was to stress the importance of the sales department for our organic development. As to my son, his appointment reflects the sustainable interest of our family in the continued development of the Group. The fact that Markus was also appointed Vice Chairman of the Board is to be interpreted as a long-term succession plan. He was able to prove his worth, collecting valuable hands-on experience, both in our China project currently underway as well as with regard to our withdrawal from the Interior Sytems business.

How did the market react when you lowered your expectations for 2013? Your share price showed a temporary decline, but has generally been trending upward? How are you currently rated by analysts and investors?

Peter Haidenek: According to the market, our share is still attractively priced as demonstrated by the positive development of our share price over the past weeks. This also proves that investors attach greater importance to our intrinsic value and our potential rather than to the downgrade of our expectations for 2013, which we have actively and transparently communicated in numerous conversations, explaining the reasons behind this move in great detail. To date, we have been generally successful in managing expectations. At the same time, our share buyback program has had a positive effect and has contributed to limiting investors' downside risk, even if investors are well aware of the fact that we purchase treasury shares only opportunistically and we are not willing to actively intervene to boost the share price under any circumstances. Thanks to all

Alice Godderidge, CSO

these factors, since the IPO, with the exception of the 2008 business year, the POLYTEC share has always been rated as a clear "buy" and the outlook of the analysts continues to be positive. The share price currently ranges between EUR 8.90 and EUR 11.


Friedrich Huemer, CEO

Nevertheless, the dividend for 2013 is lower compared to the previous years ...

Friedrich Huemer: In absolute terms, this is totally correct. However, by proposing a dividend of EUR 0.25 per share we are keeping our payout ratio on a level similar to the previous year. The dividend yield amounts to 3.7%, which is a solid figure, especially considering the lower results we achieved in 2013. The relatively high dividends we paid in the last two years should be partly considered as a back payment for prior periods ...

»According to the market, our share is still attractively priced«

Are you satisfied with the current balance sheet structure? Will you require any financing going forward, for instance, for the China project, and if so, are potential capital measures planned?

Peter Haidenek: Our balance sheet structure is extremely solid. Our equity ratio amounted to 50% at year-end 2013. Our net cash position amounts to approximately EUR 12 million. In total, POLYTEC HOLDING AG is holding more than EUR 20 million in cash funds. We can therefore rely on a very strong internal financing power. Going forward, we do not have any capital needs that we cannot meet with our own resources and this also applies to the plant currently under construction in China. The production hall will be rented and injection-molding equipment is not particularly capital intensive. Only tooling projects tie up considerable capital resources, which is why we have had to pour a lot of money into growth projects on a regular basis. Therefore, our high liquidity sources will serve as cash reserves for our growth projects going forward.

Friedrich Huemer: Even if we do not have immediate capital needs for our current business, including the activities described by Mr. Haidenek, a capital-market-based debt financing solution – attractive conditions provided – cannot be ruled out. As previously mentioned, I expect that a decision should be made over the short term about potential acquisitions, which would reduce our current liquidity. By issuing a corporate bond, for instance, we could enhance our ability to move quickly and flexibly in response to realistic acquisition opportunities going forward.

To conclude: What can we expect from POLYTEC in 2014?

Friedrich Huemer: From today's perspective, we expect a comparatively stable operating performance. Group sales are expected to drop moderately due to declining orders in the automotive business, especially in the commercial vehicle segment, and to the lack of sales from the garden furniture business at the Ebensee plant. The operating result is expected to match the level of 2013. For the coming years, we expect sales growth mainly driven by organic expansion in injection molding based on the production of complex engine and engine compartment components. This should also lead to an improvement of results' quality. To summarize: even If I was not totally satisfied with results for 2013, I am looking to the future with optimism.

Thanks for the interview.

WELL-POSITIONED

Business units and products

PLASTICS

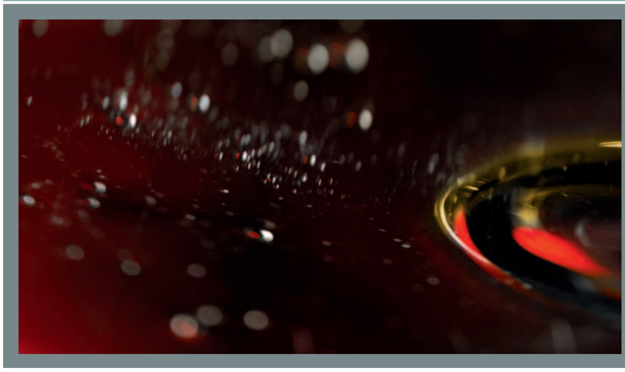
SMALL THINGS WITH
GREAT IMPACT

COMPOSITES

INNOVATION
IN EACH FIBER

CAR STYLING

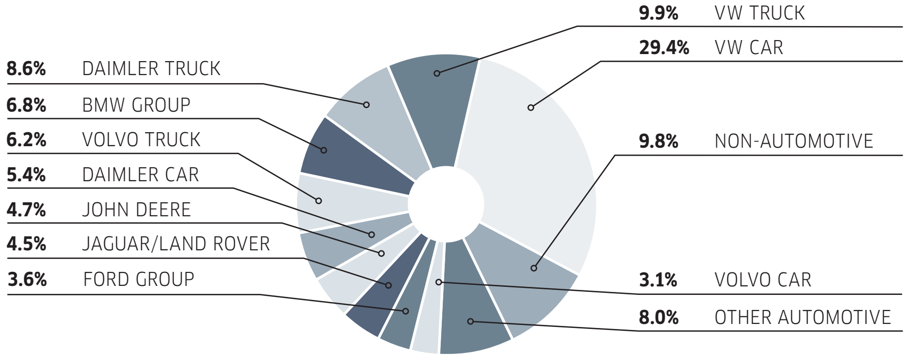
DESIGN MEETS
TECHNOLOGY



INDUSTRIAL

PURe PASSION

GROUP SALES BY CUSTOMER



	Automotive +	Non-automotive
PRODUCTS **> Injection-molded parts for the engine compartment and the interior, exterior parts for passenger cars and trucks** **> Non-automotive parts**	**EXAMPLES** > Cylinder head covers > Oil pans > Oil separator systems > Engine covers > Intake systems > Expansion pressure systems > Timing belt protections > Bumpers and bumper extension parts > Tailgate trims > Water box covers > Venting pipes > Cooling water pipes > Filter systems	**EXAMPLES** > Washing machine covers > Logistics boxes > Drainage systems
PRODUCTS **> Fiber-reinforced plastic parts** **> Engine compartment, functional and exterior (top coated) parts for passenger cars, trucks and farming machines** **> Non-automotive parts**	**EXAMPLES** > Truck cabin parts > Tractor engine hoods and cabin roofs, fenders > Cylinder head covers > Structural parts with carbon or glass fiber reinforcement > Trunk lids and tonneau covers > Propeller shaft guards > Oilpans and battery panels > Under-body shields	**EXAMPLES** > Solar collector frames > Electric boxes > SMC compounding > Conductor rail carriers > Illumination technology
PRODUCTS **> Exterior parts (top coated)** **> Interior parts** **> Engine acoustics solutions** **> Metal parts** **> Motorbike parts**	**EXAMPLES** > Spoilers > Front and rear bumpers > Bumper extension parts > Fender extensions > Front guards > Engine soft cover > Front grills > Arm rests > Skid plates > Dog and cargo guards > Running boards	
PRODUCTS **> Technical polyurethane molding parts and coatings** **> Multi-component dosing machines for liquid reactive plastics**		**EXAMPLES** > Drive gears > Finishers > Scrapers and backup rings > Augers and pump membranes > Fenders and floats > Wheels and roles > Dosing systems > Coil mats

NEWS

KNOW HOW

OPTIMALLY LEVERAGED SYNERGIES

In September 2013, the first new Volvo FE and FL models, featuring a total of 26 components produced by the POLYTEC GROUP, rolled off the production line in Gent. These new Volvo trucks did not just receive a facelift, but this was the first time that the POLYTEC GROUP successfully combined the production of both SMC and injection-molded components as well as top coating and final assembly in a single project. The major challenge was in managing short time frames and tight production schedules.

For this demanding project, the development units of POLYTEC COMPOSITES in Gochsheim and POLYTEC PLASTICS in Lohne were faced with the challenge of making a total of four different SMC and 22 injection-molded components simultaneously ready for series production. For the fulfillment of these components, seven different POLYTEC production plants joined forces, deploying a wide array of different technologies.

POLYTEC COMPOUNDS, based in Gochsheim (Germany), supplies SMC semi-finished materials to the closely located pressing plant of POLYTEC COMPOSITES, where both truck engine hoods and bumper systems are produced. The POLYTEC PLASTICS plant in Ebensee (Austria) produces bumper covers, front grills and wind deflectors, while POLYTEC PLASTICS in Idstein focuses mainly on the manufacturing of small-sized injection-molded components. POLYTEC CAR STYLING, based in Hörsching (Austria) develops and produces assembly devices for this project. Its sister company in Schoten (Belgium) delivers load carriers for both engine hoods. In a further step, the majority of the manufactured components are transported to POLYTEC INDUSTRIELACKIERUNGEN in Rastatt (Germany), where they are finally assembled. Additionally, this plant is also responsible for the top coating and final assembly of all SMC components and for the wind deflectors made of PC/ABS. This is also where the coordination of the overall production process and the procurement of all assembly-relevant components takes place. Finally, POLYTEC INDUSTRIELACKIERUNGEN is also in charge of the just-in-sequence delivery of components to the Volvo production plants in Blainville (France) and Gent (Belgium). Since December 2013, POLYTEC has also been delivering plastic components for the Brazilian Volvo VM model.


VOLVO
FL

TO WORLD CLASS WITH PASSION

With its 220 HP, the Polo WRC is the most powerful road-going VW Polo of all times. It combines breathtaking driving performance with extremely sporty design. The rear spoiler of this limited edition, which will have a limited production run of 2,500 units, has been developed and produced by POLYTEC CAR STYLING in record time. This once again demonstrates that optimally coordinated project management, combined with a thorough production process, can deliver best-in-class results.

The new VW Polo WRC rolled off the production line with a rear spoiler made by POLYTEC.

In 2013, after almost 40 years, Volkswagen took part once again in a World Rally Championship (WRC), a decision that proved very successful: Sébastien Ogier won the World Rally Championship (WCR) drivers' title, while Volkswagen Motorsport grabbed the WRC manufacturers' championship title.

However, to be able to join the race, Volkswagen was required to build at least 2,500 road-going models to homologate the Polo WRC rally car. POLYTEC CAR STYLING was involved significantly in the achievement of this project. In record time, the plant in Hörsching modified a rear spoiler made of reinforced integral foam, which had been specifically designed for VW back in 2010, to be used for this limited series. The start of the near-series manufacturing and painting of the rear spoilers in Hörsching was also record breaking: POLYTEC succeeded in supplying the necessary components for the Polo WRC limited edition in an extremely short production schedule of only 10 weeks.

New 3D hot gas welding equipment in Lohne

LOHNE EXPANDS ITS CAPACITY …

With the expansion of its production capacities by 1,300 square meters, POLYTEC PLASTICS is responding to the need to enlarge its product portfolio. Since 2013, this production plant, based in Lower Saxony, has developed and manufactured a new breed of products not just in the non-automotive area, but also in the automotive segment. This has led to the introduction of numerous exciting new projects.

With a workforce of approximately 770 employees, Lohne is the largest production plant of the POLYTEC GROUP and the headquarters of the PLASTICS business segment. One of its main highlights in 2013 was the production of high-quality switching panels for Miele's washing machines (see article on page 32) in the newly built production hall.

… AND FOCUSES ON HOT GAS WELDING IN 3D

3D welding

One of the new automotive projects that made its debut in 2013 was the production of a new generation of oil separator systems. For this purpose, several production islands with hot gas welding equipment were installed. Hot gas welding offers a series of technical advantages and enables the realization of highly complex weld seams. Furthermore, three-dimensional weld patterns can be produced with this method.

More than just hot air!

Hot gas welding offers numerous advantages and enables the production of complex 3D weld seams.

In a hot gas welding process, the joining zones are heated using radiated heat. This takes place by means of heat transfer from the heating element to the weld seam through a hot gas flow. The actual joining process is finalized by closing the upper feeder unit with the lower one.

The hot gas welding process prevents the accumulation of small particles inside the product after welding, because, as opposed to friction welding, no mechanical friction takes place.

More room for engineering

In addition to the new manufacturing hall for the non-automotive area, a new office building was built. The launch management, controlling, IT, human resources and plant-, sales- and business management departments have been relocated here. The engineering unit in particular has benefitted from this optimized workplace allocation following its increase in headcount due to the high order intake following the award of new contracts. Vital units such as testing, predevelopment and engineering have also benefited from this reconfigured office space.

WELCOME TO THE FUTURE! THE **2014** BUSINESS YEAR WILL FOCUS ON AUTOMATION

Production expertise in air intake systems at POLYTEC PLASTICS in Wolmirstedt

At the beginning of 2014, the POLYTEC PLASTICS plant of Wolmirstedt will start the large-series production of air intake systems. POLYTEC has installed a fully automated production line specifically for this contract award due to the need to manufacture over one million components a year.

The manufacturing of the single components in the new production facility will take place using a single injection-molding tool. This guarantees an optimal and constant quality level of the produced parts, which is of instrumental importance for all other follow-up process steps. For the first time, three different welding processes, one ultrasonic and two vibration welding machines, will be integrated into a single production line. The subsequent assembly of gaskets will also be fully automated. To guarantee seamless quality and productivity, all relevant manufacturing process parameters will be automatically recorded and monitored.

NEW IN THE BOARD OF DIRECTORS

POLYTEC strenghtened for the future

As of January 1, 2014 two new members joined the Board of Directors of POLYTEC HOLDING AG: Markus Huemer was appointed Vice Chairman of the Board. In his new capacity, Markus will continue to be responsible for business development. Alice Godderidge will also continue in her role, holding responsibility for sales, marketing and engineering at the board level.

For Friedrich Huemer, founder and CEO of the POLYTEC GROUP, this appointment is a logical outcome of the last two years. Both Markus Huemer and Alice Godderidge have proved their worth in their prior positions, demonstrating extensive knowledge and strong commitment to the company. From now on they will continue to perform their tasks at the board level. As Vice Chairman of the Board, Markus Huemer will also start actively preparing himself for succeeding Friedrich Huemer.

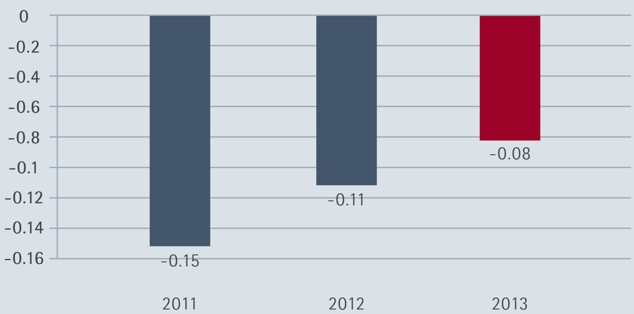
Markus Huemer studied Production and Management at the University of Applied Sciences in Steyr (Upper Austria). He completed an MBA program in Financial Management at the Johannes Kepler University in Linz (Upper Austria). In 2005, he joined the POLYTEC GROUP and his first position was as Assistant to the Board in Sweden, Germany and Spain. Since 2012, the 33 year-old manager has acted as Vice President Business Development, mainly responsible for the strategic projects of the Group.

Alice Godderidge has a degree in Polymer Engineering and Science from the Montanuniversität in Leoben (Styria). She has worked at POLYTEC GROUP since 1999, first as a successful project manager and since 2008 as Assistant to the Chief Sales Officer. The 41 year-old manager has been responsible for marketing and engineering since the beginning of 2010.

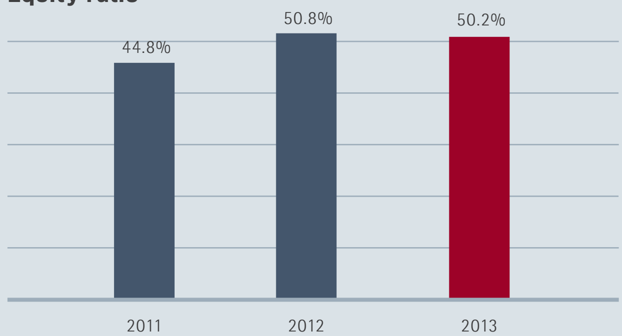
FOCUS ON QUALITATIVE GROWTH

POLYTEC GROUP's clear positioning within the European automotive industry and its focus on the core competences of its single business areas continue to provide the basis for future growth. If, in the past, the strategic focus had mainly been on generating growth through acquisitions, the organic development of existing technologies and customer portfolios is now playing an increasingly important role.

Gearing



Equity ratio



More than 25 years of successful development and innovation efforts have turned the POLYTEC GROUP into what it is today: a reliable partner for European automotive and commercial vehicle suppliers. In close cooperation with its customers from both the automotive and non-automotive industries, POLYTEC provides targeted customer-oriented innovations, guaranteeing tailor-made solutions of the highest quality level.

Moving forward, the Group has a wide array of strengths: clearly defined strategic targets and objectives, flat hierarchies allowing for quick decision-making processes, alongside motivated employees, strong innovation and a high degree of manufacturing and logistical expertise. In addition, there is ongoing process optimization at all levels – from product development, marketing and sales to the on-time service delivery to customers. This continuous improvement loop was further enhanced by the introduction of a lean management program in 2013. All the afore-mentioned endeavors provide the basis for the company's targeted growth and the continuous improvement of results quality.

Three strategic pillars were defined by the management of the POLYTEC GROUP with a view to achieving the planned growth.

1. **Strengthening the market position in Europe**

2. **Developing new products and technologies**

3. **Building up manufacturing capacities in growth regions**

1. Strengthening the market position in Europe

- Maintaining financial independence
- Expansion of the product range with focus on predevelopment
- Consolidation and acquisition
- Deepening of the value creation chain
- Focus on sustainable HR development
- Lean management

In order to further strengthen its strong position within the European automotive industry, the POLYTEC GROUP has a focused customer strategy, aimed both at expanding the existing business customer base and selectively acquiring new customers. The company also seeks to develop new products and technologies, while deepening its value creation chain. Business areas with high influence on product features and outstanding know-how take center stage in this context.

At the same time, POLYTEC devotes concerted efforts to strengthening its competitiveness. This requires constant monitoring of all corporate processes as well as securing operating effectiveness through ongoing optimization efforts aimed at achieving price/performance value leadership. In addition to the organic development of existing activities, POLYTEC continues to concentrate on potential acquisition opportunities against the backdrop of the market consolidation process currently underway. For several years now, the Group has sought to strengthen its non-automotive business, a service and product portfolio that benefits a great deal from the company's hands-on experience in the automotive area. Owing to this know-how transfer, POLYTEC has been able to embark on new, outstanding product areas.

2. Developing new products and technologies

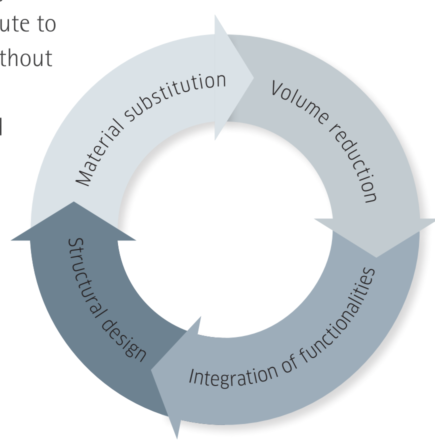
- Proactive predevelopment
- Substitution of metallic parts by plastic with continuously optimized properties
- Improvement of effectiveness by options enhancement
- Making plastic even lighter
- Integration of functional components
- Promotion of system ranges

Innovation represents the second pillar of the POLYTEC GROUP's corporate strategy. Since the start of the company, innovation and further developments in the material and product area, as well as in the manufacturing process, have provided the basis for the loyalty and respect shown by its customers and for the company's economic success. POLYTEC partners with its customers to develop innovative solutions that offer tailor-made trouble-shooting for concrete issues, guarantee the highest quality levels and allow for cost-effective implementation.

In the area of product development, the main priority is on lightweight construction. POLYTEC is currently working on innovative solutions that are based on four main lightweight design approaches. These encompass, on the one hand, 'volume minimization', a reduction in the use of plastic materials through special design concepts in line with specific requirements and supported by simulation calculations, and 'thickness reduction' on the other. The employed materials, which are partly developed in-house, can be further improved by enhancing their properties using a new breed of fiber and matrix systems, which form the basis for material substitutions.

Furthermore, the extensive design freedom offered by plastic technologies allows for constructive solutions in terms of integration of additional functionalities. Ongoing adjustments and additions to existing material properties contribute to the further evolution of lightweight construction without compromising the main component characteristics.
In structural design not only is weight reduction and functionality provided, but also stability.

Four ways towards lighter solutions
exemplified by the SMC technologies



3. Building up manufacturing capacities in growth regions

- Following the customers by use of engineering synergies in growth regions
- Technology transfer from Europe to growth regions

The growth markets in the automotive sector are increasingly moving from Europe to the global development regions, in particularly towards the BRIC countries. For several years, POLYTEC has addressed these markets by entering into cooperation with selected partners. As the result of the extensive knowledge transfer that has taken place to date, as well as of the rising sales volumes generated so far, the creation of company-owned production facilities is playing an increasingly important role if the company is to defend its competitive edge moving forward. A crucial strategic objective of the POLYTEC GROUP is, therefore, to respond to these market changes by acquiring or building up its own production capacities in these regions (BRIC). The Group is following its customers to ensure it can best service them on site. At the same time, POLYTEC is leveraging valuable development synergies.

In this context, top priority is given to solution approaches on a global scale. By limiting initial development expenditures to a minimum for both POLYTEC and its customers, additional sales volumes can be achieved in several markets, saving considerable resources on both sides. The main focus for POLYTEC is the planned development of a company-owned site in China. In 2013, important groundwork has been laid and preliminary decisions made. The implementation process is planned to begin in 2014. In parallel, additional sites in Asia, South- and Central America may follow.

A CLEAR PATH FOR SINGLE BUSINESS AREAS

Based on the POLYTEC GROUP's underlying corporate strategy, each single business area pursues a sub-strategy, which is also oriented towards business growth and enhancing the company's earning power.

In the **PLASTICS** business area, which bundles the Group's injection-molding activities, the POLYTEC GROUP is recognized amongst the most innovative players in the European market. In this area, the main focus is on the development and implementation of complex product solutions using unique manufacturing technologies aimed at minimizing costs. Lightweight design, based on the substitution of metallic parts and combined with the integration of necessary functional components, as well as optimal space utilization take center stage in the engine compartment product group. The portfolio of this business area also includes large surface car interior parts produced using large-scale machines and complex manufacturing strategies, exterior applications for commercial vehicles and niche passenger cars. To further expand its position over the mid and long term, POLYTEC GROUP's strategy is oriented towards the acquisition of new customers within the automotive industry, the further development of the product portfolio for the engine compartment and the expansion of non-automotive applications.

In the **COMPOSITES** business area, the Group's strategic emphasis is placed on the consolidation and further expansion of its market leadership in the area of SMC applications and other composite fiber technologies for both automotive and non-automotive products. The main pillars of this unit are represented by exterior applications in the commercial vehicle and passenger car segments, structural under-body, engine compartment and body parts, as well as by several non-automotive projects. Lightweight construction, especially in the COMPOSITES business area, is the main driver for numerous innovative product ideas and their tailor-made implementation for customers. The use of carbon fibers and low-density matrix compounds also supports this trend. For instance, the use of an intelligent material compound for the manufacturing of a car trunk lid can lead to a weight reduction of up to 20% compared to a standard aluminum or SMC solution. Through the targeted deployment of different materials, not only surface requirements, but also weight and solidity specifications can be effectively met. The expertise gained can also be transferred to other products. The in-house development and manufacturing of SMC semi-finished products, as well as the potential to rely on an in-house industrial painting facility, guarantee an optimal value creation chain from one single source.

The business motto of the **CAR STYLING** division is "design meets technology". A high degree of flexibility, quick implementation times in compliance with relevant automotive standards and the availability of a wide range of product technologies – such as RRIM, blow molding, metal processing, injection molding and painting – offer POLYTEC's customers the best opportunity to market their vehicles effectively. POLYTEC CAR STYLING provides the best technology to meet any customer requirements. The ongoing improvement of PUR-RRIM materials and their extensive application options is one of the key priorities of the responsible development team. For instance, carbon fibers and hollow glass microspheres are currently used as reinforced materials for polyurethane (PUR) in response to the growing trend towards lightweight construction, while at the same time, preserving all product features. This longstanding material and manufacturing experience can also be transferred to new products. This will allow for the reduction of process costs through the integration of multiple functions as well as the elimination of numerous processing steps and the simultaneous improvement of the acoustic and physical properties of the manufactured components such as engine acoustics. Furthermore, a new breed of surface design possibilities for PUR components will also contribute to strengthening POLYTEC GROUP's market leading position in the production of genuine accessories and small series applications in Europe and the USA.

The **INDUSTRIAL** business area specializes in customized polyurethane blends and their processing via casting and spraying techniques for industrial molded components and also sound-deadening, wear- and corrosion-resistant spray coating. The main focus lies on the further development of tailor-made formulations in line with customer and market requirements. In the area of series part production, POLYTEC continues to drive innovation in the automation of manufacturing processes. In this context, the production of component assemblies is increasingly taking center stage with a view to simplifying and further improving the supply chain for the customers.

A further area of expertise is the production of multi-component mixing and metering systems for liquid reactive plastic materials. In line with customer specifications, POLYTEC seeks to develop tailor-made solutions. Important drivers in this context are the ongoing adjustments of manufacturing systems to new plastic materials, the further development of control technologies and the compliance with constantly rising requirements in terms of process monitoring and user friendliness. Moving forward, POLYTEC is committed to continually consolidating and strengthening its market position in this business area by setting up new sites in key countries of the world.

By embarking on development-intensive products with high manufacturing requirements, we were able to gain a market position that helps us to grow organically thanks to the high technical acceptance of our customers.

MARKUS HUEMER

» … FOUNDATION FOR CHINA HAS BEEN LAID … «

In the course of 2013, POLYTEC accomplished important milestones on its growth path. The China project in particular took a decisive step forward. An interview with Markus Huemer, Vice Chairman of the Board of Directors of POLYTEC GROUP since the beginning of 2014, responsible mainly for Business Development.

Mr. Huemer, even if it is not immediately recognizable from the results for the full-year 2013, POLYTEC is on course for growth. You are mainly responsible for Business Development, where are the major challenges and opportunities?

Markus Huemer: Indeed, the growth trend is not directly reflected in the results for the 2013 business year. However, we took important steps to pave the way for our future growth over the past year and our core business showed a solid performance despite partially adverse circumstances. We can therefore be quite satisfied with our set of results for 2013, even if we have considerably higher demands for the years to come.

What are the reasons behind this relatively positive year review? In the past year, no acquisitions were made …

Markus Huemer: This is correct – however, we have been very active in this regard over the past year just like the two years before. Growing through acquisitions is no longer of the overriding importance to us that it was until the 2008 business year. Nevertheless, we are constantly watching out for potential acquisition targets, thus this topic continues to be an integral part of our corporate strategy going forward. However, our selection criteria have become more stringent. We have become a group with a clear focus and a well-defined product and market strategy. At the same time, following the influx of buyers from Asia, price expectations have risen to excessive levels and as we always pointed out, we do not buy at any price. This obviously narrows the circle of potential acquisition options. Nevertheless, we will be watching the market closely and are still interested in acquisition targets that are a good strategic fit and suit

» **Also in Europe,** the expansion of one or the other plant is possible «

us in terms of technology, product range, market access, customer base and international footprint, but ultimately, the price must be right! Last year, no acquisition options met these criteria.

Does this mean that you will now mainly concentrate on developing your existing business?

——— Markus Huemer: Compared to the past, the organic development of our group has become most important. Also in this area, a great deal was accomplished in the past year. I'm referring, on the one hand to the intensive efforts we dedicated to the innovation and development area. These are already resulting in an expansion of our business scope. By embarking on development-intensive products with high manufacturing requirements, we were able to gain a market position that helps us to grow organically thanks to the high technical acceptance of our customers. I'm mainly referring here to engine compartment parts, such as our oil separator system, oil pans, cylinder head covers and air intake systems, but also to products in the exterior area, where we are intensively working on material development. The buzzwords here are carbon fiber and density reduction. The trend is definitely moving away from simple plastic parts towards more complex and technically demanding solutions. In this area, we have the opportunity to establish ourselves as a valuable technology partner for our customers. So-called "me-too components", products that can be produced by virtually anybody, are not going to be a major focus going forward.

And where should the targeted growth mainly take place? Last year you talked about China ...

——— Markus Huemer: Also in Europe, the expansion of one or the other plant is possible. I'm mainly thinking about Ebensee where, following the loss of major customers, we have increasingly focused on higher-value productions over the last year. This, however, could also apply to other business sites, like for instance Sladkovicovo or Aksaray, but only in combination with products that, by virtue of our technical excellence, offer us a favorable customer position or a competitive advantage. Based on such high-value products we can also enter new markets even if in countries such as China the competition for the more simple technologies is already very strong.

Throughout 2013, we considered all these opportunities thoroughly and made important preliminary decisions. These mainly relate to the potential product groups we are currently evaluating for these markets, as well as the prioritization of the regions where we are keen to establish ourselves. It goes without saying that we have talked to our customers, recognizing that only together we can take such an important step. Both sides can reap considerable benefits: The customer can profit from requiring only single-supplier support for a component worldwide and we can profit from higher volumes without incurring any additional development expenditures.

How concrete is this project for the time being?

——— Markus Huemer: After taking both customer requirements and internal management resources into due account, we have identified China as a top priority among the markets we are evaluating. As far as products are concerned, we are mainly focusing on oil pans, air intake systems and cylinder head covers, where we have already invested a lot of our know-how and technical excellence. These are exactly the components our customers say they need the most. Following these considerations, we have developed a business case for the foundation of our first Chinese production plant for the manufacturing of oil pans and transmission oil pans. This is in the region of Bohai Bay, which is strategically located for its close proximity to our customers' plants in Peking, Dalian, Tianjin, Shenyang and Zhangjiakou. On the basis of our business model, which takes all core variables including necessary infrastructure, machinery and tooling equipment, as well as staffing levels, into account, we were able to make a concrete offer for the supply of automotive components. In the meantime, we have been awarded our first contract so we can start with the implementation straight away. In terms of expectations, the demands regarding competitiveness and pricing levels match those in Europe, demonstrating that with our caution approach we are on the right track. Success in China is not an automatic given. The start of production is planned for 2016 so the plant will be ready for occupation in 2015. This should not be a problem from today's perspective. In our business plant in Lohne, we are already training the management staff members who will be responsible for setting up the business in China. They already have over a year of hands-on experience within the POLYTEC GROUP.

What about the risks related to this project?

——— Markus Huemer: The risks are manageable. We are intentionally focusing on injection molding, as this production technology does not require major investments in terms of building facilities. Moreover, machinery and equipment for this technology is very flexible and highly functional, so it can easily be converted, relocated or in a worst-case scenario, recycled. In the first development phase, we will rent a facility with a total surface area of 2,000 to 3,000 square meters and we will target an annual sales volume of EUR 10 million to begin with. This mainly concerns additional business, which we cannot deliver from Europe, but only via local cooperation partners. So far the interest of automotive manufacturers has been very strong and therefore we are confident that this concept works. We do not have many comparable competitors in this segment, so the market situation is similar to Europe. Going forward, it will be of crucial importance, first to be able to convince the joint-venture partners of our customers of our viability and second to intensify the purchasing facilities in the country to strengthen our competitive position against the local suppliers. Thanks to the commitment of our Chinese staff members, we have already laid a solid foundation.

The next step will then be towards Mexico?

——— Markus Huemer: Mexico is certainly a top priority for us, but, we are also considering Brazil and India. At present, we are handling all three markets via project-based cooperation with local partners as we do not have any local company-owned facilities in any of these countries. We therefore focus on licensed production to service our customers on site. In Mexico it would be very interesting to set up a company-owned plant in light of the sales volumes and the customer relations to the NAFTA economic area. So, we are open to acquisition here. Currently, the market is better developed than in China. Numerous investment firms know about our interests in this area and our requirements and we are starting to be offered concrete projects. It is therefore conceivable that we could make an investment in this market in the short term, but for now we are mainly concentrating on China. The groundwork for this project has been laid in 2013.

»THE **END OF THE ROAD** IS NOT YET IN SIGHT…«

Plastic components are gaining ground and a full array of new trends is opening up considerable potential. Automotive manufacturers are outsourcing an increasing number of process steps to component suppliers. Their success is mainly dependent on innovation power, quality and price.

How do we win and retain new customers? And how can we do it in a highly challenging and competitive market environment?

Alice Godderidge, Chief Sales Officer (CSO) of the POLYTEC GROUP has a clear answer to these questions: "Uncompromised quality, recognized competence in terms of innovation and development, a high degree of flexibility, the ability to meet deadlines, reliability in logistics and the provision of tailor-made services are the main success factors and obviously, the price. Competition is very tight at present. This means that we must continue to evolve at all levels if we are to be successful going forward. Innovation and inventiveness are key in this regard." Customers are very demanding and the company is constantly faced with new requirements – be it in area of applied technologies, manufacturing processes or in the conceptual phase.

From design to delivery

"Back in time, it was the customer who gave us clear guidelines with regard to the components they needed and the manufacturing materials used. We only had to develop the right tools and decide the most suitable production process and drive the project. Today, if we take the engine compartment as an example, customer specifications are limited to the space available within a vehicle and the technical requirements of the desired components. The rest is left to the discretion of the component suppliers, who are required to first present a well thought-out concept."

This means that POLYTEC has to develop overall concepts in-house, ranging from the functionality analysis of a single part

Material substitution in the engine compartment: weight reduction, function integration and design freedom as expemplified by the cylinder head cover

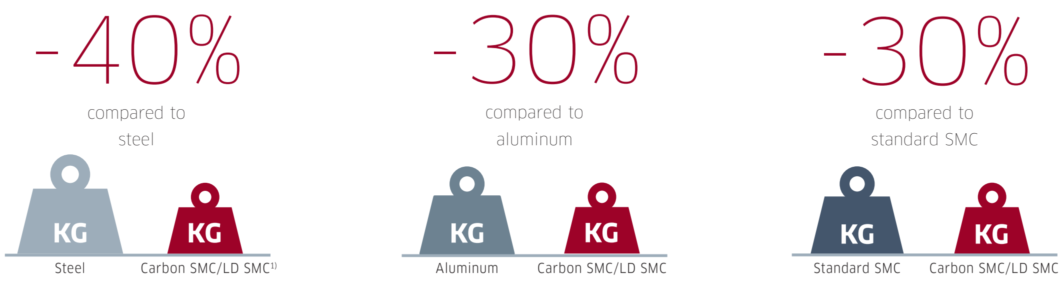
or of entire component sub-assemblies including the selection of the most suitable material. This considerably increases the company's room for maneuver, but also its potential risks. Godderidge: "Nowadays, we must invest considerably more in the pitch and tendering process, without knowing the final outcome. Vice versa, the trend we are currently witnessing from automotive manufacturers is the outsourcing of an increasing number of process steps to component suppliers. This demonstrates that by developing our company into a system supplier we are on the right track."

What does being a system supplier actually mean?

Alice Godderidge has two definitions for this term: "On the one hand, this refers to the conception and realization of complete component assemblies or modules by the supplier. An example could be the switch panels for washing machines, which we have produced for Miele since 2013. We currently deliver a total of 1,300 different models, which can be arranged individually by combining roughly 30 different components with a minimum batch size of one single piece. Assembly takes place based on a complex 'just-in-sequence' process, which is as technically demanding as the manufacturing of door trim panels for premium car manufacturers." Being a system supplier also means one must take on a continually rising number of process steps on behalf of the automotive manufacturers and, as previously mentioned, be responsible also for the conception and material selection of these components. Both concepts have positive aspects according to Mrs. Godderidge: "In both cases we can increasingly position ourselves as a valuable partner of the European automotive industry, while effectively demonstrating what we can do and what is realized with plastic."

From weight reduction to function integration

Apparently, there is still a long way to go. Alice Godderidge: "From the very beginning what made plastic so attractive was its comparatively low weight and its high design freedom. Despite yearlong developments, the end of the road is not in sight yet. Initially, the focus was on substituting metal parts with



plastic components. Now, it is the optimization and further development of these plastic components and of plastic as a manufacturing material that is taking center stage. However, in the engine compartment area, substitution in classical terms is still key. This is why we are continually evaluating the possibility of substituting other parts, which have so far been made of metal, with plastic components." The most recent examples in this regard within the engine compartment are transmission oil pans. "Such technically demanding products are ideal for us as we have an outstanding track record," said Alice Godderidge. "Recently, we have started producing air filter systems." The most important requirement these plastic components have to fulfill is that the mechanical and technical properties are preserved and stability and quality are not compromised in anyway.

»We have a longstanding track record in the area of carbon fiber reinforcement«

Another major optimization of using plastic parts is additional weight reduction. In carbon fiber reinforced components wall thickness can be further reduced and their density can be minimized by incorporating a blend of hollow glass microspheres. The final outcome: Components become even lighter. Alice Godderidge: "A combination of both strategies was successfully used for a recent bumper project. Carbon fiber has been deployed also in car body engineering. As a result, in 2013, we were awarded our first contract for the series production of structural body parts by a very renowned German automotive manufacturer. And as far as exterior components are concerned, with our fiber-reinforced trunk lids we have been on the right track for years."

Another trend is the move towards "function integration". Here multiple features are combined into a single component. This is much easier to achieve with plastic than metal, because plastic's extensive design freedom allows for complex solutions. Examples of tried and tested applications in this regard include the afore-mentioned air-filtering systems and cylinder head covers with the integrated POLYSWIRL oil separator system. "This product has proved extremely successful and is now entering its third generation," says Alice Godderidge.

"The latest POLYSWIRL version enables the separation of oil droplets as small as 0.5 µm. This requires a high level of precision in terms of both tooling equipment and particle measurement technology," continued Alice Godderidge. "The requirements in this regard continue to rise as the charging of the engines – buzzword "downsizing in the blow by" results in an increasingly large amount of small oil droplets, which have to be removed to maximize engine's service life.

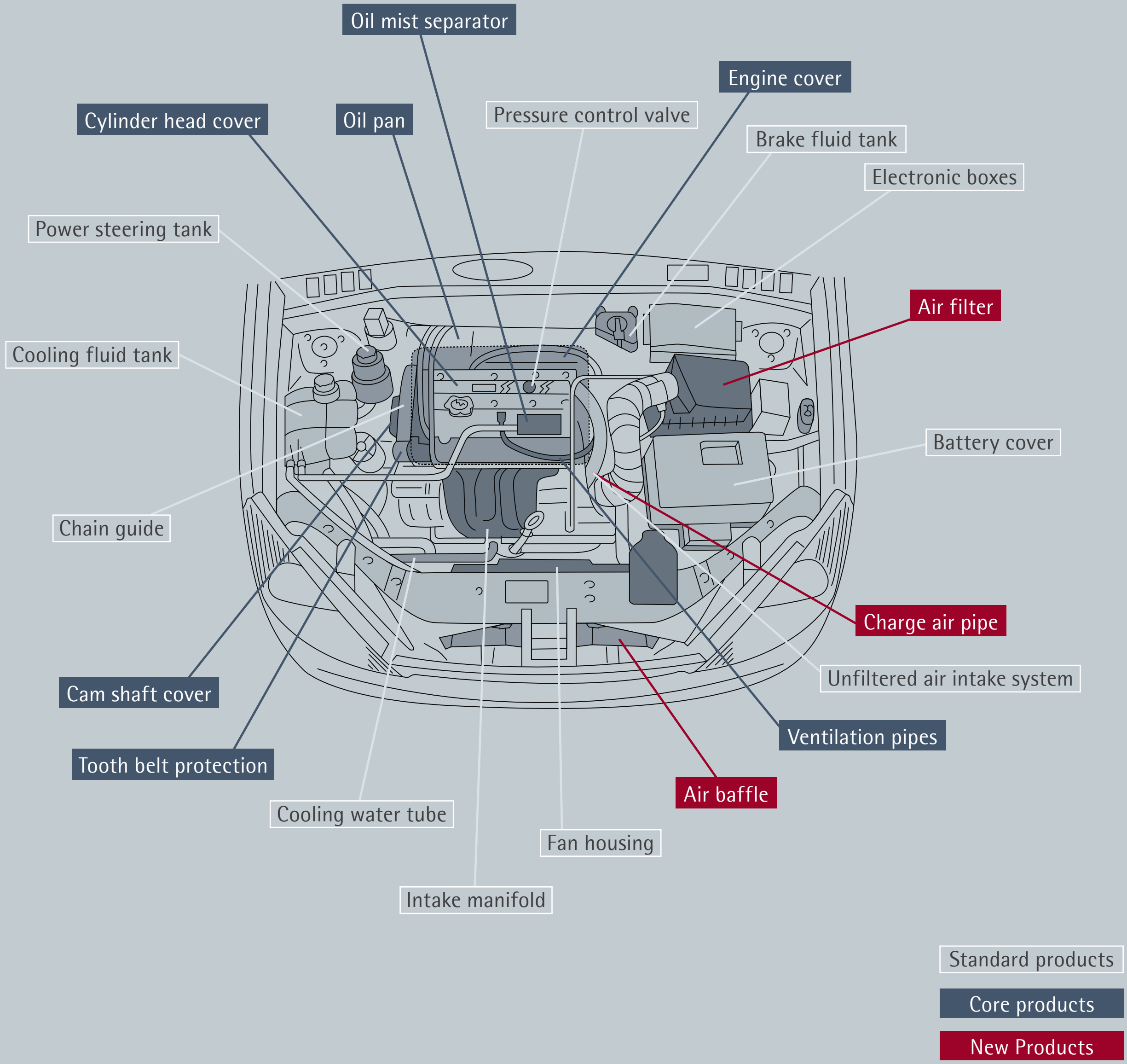
In this field, POLYTEC has developed into a specialist at the European level in recent years and has also strengthened its footprint on the American and Chinese markets.

»We still see good potential in the power-train area«

Some function integration is enabled, even if in a different way, by the new engine soft cover, which POLYTEC has developed for Volvo. The new product, made of polyurethane foam – a production process from the CAR STYLING business area, combines the design properties of an engine cover with the necessary sound absorption and improved impact protection, while at the same time reducing component weight and optimizing production costs. "Here, we were able to profit from our good positioning in the power-train area, while offering customers a wide array of advantages. Other OEMs are also showing considerable interest for this solution," says Alice Godderidge.

POLYSWIRL oil seperator system ensures longer engine service life.

[1] SMC: Sheet-molding compound
LD: Low density



Multi-fold trends, multi-fold opportunities

Where does the main potential for POLYTEC lie?

For the years to come, it will mainly lie in organic growth. Alice Godderidge: "We continue to see good opportunities in the power-train area where we expect to sell existing products to new customers." At the same time, POLYTEC also seeks to develop new products for existing customers especially in the engine compartment area. The main focus here lies on air-filtering systems, charge-air tubes, air ducts and air intake systems. A further targeted development area is lightweight construction with fiber-composite materials like, for instance, for car body structural parts as well as for more conventional applications in the area of exterior components for trucks and agricultural vehicles. "I'm convinced that in all these areas we still have considerable potential to tap," continues Alice Godderidge confidently. "We have gained a solid position across the entire VW Group as a key component supplier for all purchasing departments and group subsidiaries including the commercial vehicle segment. I think this speaks for us and our expertise."

ALWAYS EXPECT THE UNEXPECTED.

Since it was first acquired, the POLYTEC GROUP has planned to gradually switch its production in the Ebensee plant from the non-automotive to the automotive area. Unexpected circumstances – first of all the insolvency of a major client, Praktiker in 2013 – prompted the company to complete this paradigm shift faster than originally planned. The realignment of this production plant has posed unparalleled challenges to the company's management, demanding a high degree of professionalism and strategic foresight.

Switch to the automotive business in Ebensee

Originally the plant in Ebensee had specialized on the production of garden furniture and logistics boxes. In 2011, this business site was acquired by POLYTEC with a view to stepping up production capacities in the PLASTICS business area to meet future needs. The plant proved to be an ideal production site due to its outstanding technical infrastructure and its proximity to important customers of the POLYTEC GROUP.

Shortly after its acquisition the first large-series production projects for the automotive industry were relocated to the Ebensee plant and fulfilled there. In the meantime, the production of logistics boxes continued to run in parallel, while the garden furniture business was expected to be replaced with new contracts over the mid-term. This was at least the original plan.

However, in 2013 the world suddenly looked different. The insolvency of the Praktiker/Max Bahr Group, the company's largest client in the garden furniture business, alongside huge declines in the sale of logistics boxes, made it necessary to speed up the restructuring process for the Ebensee production plant. Earlier than expected, this business site started to concentrate on its future core competences: the production of complex injection-molded products for the automotive and non-automotive sectors.

Relocation of capacities proved successful

In a first step, personnel structures within the plant were adjusted accordingly and both logistics and production activities from sister companies of POLYTEC PLASTICS were relocated to Ebensee. For the 2014 business year, the situation looks promising: Order books are already full, additional production capacities are available and, even if this realignment process has not been fully accomplished yet, the turnaround is expected to be reached in the course of the year.

Investment in modernization measures

In order to fulfill future requirements and make corresponding capacities available, investments were made into the technical infrastructure of the plant in addition to putting in place extensive restructuring measures. This included the expansion and modernization of the plant machinery. At the same time, a vocational training program was launched across all corporate levels. It is an integral part of the overall strategy to involve all staff members in Ebensee in the delivery of the new challenges lying ahead.

EXTRACT FROM POLYTEC PLASTICS EBENSEE COSTUMER WORLD

Automotive area
> BMW
> Audi
> DAF/Leyland
> Volvo Trucks

Non-automotive area
> IFCO
> Tchibo
> Hauraton

Engine covers

Trunk lid covers

Drainage systems

Bumper parts

Logistics boxes

ATTRACTIVE SECOND PILLAR

POLYTEC plant in Lohne starts the production of switch panels for Miele

The POLYTEC GROUP has always been subject to cyclical fluctuations in demand. This is why the Group is striving constantly to expand its portfolio of non-automotive products. Considerable synergies can, for instance, be leveraged in the manufacturing of modules for household appliances, because the production processes involved in the completion of such components are extremely complex. It is here where POLYTEC can use and build upon its extensive knowledge, its wide range of technology applications and its effective manufacturing and logistics systems.

As the first project of this kind, in 2013 the POLYTEC PLASTICS plant in Lohne began the production of switch panels for washing machines and dryers made by Miele. This posed unparalleled challenges to the company's production capacities due to the high optical and functional standards to which the switch panels must comply. In addition, the just-in-sequence delivery and the targeted annual production volume of up to one million batches placed considerable demands on the company's logistics systems. Detailed planning schedules proved to be a necessary precondition for a successful production start.

Switch panels necessitate space

Several million euros were invested in reconstruction and restructuring measures at the plant in Lohne prior to the project start to meet the new space requirements. Meanwhile, the newly built production hall provides the room needed for a total of 20 injection-molding machines, by means of which roughly 30 different components are produced. In the assembly hall, some 1,300 different models are produced by arranging and combining these single components in various ways based on a complex just-in-sequence process.

Efficient material flow thanks to effective lean management

Due to the highly fragile surface structure of switch panels, the components are transported to the assembly hall via an automated conveyor system and through an underground tunnel. This tunnel is part of the complex lean management concept implementedby POLYTEC for the refurbishment of the production facilities. The ultimate goal is to guarantee an efficient flow of materials and a smooth process chain for all components. Via an automated work-piece carrier system, the components run through additional process steps such as printing and labeling. At this stage, labels in different languages are printed on the switching panels and corresponding symbols are applied on the displays of the control panel touch-screens by means of a laser.

Green light for final assembly

Once the components have been subject to automatic visual testing, they run through final assembly. Because of the wide range of model options available, each with different button, selector switch, control and display requirements, this production step is particularly complex. To avoid potential component errors, the component dispensing devices of the assembly line have been equipped with a so-called worker guidance system. This highlights the component that needs to be assembled with a light signal. This prevents assembly workers mixing up different components and guaranteeing the same process-reliable sequential order.

Conclusion: on-time delivery

As a final assembly line process step, the components are subject to automated functional testing. In addition, a visual inspection of each single item is carried out prior to proceeding to the sequential Miele packing of the finalized switch panels. The execution of each assembly line process step is clearly defined and displayed on the monitor for the assembly workers via a light signal. As a result, each packing unit includes different types of switching panels, delivered to the customer perfectly on schedule.

SHHH!

PLEASE KEEP SILENT IN THE ENGINE COMPARTMENT!

»In the meantime, numerous other OEMs are recognizing the benefits of engine compartment parts made of PUR soft foam. As a result, additional components have been already included in the production plans for the years to come.«

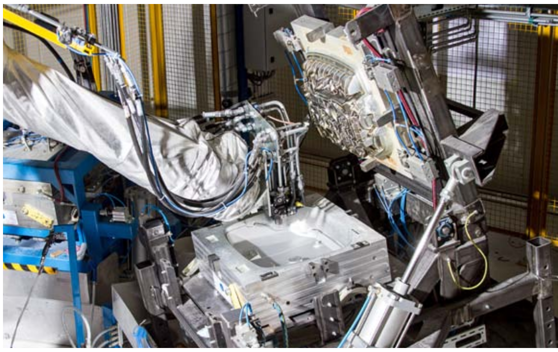
Alice Godderidge,
member of POLYTEC's Board of Directors and Managing Director of POLYTEC CAR STYLING Hörsching

In 2013, the POLYTEC GROUP was able to further expand its product portfolio to include another innovative component for the automotive industry. The engine soft cover is an engine block cover made of PUR (polyurethane) soft foam, which is produced in one single process step. This component will be deployed in all future gasoline powered Volvo vehicles, replacing the conventional injection-molded cover. This will reduce both costs and vehicle weight, guaranteeing superior driving comfort and security.

The POLYTEC CAR STYLING plant in Hörsching devoted month-long efforts to the realization of the material used for the new soft covers. The resulting raw material compound fulfills the most demanding conditions in the engine compartment, easily withstanding temperature fluctuations of between -40°C and +150°C.

The new engine soft covers will be produced in four different models using a "one-shot process", which means they will be manufactured in a single production step. Furthermore, the applied technology, a PUR foam process, enables a wide range of possible wall thicknesses. Compared to the rigid covers deployed so far, the benefits offered by the new soft foam covers are clearly obvious: considerable weight reduction thanks to the lower thickness of only 135g/dm^3, better HIC (head impact criteria) values, a significant reduction in tooling investments and the elimination of a process step compared to the conventional two-part injection-molding process. Furthermore, the new soft cover is characterized by outstanding sound insulation properties. Thanks to the open cell structure, distracting engine noises are absorbed by the soft cover, resulting in considerably higher driving comfort.

In just 12 months, the existing production plant in Hörsching (Upper Austria) has been equipped with a new production line for a total cost of EUR 1 million. In addition to the purchase of new production facilities, this investment includes a fully automated robot system, which will operate eight foaming machines running in series. In future a total of over 400,000 soft covers per year will be produced here. This marks a considerable change for the Hörsching production plant, which to date had focused primarily on the small-batch production of exterior car accessories. Going forward, this business location will build its reputation as a series supplier of engine compartment parts for the automotive industry.



Optically appealing surface and outstanding sound insulation properties in a single production step

Creating value with every single process step

After a number of individual impulse projects, a sustainable lean management program has been started at the POLYTEC GROUP. The main objective is to achieve ongoing productivity increases, which will turn the company into a leaner and more flexible organization.

The components needed by the customers are becoming more and more complex. This also applies to their development and production: Quality requirements are getting more and more stringent and customers' order intake patterns more and more volatile, with competitive and price pressure continuing to increase. These circumstances are all but simple for a company like POLYTEC. "To be successful, there is only one thing to do: to remain as lean, resilient and effective as possible" explains Alfred Kollros, member of the POLYTEC GROUP's Board of Directors responsible for production. "This obviously requires constant adjustment and optimization efforts at all levels and across all business areas of the Group."

Therefore, the company must remain lean and seek to adjust to continually evolving customer needs and ever-changing requirements in terms of product design, applied technologies and manufacturing processes. "The factors that play an important role if a company is to remain competitive over the long term and attractive as a partner for its customers are manifold. This applies to our entire process chain, from the sales department to development including logistics, procurement, production, service delivery up to administration. One could also put it this way: Everything counts from the first conceptual idea to billing," continues Kollros.

This topic is all but new to POLYTEC, whose customers have ranked among the most renowned automotive manufacturers in the international arena since 1995. The company is therefore used to being under pressure and needing to comply with the highest operating standards. Nevertheless, the 2013 business year proved particularly challenging. Alfred Kollros: "Apart from the high volatility in customers' order intake patterns, over the past year we have been confronted with roughly 100 new projects which proved very demanding. Also, the loss of two major clients at our plant in Ebensee made it necessary to consider the conversion of the local manufacturing process from simple, non-automotive productions into higher-value vehicle components, a change that had originally been planned over the mid-term. At the same time, our paint shop in Rastatt is currently being restructured and converted from a single-customer to a multi-customer concept in line with the new logistical requirements and quality standards. Our business plant in Hörsching, which has traditionally been focused on small-series production, has recently began large- series production after the start of production of the soft cover for Volvo."

These are all positive changes, but have placed high demands on both the company's management and workforce. "We were able to manage these processes pretty well. However, we have also identified considerable optimization potential, which is not unusual for a growth process. We could therefore metaphorically refer to it as 'growing pains'. The most important thing therefore is to respond in the most direct and constructive way."

»Do it simply and systematically«

Alfred Kollros
Member of the Board for Production
POLYTEC GROUP

»Do not simply run ahead, but **think** before you act.«

Focus on value generating activities

POLYTEC started focusing on value generating activities at the beginning of 2013, when a new project was launched under the motto "Learn to see and to keep it simple." The main objective was the elimination of muda. Alfred Kollros: "Muda is a Japanese word meaning useless activity, useless waste, and lack of value generation. Following this approach, a number of processes were subject to thorough scrutiny to evaluate whether or not they actually generate value on an ongoing basis or if in fact activities have crept into the system process over the course of time that do not contribute to value creation. We also found out that time and again too high a degree of perfection has been targeted in areas where such a high quality level was not even required." As an example, Alfred Kollros mentions the bumpers. These feature a perfect surface quality in areas that are not visible and where such high quality is neither technically nor aesthetically necessary.

As a result, POLYTEC has developed a value stream mapping (VSM) technique to eliminate superfluous process steps and to achieve concrete success. "However, what we are striving to achieve goes far beyond streamlining current processes. We are keen to trigger a sustainable paradigm shift in our value-generation culture across the entire Group," continues Alfred Kollros. "This is why we started a group-wide lean management program, which according to our expectations will deliver an annual increase in productivity. Moving forward, we must find ways to compensate for ever-rising personnel and material expenses if we are to survive within the automotive industry."

"Do it simply and systematically"

We have created a motto for this program: "Do it simply and systematically." The double meaning of this sentence was intentional. "Do it simply" can mean "keep it simple" or "just do it now". "Systematically" refers to the fact that we should not simply start running ahead, but we must first think before we act. What we want to achieve is a situation where all staff members are focused on value-generating activities. This will include greater transparency, but also holistic and process-oriented thinking." Staff members' qualifications obviously play a crucial role in this regard.

The first workshops presenting this program took place at the end of 2013. In 2014, the company has entered a more intensive phase. Once the self-assessments at the three business headquarters were completed – Lohne for the PLASTICS business, Gochsheim for the COMPOSITES area and Hörsching for CAR STYLING - a series of workshops were held in February and March introducing employees to the principle of lean management design and POLYTEC Performance System (PPS) as the future work and management system. The next step will be to organize value stream projects and qualification workshops for the lean management organization, which, in addition to the PPS management, will consist of team coaches, plant experts and plant coaches. They will have to act as promoters and ambassadors, with an objective to driving the wide spread adoption of this new lean management philosophy within the company. Alfred Kollros: "As far as shop floor- and visual management is concerned, we want to be in a position to exert our influence at the right time and in the right place. This means we must be present and reactive where the processes are taking place. This can only function if all staff members support this lean approach, which is exactly what we are committed to at the moment, with all our dedication," concludes Kollros.

Lightweight is ***gaining momentum***

Yearlong development work is paying off. The use of carbon as a reinforcement fiber in different plastic technologies has been booming. At present, POLYTEC numbers among the leading developers and manufacturers of fiber-reinforced plastic materials and has, time and again, proven its worth with its innovative ideas and outstanding solution approaches.

Modern carbon fibers are gaining momentum not only for the production of exterior components but also in car body engineering.

POLYTEC is currently playing a pioneering role in this field and in 2013 started the first series development of trunk lids made of carbon SMC. This, however, is only the first in a long series of projects. Moving forward, POLYTEC will begin series production of structural body parts using this technology.

Lightweight technology is not only in great demand for electrical vehicles. Its simple principle, "lower weight equals greater fuel efficiency", also applies to vehicles with conventional combustion engines.

Forecasts impressively confirmed

POLYTEC's forecasted weight improvements have already been proven in the company's series production of a trunk lid for a sporty limousine. For the manufacturing of this part, POLYTEC selected a combination of materials to achieve both maximum material substitution and functional integration. The result was impressive: compared to the trunk lid made of steel on previous models, the new trunk lid made by POLYTEC is 52% lighter. To achieve this, light SMC materials have been intelligently combined with extremely rigid and equally light carbon SMC materials. The knowledge gained from this project will underpin future series production of components for vehicles' body structure.

On the basis of the company's long-standing expertise in the field of fiber-reinforced plastic materials, POLYTEC has also succeeded in effectively mastering a number of adjustment measures that were necessary for series production, especially for the development of tools. Using in-house resources, POLYTEC is able to deliver the entire process chain from the manufacturing of semi-finished products, impact extrusion processes through to the completion of all preparatory steps prior to finish coating. This has contributed significantly to the success of this project.

Logistics challenge

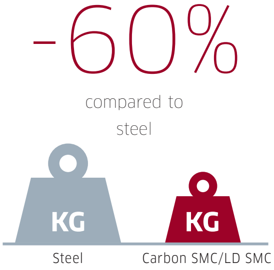
Reliability and quality of delivery already play an important role in the delivery of exterior components. In the case of car body and load-bearing parts produced in series these requirements are essential. Therefore, the error-free and just-in-time delivery of all components to the customer is a "conditio sine qua non". POLYTEC has clearly demonstrated that it is able to meet this challenge effortlessly.

INTELLIGENT SOLUTIONS FROM POLYTEC

In 2013, POLYTEC was awarded two new contracts for the production of double-skin roof spoilers for trucks. This construction design not only increases the component's rigidity, but, by substituting steel-frame substructure parts with plastic, a consider-able weight reduction is achieved. Thin-sheet compression molding is used for the manufacturing of the upper skin, while low-density SMC is used for the lower shell.

In addition to the reduced weight, aerodynamics are also optimized due to the flexible connection of the roof spoiler to the trailer. This also contributes to greater fuel efficiency. Intelligent component design also helps to improve the aerodynamics of the underbody area of trucks.

FORECASTED WEIGHT IMPROVEMENTS FOR STRUCTURAL BODY PARTS



KNOWLEDGE. EXPERIENCE. COMMITMENT.

POLYTEC GROUP's employees

POLYTEC's employees make a significant contribution to the company's success based on their knowledge, experience and commitment. In return, POLYTEC offers its employees good working conditions, a positive working environment and attractive career opportunities within the Group.

Heinz-Peter Stastny

Sales Manager at POLYTEC CAR STYLING Hörsching

At POLYTEC since: 2000
Tasks: Sales manager and key account manager for FORD, Volvo & BMW

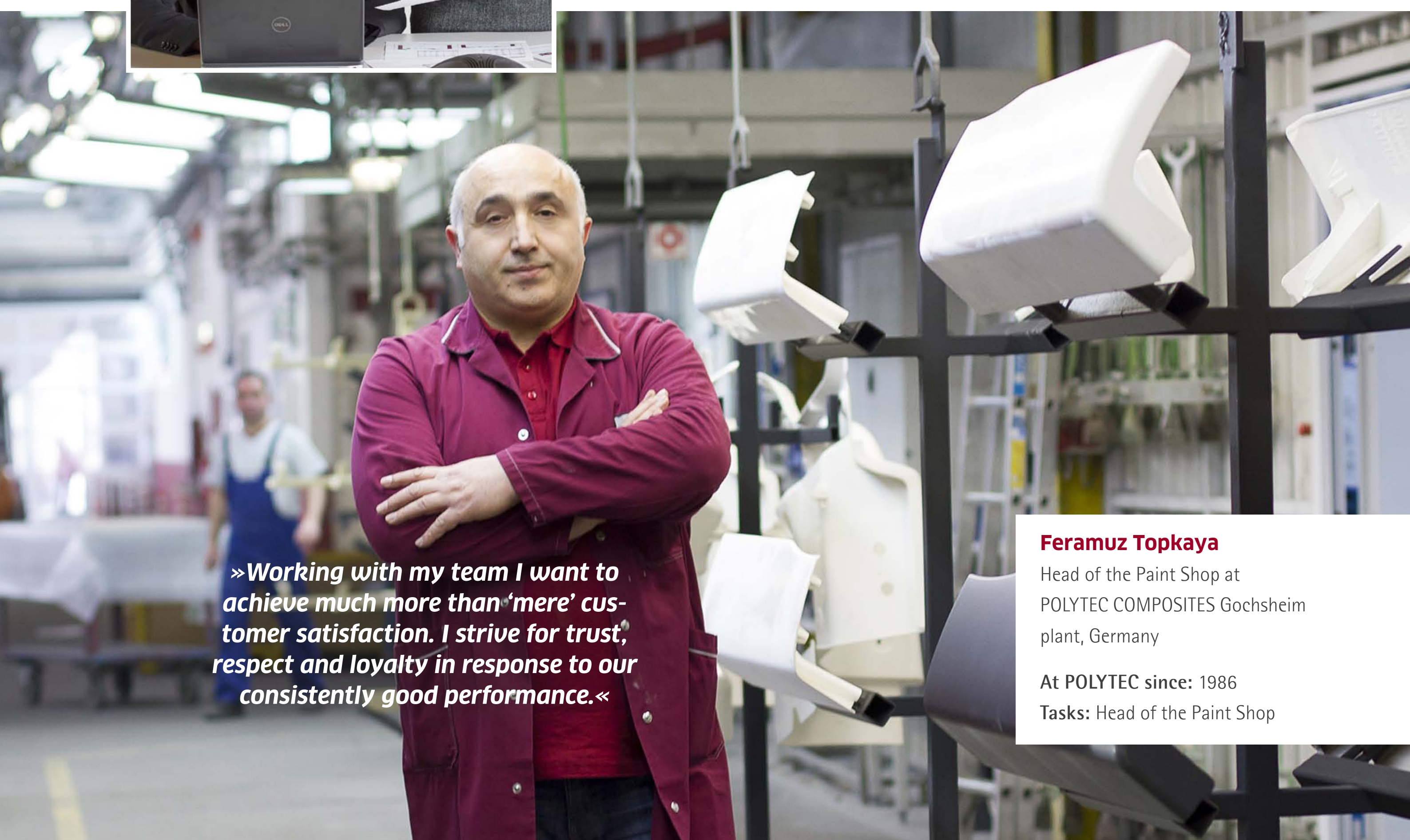
»The greatest challenge is to make concrete decisions on a case-by-case basis, while still ensuring sustainable success for the future.«

Zeljka Grubesa

Internal Services at POLYTEC CAR STYLING Hörsching

At POLYTEC since: 2012
Tasks: Customer service and back office

»My main task is to provide the best possible support for each business areas. This is of crucial importance behind the 'front line'.«



»Working with my team I want to achieve much more than 'mere' customer satisfaction. I strive for trust, respect and loyalty in response to our consistently good performance.«

Feramuz Topkaya

Head of the Paint Shop at POLYTEC COMPOSITES Gochsheim plant, Germany

At POLYTEC since: 1986
Tasks: Head of the Paint Shop

Robert Steininger

Lean Coach
POLYTEC CAR STYLING Hörsching

At POLYTEC since: 2011
Tasks: Lean management and process optimization at POLYTEC CAR STYLING

»We are working on the delivery of a group-wide lean management system. With this we have the best tools to ensure our corporate success over the long term.«

Mario Schuh

Head of Project Management and Development POLYTEC CAR STYLING Hörsching

At POLYTEC since: 2003
Tasks: Responsible for Project Management and Development

»The future of our industry depends on technology-oriented components, produced via robust and reliable manufacturing processes.«

Jochen Gassan

Sales Manager POLYTEC COMPOSITES

At POLYTEC since: 2013
Tasks: Sales manager at POLYTEC COMPOSITES

»Sales is not only about selling our products. We must also sell innovation!«

Jörg Kippermann

Head of Operations POLYTEC PLASTICS

At POLYTEC since: 2001
Tasks: Head of Operations and Industrial Engineering Center at POLYTEC PLASTICS

»We are preparing POLYTEC PLASTICS for the future by improving our operating performance and opening up new markets and production sites.«

Wjatscheslaw Schwindt

Lean Coach POLYTEC PLASTICS Lohne

At POLYTEC since: 2013
Tasks: Responsible for carrying out lean activities at POLYTEC PLASTICS and for delivering training courses to employees

»With the POLYTEC performance system we are able to maximize our efficiency and our value generation capacity. We aim to introduce this system across the entire Group.«

»KEEP YOUR EYES OPEN« IN ENERGY AND ENVIRONMENTAL MANAGEMENT

POLYTEC focuses on energy monitoring and looks to the future

Energy efficiency and environmental protection are no longer just a matter of goodwill, but also a question of costs and so they are also becoming relevant in economic terms. Alexander Karl and Werner Grote from POLYTEC PLASTICS in Lohne explain where the focus lies in these areas and why environmental protection and quality are not necessarily mutually exclusive.

Energy and environmental management play an important role at POLYTEC PLASTICS. What concrete targets have you set for 2014 in this regard, for instance, in terms of energy supply?

Alexander Karl: Energy has long been an important resource at POLYTEC PLASTICS Germany. Today this has become more topical than ever due to the current rises in electricity prices. We recognized this trend early on and duly reacted, for instance, by integrating energy management into environmental management at an organizational level. This allows us to

coordinate and document energy-relevant projects across multiple departments.

In February 2014 our plant in Lohne was POLYTEC's first site to be DIN EN ISO50001 certified. To achieve this status we had to put in place a number of measures across all operating levels. These include the analysis and conception of a combined heat and power (CHP) unit, the deployment of LED technology for the lighting systems, optimized insulation of our injection-molding equipment, new heating and cooling concepts and a lot more.

»Employees must be informed«

Furthermore, in Lohne we have set specific energy efficiency targets for each department and designated a staff member in each operating unit to supervise their implementation. All target measures have been listed in a comprehensive document, which also defines the main targets for 2014.

For us, it is crucial that each staff member is involved in this action plan. To achieve this we have organized appropriate training courses aimed at raising employees' awareness of energy efficiency. Another measure we have put in place is "the portable energy measurement kit". With this tool staff members can get an absolute idea about the energy consumption of their own workplace.

Mr. Grote, what about raw materials and waste management?

Werner Grote: The experiences gained from the measures and programs put in place in recent years showed that we can achieve great optimization results from the sort-clean seperation and recycling of process waste. This is also the focus of our efforts in the current business year. In concrete terms, we seek to continuously adjust our techniques and constantly improve our concept.

»Waste avoidance protects the environment and saves money«

A further measure looks at effective waste separation, which results in lower waste disposal costs. By using consistently colored marking and specific locations for waste containers we can reduce mistakes in the sorting of waste material. In terms of waste avoidance, we are mainly focused on the further standardization of our processes. By doing this we can reduce the quantity of materials needed, while at the same time improving the quality of the manufactured products. This demonstrates that environmental protection and quality can work together.


POLYTEC PLASTICS in Lohne: Here, great emphasis is placed on sustainable resource management.

The sparing use of resources is one of the most important topics for the future. Where do you see the greatest challenges for your business?

Karl: What we need for the future is a "transparent production process". By this, I mean the identification of the energy consumption level of each concrete process step and the continuous monitoring of energy efficiency. This way we can react immediately to any form of energy waste.

»We need a transparent production process«

We have made considerable progress in this regard in the plant at Lohne. We are currently able to measure the energy consumption of all relevant machinery and carry out corresponding evaluations on the basis of a number of measurables including consumption, annual consumption, technical, organizational and personnel influence factors, benchmarks, potential savings, ROI, implementation times, etc. From this evaluation we can derive a concrete set of measures, which can lead to a significant improvement in overall efficiency.

At the end of the first quarter of 2014, all machines in the first two pilot halls were equipped with permanent measurement devices. This allows each employee to directly access energy-relevant data in real time via a PC, notebook, tablet or mobile phone. They can also choose to receive information about the current consumption of peripheral equipment. If deemed necessary, employees can also directly intervene in the process.

Grote: In terms of material management, we plan to reduce further hazardous materials in the years to come. This will also help reduce the hazard potential for our workforce and improve the quality of the working environment, for instance, through the reduction of emissions in the workplace.

»Reacting to the future starting from today«

We expect that the legal stipulations in this area will soon become more stringent. We therefore seek to take early action and anticipate future developments with a view to making a contribution to environmental protection in a responsible manner.

ENERGY AND COST EFFICIENCY AT THE TOP OF THE AGENDA

Similarly to the plant in Lohne, POLYTEC COMPOSITES Germany in Gochsheim also focuses on the careful monitoring of energy consumption. In addition to cutting costs, the plant also aims to reduce CO_2 emissions over the long term. The management of the plant is taking energy management very seriously, as demonstrated by the fact that this topic has been included in the integrated management handbook.

In 2013, the plant in Gochsheim mainly concentrated on the construction and expansion of its energy monitoring system. The first measures adopted were the result of the data collected so far. These included the installation of energy-saving high-frequency charge pumps and the replacement of the plant's lighting system with LED technology.

Cleaner energy thanks to state-of-the-art heating technology

The most important energy-saving measure put in place in 2013 was the installation of a condensing boiler. This provides a far more eco-friendly source of heating, for both the paint shop and the overall building, than the old boiler. The new heating system uses natural gas instead of fuel oil. Overall plant energy efficiency rose from 77% to 98%, annual CO_2 emissions were reduced by 120 tons and energy costs were almost cut by half.

Ambitious goals for 2014

This is not all. For 2014, POLYTEC COMPOSITES Germany has set itself ambitious goals. These include ISO 50001 certification, the on-going commitment to improving energy efficiency as well as the reduction of both exhaust emissions and energy costs. Additionally, there are plans for environmental friendly and energy-saving concepts to be implemented across all POLYTEC COMPOSITES business plants in Germany moving forward.

& SHARE INVESTOR RELATIONS

Proposed dividend
of EUR 0.25 per share

POLYTEC shares ended 2013
with a total performance
(TSR) of +21.6%

POLYTEC HOLDING AG
holds 1.4% of its own shares

Share & Investor Relations

CAPITAL MARKETS CONTINUE TO SHOW SHARP INCREASES IN 2013

Global equity markets reported significant price gains in 2013. This development was supported by cheap money and abundant liquidity throughout the year. In the United States, leading economic indicators steadily improved. In Japan, intervention measures initiated by both the government and the central bank to weaken the yen mainly supported the export industry. In Europe, the upswing on the equity market was driven by the long recession coming to an end and the sovereign debt crisis being broadly overcome.

However, towards the end of the year, the leading global indices fell again from their record-setting levels. Sentiment in the stock markets was once again overshadowed by renewed investor worries about a potential drying-up of liquidity in connection with US Fed's tapering.

The Nikkei 225 recorded a plus of over 50% on its best trading days since the beginning of the year, the US indices reported gains of up to 30% and their European counterparts showed increases ranging between 10% (ATX) and clearly above 20% (DAX). As opposed to the previous years, corporate profits could not keep up with the upward trend in equity prices in 2013. This led to a rise in stock market evaluations, which, against the backdrop of a favorable interest rate environment and the high assessment of other investment classes, does not seem excessive. The dividend yields, in particular, continued to stand out positively compared to the more secure corporate bond yields.

Source: Raiffeisen Research

POLYTEC SHARE PRICE RECORDS A RISE OF 15.7%

The shares of the automotive and component supply industry could also benefit from the favorable stock market environment, which driven by the good performance of the car markets in the United States and China, generated significant price gains. The DAX "Automobile" sector thus climbed by about 41.1% in 2013, the EUROSTOXX Automotive & Parts rose by 35.6% and the DAX sub-index for the automotive component suppliers skyrocketed, increasing by 72.3%.

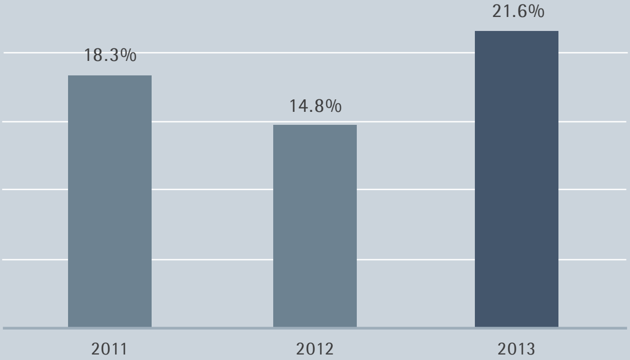
The POLYTEC share price development was not quite so dynamic. After an initial increase, the share price dropped slightly towards the end of the first half of the year. This was due to revised estimates with regard to the earnings development performance. By contrast, the second half of 2013 was marked by a clearly positive share price development, driven - amongst others - by favorable industry reports, with the POLYTEC share closing the year with a plus of 15.7%.

Considering the payment of a EUR 0.35 dividend per eligible share in 2013, this corresponds to a total shareholder return of 21.6% for the year under review.

The average trading volume (double counting excluding over-the-counter transactions) of POLYTEC shares on the Vienna Stock Exchange amounted to 48,750 shares per day. 21.9% of the total trading turnover of EUR 50.5 million was sold off-market in the year under review.

POLYTEC GROUP's market capitalization reached EUR 151.6 million at year-end 2013.

Total shareholder return development

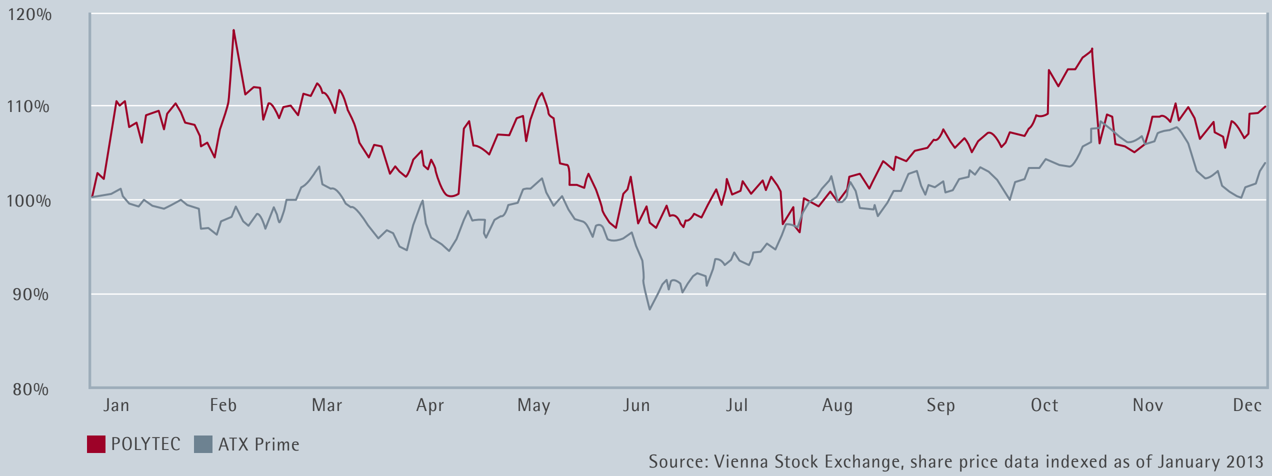


Source: Vienna Stock Exchange, own evaluation

POLYTEC SHARE	Unit	2013	2012	2011
Share price as of Dec. 31	EUR	6.79	5.87	5.42
Share price high	EUR	7.25	7.46	8.59
Share price low	EUR	5.94	5.12	4.27
Market capitalisation as of Dec. 31	EUR million	151.6	131.1	121.03
Average daily turnover[1)]	Unit	48,750	70,606	133,921

[1)] Double counting

POLYTEC share price development in 2013



Source: Vienna Stock Exchange, share price data indexed as of January 2013

CONTINUATION OF THE SHARE BUY-BACK PROGRAM

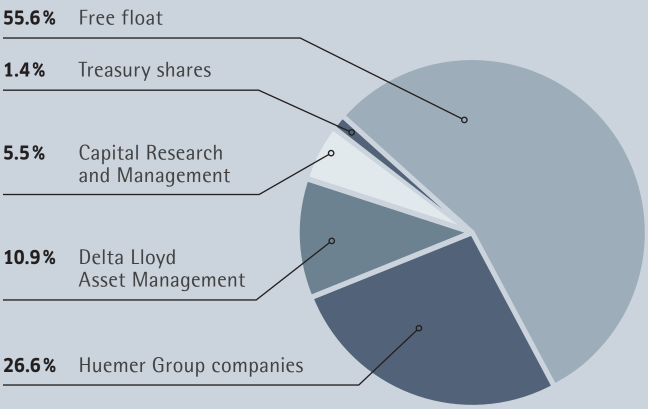
Pursuant to Section 65 Paragraph 1 No. 8 of the Austrian Stock Corporation Act, the Board of Directors was authorized by a resolution of the 12th Ordinary Annual General Meeting on May 16, 2012 to acquire bearer unit shares for a total amount of up to 10% of the common stock of the company. The acquisition must take place within a period of 30 months from the date of the resolution via the stock exchange, by means of a public offering or in any other legally permissible and expedient manner. In accordance with the resolution of the Annual General Meeting, the share buy-back can only take place at a minimum price of EUR 1.00 per share and a maximum price per share of no more than 10% above the average unweighted stock exchange closing price on the five stock exchange trading days preceding the buy-back.

On August 8, 2012 the Board of Directors of POLYTEC HOLDING AG announced its intention to exercise the authorization granted by the Annual General Meeting and to start buying back own shares for the first time beginning with August 14, 2012.

Until December 31, 2013 a total of 310,541 own shares were bought back at an average price of EUR 5.50, which corresponds to a proportion of POLYTEC HOLDING AG share capital of 1.39%.

SHAREHOLDER STRUCTURE REMAINS LARGELY UNCHANGED

As of the balance sheet date for 2013, 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. In the year under review, no notifications of voting rights pursuant to Section 91 of the Austrian Stock Exchange Act were received by POLYTEC HOLDING AG. As a result, except for a slight increase in treasury stock, the shareholder structure remained largely unchanged compared to the previous year.



SUSTAINABLE DIVIDEND POLICY

The dividend policy of POLYTEC GROUP is based on profitability, the strategic growth perspectives and the capital requirements of the Group.

In the 2013 business year, the retained earnings of POLYTEC HOLDING AG amounted to EUR 76.1 million. The Board of Directors and the Supervisory Board will propose to the Annual General Meeting to be held on May 14, 2014 the distribution of a dividend of EUR0 0.25 per eligible share. This corresponds to a total dividend payment of EUR 5.5 million and a dividend payout ratio of 38%. The dividends will be paid out on May 23, 2014. Based on a share closing price of EUR 6.79 at year-end 2013, this will result into a dividend yield of 3.7%.

POLYTEC SHARE	Unit	2013	2012	2011
Dividend	EUR	0.25[1)]	0.35	0.35
Earnings per share	EUR	0.65	0.97	1.54
Dividend yield	%	3.7	6.0	6.5
Pay-out ratio	%	38	36	23

1) Proposal to the Annual General Meeting on May 14, 2014

RESEARCH COVERAGE

Coverage by national and international investment banks is an important building block of the company's extensive investor relations activities and plays a crucial role for the visibility of the POLYTEC shares within the investor community. In the 2013 business year, the POLYTEC GROUP took part in six road-shows organized by European financial institutions and was invited to participate in their investor conferences. Throughout the year, the Board of Directors took part in a total of more than 20 investor events.

The following financial institutions publish regular reports on POLYTEC HOLDING AG. Until the editorial deadline of this report, all these investment banks recommended the POLYTEC share as a "buy" with the following share price targets (which were raised compared to the previous year):

Financial institution	Recommendation	Share price target
Raiffeisen Centrobank	BUY	EUR 9.50
Erste Group Bank	BUY	EUR 8.90
MM Warburg	BUY	EUR 11.00

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 July 2012. 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.

GOVERNING BODIES OF POLYTEC HOLDING AG

BOARD OF DIRECTORS

Distribution of responsibilities

The areas of responsibility of the members of the Board of Directors are laid down in the company's internal rules of procedure. Details about the areas of expertise and the responsibility of each individual board member are provided in this Corporate Governance report in the description of the Board of Directors. 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.

Alfred Kollros
(COO)

- Born in 1962
- Member of the Board of Directors since April 2006
- Appointed until December 2017
- Areas of responsibility: Plants/Production/Purchasing
- Supervisory Board positions: None

Markus Huemer
(CBDO)

- Born in 1981
- Member and Vice Chairman of the Board of Directors since January 2014
- Appointed until December 2017
- Areas of responsibility: Business Development
- Supervisory Board positions: Globe Air AG (Member of the Supervisory Board)

Friedrich Huemer
(CEO)

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

Alice Godderidge
(CSO)

- Born in 1972
- Member of the Board of Directors since January 2014
- Appointed until December 2017
- Areas of responsibility: Sales/Marketing/Development
- Supervisory Board positions: None

Peter Haidenek
(CFO)

- Born in 1965
- Member of the Board of Directors since February 2011
- Appointed until February 2017
- Areas of responsibility: Finance/IT/Controlling/Accounting/Investor Relations
- Supervisory Board positions: None

SUPERVISORY BOARD

Fred Duswald

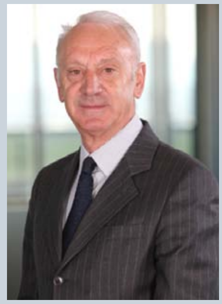
- Born in 1967
- Chairman of the Supervisory Board since June 2007
- Member of the Supervisory Board since April 2006
- Appointed until the Annual General Meeting in 2014

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.

Supervisory Board member	Positions
Fred Duswald	None
Manfred Trauth	None
Viktoria Kickinger	None
Robert Büchelhofer	MIBA AG, Laakirchen (A)
Reinhard Schwendtbauer	None

COMMITTEES OF THE SUPERVISORY BOARD

	Chairperson	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 Austrian Stock Corporation Act. In the year under review, the Audit Committee carried out its controlling and monitoring function at two 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 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 THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL

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 1,547 in the year under review (2012: TEUR 1,891). 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, works for POLYTEC HOLDING AG on the basis of a service contract via IMC Verwaltungsgesellschaft mbH.

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 relationships.

REMUNERATION 2013 (TEUR)

Member of the Board of Directors	Basic salary	Variable component of remuneration	Total
Friedrich Huemer[1)]	626	380	1,006
Peter Haidenek[2)]	195	30	225
Alfred Kollros[2)]	256	60	316
Total	**1,066**	**470**	**1,547**

[1)] Service contract salary [2)] Gross income

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board for the 2013 financial year will be approved by the 14th Annual General Meeting to be held on May 14, 2014. The Board of Directors will propose a total remuneration of EUR 98,750 to the Annual General Meeting.

The remuneration of the members of the Supervisory Board for the 2012 financial year was approved at the 13th Annual General Meeting held on May 14, 2013 and totaled EUR 88,750. The distribution of this sum among the individual members was left to the discretion of the Board, as agreed by the AGM.

D&O insurance

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

In the year under review, no purchase or sale transactions involving POLYTEC shares were conducted by the members of the Board of Directors and of the Supervisory Board of POLYTEC HOLDING AG or by any related persons. Share trading transactions are notified to the Financial Market Authority (FMA) in due time and 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 (holding privilege). 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 2013 business year

HÖRSCHING, APRIL 2, 2014

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 2013, 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 2013 business year the Audit, Nomination and Risk Management Committees, which were set up pursuant to the Austrian 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, 4020 Linz in its capacity as auditor of the financial statements and consolidated financial statements. The auditor confirmed that the 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 agrees 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 0.25 per eligible share for the 2013 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 2013 business year.

Fred Duswald m. p.
Chairman of the Supervisory Board

FINANCIALS
2013

Group Management Report of POLYTEC HOLDING AG for the 2013 Business Year

1. Business development and economic situation

BUSINESS ENVIRONMENT

The speed of growth of the US economy slowed down considerably in 2013. Real GDP increased by only 1.7% after it had grown by 2.8% in 2012. At the beginning of the year this weaker growth dynamic was largely attributable to the increases in taxes and levies that had come into effect, as well as to an only moderate expansion of investing activity. The latter was negatively impacted by the political dispute over the State's budget and the permitted public debt ceiling. The inability of the Republicans and the Democrats to agree on a budget law or to raise the debt ceiling for a sufficiently long period of time, coupled with the resulting uncertainty with regard to the future fiscal policy of the country, were among the main reasons behind companies' reluctance to invest.

In the course of the 2013 business year the euro zone recovered from the recession that has started towards the end of 2011, reaching its climax at the turn of year 2012/2013. In the second quarter of 2013 total economic output increased by 0.3% compared to the first quarter, showed a sluggish performance in the third quarter recording a plus of 0.1% and registered a decline for the total period. Nevertheless, during the third quarter the overall economy formally overcame recession. Although an upward trend recorded in the course of the year could be seen across the entire euro zone, growth performance in the single countries varied strongly. Among the large economies, Germany reported an increase of roughly 0.5% in real GDP, whereas Italy registered a decline of 1.8%. The gradual ending of the recession in the southern European countries towards the end of the year went hand in hand with the considerable progress made in reducing external economic imbalances. This was partly based on a sharp decline in domestic demand. At the same time, price competitiveness strongly improved in most countries.

The average inflation rate within the euro zone for the 2013 business year was 1.4 percentage points and therefore clearly below the benchmark rate set by the European Central Bank (ECB) of just under 2%. In October, the euro zone inflation rate was 0.7%, the lowest for the year. This drastic decline is partly attributable to the fact that in the Netherlands and Spain the planned increases in taxes did not happen. In addition, food and energy prices showed surprisingly strong declines. In 2013 the ECB lowered its main refinancing rate twice to the current level of 0.25% and changed its communication strategy to provide a clear indication of the path key interest rates are expected to take going forward. Towards the end of the year, the ECB forecast remained unchanged or showed even lower key interest rates. While money market interest rates remained at a low level throughout the entire year, capital market interest rates increased considerably. As a result, the yield on the German 10-year government bond jumped from a low of slightly over 1.1% as of end of April to a high of over 2.0% as of the end of August 2013.

After the ECB seized the initiative to counteract the recession in the summer of 2012, announcing its willingness to intervene in the secondary market to lower interest rates, refinancing rates for peripheral countries continued to show a downward trend throughout 2013. Improved market access, as well as higher economic growth enabled Ireland to exit the successful EU aid program. Spain was also able to successfully exit the ESM (European Stability Mechanism) financial assistance program for the recapitalization of the country's banking sector in December 2013. Both countries announced that they will not request any follow-up ESM assistance in the form of precautionary credit lines going forward. This decision implies at the same time that they will also renounce to any potential assistance of the ECB in the secondary market. Markets took this decision in their strides. On the contrary, the unstable market conditions and government crises in Italy and Portugal gave rise to interim uncertainty. To a large extent, Portugal's aid program ran according to schedule. The country, however, failed to regain full market access due to comparably higher interest rates. In the course of the 2013 business year, new tools were created to fight the crisis in the euro zone (improved and early monitoring of government budgets and economic imbalances; ESM). Moreover, vital progress was made with regard to the implementation of the European Banking Union (ECB as supervisor of systematically important banking institutions as of end of 2014, harmonized settlement mechanisms are expected for the beginning of 2016).

SECTOR DEVELOPMENT

Passenger car global market continues to on path for growth

From a global perspective 2013 was definitely a good year for the automotive sector. The global passenger car market grew by 5% to 72.2 million units, mostly driven by the two major markets, the United States and China. In 2013, the US market expanded by 7% to nearly 15.5 million light vehicles. Growth in China amounted to 21%, a three times growth. The Chinese passenger car market reached the 16 million mark in 2013, making it the largest global market for the first time. German manufacturers succeeded in keeping up with the high rate of growth in China. They currently have a market share of over 20%.

Western Europe, on the other hand, is now on a path of slow recovery after several difficult years. For the full-year 2013, sales of passenger cars reached 11.4 million and, although this is 3% below last year's figure, a slight upturn became visible in the second half of the year.

In 2013, the Japanese car market shrunk slightly to nearly 4.4 million passenger cars. The Russian market also failed to gather momentum in the year under review, down 7%, producing just over 2.7 million units. The situation in India was similar, down 9% to just over 2.5 million cars. Sales in Brazil were also below the previous year's level, down 1% to 3.6 million light vehicles.

German passenger car market still sluggish in 2013

As expected, Europe's most important passenger car market remained sluggish in the year under review. By year-end 2013, new car registrations totaled just 2.9 million, a reduction of 5% compared to the previous year. However, the situation improved during the second half of the year. Whereas from January to June, new registrations had been 8% down on the 2012 value, a slow stabilization trend was reported in the German market throughout the year. This positive development was linked to German manufacturers' domestic orders improving during the second half of the year, with a year-on-year increase of 2%.

Slight increases in both exports and domestic production

Despite the difficult market environment in Western Europe, exports and domestic production expanded slightly over the year. Passenger car production at German plants increased by 1% to 5.5 million units, with exports also growing by 1% to 4.2 million new cars. Strong exports – more than three out of every four cars built in Germany were destined for international markets – ensured rising employment in Germany.

Increased production abroad

Production abroad increased again in the year under review. For the full-year 2013, total production volume at the international sites amounted to 8.7 million units, which corresponds to an increase of 6%. Most of the growth took place in China and South America. To summarize, in 2013 the German automotive industry produced almost 14.2 million cars globally with 5.5 million of them manufactured at home.

Commercial vehicle market shows signs of slow recovery

The current market conditions remain challenging for companies in the commercial vehicle sector. In 2013, new registrations of vans in Germany dropped by 4% to almost 200,000 units. Registrations of new commercial vehicles over six tons fell by around 6% to 71,300 compared to the previous year. However, the market showed a positive trend again in the fourth quarter of the year under review. Domestic sales of commercial vehicles over six tons showed a year-on-year rise of more than 10%. This increase can be attributed partly to the higher volume of purchases of commercial vehicles ahead of the introduction of the new Euro VI standard, but also to the gradual economic recovery encouraged by the resumption of investment activities. For the full-year 2013, the German market for heavy commercial vehicles (over six tons) reached 77,000 units (-4%). However, the VDA can see that demand is currently stabilizing in countries such as France and Spain. Outside of Europe, the trend was and remains upward – similar to that for passenger cars. For 2013, the commercial vehicle market (over six tons) in Western Europe amounted to 225,000 units (-4%).

Automotive year 2014: global market set to grow – Western Europe will expand slightly again

In 2014, the VDA expects the global market for passenger cars to climb to 74.7 million (+3%). With the exception of Japan (-4%), all relevant markets are expected to show positive developments. China will increase slightly less rapidly than before, but a conservative estimate puts its growth at 7%, so in 2014 this market is expected to break through the 17 million mark (17.1 million passenger cars). The United States will expand by 3%, edging close to the 16 million mark (15.9 million light vehicles). Western Europe will show growth for the first time in four years. The VDA expects sales to total 11.6 million units (+2%). The new EU countries will recover more quickly, with a growth of 7%. Stabilization will also begin in India (+7%), Russia (+3%) and Brazil (+2%), although India and Russia will not exhaust all their room for expansion.

Source: VDA, RCB

2. Business development of the Group

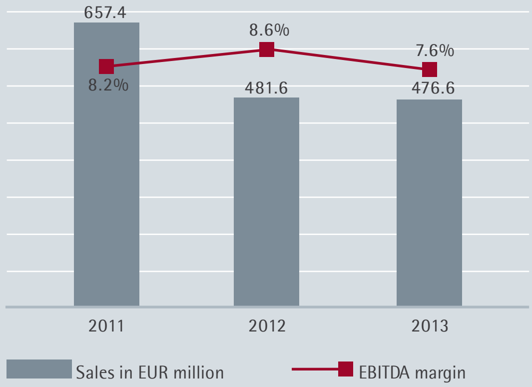
SALES DEVELOPMENT

In the 2013 business year, POLYTEC GROUP's total sales fell by 1.0% to EUR 476.6 million compared to the previous year.

In the passenger car business, total sales increased slightly by 0.1% to EUR 291.5 million compared to the same period of the previous year. In the commercial vehicle business, total sales remained almost unchanged year-on-year, amounting to EUR 138.4 million. In both segments, changes from the previous year's level were mainly attributable to a considerable change in the development of corresponding tooling sales. Parts sales in the commercial vehicle business showed a significant increase in the fourth quarter of 2013, mainly due to the earlier than scheduled purchases of light vehicles ahead of the introduction of the new Euro VI exhaust-emission standard.

The non-automotive business area showed a different picture. As explained in the quarterly reports during 2013, drops in sales in the garden furniture business and in relation to one major client (logistics boxes) led to a significant decline in non-automotive sales in the year under review.

Development of sales and EBITDA margin



Sales by market segment	**Unit**	**2013**	**2012**	**2011**
Passenger cars	EUR million	291.5	291.1	451.5
Commercial vehicles	EUR million	138.4	138.2	170.2
Non-automotive	EUR million	46.7	52.3	35.6
Group	**EUR million**	**476.6**	**481.6**	**657.4**

The significant decline in sales of 10.7% in the non-automotive segment is mainly attributable to the lack of sales from the garden furniture and logistics box businesses. The insolvency of the company's main customer in the garden furniture market prompted the Group's decision to discontinue the production of garden furniture earlier than it had originally planned.

Sales by category	**Unit**	**2013**	**2012**	**2011**
Part sales and other sales	EUR million	416.8	428.6	608.4
Tooling and engineering sales	EUR million	59.8	53.0	49.0
Group	**EUR million**	**476.6**	**481.6**	**657.4**

The increase in tooling and engineering sales by 12.7% to EUR 59.8 million is mainly attributable to the continued progress made in tooling projects in the area of injection molding.

Sales by region	**Unit**	**2013**	**2012**	**2011**
Austria	EUR million	16.5	13.4	21.8
Germany	EUR million	287.9	305.7	419.0
Other EU	EUR million	138.2	130.5	186.8
Rest of the world	EUR million	34.0	32.0	29.8
Group	**EUR million**	**476.6**	**481.6**	**657.4**

EARNINGS DEVELOPMENT

EBITDA

POLYTEC GROUP's reported EBITDA amounted to EUR 36.4 million in the year under review compared to EUR 41.6 million in the previous year. This included a deconsolidation gain of EUR 0.3 million in connection to the divestment of POLYTEC Interior Zaragoza S.L. Higher-than-planned expenses for several project start-ups in the car passenger segment, as well as negative scale effects resulting from the declines in revenues in the non-automotive area, had a negative impact on the Group's earnings performance in 2013.

On an adjusted basis, i. e. excluding the aforementioned deconsolidation effects, EBITDA margin declined by 1.0 percentage points to 7.6%.

Material expenses

The materials to sales ratio was reduced from the previous year's level of 50.5% to 50.1% in 2013. This slight improvement resulted mainly from shifts in the article mix.

Personnel expenses

In 2013, the personnel ratio, including leasing expenses, increased by 1.6 percentage points to 32.9% or EUR 156.9 million compared to the previous year. Leased staff expenses rose by 40.5% to EUR 8.1 million in the year under review, mainly due to higher-than-expected levels of employees at the plants in Lohne, Ebensee and Hörsching. The higher use of personnel resources in connection with the start of several production projects in the injection-molding plants also contributed to the increase in the personnel ratio compared to the previous year.

Amortization and depreciation

In 2013, amortization and depreciation charges increased by 7.8% to EUR 15.0 million compared to the previous year. The increase in investments, which in turn led to an increase in amortization and depreciation charges, can be directly related to the planned growth of business volumes for the years to come.

EBIT

In 2013 EBIT before restructuring costs declined by EUR 6.3 million or 22.8% to EUR 21.4 million. This corresponds to an EBIT margin before restructuring costs of 4.5%. Restructuring costs, which are shown separately in the income statement, totaling EUR 1.2 million mainly relate to expenses in connection with the discontinuation of garden furniture production at the plant in Ebensee (see also Notes to the consolidated financial statements under section D. 7). In addition, higher-than-expected start-up costs in connection with single injection-molding projects and related personnel and material overspending also had a negative impact on results.

Group earnings figures	Unit	2013	2012	2011
Sales	EUR million	476.6	481.6	657.4
EBITDA adjusted[1]	EUR million	36.4	41.3	54.1
EBITDA margin (EBITDA/sales)	%	7.6	8.6	8.2
EBIT adjusted[1) 2)]	EUR million	20.2	27.4	35.4
EBIT margin (EBIT/sales)	%	4.2	5.7	5.4
Average capital employed	EUR million	132.0	118.9	119.4
ROCE before tax (EBIT[1) 2)]/capital employed)	%	15.3	23.0	29.6

1) Earnings figures for 2011 have been adjusted for a one-off deconsolidation gain of EUR 7.2 million resulting from the disposal of the Interior Systems business towards the end of the first half of 2011. Earnings figures for 2012 have been adjusted for a one-off deconsolidation gain of EUR 0.3 million resulting from the deconsolidation of POLYTEC Interior Zaragoza S.L., Spain.

2) EBIT for 2013 includes restructuring costs totaling EUR 1.2 million, which mainly refer to expenses in connection with the discontinuation of the garden furniture production at the plant in Ebensee.

Financial result

The financial result in 2013 amounted to EUR -1.1 million compared to EUR -0.9 million in the previous year. This decrease of roughly EUR 0.2 million is mainly attributable to lower interest income resulting from the reduced investment of available liquidity over the course of 2013.

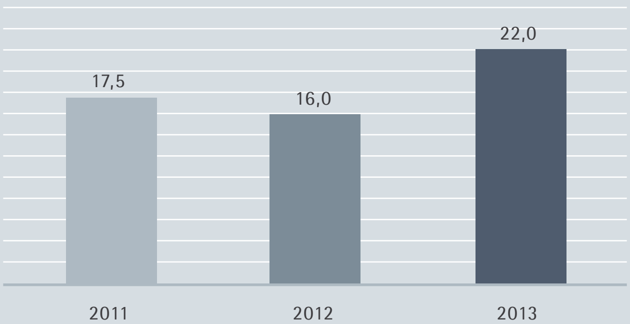
Including deferred tax effects, the Group's effective tax rate amounted to 21.5% in the year under review. This was considerably lower than the full taxation of income due to the conservative assessment of tax losses carried forward in previous years.

The Group's net profit amounted to EUR 14.3 million in 2013. This corresponds to earnings per share of EUR 0.65.

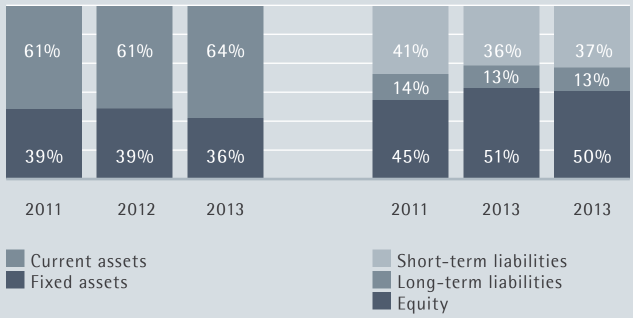
GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

In 2013, POLYTEC GROUP's capital expenditures increased by EUR 6.0 million to EUR 22.0 million compared to the previous year. Capital expenditures can be mainly attributed to investments in the replacement of and in the purchase of new production equipment. These investments are directly linked to the organic growth of the POLYTEC GROUP planned for the years to come.

Investments in tangible assets (EUR million)



Balance sheet structure of the POLYTEC GROUP (%)



Group key balance sheet and financial figures[1]	Unit	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Equity ratio (equity/ balance sheet total)	%	50.2	50.8	44.8
Balance sheet total	EUR million	273.1	260.3	268.4
Net working capital	EUR million	49.3	47.8	26.9
Net working capital in % of sales (NWC/sales)	%	10.4	9.9	4.1

[1] The application of the new balancing rules pursuant to IAS 19 took place with retrospective effect as of December 31, 2011 and January 1, 2012. Comparable figures as of December 31, 2011 and December 31, 2012 were adjusted accordingly.

The equity ratio of the POLYTEC GROUP increased from EUR 132.3 million at year-end 2012 to EUR 137.2 million as of December 31, 2013, despite dividend payments of EUR 7.7 million and share buy-backs of EUR 0.3 million. This increase by EUR 4.9 million is mainly attributable to the positive Group net profit results in 2013. The equity ratio totaled 50.2% at year-end 2013.

As of the balance sheet date on December 31, 2013, the POLYTEC GROUP held a total of 310,541 treasury shares (or 1.4% of the company's share capital) at an acquisition value of EUR 1.7 million and a market value of EUR 2.1 million.

By virtue of the purchase agreement, dated June 27, 2013 and with retroactive effect as of January 1, 2013, a 20% stake was acquired in POLYTEC FOHA Inc., Warren, USA and POLYTEC FOHA Corp., Markham, Canada respectively. POLYTEC HOLDING AG already held an 80% stake in both companies, which as a result were included in the Group's consolidated financial statements. This acquisition led to a reduction of non-controlling interests in the amount of EUR 0.4 million.

The increase in net working capital from EUR 47.8 million to EUR 49.3 million in the year under review is directly attributable to the increase in receivables from construction contracts, as well as in trade accounts payable.

As of the balance sheet date of December 31, 2013, the Group reported net cash of EUR 11.6 million. The total amount of cash and cash equivalents was mainly reduced by dividend payments and share buy-backs in addition to cash outflow used in investing activities.

Interest-bearing receivables, reported under current assets, of EUR 12.1 million increased by EUR 0.5 million in the year under review compared to the balance sheet date in 2012, mainly due to interest due thereon. Short-term interest-bearing receivables mainly relate to Boshoku Automotive and result from the sales of the Interior Systems business.

	Unit	2013	2012	2011
Net debt (+)/net cash (-)	EUR million	-11.6	-14.5	-17.9
Net debt (+)/net cash (-) to EBITDA	–	-0.32	-0.35	-0.29
Gearing (net debt (+)/ net cash (-)/equity)	–	-0.08	-0.11	-0.15

CASH FLOW

	Unit	2013	2012	2011
Cash flow from operating activities	EUR million	27.2	15.7	29.2
Cash flow from investing activities	EUR million	-16.3	-8.0	8.6
Cash flow from financing activities	EUR million	-14.5	-13.0	-23.6
Change in cash and cash equivalents	EUR million	-3.6	-5.3	14.2

In 2013, cash flow from operating activities increased by EUR 11.5 million to EUR 27.2 million. This significant increase was mainly attributable to the rise in trade and other payables, as well as to the almost constant level of short-term provisions compared to the previous year.

Cash flow from investing activities increased by EUR 8.3 million to EUR 16.3 million in 2013. The increase in capital expenditures for fixed assets is mainly attributable to the expansion of investment activities. The difference to the total investment volume of EUR 22.0 million results from not directly and fully cash-effective leasing financing.

Cash flow from financing activities of EUR –14.5 million was mainly due to dividend payments totaling EUR 7.7 million, as well as payments in relation with the company's share buy-back program amounting to EUR 0.3 million in addition to the further repayment of interest-bearing loans totaling EUR 5.4 million.

3. 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 continually improving their environmental performance and reducing the negative impact of their operations on the environment. ISO 14001 is the internationally recognized standard for putting in place an environmental management system. All the Group's major plants have certification in accordance with this standard.

The careful use of natural resources is a core element of POLYTEC GROUP's business activities. As a plastics-processing company, the POLYTEC GROUP assigns great importance to waste avoidance. In the plants that work extensively with injection molding technologies, every effort is made to regranulate the waste material and channel it back into the production process.

Research and development activities also fall under this policy to make sparing use of raw materials and to use alternative materials where appropriate.

EMPLOYEES

The average number of employees[1] and their geographic distribution at the POLYTEC GROUP changed as follows between 2012 and 2013:

Full-time equivalents	2013	2012
Austria	542	561
Germany	2,253	2,230
Other EU	554	610
Rest of the world	167	161
Group	**3,516**	**3,562**

[1] Including leased staff

The decrease in headcount in Austria was mainly attributable to the reduction of personnel at the plants in Ebensee and Hörsching. The increase in headcount in Germany resulted from the allocation of a higher number of personnel resources to support the start of several new projects, as well as from targeted personnel upsizing measures to facilitate the implementation of the company's mid-term growth program.

As of December 31, 2013, POLYTEC GROUP's headcount totaled 3,504 full-time equivalents (FTE). The proportion of leased staff was to 7.1% or 249 FTE.

Sales per employee, a key performance indicator in the HR area, developed as follows:

	Unit	2013	2012	2011
Sales per employee	TEUR	136	135	141

A strong customer focus and on-going process optimization to enhance profitability, environmental-friendliness and efficiency are top priorities for the POLYTEC GROUP. To ensure that the company is well prepared to face the dynamic market challenges that lie ahead, the POLYTEC GROUP promotes the on-going education and professional training of its employees, through in-house education and vocational training courses in association with external education institutions. Alongside the further development of technical knowledge and manual skills, strong emphasis is placed on the teaching of foreign languages, as these are essential for the success of an international business such as POLYTEC.

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

4. Subsequent events after the balance sheet date

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

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

For the full year 2014, POLYTEC GROUP's management expects a comparatively stable operating performance. Group sales are expected to drop moderately due to declining orders in the automotive business, especially in the commercial vehicle segment, and to the lack of sales from the garden furniture business at the Ebensee plant. The operating result is expected to match the level of 2013.

For the coming years, POLYTEC GROUP expects sales growth mainly driven by organic expansion in injection molding based on the production of complex engine and engine compartment components. This should also lead to an improvement of results' quality.

6. 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. No pending derivative financial instruments were held by the POLYTEC GROUP as of December 31, 2013, as was the case in the previous year.

7. 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 continuously being further developed.

In the 2013 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 three development centers. In keeping with the Group strategy, each of these development centers specializes in the products that are manufactured at the particular plant.

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, for the growing non-automotive business area. Additionally, it oversees the development of small series exterior component production for both trucks and passenger cars. Development work ranges from the substitution of aluminum parts with plastic parts to the further development of existing products. The testing area was extended in 2012 to ensure that constantly rising customer demands can be met and to support the development of new components with a view to further consolidating the company's pioneering role in the field of engine component parts, as described 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 cylinder head covers, the company has already incorporated the third generation POLYSWIRL oil separator. This is a centrifugal separator that sets the gas stream into rotation and separates the oil drops from the air. The POLYSWIRL oil separator is currently used in the cylinder head covers of the most renowned European car manufacturers, first and foremost those of the Volkswagen Group. In addition to the integration of multiple functions into a single component – referred to as functional integration – the development of new parts is also playing an increasingly crucial role. The most recent example of the development of new products, which had previously been produced with metal, is the transmission oil pan. Moving forward the focus will extend to air filtering and airflow systems, as well as intake ducts. The main requirement for all new components is that they are made of plastic and have the same mechanical and technical properties as the old parts made of metal. In 2013, the Hörsching plant started, for the first time, the series production of an engine soft cover made of polyurethane soft foam. This innovative component combines a design cover with significantly improved sound insulation for the engine compartment, which offers additionally better impact protection in the case of a collision with a pedestrian. This is a further example for the successful integration of multiple functions in product development.

POLYDRAIN is a modular oil-drain valve used to remove oil from the blow-by gases of engines. POLYVENT is an innovative pressure control valve used for particularly compact gasoline motors and the patented KEYLOCK system allows for the fast connection of lines. These are all examples of patented proprietary developments by the POLYTEC GROUP in the power-train area.

POLYTEC's fiber-reinforced plastics R&D activities are centered on the development of new materials for SMC (sheet molding compounds) and LFT (long fiber thermoplastic) applications. Tailor-made material formulations for a wide range of products are developed in-house, tested in the laboratory and then produced in the plants. While keeping a strong focus on the entire value creation chain, POLYTEC closely collaborates with its customers throughout the entire conception and development phase to create new products and find new applications for long fiber-reinforced thermosetting and thermoplastic materials (glass, carbon and basalt fibers) such as SMC (Sheet Molding Compounds), LFT (Long Fiber Thermoplastic) and GMT (Glass Mat Thermoplastic). This development unit also acts as a main driver of efficiency improvements in the on-going production process based on continuing procedure and product optimization efforts.

In the area of fiber-reinforced plastic materials, POLYTEC secured contracts for projects in a number of new sectors in 2013, further driving forward development activities. Projects focusing on lightweight construction for both the passenger car and commercial vehicle industries, which will soon start series production, are of central importance in this framework. The use of high-strength carbon-fiber-reinforced SMC materials, in combination with Class A SMC parts with a reduced thickness of 1.4 g/cm^3, supports a considerable increase in weight efficiency of up to 30% for passenger car exterior applications, when compared to aluminum or other standard SMC solutions. At the same time, POLYTEC is working on a number of development projects with a view to maintaining a high level of competitiveness and acquiring further orders for series production for lightweight construction. POLYTEC is also contributing to the development of next generation electrical vehicles, leveraging the technological strengths of SMC applications.

The range of services provided by the development center at Hörsching covers the entire process chain, even if this business unit's focus is mainly on the development of original accessories and small series runs. From initial design concepts, functional models and prototypes, digitalization and CAD construction right up to the creation of rapid prototyping models, the customer is offered a full-service package, which is standard practice in series development. However, 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 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. This also contributes to reduced implementation periods and increased flexibility when carrying out the necessary adjustments.

Developments in the CAR STYLING unit are mainly focused on process engineering and more specifically, on the continual improvement of PUR-RRIM materials. The use of carbon fiber as a reinforcement material for polyurethane (PUR) was subject to thorough scrutiny in 2013 and further developed for series production with a view to meeting all the necessary requirements for lightweight automotive construction. In addition, development work is also concentrated on establishing new possibilities for the surface treatment of PUR components.

In 2013, POLYTEC GROUP spent approximately EUR 8.4 million (2012: approx. EUR 8.5 million) on research and development activities.

8. 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 necessary 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 result in. These measures and rules include the division 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 abreast of all relevant issues as they occur. The Supervisory Board is informed in Supervisory Board meetings, which are held at least once every quarter, about current business developments, including operative planning and the medium-term strategy of the Group. This includes the provision of direct and immediate information to the Supervisory Board in special cases. Internal controls and risk management are among the topics dealt with at the Audit Committee meetings.

9. Disclosures on capital, share, voting and control rights and associated obligations

The share capital of POLYTEC HOLDING AG is divided 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 of December 31, 2013, 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 of December 31, 2012, no changes in the shareholder structure of the companies attributable to Friedrich Huemer at POLYTEC HOLDING AG were reported.

Exact proportions of share capital:

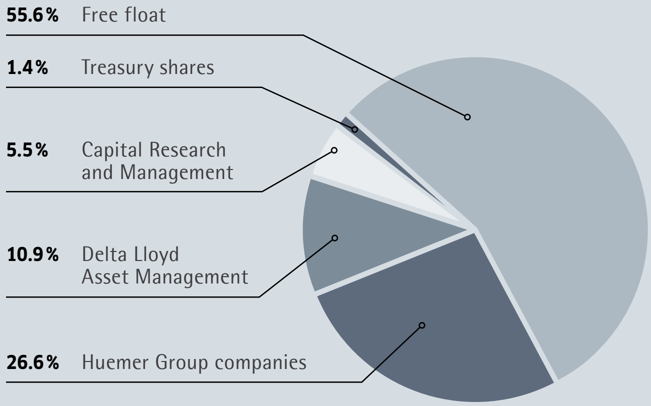
- Huemer Holding GmbH 16.00%
- Huemer Invest GmbH 10.64%

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 Funds
- Delta Lloyd Luxembourg European Participation Fund

According to the authorization granted by the 12th Annual General Meeting on May 16, 2012 to acquire treasury shares pursuant to Section 65 Para. 1 Pt. 8 of the Austria Stock Corporation Act, the company acquired a total of 310,541 treasury shares as of December 31, 2013, which correspond to approximately 1.39% of the share capital. The remaining 55.6% of POLYTEC HOLDING AG's share capital represent free float.

No shareholders have particular rights of control.



With regard to the Board of Directors' capacity 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 26, 2014

The Board of Directors

Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Alfred Kollros m. p.
Peter Haidenek m. p.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2013

compared with the figures from the previous year

TEUR	Notes	2013	2012
Net sales	D. 1	476,632	481,615
Other operating income	D. 2	4,996	5,778
Changes in inventory of finished and unfinished goods		–1,320	–2,108
Own work capitalised		2,526	1,449
Expenses for materials and services received	D. 3	–238,823	–243,080
Personnel expenses	D. 4	–148,774	–144,942
Other operating expenses	D. 5	–58,832	–57,395
Deconsolidation gains	B. 1	0	326
Earnings before interest, taxes and amortisation (EBITDA)		**36,405**	**41,642**
Depreciation		–15,021	–13,934
Earnings before interest, taxes and amortisation of goodwill (EBITA)		**21,384**	**27,708**
Impairments	D. 6	0	0
Operating profit (EBIT)		**21,384**	**27,708**
Restructuring costs	D. 7	–1,161	0
Operating profit (EBIT) after restructuring costs		**20,223**	**27,708**
Income from associated companies		24	132
Interest result		–1,134	–1,055
Other financial results		0	–17
Financial result	D. 8	**–1,111**	**–940**
Earnings before tax		**19,112**	**26,768**
Taxes on income	D. 9	–4,102	–4,490
Net profit of continued operations		**15,010**	**22,277**
thereof result of non-controlling interests		–691	–588
thereof result of the parent company		**14,319**	**21,689**
Earnings per share in EUR	D. 21	0.65	0.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Jan. 1 – Dec. 31, 2013

TEUR	Group	Non-controlling interests	Total
Profit after tax	**14,319**	**691**	**15,010**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	–1,274	0	–1,274
Income tax relating to items that will not be reclassified subsequently	373	0	373
	–901	**0**	**–901**
Items that may be reclassified subsequently to profit or loss			
Currency translations	–810	–25	–835
	–810	**–25**	**–835**
Other income	**–1,711**	**–25**	**–1,736**
Total comprehensive income	**12,608**	**666**	**13,274**

Jan. 1 – Dec. 31, 2012[1)]

TEUR	Group	Non-controlling interests	Total
Profit after tax	**21,689**	**588**	**22,277**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation, net of tax	–1.647	0	–1.647
Income tax relating to items that will not be reclassified subsequently	486	0	486
	–1,160	**0**	**–1,160**
Items that may be reclassified subsequently to profit or loss			
Currency translations	348	–122	226
	348	**–122**	**226**
Other income	**–812**	**–122**	**–934**
Total comprehensive income	**20,877**	**466**	**21,343**

1) The comparative information was retrospectively adjusted according to IAS 8.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2013 compared with the figures from the previous year

ASSETS

TEUR	Notes	Dec. 31, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
Fixed Assets				
Intangible assets	D. 10	717	656	663
Goodwill	D. 10	19,180	19,180	19,180
Tangible assets	D. 11	66,124	60,146	61,740
Investments in affiliated companies		135	435	205
Investments in associated companies		31	31	31
Other financial assets		598	598	598
Other long-term receivables	D. 14	588	351	419
Interest-bearing receivables	D. 16	0	11.579	10.932
Deferred tax assets	D. 12	10,798	9,487	11,808
		98,171	**102,463**	**105,576**
Current assets				
Inventories	D. 13	39,994	39,479	41,266
Trade accounts receivable and other receivables and assets	D. 14	53,512	54,271	53,333
Receivables from construction contracts	D. 15	34,765	25,763	20,959
Income tax receivables		396	383	82
Interest-bearing receivables	D. 16	12,065	0	2,818
Cash and cash equivalents	D. 17	34,174	37,941	43,222
Assets held for sale		0	0	1,102
		174,906	**157,837**	**162,783**
		273,077	**260,300**	**268,359**

EQUITY AND LIABILITIES

TEUR	Notes	Dec. 31, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
Shareholder's equity				
Share capital		22,330	22,330	22,330
Capital reserves		37,563	37,563	37,563
Treasury stock		-1,709	-1,396	0
Non-controlling interests		5,528	5,249	4,783
Retained earnings		77,943	71,342	57,468
Other reserves		-4,506	-2,795	-1,983
	D. 20	**137,150**	**132,293**	**120,161**
Long-term liabilities				
Interest-bearing liabilities	D. 22	13,295	12,454	18,253
Provision for deferred taxes	D. 12	354	593	2,416
Long-term provisions for personnel	D. 23	21,649	20,252	17,883
Other long-term liabilities	D. 24	0	74	208
		35,298	**33,373**	**38,760**
Short-term liabilities				
Trade accounts payable	D. 25	39,773	34,671	35,477
Liabilities from construction contracts	D. 15	2,704	3,010	4,380
Short-term interest-bearing liabilities	D. 26	13,708	14,527	11,719
Short-term portion of long-term loans	D. 27	7,591	7,988	9,010
Liabilities on income taxes	D. 28	3,574	2,623	4,398
Short-term provisions	D. 29	18,974	19,743	30,342
Other short-term liabilities	D. 30	14,305	12,072	14,113
		100,629	**94,634**	**109,438**
		273,077	**260,300**	**268,359**

[1] The comparative information was retrospectively adjusted according to IAS 8.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2013 compared with the figures from the previous year

TEUR	2013	2012[1]
Earnings before tax	**19,112**	**26,768**
– Income taxes	–4,341	–5,582
+ Depreciation (appreciation) of fixed assets	15,021	13,934
– Non-cash earnings from deconsolidation	0	–326
+(-) Increase (decrease) in long-term provisions	123	723
-(+) Profit (loss) from asset disposals	–14	–735
= **Consolidated cash flow from earnings**	**29,901**	**34,782**
-(+) Increase (decrease) in inventories, advance payments made	–515	1,788
-(+) Increase (decrease) in trade and other receivables	–8,379	–6,302
+(-) Increase (decrease) in trade and other payables	6,954	–3,954
+(-) Increase (decrease) in short-term provisions	–769	–10,600
= **Consolidated cash flow from operating activities**	**27,192**	**15,714**

TEUR	2013	2012[1]
– Investments in fixed assets	–17,008	–16,048
– Acquisition of subsidiaries	0	–300
+ Disposal of deconsolidated subsidiaries	300	0
+ Disposal of not longer consolidated subsidiaries (proceeds less cash and cash equivalents)	0	776
+(-) Translation differences	138	–83
+ Payments from the disposal of intangible and tangible assets	853	4,671
-(+) Increase (decrease) interest bearing receivables and other long-term receivables	–588	2,987
= **Consolidated cash flow from investing activities**	**–16,306**	**–7,998**

TEUR	2013	2012[1]
+(-) Increase (decrease) in interest-bearing loans and liabilities to banks	–5,402	–4,012
– Dividends	–7,725	–7,815
– Purchase of non-controlling interests	–379	0
– Treasury stock	–313	–1,396
+(-) Other changes in equity	–680	211
= **Consolidated cash flow from financing activities**	**–14,499**	**–13,012**

TEUR	2013	2012[1]
+(-) Consolidated cash flow from operating activities	27,192	15,714
+(-) Consolidated cash flow from investing activities	–16,306	–7,998
+(-) Consolidated cash flow from financing activities	–14,499	–13,012
= **Changes in cash and cash equivalents**	**–3,612**	**–5,296**
+(-) Effect from currency translations	–155	14
+ Opening balance of cash and cash equivalents	37,941	43,222
= **Closing balance of cash and cash equivalents**	**34,174**	**37,941**

[1] The comparative information was retrospectively adjusted according to IAS 8.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Notes	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves: Actuarial profit/ loss	Other reserves: Reserves from currency translation	Equity attributable to shareholders of the parent	Non-controlling interests	Total
Balance as of January 1, 2013		**22,330**	**37,563**	**–1,396**	**71,342**	**–1,329**	**–1,466**	**127,045**	**5,249**	**132,293**
Comprehensive income after tax according to the income statement		0	0	0	14,319	0	0	14,319	691	15,010
Other results after tax		0	0	0	0	–901	–810	–1,711	–25	–1,736
Dividends		0	0	0	–7,725	0	0	–7,725	0	–7,725
Purchase of non controlling interests		0	0	0	7	0	0	7	–386	–379
Treasury shares		0	0	–313	0	0	0	–313	0	–313
Balance as of December 31, 2013	**D. 20**	**22,330**	**37,563**	**–1,709**	**77,943**	**–2,230**	**–2,276**	**131,622**	**5,528**	**137,150**

TEUR	Notes	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves: Actuarial profit/ loss	Other reserves: Reserves from currency translation	Equity attributable to shareholders of the parent	Non-controlling interests	Total
Balance as of January 1, 2012		**22,330**	**37,563**	**0**	**57,468**	**0**	**–1,814**	**115,547**	**4,783**	**120,330**
New accounting standards applied		0	0	0	0	–169	0	–169	0	–169
Retrospectively adjusted status as of January 1, 2012		**22,330**	**37,563**	**0**	**57,468**	**–169**	**–1,814**	**115,379**	**4,783**	**120,161**
Comprehensive income after tax according to the income statement		0	0	0	21,689	0	0	21,689	588	22,277
Other results after tax		0	0	0	0	–1,160	348	–812	–122	–934
Dividends		0	0	0	–7,815	0	0	–7,815	0	–7,815
Treasury shares		0	0	–1,396	0	0	0	–1,396	0	–1,396
Balance as of December 31, 2012	**D. 20**	**22,330**	**37,563**	**–1,396**	**71,342**	**–1,329**	**–1,466**	**127,045**	**5,249**	**132,293**

Notes to the Consolidated Financial Statements

FOR THE 2013 FINANCIAL YEAR OF POLYTEC HOLDING AG, HÖRSCHING

(A) General information

The POLYTEC GROUP is a globally operating corporation focusing on the automotive and plastics industry with its head office in Austria. In the automotive industry, the Group is working as a supplier of exterior and engine compartment components in the high-volume market segment as well as a supplier of original equipment and components for small and medium series. Furthermore, the Group produces PUR molded parts as well as machines for their production for other industries. POLYTEC HOLDING AG's company address is Polytec-Straße 1, 4063 Hörsching, Austria.

The consolidated financial statements for the financial year 2013 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. They also comply with the additional requirements of Section 245a Para. 1 of the Austrian Commercial Code (UGB).

The headquarters of the POLYTEC HOLDING AG is located in Hörsching, Austria, and is listed in the "Landes- als Handelsgericht 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 year, were applied with regard to the preparation of the present consolidated financial statements.

The following new or amended standards and interpretations were applicable for the first time in financial year 2013:

IFRS 13 Fair Value Measurement was applicable for the first time on January 1, 2013. The standard combines the requirements for determining fair value and consequently replaced the rules regarding this stipulated in individual IFRSs. First-time application of IFRS 13 leads to changed and additional disclosures about financial instruments and other transactions in the Notes.

The amendments to IFRS 7 demand the disclosure of information on offsetting rights for financial instruments and consequently related agreements in an enforceable master offsetting agreement or an agreement to this effect. Since the POLYTEC GROUP has not concluded any offsetting agreements, application of the amendment did not have any impact on the disclosures or the amounts reported in the consolidated financial statements.

As a result of the amendment to IAS 1, new rules were introduced for the presentation of the individual components of other comprehensive income in the statement of comprehensive income. The presentation of comprehensive income must now separate those components, which may be recycled into the income statement, from those components, which will not be recycled. The amendment of this standard led to a reorganization of the statement of comprehensive income in the present consolidated financial statements of the POLYTEC GROUP.

Application of the amendments to IAS 19 Employee Benefits is compulsory for financial years starting on or after January 1, 2013. The key amendments relate to the immediate recognition of actuarial gains and losses in other comprehensive income when accounting for defined benefit pension plans and other similar obligations once employment ends. The previously admissible corridor method chosen by the POLYTEC GROUP to allocate actuarial gains and losses in the income statement is no longer admissible. The effects on the consolidated financial statements therefore relate to provisions for severance payments and pensions as well as the recognition of actuarial gains and losses in other comprehensive income.

The new reporting rules were applied retrospectively with effect from January 1, 2012 in compliance with IAS 8. This resulted in the following corrections for the items in the consolidated balance sheet for the comparative periods:

ASSETS in TEUR	Dec. 31, 2012	Jan. 1, 2012
Deferred tax assets	536	49

EQUITY AND LIABILITIES in TEUR	Dec. 31, 2012	Jan. 1, 2012
Group equity		
Other reserves	-1,329	-169
Long-term liabilities		
Long-term provisions for personnel	1,865	218
Total	**536**	**49**

The adjustment to the income statement for financial year 2012 resulting from the amendment to IAS 19 amounted to TEUR 75. For reasons of materiality, there was no adjustment to the income statement or earnings per share for the 2012 financial year.

In the statement of comprehensive income, the corrections equated to the amounts stated in 2012 for the revaluation of the net debt arising from defined benefit obligations and the income taxes attributable thereto.

As of January 1, 2012, the value of the reserve for actuarial gains/losses equated to the cumulative actuarial result of severance and pension obligations not taken into account.

The revised IFRS 1, IAS 12 and IFRIC 20 standards, which were applicable for the first time in the 2013 business year, did not have any material impact on the present consolidated financial statements.

The amendments to IAS 36 regarding the disclosures on the recoverable amount for non-financial assets were adopted by the European Commission on December 19, 2013. Application of the innovations is compulsory for financial years starting on or after January 1, 2014. However, POLYTEC is already applying this amendment prematurely. These amendments only require disclosure of the fair value of the assets of the cash-generating units if impairments or reversals of impairments were recognized for them during the year and therefore rectify the unintended consequences of IFRS 13 for the disclosure requirements in accordance with IAS 36.

The International Accounting Standards Board (IASB) is currently working on a wide range of important projects whose application, however, will be mandatory for financial years commencing on January 1, 2014. Application of the following new, revised and complemented IFRIC standards as well as of their interpretations, published by the IASB, is not yet mandatory. Since they have not been applied by the POLYTEC GROUP to date, they are not relevant for the present consolidated financial statements:

Standard/interpretation		Published by the IASB	Adopted by the EU	Mandatory application as per EU commission
IAS 19	(revised) Defined Benefit Plans: Employee Contributions	November 2013	Expected for 2014	January 1, 2015
IAS 27	(revised) Separate Financial Statements	May 2011	December 2012	January 1, 2014
IAS 28	(revised) Investments in Associates and Joint Ventures	May 2011	December 2012	January 1, 2014
IAS 32	(revised) Offsetting Financial Assets and Liabilities	December 2011	December 2012	January 1, 2014
IFRS 9	Financial Instruments	November 2013	Not yet endorsed by the EU	Expected for January 1, 2018
IFRS 10	Consolidated Financial Statements	May 2011	December 2012	January 1, 2014
IFRS 11	Joint Arrangements	May 2011	December 2012	January 1, 2014
IFRS 12	Disclosure of Interest in Other Entities	May 2011	December 2012	January 1, 2014

This list represents the changes relevant for the POLYTEC GROUP.

The new IFRS 9 envisages far-reaching changes with regard to the classification and evaluation 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, 2018.

IFRS 10 Consolidated Financial Statements redefines the concept of control and consequently aims to provide a uniform basis for defining the scope of consolidation. Accordingly, control exists if the company has decision-making powers over the relevant processes, generates variable returns from the subsidiary and can influence these returns through its decision-making powers. In future, IAS 27 will only contain the rules for accounting for shares in subsidiaries in the separate financial statements. The option of consolidating investments in joint ventures proportionately is abolished with IFRS 11. In future, the equity method must be used to include joint ventures in the consolidated financial statements in accordance with IAS 28. The disclosures in the Notes on consolidated and non-consolidated companies are combined in a separate standard through IFRS 12. The adoption of IFRS 12 will significantly extend the scope of mandatory disclosures in the Notes to the consolidated financial statements.

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 adoption of IFRS 12 will significantly extend the scope of mandatory disclosures in the Notes to the consolidated financial statements.

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 245a UGB (Austrian Business Code), the present consolidated financial statements replace the consolidated accounts, 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 Financial Statements and Accounting for Investments in Subsidiaries). The parent company is POLYTEC HOLDING AG, Hörsching. The consolidated financial statements include all companies by full consolidation, which are under controlling influence of the parent company. Thus, five national subsidiaries (previous year: five) and 19 international subsidiaries (previous year: 19) were included in addition to the parent company; these subsidiaries are under the legal and factual control of the POLYTEC GROUP. The seven companies (previous year: eight), 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, 2013.

An overview of the fully consolidated companies can be found in Section E. 10 of the Notes to 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, 2012	**25**
Retirement due to company divestments	0
Retirement due to Group's internal reorganization	0
As of Dec. 31, 2013	**25**
Thereof foreign companies	19

By virtue of the purchase agreement dated June 27, 2013 and with retrospective effect as of January 1, 2013, a 20% stake was acquired in POLYTEC FOHA Inc., Warren, USA and POLYTEC FOHA Corp., Markham, Canada respectively. POLYTEC HOLDING AG already held an 80% stake in both companies, which as a result were included in the Group's consolidated financial statements. This acquisition led to a reduction of the non-controlling interests in the amount of TEUR 386.

By virtue of the purchase agreement dated December 23, 2011, the Zaragoza site (POLYTEC Interior Zaragoza S.L., Zaragoza, Spain) 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.

Due to the cessation of operating activities as a result of the aforementioned transaction, the remaining legal entity within the POLYTEC GROUP is now of secondary importance for the asset, financial and earnings position of the Group. For this reason, the deconsolidation of POLYTEC Interior Zaragoza S.L. took place on March 31, 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 gain resulting from the disposal of the Zaragoza site as well as from the deconsolidation of POLYTEC Interior Zaragoza S.L. was calculated by offsetting the disposed net assets by the total consideration received for the disposal.

TEUR	
Consideration received	1,429
Net assets sold	-1,104
Gain on disposal	**326**

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 was recorded with the book value of December 31, 2004 and is subject to an annual impairment test.

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

Non-controlling interests are disclosed in the consolidated financial statements under equity in accordance with IAS 27.

All accounts receivable and payable 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 in foreign currencies

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

Translation of individual financial statements in foreign currencies

The functional currency of non-euro subsidiaries is the corresponding national currency. Assets and liabilities of international subsidiaries were converted at the reference exchange rate of the European Central Bank on the balance sheet date. Positions of the consolidated income statement were converted at the average exchange rates of the financial year under review.

Exchange rate differences of monetary positions, which, from an 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 "Translation differences".

The following currency exchange rates were used:

	Average exchange rate		Exchange rate on the balance sheet date	
	2013	2012	Dec. 31, 2013	Dec. 31, 2012
CAD	1.3755	1.2900	1.4671	1.3137
GBP	0.8499	0.8116	0.8337	0.8161
USD	1.3301	1.2922	1.3791	1.3194
CZK	26.0417	25.1256	27.3973	25.1256

C. Accounting and evaluation principles

The principle of standardized accounting and evaluation is being 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 a future accrual of funds, which do 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 under review amounted to approximately TEUR 8,422 (previous year: TEUR 8,506).

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 annex C. 10 "Impairment").

3. FIXED ASSETS

Tangible assets are valued at the cost of acquisition or production, reduced by scheduled amortization, or the lower achievable market price. The scheduled amortization is determined on a straight-line method.

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

	in %
Buildings and leasehold improvements	4.0–20.0
Technical equipment and machinery	6.7–50.0
Other equipment, fixtures, fittings and equipment	10.0–50.0

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

Interests on borrowed capital are not capitalized, as no substantial borrowing costs were incurred that are directly attributable to the acquisition, construction or production of a qualifying asset.

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 pursuant to 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 cost 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 a acquisition cost are investments, which are not listed on an active market and whose current value can, therefore, not be determined on a reliable basis.

Extraordinary amortization will be performed for all financial assets in the case of impairment.

7. INVENTORIES

Inventories are evaluated at their acquisition or production costs or the lower net realizable 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, as no substantial borrowing costs were incurred that are directly attributable to the acquisition, construction or production of a qualifying asset.

8. TRADE ACCOUNTS RECEIVABLE, INCOME TAX AND OTHER ACCOUNTS RECEIVABLE

Receivables are capitalized at the cost 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. 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.

10. IMPAIRMENT

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test, which is performed shortly before any balance sheet date or whenever indicated. All other intangible and fixed assets are tested if any indications exist for impairment.

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

An impairment is deemed to exist if the recoverable amount of the asset or of the cash-generating unit is lower than the carrying amount. The recoverable amount is the higher amount of the value in use the fair value less selling costs.

The value in use of the asset corresponds to the present value of the estimated future cash flows from continuing use of such asset, applying a fair market discount rate before taxes, which is adjusted to the specific risks of the assets. The cash flows are derived from current planning approved by the Board of Directors. 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 capital costs of the corresponding cash-generating unit and was defined with 11.4% for the 2013 financial year (previous year: 11.4%).

Any impairment loss will be disclosed with the amount by which the carrying amount of the individual asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher amount of the net selling price and the value in use. Impairment losses recognized with regard to cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the cash-generating unit on a pro-rata basis.

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.

11. OBLIGATIONS TOWARDS EMPLOYEES

Provisions for severance payments

Due to legal obligations, the employees of Austrian Group companies who have joined the company prior to January 1, 2002 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 at the end of the employment. For all employment contracts concluded after December 31, 2002, payments, which are recorded as expenses, are made to a company pension fund for employees.

The provisions for severance payments are determined on a standardized basis at the balance sheet date using the projected-unit-credit method and by applying a discount rate of 3.50% (previous year: 3.75%) as well as by taking into account future salary increases of 2.00% (previous year: 1.75%). 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). Service costs are divided over the entire period of service of employees from the day they first joined the company until they reach the expected retirement age.

Actuarial gains/losses are recognized in the year in which they arise under other comprehensive income pursuant to IAS 19 (revised 2011). Current and past service costs are shown as personnel expenses in the consolidated income statement, while interest expense associated with provisions for pensions is shown in the financial result.

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. 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 3.50% (previous year: 3.75%) as well as an increase of 2.00% (previous year: 1.55%) is applied. The guidelines 2005G – Dr. Klaus Heubeck are used for the actuarial calculations.

Actuarial gains/losses are recognized in the year in which they arise under other comprehensive income pursuant to IAS 19 (revised 2011). Current and past service costs are shown as 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 jubilee payment depending on their length of service. Provisions have been set aside for these obligations, while applying the same amounts used for severance payment and pension obligations (with the exception of discount for employee turnover).

12. 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 sheets 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.

13. OTHER LONG-TERM AND SHORT-TERM LIABILITIES AS WELL AS PROVISIONS

The value of the trade accounts payable results from the present value of the received services at the date of their occurrence. Subsequently, 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.

Provisions are recognized when a legal or constructive obligation as a result of a past event exists towards a third party and it is probable that an outflow of resources, which can be reliably determined, will take place. The provisions are recognized by using the settlement amount with the highest probability under consideration of all identifiable risks. Long-term provisions are discounted if the interest effect is material and the discounting period can be reliably estimated.

14. ORIGINAL FINANCIAL INSTRUMENTS

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

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

Financial assets are categorized as follows:

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

Financial liabilities are categorized as follows:

a. Financial liabilities measured at residual book value

Other categories applicable according to IAS 39 are not applied.

15. DERIVATIVE FINANCIAL INSTRUMENTS

No such pending derivative financial instruments were held as of December 31, 2013 (as in the previous year).

16. 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.

17. CONSTRUCTION CONTRACTS

If the result of a construction contract can be reliably estimated, the revenues and costs associated with this construction contract must be recognized by reference to the stage of completion of the contract. The stage of completion is calculated from the ratio of the order costs incurred up to the balance sheet date to the estimated total costs. Changes to the contractual work, claims and performance premiums must be included to the extent that the amounts involved can be reliably determined and receipt thereof is viewed as probable.

If the result of a construction contract cannot be reliably determined the revenues associated with this contract must only be recognized in the amount of the costs incurred, which are probably recoverable. Costs are recognized as expenditure in the period in which they arise.

If it is probable that total costs will exceed total revenues, the anticipated loss is recognized as expenditure immediately.

If the costs incurred up to the reporting date plus reported profits and less reported losses exceed the partial invoices, the surplus must be shown as a receivable from construction contracts. For contracts where the partial invoices exceed the costs incurred plus reported profits and less reported losses, the surplus must be shown as a liability from construction contracts. Amounts received before the construction service is provided must be recognized as liability in advance payments received in the consolidated balance sheet. Amounts charged for services supplied that have not yet been paid by customers are included in the consolidated balance sheet in the item for trade and other receivables.

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 in proportion to time taking into account the effective interest rate of the asset. Dividend yields are shown at the occurrence of the legitimate claim.

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

19. UNCERTAINTIES WITH REGARD TO ASSESSMENTS AND ASSUMPTIONS

Estimations and assumptions have to be made by the management when preparing the consolidated financial statements with regard to the application of accounting and evaluation principles as well as to potential future developments. These estimations and assumptions might have an influence on the balanced assets and liabilities, on information regarding other obligations on the balance sheet date and on the recognition of income and expenses during the reporting period. The actual amounts to be realized in the future may deviate from these estimations.

In assessing the intrinsic value of goodwill (carrying amount: TEUR 19,180, previous year: TEUR 19,180) and property, plant and equipment (carrying amount: TEUR 66,124, previous year: TEUR 60,146), management makes estimates and future-related assumptions about the surplus inflows expected over the planning periods and the POLYTEC GROUP's costs of capital as well as individual cash-generating units. The estimates made are made to the best of management's knowledge and on the assumption that the company is a going concern, they build on empirical values and take appropriate account of any remaining uncertainty. A sensitivity analysis was carried out to present the impact of a change in the parameters used in the impairment test, which is explained in greater detail under D. 10 "Intangible assets and goodwill".

In assessing the recoverability of deferred tax assets (carrying amount: TEUR 10,798, previous year: TEUR 9,487), 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. A sensitivity analysis showed that a 10% reduction in taxable income compared with the present medium-term planning would result in an additional impairment of deferred tax assets from loss carry-forwards of TEUR 599 (previous year: TEUR 663).

Especially the assumptions concerning future payment surpluses as well as future taxable results, which are based on the medium-term planning of the Group, may prove to be incorrect and may result in certain effects on assets in the following years.

In the same way, the determination of the useful life of fixed assets involves estimates, which are derived from the operation of comparable equipment.

The assessment of provisions for severance payments and pension contributions carried out by independent actuaries is based on a specific method, which applies parameters such as the expected deduction of accrued interest, increases in wage payments and pension contributions. In addition to the interest rate risk and the risk of a potential increase in wage payments and pension contributions, there is also a longevity risk. 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. To present the impact of a change in the interest rate used to determine severance and pension obligations, a sensitivity analysis was calculated, which is explained in greater detail under D. 23 "Obligations to employees".

Current provisions (carrying amount: TEUR 18,974, previous year: TEUR 19,743) were valued on the basis of the best possible estimate of the future expected outflow of economic benefit to satisfy the obligations.

20. PRESENTATION

Presentation of assets, liabilities, expenses and income, equity items and cash flows in the statement of cash flows was mainly unchanged in the 2013 financial year compared to the previous financial year.

Equity was also broken down to make the consolidated financial statements more informative and more legible. Retained earnings and other reserves are now presented separately and are no longer included in the item "Accumulated profit or loss" in the consolidated balance sheet.

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

1. SALES REVENUES AND SEGMENT REPORTING

Segment reporting in the present consolidated financial statements reflects the internal management and reporting structure of the POLYTEC GROUP. The segmentation is technology-oriented, with the principal segment, namely "Plastic Processing", encompassing all plastic-processing companies of the POLYTEC GROUP.

The remaining business segment "Other" includes the business activities of the metal-processing companies of the POLYTEC GROUP as well as the Group managing POLYTEC HOLDING AG.

The segment "Other" does no include any business segments that would exceed the quantitative thresholds for reportable segments.

2013, i. e. Dec. 31, 2013 TEUR	Plastic processing	Other	Recon-ciliation	Group
Sales from external customers	467,683	8,949	0	476,632
Internal sales	185	11,215	–11,399	0
Total sales	**467,868**	**20,164**	**–11,399**	**476,632**
EBIT	18,056	2,772	–605	20,223
Amortization of intangible fixed assets	–14,522	–499	0	–15,021
Segment assets	208,480	8,273	–1,477	215,276
Segment liabilities	73,005	7,643	–1,421	79,227

2012, i. e. Dec. 31, 2012 TEUR	Plastic processing	Other	Recon-ciliation	Group
Sales from external customers	472,815	8,800	0	481,615
Internal sales	89	10,734	–10,822	0
Total sales	**472,903**	**19,534**	**–10,822**	**481,615**
EBIT	25,506	2,602	–399	27,708
Amortization of intangible fixed assets	–13,438	–497	0	–13,934
Segment assets	191,299	6,110	–190	197,219
Segment liabilities	61,871	7,240	0	69,111

The reconciliation of segment items with Group items only includes consolidation effects.

Segment assets essentially include intangible assets and fixed assets, inventories, trade accounts receivable as well as construction contracts and other receivables.

Segment liabilities essentially relate to trade accounts payable and liabilities from construction contracts as well as provisions and other liabilities.

Deliveries and services between segments are subject to prevailing market conditions.

The reported amounts for segment reporting are in line with the IFRS accounting and valuation principles applied in the consolidated financial statements.

Being a supplier of the automotive industry, the Group only depends on a small number of major customers. In 2013 and 2012, only two customer groups achieved more than 10% of the Group's entire sales. In total, the three main customers accounted for roughly 60% of total sales in 2013 (previous year: 59%). Due to the broad variety of models and brands of the 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.

The distribution of sales according to market segments is as follows:

TEUR	2013	2012
Passenger cars	291,482	291,072
Commercial vehicles	138,414	138,187
Non-automotive	46,736	52,356
Total	**476,632**	**481,615**

On the balance sheet dates, the specifications concerning geographical areas at the Group level (depending on the location of customers' business sites) can be summarized as follows:

TEUR	External sales		Intangible assets, goodwill and fixed assets	
	2013	2012	2013	2012
Austria	16,488	13,449	28,060	28,152
Germany	287,851	305,669	44,761	39,193
Other EU	138,256	130,534	11,606	10,892
Rest of world	34,037	31,963	1,594	1,746
Group	**476,632**	**481,615**	**86,021**	**79,983**

Sales are divided according to categories as follows:

TEUR	2013	2012
Part sales and other sales	416,853	428,577
Tooling and development sales	59,780	53,038
Total	**476,632**	**481,615**

2. OTHER OPERATING INCOME

TEUR	2013	2012
Income from the sale of and addition to fixed assets excluding financial assets	130	853
Income from cost reimbursements	1,360	1,202
Income from tenancies	860	1,038
Other income	2,646	2,684
Total	**4,996**	**5,778**

3. EXPENSES FOR MATERIAL AND OTHER SERVICES RECEIVED

TEUR	2013	2012
Material expenses	189,454	194,138
Expenses for services received	49,368	48,942
Total	**238,823**	**243,080**

4. PERSONNEL EXPENSES

TEUR	2013	2012
Wages and salaries	120,426	118,055
Expenses for statutory social charges	24,492	24,055
Expenses for severance payments and pensions	2,797	2,051
Other personnel expenses	1,059	783
Total	**148,774**	**144,942**

Expenses for severance payments and pensions also include expenses for contribution-oriented plans. For the Austrian companies of the Group, these expenses amounted to TEUR 185 in the year under review (previous year: TEUR 189).

The number of employees of the POLYTEC GROUP (including leased staff) was as follows:

	2013	2012
Average number of employees	3,516	3,562
As of December 31	3,504	3,433

The number of employees of the POLYTEC GROUP (excluding leased staff) was as follows:

	2013	2012
Average number of employees	3,273	3,390
As of December 31	3,255	3,333

The average number of employees of POLYTEC HOLDING AG and of the Austrian subsidiaries of the POLYTEC GROUP was as follows:

	2013	2012
Blue-collar workers	321	359
White-collar employees	178	182
Total	**499**	**541**

5. OTHER OPERATING EXPENSES

TEUR	2013	2012
Leased staff	8,149	5,800
Maintenance	11,265	10,826
Transport	4,529	5,063
Rent for buildings	11,322	11,520
Other rent and leases	3,686	3,987
IT and communication costs	2,692	2,784
Legal and consulting fees	2,246	2,131
Loss on exchange rates	73	101
Other operating expenses	6,432	6,554
Other sales expenses	3,191	2,373
Other administration expenses	5,040	5,319
Risk provision and damaging	-314	415
Non income based taxes and charges	404	405
Losses on disposal of fixed assets, excluding financial assets	116	119
Total	**58,832**	**57,395**

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. Pursuant to IFRS 3 (Business Combinations), goodwill is not amortized according to schedule but is subject to an annual impairment test. Due to these impairment tests, no goodwill amortization was required in 2013 as in the previous year.

7. RESTRUCTURING COSTS

The insolvency of the main customer in the garden furniture segment, Praktiker/Max Bahr, led to a sharp fall in sales as well as a sustained deterioration in future sales opportunities in this segment. This was the basis for the decision to suspend production of garden furniture sooner than planned anyway. Only residual sales from the sale of warehouse stock are therefore to be expected for the 2014 financial year.

The restructuring costs shown separately in the income statement in the amount of TEUR 1,161 (previous year: TEUR 0) contain inventory write-downs of TEUR 1,132 as well as personal expenses not covered by provisions of TEUR 28.

The garden furniture product group was acquired as a result of the purchase of the Ebensee site in September 2011. At this date, it was already planned to let production of garden furniture run down in the medium term and use the production capacity released as a result for automotive projects.

8. FINANCIAL RESULT

TEUR	2013	2012
Income from associated companies	24	132
Interest income and income from securities	780	1,085
Interest component of pension commitments	-766	-787
Other interest expenses	-1,149	-1,353
Other financial result	0	-17
Total	**-1,111**	**-940**

Income from other investments includes dividends from the POLYTEC Immobilien Group of TEUR 0 (previous year: TEUR 132).

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

9. INCOME TAXES

TEUR	2013	2012
Expenses for current income taxes	**5,254**	**3,477**
thereof non periodic	2,876	428
Changes in deferred income taxes	**-1,153**	**1,014**
thereof non periodic	0	0
Total	**4,102**	**4,490**
thereof non periodic	2,876	428

The income tax expense of the 2013 financial year amounting to TEUR 4,102 is lower by an amount of TEUR 676 compared to the calculated income tax expense amounting to TEUR 4,778, which would result by applying a tax rate of 25% to the result prior to income taxes amounting to TEUR 19,112.

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

TEUR	2013	2012
Earnings before tax	19,112	26,768
thereof 25% calculated income tax expense	4,778	6,692
Changes in value adjustments for deferred tax assets	-3,462	-1,466
Permanent differences and other changes	-315	-1,566
Differences from the discrepancy between the local and the consolidated tax rate	224	403
Income tax expense for the reporting period	1,226	4,062
Non-periodic income tax expense	2,876	428
Disclosed income tax expense	**4,102**	**4,490**

10. INTANGIBLE ASSETS AND GOODWILL

The classification of the intangible assets and their development is as follows:

TEUR	R&D costs	Rights	Goodwill	Total
Cost of acquisition as of January 1, 2012	**801**	**3,999**	**45,508**	**50,308**
Change in the scope of consolidation	0	0	0	0
Translation differences	0	0	0	0
Additions	0	387	0	387
Disposals	0	-85	0	-85
Transfers	0	0	0	0
As of December 31, 2012	**801**	**4,301**	**45,508**	**50,610**
As of January 1, 2013	**801**	**4,301**	**45,508**	**50,610**
Change in the scope of consolidation	0	0	0	0
Translation differences	0	-12	0	-12
Additions	0	509	0	509
Disposals	0	0	0	0
Transfers	0	0	0	0
As of December 31, 2013	**801**	**4,798**	**45,508**	**51,107**

TEUR	R&D costs	Rights	Goodwill	Total
Accumulated depreciation as of January 1, 2012	**801**	**3,335**	**26,328**	**30,464**
Change in the scope of consolidation	0	0	0	0
Translation differences	0	0	0	0
Scheduled amortization	0	394	0	394
Impairments	0	0	0	0
Disposals	0	-85	0	-85
Transfers	0	0	0	0
Revaluations	0	0	0	0
As of December 31, 2012	**801**	**3,645**	**26,328**	**30,774**
As of January 1, 2013	**801**	**3,645**	**26,328**	**30,774**
Change in the scope of consolidation	0	0	0	0
Translation differences	0	-12	0	-12
Scheduled amortization	0	449	0	449
Impairments	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Revaluations	0	0	0	0
As of December 31, 2013	**801**	**4,081**	**26,328**	**31,210**
Book value as of December 31, 2012	**0**	**656**	**19,180**	**19,836**
Book value as of December 31, 2013	**0**	**717**	**19,180**	**19,897**

Additions exclusively result from acquisitions and not from internal development projects.

No intangible assets were mortgaged or pledged as a security for bank liabilities in 2013 as in 2012.

The amortization of intangible assets is shown under the item "Amortization and depreciation" in the income statement.

No outstanding obligations relating to orders for the delivery of intangible assets were due for payment as of December 31, 2013 as in 2012.

Impairments

After performing the impairment test, no need for an impairment of goodwill was identified in 2013 as in the previous year. The same applies to the other intangible assets.

Goodwill

The goodwill is allocated to the following cash-generating units (CGU) as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Bromyard plant	9,148	9,148
Hörsching plant	3,495	3,495
Other	6,537	6,537
Total	**19,180**	**19,180**

The recoverable amount for the CGUs to which goodwill has been allocated was determined on the basis of a discounted cash flow method. The underlying methods and assumptions used here are explained under C. 10.

The impairment tests were based on the following assumptions:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Cash flow planning period	3 years	3 years
Long-term growth rate perpetuity	0%	0%
Discount rate (WACC) before taxes	11.4%	11.4%

The estimates of the recoverable amount reached are considered adequate. However, changes to the assumptions or changes in circumstances could make corrections necessary.

A sensitivity analysis showed that if planned free cash flows were reduced by 10% while other parameters remained unchanged, the carrying amounts of goodwill would also be covered and no impairment would be required. The carrying amounts of goodwill would also be covered if the discount rate were increased by 1% and no impairments would be required.

11. TANGIBLE ASSETS

The classification of the tangible assets summarized in the consolidated balance sheet as well as their development is as follows:

TEUR	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, fittings and equipment	Advanced payments made and assets under construction	Total
Cost of acquisition					
As of January 1, 2012	**9,674**	**138,291**	**35,925**	**3,630**	**187,519**
Change in the scope of consolidation	0	0	0	0	0
Translation differences	65	398	38	0	502
Additions	2,498	7,980	2,847	2,336	15,661
Disposals	-225	-4,748	-3,780	-528	-9,281
Transfers	810	2,232	373	-3,415	0
As of December 31, 2012	**12,822**	**144,152**	**35,404**	**2,022**	**194,401**
As of January 1, 2013	**12,822**	**144,152**	**35,404**	**2,022**	**194,401**
Change in the scope of consolidation	0	0	0	0	0
Translation differences	-155	-906	-80	-5	-1,145
Additions	807	12,867	3,957	3,896	21,526
Disposals	-20	-4,920	-1,550	-241	-6,731
Transfers	245	1,082	42	-1,369	0
As of December 31, 2013	**13,700**	**152,275**	**37,773**	**4,302**	**208,051**

TEUR	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, fittings and equipment	Advanced payments made and assets under construction	Total
Accumulated depreciation					
As of January 1, 2012	**4,983**	**94,238**	**26,374**	**40**	**125,634**
Change in the scope of consolidation	0	0	0	0	0
Translation differences	32	358	34	0	425
Scheduled depreciation	440	10,413	2,687	0	13,540
Impairments	0	0	0	0	0
Disposals	-39	-1,841	-3,452	-12	-5,344
Transfers	0	0	0	0	0
Revaluations	0	0	0	0	0
As of December 31, 2012	**5,415**	**103,168**	**25,643**	**28**	**134,255**
As of January 1, 2013	**5,415**	**103,168**	**25,643**	**28**	**134,255**
Change in the scope of consolidation	0	0	0	0	0
Translation differences	-86	-843	-68	0	-996
Scheduled amortization	522	11,110	2,940	0	14,572
Impairments	0	0	0	0	0
Disposals	0	-4,519	-1,356	-28	-5,904
Transfers	0	0	0	0	0
Revaluations	0	0	0	0	0
As of December 31, 2013	**5,851**	**108,917**	**27,158**	**0**	**141,927**
Book value as of Dec. 31, 2012	**7,407**	**40,984**	**9,762**	**1,994**	**60,146**
Book value as of Dec. 31, 2013	**7,848**	**43,358**	**10,615**	**4,302**	**66,124**

Outstanding obligations relating to orders for the delivery of fixed assets due for payment amounted to TEUR 7,290 as of December 31, 2013 (previous year: TEUR 6,051).

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 17,669 as of December 31, 2013 (previous year: TEUR 24,292) and are due as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Within one year	6,085	7,835
Longer than one year and within five years	11,584	16,457
Longer than five years	0	0

In the 2013 business year, rental costs amounted to TEUR 6,908 (previous year: TEUR 7,807).

Tangible assets include finance lease goods with a book value amounting to TEUR 7,930 (previous year: TEUR 5,680). The most important finance leases concern production plants. Purchase options exist for the predominant part of financial leasing agreements after termination of the minimum lease period.

The finance lease results in leasing obligations towards third parties amounting to TEUR 7,875 (previous year: TEUR 5,016). The specified leasing obligations (cash values including redemption for residual value) are due as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Within one year	2,186	1,633
Longer than one year and within five years	5,689	3,383
Longer than five years	0	0

The leasing payments (without redemption for residual value) corresponding to the cash values amount to TEUR 6,856 (previous year: TEUR 4,432) and are due as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Within one year	2,050	1,633
Longer than one year and within five years	4,806	2,799
Longer than five years	0	0

In the 2013 financial year, no tangible asset impairment charges were recognized as in the previous year. No revaluations were made in 2013 as in the previous year.

Tangible assets with a book value of TEUR 24,892 were mortgaged or pledged as a security for bank liabilities totaling TEUR 14,557 (previous year: TEUR 19,347) in the year under review.

12. 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, 2013		Dec. 31, 2012[1]	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Tangible assets	-1,073	1,053	-985	151
Provisions for severance payments	689	0	626	0
Provisions for pensions	1,771	0	1,478	0
Provisions for personnel	46	-19	43	0
Tax losses carried forward	9,350	0	8,008	0
Leasing liabilities	1,475	-850	442	0
Other provisions	549	0	615	0
Others	-2,229	31	-1,131	0
Subtotal	**10,579**	**215**	**9,097**	**151**
Consolidation of debt	0	29	0	314
Elimination of inter-company profits	220	110	391	128
Capitalization/provisions for deferred taxes	**10,798**	**354**	**9,487**	**593**

[1] Adjusted

In 2013, there were net deferred tax assets in Group companies on temporary differences and on loss carry-forwards amounting to TEUR 10,579 (previous year: TEUR 9,097). These were viewed as realizable since, on the basis of current medium term planning, it is assumed that these companies will generate taxable profits in future.

As of December 31, 2013 there were income tax loss carry-forwards in the Group of TEUR 88,989 (previous year: TEUR 102,096), which were made up as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Total	**88,989**	**102,096**
Of which capitalized loss carry-forwards	45,710	35,921
Of which non-capitalized loss carry-forwards	43,279	66,175

All loss carry-forwards can be carried forward on an unlimited basis.

No deferred tax assets were recognized for deductible tax loss carry-forwards in the amount of TEUR 43,279 (previous year: TEUR 66,175) or for deductible temporary differences in the amount of TEUR 1,108 (previous year: TEUR 2,440), since their effectiveness as definitive tax relief is not yet sufficiently guaranteed in the context of the company's medium-term planning. This equates to deferred tax assets of TEUR 9,968 (previous year: TEUR 15,588).

No deferred taxes were created for temporary differences in connection with shares in subsidiaries in accordance with IAS 12.39, since it was to be assumed on December 31, 2013 that the differences between the valuation of investments for tax purposes and the pro-rata equity of subsidiaries included in the consolidated financial statements will remain tax free for the foreseeable future.

The deferred taxes contain deferred tax assets recognized in equity amounting to TEUR 908 (previous year: TEUR 536) and deferred tax liabilities recognized in equity amounting to TEUR 0 (previous year: TEUR 0).

13. INVENTORY

The inventory is structured as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Raw materials and supplies	18,333	17,539
Unfinished goods	10,192	7,801
Advance payments received	-616	-189
Finished goods and merchandise	11,430	14,200
Advance payments made	655	128
Total	**39,994**	**39,479**

The change (balance from creation and reversal) in the impairment charge on inventories recognized through profit or loss amounted to TEUR 1,086 in the financial year (previous year: TEUR 668). With the exception of the impairment charge for inventories at the Ebensee site shown under restructuring expenses (TEUR 1,132 – see item D. 7), expenses for inventories are recognized as material expenses. Inventories, which were recognized as material expenses in the reporting period amounted to TEUR 161,595 (previous year: TEUR 170,889).

As in the previous year, no inventories were transferred as collateral or pledged to secure financial liabilities.

14. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

TEUR	Dec. 31, 2013	Dec. 31, 2012
Trade accounts receivable	44,067	46,367
thereof with a residual term >1 year	0	0
thereof from companies, in which participating interests are held	0	0
thereof from affiliated companies	0	0
Other receivables and assets	9,852	8,040
thereof with a residual term >1 year	588	351
thereof from related companies	0	0
Income tax receivable	396	383
thereof with a residual term >1 year	0	0
Pre-payments and deferred charges	181	215
thereof with a residual term >1 year	0	0
Total	**54,496**	**55,004**
thereof with a residual term >1 year	588	351
thereof from companies, in which participating interests are held	0	0
thereof from affiliated companies	0	0
thereof from related companies	0	0

Within the scope of silent global assignments, trade accounts receivable with a book value of TEUR 7,708 (previous year: TEUR 9,873) were transferred to banks as a security for bank liabilities totaling TEUR 10,003 (previous year: TEUR 8,820).

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

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

TEUR	Trade accounts receivable	Other receivables
As of January 1, 2013	2,069	0
Changes in the scope of consolidation	0	0
Use	-329	0
Release	-46	0
Allocation	429	0
Translation differences	-8	0
As of December 31, 2013	**2,115**	**0**

TEUR	Trade accounts receivables	Other receivables
As of January 1, 2012	1,871	0
Changes in the scope of consolidation	-19	0
Use	-236	0
Release	-88	0
Allocation	539	0
Translation differences	2	0
As of December 31, 2012	**2,069**	**0**

15. CONSTRUCTION CONTRACTS

TEUR	2013	2012
Sales revenues from construction contracts	59,780	53,038
Costs incurred up to the reporting date and allocated profits (less reported losses)	57,222	36,085
Prepayments received	-25,161	-13,332

The net amounts of construction contracts are made up as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Costs incurred up to the reporting date and allocated profits (less reported losses)	57,222	36,085
less: prepayments received	-25,161	-13,332
	32,061	22,753

Recognized as receivables or liabilities in the financial statements

Receivables from recognized sales from construction contracts, if they exceed the prepayments received thereon	34,765	25,763
Prepayments received for construction contracts, if they exceed the recognized sales	-2,704	-3,010
	32,061	22,753

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. According to the best possible estimates based on the contractual arrangements made in the purchasing agreement concluded with Toyota Boshoko Europe N.V., Zaventem, Belgium as of June 9, 2011, an incoming payment is expected within twelve months after the balance sheet date.

17. CASH AND CASH EQUIVALENTS (SHORT TERM)

TEUR	Dec. 31, 2013	Dec. 31, 2012
Cash and cash equivalents (short term)	**34,174**	**37,941**

Restrictions concerning the amounts included in this position were not existent on the balance sheet date.

18. NON-CASH TRANSACTIONS

During the financial year under review, the POLYTEC Group started the following non-cash investing and financing activities, which are not reflected in the statement of cash flows.

The POLYTEC GROUP acquired technical plant and/or operating equipment through finance leases worth TEUR 5,027 (previous year: TEUR 1,333).

19. FINANCIAL ASSETS

TEUR	Amortized cost	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount as of Dec. 31, 2013	Fair value as of Dec. 31, 2013
Loans and receivables					
Accounts receivable and other receivables (without deferred charges)	53,919	0	0	53,919	53,919
Interest-bearing receivables	12,065			12,065	12,065
Investments in other companies	763	0	0	763	763
Cash and cash equivalents (short term)	34,174	0	0	34,174	34,174
	100,921	0	0	100,921	100,921
Held for trading					
Foreign exchange forward transactions	0	0	0	0	0
Interest rate derivatives	0	0	0	0	0
	0	0	0	0	0
Total	**100,921**	**0**	**0**	**100,921**	**100,921**

TEUR	Amortized cost	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount as of Dec. 31, 2012	Fair value as of Dec. 31, 2012
Loans and receivables					
Accounts receivable and other receivables (without deferred charges)	54,406	0	0	54,406	54,406
Interest-bearing receivables	11,579			11,579	11,579
Investments in other companies	1,063	0	0	1,063	1,063
Cash and cash equivalents (short term)	37,941	0	0	37,941	37,941
	104,990	0	0	104,990	104,990
Held for trading					
Foreign exchange forward transactions	0	0	0	0	0
Interest rate derivatives	0	0	0	0	0
	0	0	0	0	0
Total	**104,990**	**0**	**0**	**104,990**	**104,990**

Investments in other companies include the shares in affiliated and associated companies as well as other financial investments.

In the valuation categories under IAS 39 as of December 31, 2013 and December 31, 2012 respectively, the book value of financial assets represents an appropriate approximate value for the fair value.

Cash and cash equivalents, trade accounts receivable and other short-term financial assets mainly have short-term maturity. Therefore, the book values of these assets are nearly similar to the fair value at the balance sheet date, taking into account the creditworthiness of the contracting parties. The default risk is accounted for by recognizing value adjustments.

Loans and receivables also include securities that are not listed and do not have a quoted market price on an active market. Therefore, allocation of the fair value of these assets was not reliable. As a result, loans and receivables were recognized at amortized cost in the amount of the book value of the investments outlined above. The POLYTEC GROUP does not intend to dispose of these investments at the time being.

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, 2013	thereof stage 2 Dec. 31, 2013	thereof stage 3 Dec. 31, 2013
Held for trading			
Foreign exchange forward transactions	0	0	0
Interest rate derivatives	0	0	0
	0	0	0

TEUR	thereof stage 1 Dec. 31, 2012	thereof stage 2 Dec. 31, 2012	thereof stage 3 Dec. 31, 2012
Held for trading			
Foreign exchange forward transactions	0	0	0
Interest rate derivatives	0	0	0
	0	0	0

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

20. CONSOLIDATED SHAREHOLDER'S EQUITY

The equity capital of 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. The share capital is fully paid in.

According to a decision of the Annual General Meeting held on August 7, 2013, an authorized capital stock was agreed. With the corresponding approval of the Supervisory Board and for a period of 3 years from the registration of the authorized capital stock, the Board of Directors is entitled to increase the equity capital by up to EUR 6,698,875.00 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 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.

Other reserves amounting to TEUR -4,506 (previous year: TEUR -2,795) contain all cumulative other income and consist of the reserve from currency translation as well as actuarial gains/losses. The reserve from currency translation contains all exchange rate differences, which result from the conversion of annual financial statements of consolidated subsidiaries prepared in foreign currency into the Group currency, the euro. The actuarial gains/losses contain the effects of the valuation of pension obligations and similar obligations less deferred taxes recognized in equity.

The retained earnings of TEUR 77,943 (previous year: TEUR 71,342) are the result of the cumulative results generated in the Group according to the consolidated income statement less dividend payments.

The buyback of 310,541 treasury shares held on the balance sheet date (equates to 1.4% of the share capital) at an acquisition value of TEUR 1,709 and a market value on the reporting date of TEUR 2,109 took place in its entirety with reference to the buyback program approved at the Annual General Meeting on May 16, 2012.

	Shares	Treasury shares	Shares in circulation
Dec. 31, 2012	**22,329,585**	**–258,041**	**22,071,544**
Purchase of treasury shares	0	–52,500	–52,500
Dec. 31, 2013	**22,329,585**	**–310,541**	**22,019,044**

Information concerning capital management

The main objectives of the POLYTEC GROUP's capital management strategy are to safeguard business operations, increase the company's shareholder value, provide a solid capital basis to finance the company's profitable growth path as well as guarantee attractive dividend payments and capital service.

POLYTEC HOLDING AG is subject to the statutory minimum capital requirements of the Austrian corporation law. Statutory minimum capital requirements do not apply. 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, 2013	Dec. 31, 2012[1]
Total equity	137,150	132,293
Balance sheet total	273,077	260,300
Equity ratio	**50.2%**	**50.8%**

[1] Adjusted

For POLYTEC, the term capital management means the control of the equity capital and the net financial liabilities. The POLYTEC GROUP's net financial liabilities are centrally monitored and controlled. The main objectives in this regard include securing long-term liquidity, making efficient use of debt financing, adopting appropriate measures for financial risk mitigation while, at the same time, optimizing both costs and earnings.

Apart from the equity ratio, POLYTEC especially uses the parameters gearing and ROCE (return on capital employed) to monitor its capital. The entire costs of the used capital and the risks related to the different types of capital are monitored on a permanent basis.

POLYTEC aims to maintain an unchanged equity ratio of more than 35%. Only in cases of strategically important M&A transactions a temporary deviation from this target equity ratio would be acceptable.

Gearing is defined as the ratio of net financial liabilities (current and non-current financial liabilities less cash and cash equivalents and interest-bearing receivables) to equity capital. Appropriate control instruments include above all the assumption and repayment of financial liabilities as well as the strengthening of the equity basis through the retention of earnings or adjustment of dividend payments. No specific target value has been defined for gearing. However, it should not exceed 0.5. This target value remained unchanged compared to the previous year and reflects the current situation, where real estate assets are included in the POLYTEC GROUP's balance sheet only to a minimum extent. Gearing developed as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Financial liabilities[1]	34,594	34,969
– Cash and cash equivalents	34,174	37,941
– Interest-bearing receivables	12,065	11,579
Net financial assets	**11,645**	**14,551**
/ Equity book value	137,150	132,293
Gearing	**–0.08**	**–0.11**

[1] Long- and short-term interest-bearing liabilities as well as the short-term part of long-term loans.

In the year under review, gearing changed compared to the previous year mainly due to a decline in cash and cash equivalents amounting to TEUR 3,767. Net financial liabilities dropped slightly by TEUR 375 year-on-year, whereas interest-bearing receivables rose by TEUR 486.

ROCE is defined as the relation between EBIT after restructuring costs and the average capital employed. The capital employed includes the operating assets (intangible and fixed assets) as well as the net working capital.

POLYTEC aims to reach a ROCE of at least 15%. For the 2013 business year, the target value was more than 20%, which remained unchanged compared to the previous year as it reflects the current situation, where real estate assets are included in the POLYTEC GROUP's balance sheet only to a minimum extent. In addition, ROCE also represents an important calculation parameter for the great majority of the POLYTEC GROUP's management bonus agreements. ROCE developed as follows:

	Dec. 31, 2013	Dec. 31, 2012
Average capital employed	131,991	120,237
EBIT after restructuring costs	20,223	27,708
Return on capital employed	**15.3**	**23.0**

POLYTEC GROUP's dividend policy is oriented towards profitability, strategic growth perspectives and the Group's capital requirements.

21. EARNINGS PER SHARE AND DIVIDENDS

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 income taxes and after non-controlling interests) by the weighted average of outstanding ordinary shares during the reporting period.

		2013	2012
Net income after income taxes and after non-controlling interests	TEUR	14,319	21,689
Weighted average number of ordinary shares issued	Shares	22,329,585	22,329,585
Average number of treasury shares	Shares	283,536	65,511
Average number of shares outstanding	Shares	22,046,049	22,264,074
Earnings per share	EUR/share	0.65	0.97

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, 2013 provide the basis for payment of a dividend.

At the Annual General Meeting held on May 22, 2013 a resolution was passed approving the payment of a dividend of EUR 0.35 per share for the 2012 financial year (dividend payout day: May 31, 2013).

The Board of Directors of POLYTEC HOLDING AG will propose the payment of a dividend of EUR 0.25 per share for the 2013 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, 2013	Dec. 31, 2012
Liabilities due to banks	7,430	8,891
thereof with a residual term >5 years	296	179
thereof with collateral securities	7,430	8,891
Other interest-bearing liabilities	173	181
thereof with a residual term >5 years	133	0
Lease liabilities	5,693	3,383
thereof with a residual term >5 years	0	0
Total	**13,295**	**12,454**

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

	Proportion %	2013 Average ordinary interest	Proportion %	2012 Average ordinary interest
EUR	93.0	1.56	96.0	1.91
GBP	7.0	2.32	4.0	2.16

23. OBLIGATIONS DUE TO EMPLOYEES

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

TEUR	Dec. 31, 2013	Dec. 31, 2012[1]
Provisions for severance payments	3,162	3,023
Provisions for pensions	16,677	15,600
Provisions for jubilee payments	1,382	1,302
Other long-term provisions	428	327
Total	**21,649**	**20,252**

[1] Adjusted

Provisions for pensions

The present value of the obligations for defined benefit pension plans developed as follows:

TEUR	2013	2012
Present value of pension obligations (DBO) as of January 1	**15,600**	**13,684**
Change in the scope of consolidation	0	0
Service costs	135	437
Interest costs	572	675
Pension payments	–794	–681
Realized actuarial profit/loss	1,164	1,468
Present value of pension obligations (DBO) as of December 31	**16,677**	**15,600**
Experience-based adjustments to the present value of the obligation	297	80

With regard to the most important actuarial parameters and relevant accounting principles please refer to section C. 11.

The total pension expense for the 2013 financial year consists of defined benefit pension plans. The service costs are shown in the personnel expenses under the item "Expenses for severance payments and pensions". The interest costs are shown in the financial result under the item "Interest component defined benefit plans". The underwriting result comprises the gains and losses resulting from the changes in the underlying demographic and financial assumptions.

The average duration of pension obligations amounts to 6 up to 26 years (previous year: 7 up to 27 years).

TEUR	Dec. 31, 2013	Dec. 31, 2012
Service costs	135	437
Interest costs	572	675
Total	**707**	**1,112**

Actuarial gains/losses recognized in other comprehensive income developed as follows (after taxes):

TEUR	2013	2012
Actuarial gains (+) losses (–) as of January 1	**–974**	**73**
Actuarial gains (+) losses (–) in the financial year	–819	–1,046
Actuarial gains (+) losses (–) as of December 31	**–1,792**	**–974**

A change in interest rates of 25 basis points would have led to an increase in pension obligations by TEUR 561 or to a decrease by TEUR 531.

The sensitivity analysis shown above outlines hypothetical changes based on the assumptions made. Deviations from these assumptions may lead to other effects.

Provisions for severance payments

The present value of the obligations for defined benefit plans developed as follows:

TEUR	2013	2012
Present value of severance payments (DBO) as of January 1	**3,023**	**2,739**
Change in the scope of consolidation	0	0
Service costs	106	214
Interest costs	107	123
Severance payments	–184	–214
Realized actuarial profit/loss	110	161
Present value of severance payments (DBO) as of December 31	**3,162**	**3,023**
Experience-based adjustments to the present value of the obligation	–31	–11

With regard to the most important actuarial parameters and relevant accounting principles please refer to section C. 11.

The total severance payment expense for the 2013 financial year consists of defined contribution plans and defined benefit plans. The service costs are shown in the personnel expenses under the item "Expenses for severance payments and pensions". The interest costs are shown in the financial result under the item "Interest component defined benefit plans". The underwriting result comprises the gains and losses resulting from the changes in the underlying demographic and financial assumptions.

The average duration of severance payment obligations amounts to 10 up to 13 years (previous year: 11 up to 14 years).

TEUR	2013	2012
Defined contribution plans		
Expenses for defined contribution plans	**185**	**189**
Defined benefit plans		
Service costs	106	214
Interest costs	107	123
Expenses for defined benefit plans	**213**	**337**
Severance payments costs	**398**	**526**

Actuarial gains/losses recognized in other comprehensive income developed as follows (after taxes):

TEUR	2013	2012
Actuarial gains (+) losses (–) as of January 1	**–355**	**–242**
Actuarial gains (+) losses (–) in the financial year	–83	–114
Actuarial gains (+) losses (–) as of December 31	**–438**	**–355**

A change in interest rates of 25 basis points would have led to an increase in severance payment obligations by TEUR 85 or to a decrease by TEUR 81.

The sensitivity analysis shown above outlines hypothetical changes based on the assumptions made. Deviations from these assumptions may lead to other effects.

Provisions for jubilee payments

The provisions for jubilee payments as of the balance sheet date developed as follows:

TEUR	2013	2012	2011	2010	2009
Present value of defined benefit obligations = **Provision for jubilee payments**	**1,382**	**1,302**	**1,170**	**1,368**	**1,272**

Total costs for jubilee payments for the 2013 financial year amounted to TEUR 80 (previous year: TEUR 132).

24. OTHER LONG-TERM LIABILITIES

In the year under review, this position only encompasses government grants with a residual term of more than a year like in the previous year.

25. TRADE ACCOUNTS PAYABLE

TEUR	Dec. 31, 2013	Dec. 31, 2012
Trade accounts payable	38,954	34,671
thereof due to affiliated companies	28	28
Advance payments received	818	0
Total	**39,773**	**34,671**

26. SHORT-TERM INTEREST-BEARING LIABILITIES

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

27. SHORT-TERM PART OF LONG-TERM LOANS

TEUR	Dec. 31, 2013	Dec. 31, 2012
Bank liabilities with a residual term of <1 year	5,409	6,355
Lease liabilities with a residual term of <1 year	2,182	1,633
Total	**7,591**	**7,988**

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 offices. The liabilities have developed as follows:

TEUR	2013	2012
Balance as of January 1	2,623	4,398
Translation differences	–30	5
Use	–1,912	–2,956
Release	–633	–147
Addition	3,527	1,324
Balance as of December 31	**3,574**	**2,623**

29. SHORT-TERM PROVISIONS

TEUR	Balance as of January 1, 2013	Change in the scope of consolidation	Currency translation	Utilization	Release	Addition	Balance as of Dec. 31, 2013
Personnel provisions	3,397	0	–2	2,653	228	2,542	3,056
Provisions for impending losses and risks	2,078	0	–10	243	893	711	1,644
Guarantee and warranty	698	0	0	201	97	433	834
Other short-term provisions	13,570	0	–32	5,342	2,491	7,736	13,441
	19,743	**0**	**–44**	**8,438**	**3,709**	**11,422**	**18,974**

TEUR	Balance as of January 1, 2012	Change in the scope of consolidation	Currency translation	Utilization	Release	Addition	Balance as of Dec. 31, 2012
Personnel provisions	5,325	0	0	4,394	174	2,639	3,397
Provisions for impending losses and risks	5,943	0	2	2,364	2,389	886	2,078
Guarantee and warranty	1,540	0	0	387	685	230	698
Other short-term provisions	17,535	–17	–3	9,912	1,270	7,237	13,570
	30,342	**–17**	**–1**	**17,057**	**4,518**	**10,993**	**19,743**

The provisions are based on the best estimate of the present value of the future outflow of economic benefit to fulfil the obligations. The estimates may change on the basis of new findings.

30. OTHER SHORT-TERM LIABILITIES

TEUR	Dec. 31, 2013	Dec. 31, 2012
Liabilities towards employees	2,861	2,700
Other liabilities	1,136	1,910
Financial other short-term liabilities	**3,998**	**4,610**
Accrual for vacation	5,860	4,637
Other tax liabilities	3,699	2,297
Social security liabilities	657	389
Government grants with a residual term of <1 year	53	53
Deferred charges	38	86
Total	**14,305**	**12,072**

31. 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, 2013	Fair value as of Dec. 31, 2013
Measured at amortized cost					
Long-term interest-bearing financial liabilities	7,603	0	0	7,603	7,603
Short-term interest-bearing financial liabilities	19,117	0	0	19,117	19,117
Trade accounts payable (without advance payments received)	38,954	0	0	38,954	38,954
Other short-term liabilities	3,998	0	0	3,998	3,998
	69,671	**0**	**0**	**69,671**	**69,671**
Not allocated according IAS 39 (financial lease)					
Long-term interest-bearing financial liabilities	5,693	0	0	5,693	5,693
Short-term interest-bearing financial liabilities	2,182	0	0	2,182	2,182
	7,875	0	0	7,875	7,875
Total	**77,546**	**0**	**0**	**77,546**	**77,546**

TEUR	Amortized costs	Fair value without impact on profit and loss	Fair value through profit and loss	Carrying value as of Dec. 31, 2012	Fair value as of Dec. 31, 2012
Measured at amortized cost					
Long-term interest-bearing financial liabilities	9,072	0	0	9,072	9,072
Short-term interest-bearing financial liabilities	20,882	0	0	20,882	20,882
Trade accounts payable (without advance payments received)	34,671	0	0	34,671	34,671
Other short-term liabilities	4,610	0	0	4,610	4,610
	69,235	**0**	**0**	**69,235**	**69,235**
Not allocated according IAS 39 (financial lease)					
Long-term interest-bearing financial liabilities	3,383	0	0	3,383	3,383
Short-term interest-bearing financial liabilities	1,633	0	0	1,633	1,633
	5,016	0	0	5,016	5,016
Total	**74,251**	**0**	**0**	**74,251**	**74,251**

Short-term interest-bearing liabilities include the short-term interest-bearing liabilities recognized in the balance sheet as well as the short-term part of long-term loans.

In the valuation categories under IAS 39 as of December 31, 2013 and December 31, 2012 respectively, the book values of financial assets represent an appropriate approximate value for the fair value.

Trade accounts payable, other short-term liabilities and short-term interest-bearing liabilities have short-term maturity and, therefore, the carrying values nearly accord with the residual values.

Long-term interest-bearing liabilities bear, to a large extent, variable interest at customary market rates. For this reason, the book value represents an appropriate approximate value for the fair value, while taking into account the creditworthiness of the POLYTEC GROUP.

E. OTHER INFORMATION

1. CASH FLOW STATEMENT

The cash flow statement is presented 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	2013	2012
Interest cash in	294	438
Interest cash out	–1,155	–1,672
Total	**–861**	**–1,234**

2. EVENTS AFTER THE BALANCE SHEET DATE

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 Group there is a payment obligation with regard to the site in Nordhalben, which is currently not used by the POLYTEC GROUP. This site had been used by Boshoku Automotive Europe after the sale of the Interior Systems business in 2011 until mid 2012.
An amount of TEUR 355 (previous year: TEUR 700) was reported on the liabilities side in the present consolidated financial statements due to the closure of the site in Nordhalben.

Various legal actions and claims, among others in connection with the divestment of the Interior Systems business, are pending against the POLYTEC GROUP. 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 or financial condition. Notwithstanding these cautious assumptions, other forms of residual risks remain.

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 2 to 3 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 POLYTEC'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 activities are aimed at using new raw materials (natural fiber).

Financial risks, their management and sensitivity

Credit risk: Due to the company' customer structure, with roughly 90% of total turnover being generated with OEMs or with large 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 2013 financial year, approx. 60%[1] (previous year: 59%) 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 nonpayment 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.

The risk of non-payment in the case of liquid assets is deemed very low.

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. In individual cases, credit insurances are used based on the constant monitoring of accounts receivable. As of the reporting date, no material credit insurance agreements are in place. The theoretical risk of non-payment amounts to:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Loans and receivables	100,921	104,990
At fair value through profit and loss	0	0
Held for trading	0	0
Available for sale	0	0
Total	**100,921**	**104,990**

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

TEUR Dec. 31, 2013	Total	Not overdue and not impaired	Overdue but not impaired Up to 60 days	60–120 days	120–360 days	Longer than 360 days
Trade accounts receivable	44,067	34,959	6,935	1,227	630	316
Other accounts receivable	9,852	9,852	0	0	0	0

TEUR Dec. 31, 2013	Total	Not overdue and not impaired	Overdue but not impaired Up to 60 days	60–120 days	120–360 days	Longer than 360 days
Trade accounts receivable	46,367	25,788	18,109	784	1,300	386
Other accounts receivable	8,638	8,435	0	0	0	203

No doubts exist concerning the collectability of financial assets, which are neither overdue nor impaired. There are no risk concentrations resulting from the investment of financial assets in only one single business partner.

Liquidity risk: The Group ensures its liquidity by contractual agreements concerning certain credit lines as well as 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, 2013	Total obligate cash flows	thereof up to 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Bank loans	13,012	13,823	5,707	7,607	509
Bank credits in current account	13,708	13,873	13,873	0	0
Financial lease	7,875	8,333	2,343	5,990	0
Trade payables	38,954	38,954	38,954	0	0
Other financial liabilities	3,998	3,998	3,998	0	0
Total	**77,546**	**78,981**	**64,875**	**13,597**	**509**

[1] Including MAN after its integration into the VW Group.

TEUR	Carrying value as of Dec. 31, 2012	Total obligate cash flows	thereof up to 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Bank loans	15,426	15,895	6,588	9,126	182
Bank credits in current account	14,527	14,773	14,773	0	0
Financial lease	5,016	5,316	1,775	3,541	0
Trade payables	34,670	34,670	34,670	0	0
Other financial liabilities	4,610	4,610	4,610	0	0
Total	**74,250**	**75,266**	**62,417**	**12,667**	**182**

Bank credits in current account 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 within 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 the 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 and financial liabilities balanced on the balance sheet date show the following distribution with regard to their currency of origin:

TEUR	Dec. 31, 2013 in Euros	In foreign currency	Total
Investments	763	0	763
Trade accounts receivable and other receivables and assets	45,311	8,609	53,920
Interest-bearing receivables	12,065	0	12,065
Cash and cash equivalents	30,707	3,467	34,174
Total	**88,846**	**12,076**	**100,922**

TEUR	Dec. 31, 2013 In Euros	In foreign currency	Total
Long-term interest-bearing financial liabilities	12,768	527	13,295
Short-term interest-bearing financial liabilities	19,947	1,352	21,299
Accounts payable trade (without advance payments received)	34,034	4,920	38,954
Other short-term liabilities	3,363	635	3,998
Total	**70,112**	**7,434**	**77,546**

TEUR	Dec. 31, 2012 In Euros	In foreign currency	Total
Investments	1,063	0	1,063
Trade accounts receivable and other receivables and assets	46,212	8,194	54,406
Interest-bearing receivables	11,579	0	11,579
Cash and cash equivalents	35,429	2,512	37,941
Total	**94,283**	**10,706**	**104,989**

TEUR	Dec. 31, 2012 In Euros	In foreign currency	Total
Long-term interest-bearing financial liabilities	12,030	424	12,454
Short-term interest-bearing financial liabilities	22,290	225	22,515
Accounts payable trade (without advance payments received)	30,602	4,069	34,671
Other short-term liabilities	3,285	1,325	4,610
Total	**68,207**	**6,043**	**74,250**

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 12.0% (previous year: 11.3%) and liabilities totaling 10.5% (previous year: 8.1%) 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% 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, 2013	Dec. 31, 2012
Liabilities to banks	26,547	29,773
thereof with fixed interest rate	11,257	11,489
thereof with variable interest rate	15,290	18,284
Finance leases	7,875	5,016
thereof with fixed interest rate	7,874	5,016
thereof with variable interest rate	0	0
Other interest-bearing liabilities	173	181
thereof with fixed interest rate	173	181
thereof with variable interest rate	0	0
Total	**34,594**	**34,969**
thereof with fixed interest rate	19,304	16,686
thereof with variable interest rate	15,290	18,284

The predominant part of the variable interest-bearing liabilities depends on the 3-month EURIBOR. An increase (decrease) of this reference interest rate by 100 basis points would result in an increase (decrease) of the interest expenses by approx. TEUR 150 (previous year: TEUR 160).

Interest-bearing receivables and current cash and cash equivalents contain assets, on which interest is payable at floating rates, of TEUR 37,430 (previous year: TEUR 27,520). An increase (decrease) in the 3-month EURIBOR of 100 basis points would increase (decrease) interest income by approximately TEUR 374 (previous year: TEUR 275).

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

TEUR	2013	2012
Received payments	0	–319
Valuation result	0	288
Total	**0**	**–31**

5. NET INCOME ACCORDING TO EVALUATION CATEGORIES

December 31, 2013 TEUR	Interests	Value adjustments	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	780	–383	0	0	24	0	**421**
Financial liabilities	–1,149	0	–40	0	0	0	**–1,189**
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	0	0

December 31, 2012 TEUR	Interests	Value adjustments	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	1,085	–451	0	0	132	0	**766**
Financial liabilities	–1,353	0	–48	0	0	0	**–1,401**
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	–31	–31

6. RELATED PARTIES

Related parties pursuant 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, 2013, the company was informed about the following proportions of voting rights, which is subject to notification pursuant to Section 91 of the Stock Exchange Act:

Huemer Group: 26.6%
Delta Lloyd Asset Management NV: 10.9%
Capital Research and Management: 5.5%

The remaining shares are free float.

The POLYTEC GROUP has established business relationships with the following companies of the IMC Group in the 2013 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 Car Styling Hörsching GmbH	Plant Hörsching
3.	Polytec Car Styling Schoten N.V.	Plant Schoten
4.	Polytec Plastics Idstein GmbH & Co KG	Plant Idstein
5.	Polytec Plastics Germany GmbH & Co KG	Plants Lohne, Wolmirstedt, Nordhalben
6.	Polytec Plastics Ebensee GmbH	Plant Ebensee
7.	POLYTEC Composites Germany GmbH & Co KG	Plants Gochsheim, Cornberg and Voerde
8.	POLYTEC Composites Slovakia s.r.o.	Plant Sladkovicovo
9.	POLYTEC Elastoform GmbH	Plant Marchtrenk
10.	POLYTEC THELEN GmbH	Plant Bochum

The rental expenses from the rental contracts amounted to approx. TEUR 7,802 in the 2013 financial year (previous year: TEUR 7,700).

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 14,649 as of December 31, 2013 (previous year: TEUR 16,722) and are due as follows:

TEUR	Dec. 31, 2013	Dec. 31, 2012
Within one year	8,093	7,824
Longer than one year but the less five years	6,556	8,898
Over five years	0	0

POLYTEC Immobilien Deutschland GmbH paid TEUR 0 to the POLYTEC GROUP in the 2013 financial year (previous year: TEUR 132).

As of December 31, 2013, there were no significant receivables or liabilities towards POLYTEC Immobilien Group as it was the case in the previous year.

The POLYTEC Group also assumed a loan below its carrying amount from the POLYTEC Immobilien Group in the previous year – this resulted in a book profit of TEUR 539 in 2012.

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.

A member of the Supervisory Board is also member of the Management Board of a bank, with which the company has a business relationship in the form of deposit and lending operations.

No transactions were carried out expect based on market customary rates. No provisions for doubtful debts and no expenses for doubtful or unrecoverable debts were recorded in 2013 and in 2012 in connection with transactions with related parties.

7. SALARIES OF EXECUTIVES

Total remuneration of the members of the Board of Directors in the year under review amounted to TEUR 1,547 (previous year: TEUR 1,891). TEUR 1,536 (previous year: TEUR 1,879) are to be attributed to short-term benefits. TEUR 11 (previous year: TEUR 12) 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 was granted.

Not yet paid variable portions of salary affecting the 2013 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 2013 financial year amounted to TEUR 99 (previous year: TEUR 89).

There are no credits or advance 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 2013 are as follows:

EUR	2013	2012
Annual financial statements	112	112
Other services	25	42
	137	**154**

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 financial statements included:

Friedrich H u e m e r, Wallern (Chairman)
Markus H u e m e r, Buchkirchen (Vice Chairman; since January 1, 2014)
Alice G o d d e r i d g e, Piberbach (since January 1, 2014)
Peter H a i d e n e k, Velden a. W.
Alfred K o l l r o s, St. Valentin

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

Fred D u s w a l d , Thalheim (Chairman)
Manfred Helmut T r a u t h, Knittelsheim, Germany (Vice Chairman)
Robert B ü c h e l h o f e r, Starnberg, Germany
Viktoria K i c k i n g e r, Vienna
Reinhard S c h w e n d t b a u e r, Leonding

The Board of Directors of POLYTEC HOLDING AG approved the consolidated financial statements on March 21, 2014 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.

10. SCHEDULE OF GROUP INVESTMENTS

Company	Location	Country	Parent company	Direct and indirect share %	Type of-consolidation[1]
POLYTEC Invest GmbH i.L.	Lohne	GER	POLYTEC Holding AG	100.0	KV
PF Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO
POLYTEC Car Styling Hörsching GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV
POLYTEC Car Styling Bromyard Ltd.	Bromyard	GBR	POLYTEC Holding AG	100.0	KV
POLYTEC FOHA CORPORATION	Markham	CAN	POLYTEC Holding AG	100.0	KV
Polytec Foha Inc.	Warren	USA	POLYTEC Holding AG	100.0	KV
POLYTEC Car Styling Schoten N.V.	Schoten	BEL	POLYTEC Holding AG	100.0	KV
Ratipur Autófelszerelés Kft.	Komló	HUN	POLYTEC Holding AG	24.0	KOE
Polytec Holding Deutschland GmbH	Lohne	GER	POLYTEC Holding AG	100.0	KV
Polytec Automotive GmbH & Co KG[2]	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 Plastics Germany GmbH & Co KG[2]	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV
Polytec Plastics Idstein GmbH & Co KG[2]	Idstein	GER	Polytec Holding Deutschland GmbH	100.0	KV
POLYTEC Plastics Ebensee GmbH	Ebensee	AUT	POLYTEC Holding AG	100.0	KV
Polytec Interior Zaragoza S.L. i.L.	Zaragoza	ESP	POLYTEC Holding AG	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	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.	Chodova Plana	CZE	PT Beteiligungs GmbH	100.0	KV
POLYTEC Composites Weiden GmbH	Weiden	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
INAPAL PLASTICOS, S.A.	Leca do Balio	POR	POLYTEC Composites Germany GmbH & Co KG	2.0	KOE
Ljungby Komposit AB	Ljungby	SWE	PT Beteiligungs GmbH	25.0	KOE
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.

Hörsching, March 26, 2014

The Board of Directors

Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Alfred Kollros m. p.
Peter Haidenek m. p.

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 26, 2014

The Board of Directors

Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Alfred Kollros m. p.
Peter Haidenek m. p.

Auditors' Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of POLYTEC HOLDING AG, Hörsching, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the 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 the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. 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; 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 auditors' 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 auditors consider 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 reasonable 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, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 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 auditors' 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 243a 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 243a UGB (Austrian Commercial Code) are appropriate.

Linz, March 26, 2014

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

Ulrich Dollinger m. p.	Josef Spadinger m. p.
Certified Public Accountant	Certified Public Accountant

Glossary

EBITDA
Earnings before interest, taxes, depreciation and amortization

EBIT
Earnings before interest and taxes

EBIT margin
Earnings before interest and taxes/sales

Investments
Additions to intangible assets, property, plant and equipment

Free cash flow
Cash flow from operating activities less cash flow from investing activities

Equity ratio
Equity/balance sheet total

Net financial liabilities/assets
Interest-bearing liabilities less cash and cash equivalents and securities of the working capital as well as interest-bearing receivables

Net working capital
Current assets (excluding cash, cash equivalents and interest-bearing receivables) less short-term liabilities (excluding financial liabilities)

Capital employed
Net working capital plus goodwill, intangible assets, tangible assets and other long-term receivables less other long-term liabilities

Gearing
Bet financial liabilities/assets/equity

ROCE
EBIT/average capital employed

FTE
Full-time equivalents

FINANCIAL CALENDAR 2014

Results for the fourth quarter and the financial year 2013	April 2
Interim report for the first quarter 2014	May 7
Annual General Meeting 2013	May 14
Ex-dividend day	May 19
Dividend payment day	May 23
Interim report for the first half year 2014	August 6
Interim report for the third quarter 2014	November 5

DETAILS ABOUT THE POLYTEC SHARE

ISIN	AT0000A00XX9
Ticker symbols	
Vienna Stock Exchange	PYT
Bloomberg	PYT.AV
Reuters	POLV.VI
Primary listing on the stock exchange	Vienna Stock Exchange, prime market
Secondary listings on other stock exchanges	None
Indices	ATX Prime, WBI
Type of shares	no-par value ordinary bearer shares
Total number of shares issued	22,329,585
Authorized capital	EUR 6.7 million

INVESTOR RELATIONS

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Note

This Annual Report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices can result in rounding-related differences during the addition of rounded amounts and percentages.
This Annual Report contains assessments and assertions relating to the future made on the basis of all the information currently available. Such future-related statements are usually introduced with terms such as "expect", "estimate", "plan", "anticipate", etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report.
Statements referring to people are valid for both men and women. This Annual Report is published in German and English. In cases of doubt, the German version shall take precedence.

Editorial closing date: March 28, 2014

Imprint

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