

POLYTEC

ANNUAL REPORT 2012

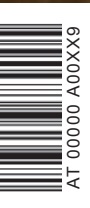
MAG 12



We
keep
moving

**Plastic and
lightweight
components**
are gaining
momentum

p. 38



22.8% ROCE

**482
EUR mill.**

**High quality
plastic parts**

**51.4%
equity ratio**



The POLYTEC GROUP is worldwide successful as a leading developer and manufacturer of high-quality plastic parts. For over two decades, 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.



21
plants
in 9 countries

sales

3,500
employees

**Innovation and
premium quality**



POLYTEC GROUP

KEY FIGURES

2012

INCOME FIGURES	Unit	2012	2011	2010
Sales	EUR million	481.6	657.4	770.1
Passenger cars	EUR million	291.1	451.5	–
Commercial vehicles	EUR million	138.2	170.2	–
Non-automotive	EUR million	52.3	35.6	–
EBITDA ¹⁾	EUR million	41.3	54.1	54.3
EBIT ¹⁾	EUR million	27.4	35.4	27.2
Earnings per share	EUR	0.97	1.54	1.12
EBITDA margin (EBITDA/sales)	%	8.6	8.2	7.1
EBIT margin (EBIT/sales)	%	5.7	5.4	3.5

BALANCE SHEET FIGURES	Unit	2012	2011	2010
Balance sheet total	EUR million	259.8	263.9	308.5
Equity ratio	%	51.4	44.8	28.3
Net working capital	EUR million	47.7	26.9	16.5
Net working capital in % of sales	%	9.9	4.1	2.1
Average capital employed	EUR million	120.3	119.8	137.1
ROCE before tax ¹⁾	%	22.8	29.6	19.9
Net financial debt (+)/ cash (-)	EUR million	-14.5	-17.9	26.6
Net financial debt to EBITDA	–	-0.35	-0.29	0.49
Gearing	–	-0.11	-0.15	0.31

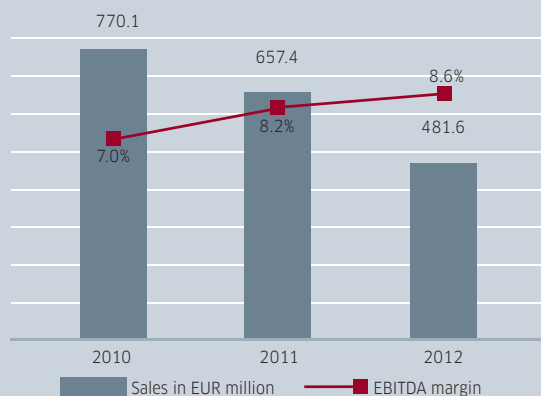
CASH FLOW AND CAPEX	Unit	2012	2011	2010
Cash flow from earnings	EUR million	34.8	49.0	44.5
Free cash flow	EUR million	7.7	37.8	44.2
Capital expenditures in fixed assets	EUR million	16.0	17.5	16.7

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

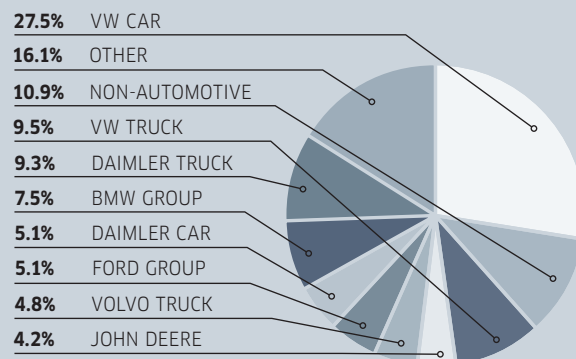
EMPLOYEES	Unit	2012	2011	2010
Employees (average period)	FTE	3,563	4,663	5,881
Employees as of Dec. 31	FTE	3,481	3,715	6,201
Sales per employee	TEUR	135	141	131

SHARE FIGURES	Unit	2012	2011	2010
Highest price	EUR	7.46	8.59	5.27
Lowest price	EUR	5.12	4.27	2.2
Price as of Dec. 31	EUR	5.87	5.42	4.58
Earnings per share	EUR	0.97	1.54	1.12
Average daily turnover	Shares	70,606	133,921	60,879
Market capitalisation as of Dec. 31	EUR million	131.1	121.03	102.3
Dividend proposal per share	EUR	0.35	0.35	–
Dividend yield	%	6.0	6.5	–

SALES & EBITDA MARGIN



GROUP SALES BY CUSTOMER





» **WELL-PREPARED FOR ANY SITUATION** «

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CAR STYLING IN GREEN

Innovative processes for weight reduction



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LIGHTNESS À LA POLYTEC

Successful cooperation with Jaguar





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HIGH TECH AND HIGHEST STANDARDS AT ALL PLANTS

Highest quality due to advanced technology

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We
keep
moving



Only those who keep moving and are able to adjust to changes flexibly remain successful over the long term. "To be well-prepared for any situation" is our motto and this is what we have demonstrated at POLYTEC in the course of the past year as well. Although the market was distinctly volatile, we were able to achieve another set of respectable results. We did have to revise our original sales and earnings forecasts downwards, but compared well with our peers with the results that we achieved. We demonstrated great adaptability and caution also in the implementation of our strategy. Contrary to our original plans, we did not make any major acquisitions in 2012. We continue to monitor the market and have identified several potential attractive targets, but we are waiting for the right moment, as we do not buy at any price! In the meantime, we have been able to further strengthen our earnings power and our balance sheet structure and to optimize our structural organization and workflow, while at the same time intensifying our efforts in developing innovative lightweight construction solutions.



Alfred Kollros



»» WELL-PREPARED FOR ANY SITUATION ««

An interview with the members of the Management Board of POLYTEC Holding AG, Friedrich Huemer, Alfred Kollros and Peter Haidenek, as well as Alice Godderidge, Vice President Sales & Engineering, and Markus Huemer, Vice President Business Development.

Alice Godderidge

Friedrich Huemer



Mr. Huemer, could you please start with an overall assessment of the 2012 business year. You have slightly underperformed in the year under review as you failed to fully meet the targets published at the beginning of the year. But considering the highly volatile business environment, can this still be viewed as a success?

_____ Friedrich Huemer: Considering all negative circumstances and implications we had to face in our business environment in the course of the past year, I'm still relatively satisfied with the sales and result figures we finally achieved. However, my personal assessment of the 2012 business year is somewhat mixed: I was less challenged than originally expected, because the planned, targeted strategic further development of the Group did not take place.

You are referring to the fact that no acquisitions were made in 2012 – despite expressing your clear intention to pursue this option in the last Annual Report. Why could you not reach this target?

_____ Friedrich Huemer: My son Markus will answer this question in greater detail in another section of this Annual Report (on page 35). However, I would like to say that we have undertaken quite a lot in this direction and evaluated a number of potential targets. However, the price expectations of the current owners were not appropriate, especially when considering the

development in recent years. Their expectations were simply too high and largely exceeded our estimation of future prospects. On the other hand, the companies that were presented to us as potential acquisition targets in the injection-molding area had a technology, product and customer portfolio that is not compatible with our strategy. As you know, we mainly focus on the engine compartment or on technically challenging components. For us, an acquisition should bring about better access to the customer base, new technologies and a potential geographic expansion of our footprint towards the BRIC countries, perhaps eventually opening up new opportunities in the non-automotive area. In 2012, we could not find anything like this despite intensive searching. However, we are still well-prepared for any situation – if the market goes up, we will grow organically, if the market goes down, we can profit from acquisition opportunities.

» still quite satisfied with the sales and result figures «

There was a reference to overall negative market conditions at the beginning – how did the market develop on the whole?

_____ Alice Godderidge: The market development in 2012 was mixed. Although the German OEMs achieved record results, which obviously had a positive impact



Markus Huemer

on our business, this trend was mainly driven by the upward trend in the BRIC countries, whereas demand in Western and Southern Europe was particularly bad. This is also why the outlook for 2013 remained subdued. In 2012, sales in the commercial vehicle industry heavily slumped and this was certainly the major disappointment for us, as our expectations were largely disappointed. On the whole, market development remained significantly behind schedule from the very beginning of the year.

**» the market development
in 2012 was mixed «**

_____ Markus Huemer: On one hand, we are seeing that our focus on the premium segment is paying off, as the declines registered by high-volume manufacturers in the passenger car segment did not affect us so much. On the other hand, however, our business development reflected our strong European focus. In 2012, the trend in America was by far better than over here. However, this has almost had no effect on our end-results even though our engine compartment parts are also partially exported overseas.

How does the competitive landscape look like?

_____ Alice Godderidge: Competition is certainly increasing. In the COMPOSITES area, there are conti-

nually new companies that try to enter this market. In CAR STYLING, on the contrary, it is mainly our rivals in series production that try to intervene in the market. In the PLASTICS business, we find ourselves in an increasingly unfavorable position since other players have gained a global market presence, whereas we are still not there yet. We have been recently awarded an above-average number of new contracts in Germany and we are able to continually expand our product program for the engine compartment, but due to our market position we should have a global presence. This is why we are devoting concerted efforts to expanding our business at the international level.

How did the single business units develop in 2012?

_____ Alice Godderidge: In our main business area, PLASTICS, we were able to successfully acquire an above-average number of new orders, winning numerous new contracts especially for the engine compartment. For VW, for instance, a long-standing customer of ours, we will also produce engine compartment parts in the future that had been manufactured elsewhere so far. Thus, in 2012, we succeeded in further consolidating our market position, turning into an important supplier of cylinder head covers and oil pans. In addition, we were also able to win BMW as a new customer of engine compartment parts. We have had a long relationship with BMW, but mainly supplying them in the interior



area over the past years. And now, we have also become an important power train supplier, along with the manufacturing of composites parts.

» in the PLASTICS business area we were able to successfully acquire an above-average number of new orders «

_____ Peter Haidenek: In the non-automotive business, a large-scale project for the manufacturing of faceplates for washing machines for a very renowned premium producer is currently underway. For this project, we had to restructure a considerable part of our plant in Lohne, which proved to be a quite challenging undertaking, in addition to the parallel realization of numerous development projects for engine compartment parts. However, the successful accomplishment of this project now provides a good basis for follow-up orders in this business field.

_____ Alfred Kollros: In the COMPOSITES business, the overall business development was rather moderate in 2012, especially against the backdrop of sluggish economic activity. Supply volumes in the commercial vehicle segment showed a volatile trend, partly registering significant declines. Towards the end of the year, we had to face enormous fluctuations that posed

unprecedented challenges to production. Unfortunately, due to labor law issues we partly lacked the necessary flexibility to promptly respond. Closure days in Germany and Austria require a prior agreement with the Works Council, and this cannot always be achieved as quickly as needed. In order to remain successful going forward, we urgently need considerably stronger flexibility in terms of working hours – this is something that can never be stressed often enough.

_____ Alice Godderidge: In the year under review, however, we were also able to achieve positive results in the COMPOSITES business. In sales, the focus continued to be on lightweight construction, based on carbon fibers, and we ultimately succeeded in winning a number of new contracts with good future prospects. Furthermore, we were able to win AGCO as a new customer and therefore to further tap into the agricultural machinery market. Nevertheless, particularly in terms of lightweight construction, we are increasingly facing stronger competition. This promising business field constantly attracts new players, including global suppliers that had never showed interest in this niche in the past.

_____ Alfred Kollros: In the CAR STYLING business the overall picture was very mixed in 2012. The development in England proved relatively satisfactory, whereas business performance in Austria turned out to



be quite disappointing, mainly due to weak order intake from our two largest customers. All in all, however, we were quite successful with a number of projects, especially in acquiring new products. In CAR STYLING, the trend increasingly goes towards customization, so therefore this business works mainly on a great number of small projects. A very favorable development also worth mentioning in this context is that we were able to win Porsche and AMG as new customers in 2012, following a very long and intensive customer acquisition effort, in which lightweight construction played once again a crucial role.

» to serve our current customer base at the global level «

_____ Peter Haidenek: In all we have said so far, however, we should also stress our matrix organization, which has proved particularly successful. We always seek to actively leverage technological synergies within the Group by sharing current technologies and capacities among all business units, wherever they are needed. The PLASTICS business, for instance, carries out injection-molding tasks on behalf of the CAR STYLING business. Finish coating is performed by POLYTEC Industrielackierungen, which usually primarily works for the COMPOSITES business. One of the latest evidences

of this strong cross-divisional cooperation is provided by a project for the engine compartment. The contract was awarded to the PLASTICS business, however, since the manufactured part is made of polyurethane, this component is ultimately developed and produced by the CAR STYLING business in Hörsching. From a technological point of view, it is the first time that a product of this kind was used for the engine compartment.

À propos innovation – where does your main focus lie?

_____ Alice Godderidge: Lightweight construction continues to be our number one priority and this will continue to be the case also going forward. Vehicle weight reduction and the related optimization of fuel efficiency and of pollutant emissions is one of the most important requirements for the automotive industry and, therefore, for us as well. To put it simply, the development chain comprises four steps. In a first step, steel was replaced by aluminum, this phase has largely come to an end by now. In a second step, aluminum was replaced by plastic, which is one of the key factors behind our successful growth over the past years.

The next step will be to use lighter-weight and more rigid plastic materials instead of conventional plastic, this is the phase we are currently undertaking. At present, the highest degree of stiffness and the greatest weight reduction are achieved by using carbon fiber or



Peter Haidenek

other reinforcing materials, as well as by applying new processing methods. The fourth step – which plays an equally relevant role for POLYTEC – will be the integration of additional functionalities into the components, which will require exceptional manufacturing processes and special materials. We can further harness our contribution in this area in a number of ways as we are intensively dealing with such topics in our current R&D activities. Of central importance in this context are carbon fiber SMC and low-density glass fiber SMC materials, which allow for a 30% weight reduction compared to aluminum, while offering the same mechanical properties. And this is one of the main preconditions for the successful substitution of conventional materials.

This sounds very complex – how does it look like with the necessary skilled personnel?

_____ Friedrich Huemer: In certain areas, skilled personnel are a scarce commodity and we do lack specialized staff in our business. Therefore, personnel development plays an increasingly important role both within our industry and in our company. Employees are the most important assets in our company. Due to the shortage of skilled staff, we therefore need to take counteraction.

You have also made several important organizational adjustments for the strategic further development of

POLYTEC GROUP by creating a staff unit solely responsible for business development. Where are you heading to?

_____ Friedrich Huemer: The new staff unit is responsible for implementing our growth strategy independently from our day-to-day business operations, thus ensuring a more focused approach. All business development tasks are now under the responsibility of my son Markus, who in his former capacity as assistant to the Board of Directors, has already partly dealt with them acquiring extensive hands-on experience.

Our top strategic objective is to be able to serve our customers not only in Europe but also worldwide. Our main focus is therefore not so much on expanding our geographic footprint through the acquisition of local customers, like for instance in China or India, but rather to be able to serve our current customer base at the global level. In our domestic market – i.e. in Europe – we are simultaneously striving to expand our value creation chain, while further consolidating our market position. This means that we seek to provide additional services to our current customers or to address other customers with our product and technology portfolio. In this context, we generally focus on products with higher value creation potential such as complex components, which place high demands on both the development process and the manufacturing technology. In this segment, in fact, there is simply less competition. From a financial perspective,



the ultimate goal is to generate sales growth while at the same time improving results quality.

_____ Markus Huemer: With regard to our geographical expansion, we are mainly focusing on China, Brazil, Mexico as well as India. Therefore, we are currently concentrating on Asia and Central and South America. These are also the most important markets for our customers, especially in the engine production area. The manufacturing of engines was also the reason why we have not become active in these countries yet. In fact, it was the vehicle construction that first moved to Asia and South America, only later on, did the production of engines, for which we are supplying an increasingly larger amount of components, gradually follow suit. South America plays an important role for us also in the commercial vehicle segment. Our expansion plan is generally oriented towards the production strategy of the OEMs and is therefore continually adjusting to new trends, as we need to be able to respond very flexibly. The PLASTICS business area follows developments in engine manufacturing, whereas the COMPOSITES unit is mainly geared towards vehicle construction and OEMs' local content requirements.

How does the capital market assess your development – how did the POLYTEC share develop in the year under review?

_____ Friedrich Huemer: As I said, considering the negative circumstances that affected the market, I'm quite satisfied with the company's financial results in 2012. And this also applies to our share price performance. In our capacity as Board we are mainly responsible for managing the company and we can only partly influence our share price development. In 2012, the share price continued its upward trend despite the declines in financial results and this is a positive sign for me. Personally, I think that the share price now better reflects our results situation than a year ago.

» our goal is to generate sales growth while at the same time improving results quality «

_____ Peter Haidenek: This positive development is also attributable to our concerted efforts to raise our profile on the capital market, which we have further intensified in the year under review. We attach great importance to transparency and passionately engage in an open communication with the financial community. We constantly look out for new investors and, in 2012, we undertook a road-show for the first time in Eastern Europe and, more specifically, in Warsaw for this purpose. What is worth mentioning is that analysts have had a positive opinion about us for quite some time and they continue to see considerable growth and



result potential in the POLYTEC share. The fact that we pursue a sustainable dividend policy has also contributed to raising our profile. Despite a decline in our results, we did not change our dividend proposal for 2012 based on our strong cash position. Thus, our dividend payout ratio has now further increased and we are once again among the best performers in Austria in terms of dividend yield.

_____ Friedrich Huemer: We have also received consistently positive feedback with regard to our share buyback program. Since our explicit objective is to buy back shares only when the price is reasonable, which means, when the share price is clearly undervalued in our view, we have effectively stopped buying in view of the fact that the share price has been trending upwards since December.

**» we are once again among
the best performers in
Austria in terms of dividend yield «**

As a long-term shareholder, I will personally guarantee that we will continue to show self-restraint when it comes to share buy-backs. Besides, we do not want to limit our financial resources unnecessarily. Thanks to retained profits, for instance, we were able to further strengthen our equity base in the year under review.

Are any capital measures planned in the near future? Over the past years such measures have been on the agenda over and over again ...

_____ Peter Haidenek: We are not planning anything in the immediate future. But, although there is no concrete need for such measures at present, we have been evaluating the various technical options. Anyway, even in the event of an acquisition, we would not need the capital market; therefore, I tend to rather rule out a public capital increase or a bond issue for the time being. What is more probable is that in case of a possible merger we would probably use new shares as consideration for a non-cash contribution.

Last but not least – how does the outlook for 2013 look like?

_____ Friedrich Huemer: If we look at the development over the past few weeks and months, we cannot expect any improvements in 2013. Personally I don't see any reasons for exaggerated euphoria or for excessive pessimism. All in all, we should be very satisfied if this year's results were to match the level of the previous year. From a strategic point of view, our geographical expansion is still our top priority.

Thank you for the interview.

WELL-POSITIONED

Business units and products



PLASTICS

Small things – great impact



COMPOSITES

With each fiber innovative



CAR STYLING

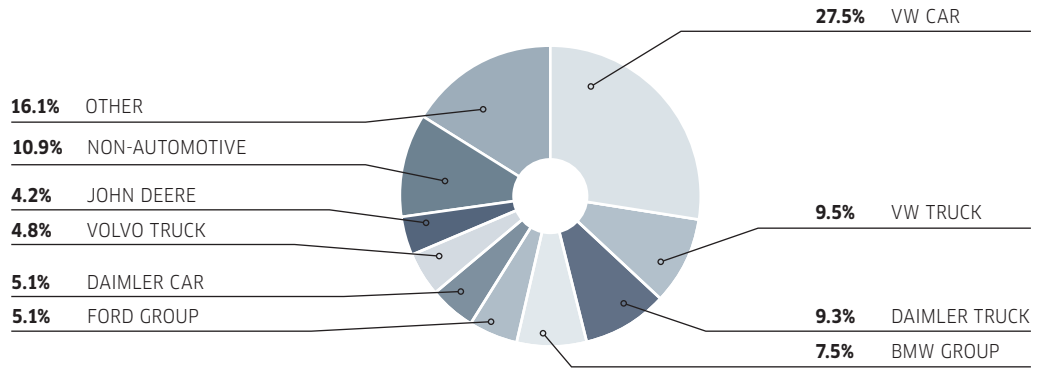
Individual and flexible



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 manifolds
- > Expansion intake manifold pressure systems
- > Bumpers and bumper extension parts
- > Trunk lid covers
- > Water box covers

EXAMPLES

- > Washing machine covers
- > Logistic boxes
- > Drainage systems
- > Garden furniture

PRODUCTS

- > Fiber-reinforced plastic parts
- > Engine compartment, functional and exterior parts for passenger cars and trucks, exterior parts for farm machines
- > Non-automotive parts

EXAMPLES

- > Truck cabin parts
- > Trunk lids for passenger cars
- > Tractor engine hoods and cabin roofs
- > Cylinder head covers
- > Carbon fibre parts
- > 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

- > Offroad parts
- > Exterior parts
- > Interior parts
- > Metal parts
- > Motorbike parts

EXAMPLES

- > Spoilers
- > Front and rear bumpers
- > Bumper extension parts
- > Fender extensions
- > Front guards
- > Front grills
- > Arm rests
- > Fog light housing
- > Scuff plates
- > Dog and cargo guards

PRODUCTS

- > Molded parts made of compact casted polyurethane
- > Multy-component mixing and batching systems for reactive liquid plastics

EXAMPLES

- > Drive gears
- > Finishers
- > Scrapers and backup rings
- > Augers and pump membranes
- > Fenders and floats
- > Wheels and roles

HIGH TECH AND HIGHEST STANDARDS AT ALL PLANTS





PLASTICS



Plant in LOHNE, Germany
POLYTEC PLASTICS Germany
GmbH & Co KG

Number of employees

> ~630

Main products

- > Cylinder head covers
- > Engine covers
- > Toothed belt protections
- > Reservoirs
- > Intake manifolds
- > Oil pans
- > White goods

Core competences/technologies

- > Development and engineering competence
- > Tool shop
- > Injection molding
- > Two-component injection molding
- > Multi-component injection molding
- > WIT - water injection technology
- > GIT - gas-assisted injection molding
- > Thermo-riveting
- > Ultrasonic welding
- > Vibration welding
- > Hot gas welding
- > Infrared welding
- > Assembly and JIS delivery
- > Screen printing
- > Pad printing

Customers

VW Group, BMW, Daimler Car, GM, Ford, Volvo, Fiat, Ferrari



Plant in WOLMIRSTEDT, Germany
POLYTEC PLASTICS Germany
GmbH & Co KG

Number of employees

> ~130

Main products

- > Trunk lid covers
- > Window frames
- > Toothed belt protections
- > Water box covers

Core competences/technologies

- > Tool shop
- > Injection molding
- > Two-component injection molding
- > Multi-component injection molding
- > Gas-assisted injection molding
- > Ultrasonic welding
- > Pad printing

Customers

VW Group



Plant in IDSTEIN, Germany
POLYTEC PLASTICS Idstein
GmbH & Co KG

Number of employees

> ~220

Main products

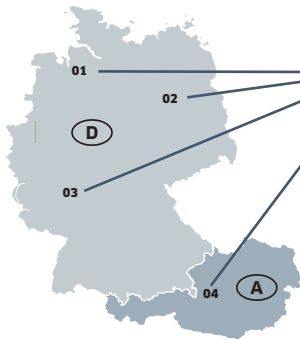
- > Cylinder head covers
- > Toothed belt protections
- > Glove boxes
- > Clutch pedals
- > Pillar trims

Core competences/technologies

- > Prototype construction
- > Tool shop
- > Injection molding
- > Two-component injection molding
- > Multi-component injection molding
- > Gas-assisted injection molding
- > Ultrasonic welding
- > Mirror welding
- > Vibration welding
- > Assembly
- > Printing

Customers

VW Group, BMW, Opel, Daimler Car



4x PLASTICS



Plant in EBENSEE, Austria
POLYTEC PLASTICS
Ebensee GmbH

Number of employees

> ~150

Main products

- > Trunk lid covers
- > Window frames
- > Lock covers
- > Engine covers
- > Logistics boxes
- > Garden furniture
- > Drainage systems

Core competences/technologies

- > Injection molding
- > Two-component injection molding
- > Multi-component injection molding
- > Film back injection molding
- > Gas-assisted injection molding
- > Ultrasonic welding

Customers

VW Group, BMW, IFCO,
Hauraton, Praktiker



COMPOSITES



Plant in GOCHSHEIM, Germany
POLYTEC COMPOUNDS
GmbH & Co KG

Number of employees

> ~60

Main products

- > Glas fibre SMC
- > LD SMC
- > SMC formulations for structural applications (automotive, non-automotive)

Core competences/technologies

- > Production of semi-finished parts
- > Application technologies for the support of pressing processes
- > 2 SMC lines for large series production (total capacity: 35 tonnes/year)
- > 1 carbon SMC line for small series production

Customers

Inapal Plasticos, POLYTEC GROUP, C.F. Meier, Ljungby Komposites AB



Plant in GOCHSHEIM, Germany
POLYTEC COMPOSITES GERMANY
GmbH & Co KG

Number of employees

> ~440

Main products

- > Bumpers
- > Side deflectors
- > Tonneau covers
- > Tractor roofs and engine hoods

Core competences/technologies

- > Development and engineering competence
- > Prototype construction
- > SMC pressing
- > IMC applications
- > Painting and assembly

Customers

John Deere, MAN, Volvo Truck, Daimler Truck



Plant in RASTATT, Germany
POLYTEC INDUSTRIELACKIERUNGEN
GmbH & Co KG

Number of employees

> ~200

Main products

- > Painting
- > Assembly
- > JIS/JIT delivery of exterior body parts for trucks and passenger cars in SMC, thermoplastics, polyurethane parts, RRIM and steel

Core competences/technologies

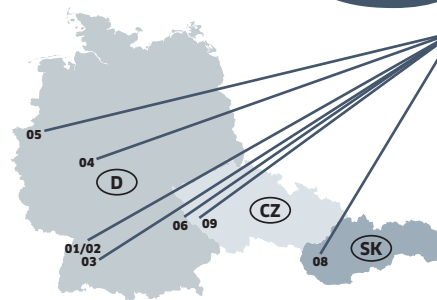
- > Paint shop/assembly
- > Prime coating
- > Painting of components
- > Structured coating

Customers

John Deere, Ford, VW Group, Daimler



9 × COMPOSITES





Plant in CORNBERG, Germany
POLYTEC COMPOSITES Germany GmbH & Co KG

Number of employees

> ~50

Main products

- > Electronic boxes
- > Conductor rail carriers
- > Parabol reflectors
- > Illumination technology

Core competences/technologies

- > SMC presses

Customers

Cooper Crouse Hinds, Balfour Beatty, Siteco



Plant in VOERDE, Germany
POLYTEC COMPOSITES Germany GmbH & Co KG

Number of employees

> ~120

Main products

- > Air deflectors
- > Under body shields
- > Oil pans
- > Valve covers
- > Battery box covers
- > Solar collector frames

Core competences/technologies

- > SMC presses
- > D-LFT presses

Customers

Volvo Trucks, VW Group, Bosch



Plant in WEIDEN, Germany
POLYTEC COMPOSITES WEIDEN GmbH

Number of employees

> ~240

Main products

- > Trunk lids
- > Rear spoilers
- > Oil pans
- > Tonneau covers
- > Air deflectors
- > Engine covers

Core competences/technologies

- > SMC pressing
- > GMT pressing
- > Carbon SMC pressing
- > SMC/IMC finishing

Customers

MAN, BMW, VW Group



Plant in AKSARAY, Turkey
POLYTEC PLASTIK Ürünleri Sanayi ve Ticaret A.S.

Number of employees

> ~130

Main products

- > Bumpers
- > Side deflectors
- > Cabin steps
- > Roof plates
- > Engine hoods
- > Fenders

Core competences/technologies

- > SMC pressing
- > Prime coating and assembling

Customers

Daimler Truck, Ford, Temsa, Siemens



Plant in SLADKOVICIVO, Slovakia
POLYTEC COMPOSITES Slovakia s.r.o.

Number of employees

> ~120

Main products

- > Bumpers
- > Under body shields
- > Cabin steps
- > Fenders

Core competences/technologies

- > SMC pressing
- > LFT pressing

Customers

VW Group



Plant in CHODOVA PLANA, Czech Republic
POLYTEC COMPOSITES BOHEMIA s.r.o.

Number of employees

> ~140

Main products

- > Under body shields
- > Propeller shaft guards
- > Cabin steps
- > Tonneau covers
- > Engine covers for lawnmowers
- > Cabin roofs for tractors

Core competences/technologies

- > GMT pressing
- > SMC pressing
- > LFT pressing

Customers

Daimler Truck, MAN, Fendt, Volvo Truck



CAR STYLING



Werk HÖRSCHING, Österreich
POLYTEC CAR STYLING
Hörsching GmbH

Number of employees

> ~270

Main products

- > Exterior parts for small series and genuine accessories (rear and roof spoilers, bumpers, rear aprons, etc.)

Core competences/technologies

- > Development
- > Design
- > PUR-RRIM
- > PUR-RIGID
- > Painting
- > Model building, mold construction and tool shop

Customers

Ford, Volvo, Suzuki, VW Group



Plant in BROMYARD, UK
POLYTEC CAR STYLING
Bromyard Ltd.

Number of employees

> ~320

Main products

- > Exterior parts for small series and genuine accessories (rear and roof spoilers, bumpers, rear aprons, etc.)

Core competences/technologies

- > Development
- > PUR-RRIM
- > Blow molding technology
- > Painting

Customers

Jaguar, Land Rover, Ford, Aston Martin



Plant in WARREN, USA/CANADA
POLYTEC FOHA INC.

Number of employees

> 22

(+5 employees at the Design and Engineering Center in Canada)

Main products

- > Exterior parts for small series and genuine accessories (rear and roof spoilers, bumpers, rear aprons, etc.)

Core competences/technologies

- > Product design
- > CAD development
- > Project management
- > Assembly

Customers

Ford, Nissan, Subaru



Plant in SCHOTEN, Belgium
POLYTEC CAR STYLING
Schoten NV

Number of employees

> ~40

Main products

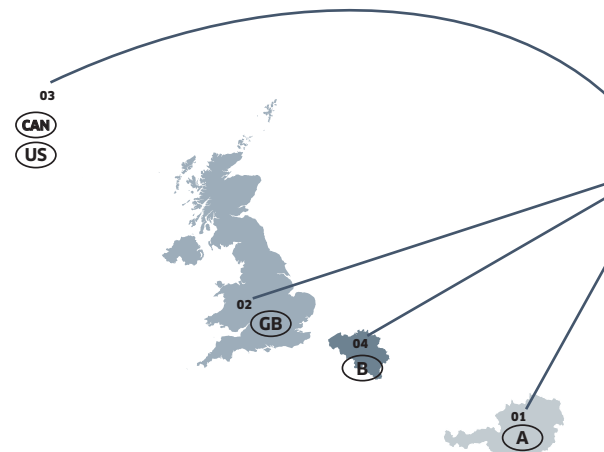
- > Door sill panels
- > Cargo step protections
- > Dog guard and divider grids
- > Cargo guards

Core competences/technologies

- > Laser cutting
- > Bending
- > Punching
- > Welding

Customers

Ford, Honda, Toyota



INDUSTRIAL



Plant in EMC, Austria
POLYTEC EMC Engineering GmbH

Number of employees

> ~20

Main products

- > Mixing and metering systems for liquid plastic materials
- > Multi-component dispensing devices for glues, resins and polyurethanes

Core competences/technologies

- > Mechanical engineering for spraying, casting and gluing machinery
- > Engineering
- > Control engineering
- > Automation



Plant in THELEN, Germany
POLYTEC Thelen GmbH

Number of employees

> ~50

Main products

- > Polyurethane moldings for industrial applications
- > Concrete mixers
- > Crawler links
- > Sound-deadening, wear and corrosion resistant spray coating
- > Coil storage systems
- > Repair of vibratory finishing containers

Core competences/technologies

- > Hot molding
- > Spraying
- > Rotational molding



Plant in ELASTOFORM, Austria
POLYTEC Elastoform GmbH

Number of employees

> ~40

Main products

- > Plastic moldings made of PU elastomers for industrial applications
- > Components for agricultural equipment and municipal vehicles
- > Metering, mixing and pumping devices
- > Wear parts for mechanical and plant engineering

Core competences/technologies

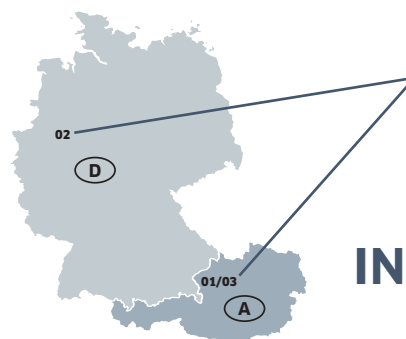
- > PU molding
- > Centrifugal casting process
- > Mold construction
- > Assembling

Supplied markets

- > Steel and sheet metal processing
- > Conveyor and drive engineering
- > Mechanical and plant engineering
- > Special vehicle manufacturing
- > Construction and processing technology

4x

CAR STYLING



3x

INDUSTRIAL







NEWS

LIGHTNESS À LA **POLYTEC**

POLYTEC successfully continued its cooperation with Jaguar also in 2012.



After the company completed the manufacturing of the rear spoiler for the Jaguar XKR-S, the CAR STYLING business area supplied the special edition of the award-winning Jaguar XFR-S with refined carbon-fiber components. The front bumper, the rear bumper, the side sills as well as the rear spoiler of the new model not only impress thanks to their lightness but also due to their color brilliance. These components are painted at POLYTEC in different colors.

THE 5TH



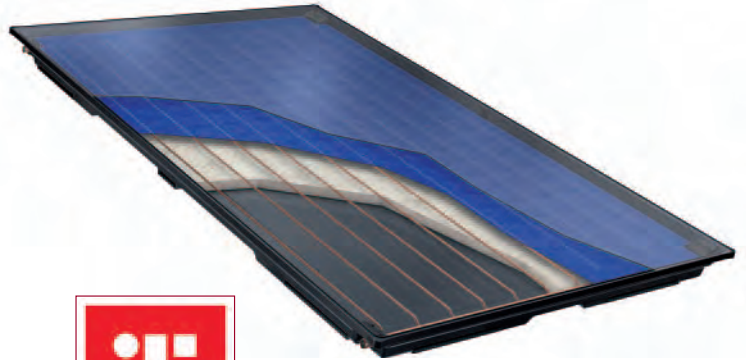
JOB RALLYE SALZKAMMERGUT

As one of the biggest employers in the region, in the year under review, the Ebensee site of the POLYTEC GROUP once again took part in the Chamber of Commerce of Bad Ischl's (Upper Austria) "Job Rallye". This initiative offers young school leavers the opportunity to gather information about potential jobs and apprenticeships. Each year, POLYTEC provides 100 apprentices with attractive vocational training opportunities and intends to recruit the brightest young talents through its participation in the Job Rallye. Roughly 75 interested students participated in this initiative in 2012 and received a guided tour on production procedures at the company's site in Ebensee by the site director Markus Litwin. This introduction proved successful as several students showed considerable interest in starting a professional career at POLYTEC.



STYLING KITS FOR THE U.S. MARKET

In 2012, POLYTEC considerably profited from the economic boom of the Northern American automotive market. Both the Ford Motor Company and Volkswagen North America rely on POLYTEC's high-value components: the Ford Edge and the VW Passat, which have been specifically conceived for the American market, are supplied with styling kits by POLYTEC. Furthermore, the company received additional order assignments for the U.S. market, for the Chrysler 200 "8 Mile Edition" and the Ford Focus Sport to name a few.



POLYTEC SCOOP ANOTHER AUTOMOTIVE AWARD IN 2012

The 14th Automotive Award Night, held on June 22, 2012 at the Swissôtel in Düsseldorf/Neuss, honored the most innovative and creative services in the automotive industry. POLYTEC was, together with Schweiger, once again among the award winners: the company's innovative PIT process (projectile injection technology) for hollow body manufacturing was ranked third in the "Power Train" category. This innovative technique not only allows for significant savings in terms of raw material consumption, but it also enables the reduction of cycle time in the production process.

For the manufacturing of hollow components, POLYTEC combined the traditional WIT (water injection technology) process with the PIT. In the newly developed PIT process, the displaced plastic material is not pressed into a secondary cavity (overflow) but recovered through the runner head and the hot runner. Therefore, the plastic melt can be re-used for the next injection process. This enhances once again the efficiency of the production process.



AWARD-WINNING DESIGN: IF PRODUCT DESIGN AWARD

Also POLYTEC's non-automotive products received numerous renowned awards in the year under review. In February 2012, the new Logasol SKN 4.0 solar thermal collector from Buderus, a brand of Bosch Thermotechnik, was awarded the "iF product design award" 2012. This high-performance solar collector represents the latest generation of solar thermal technology for environmentally friendly heating support and domestic hot water preparation. The solar collector pioneers a one-piece Sheet-Molded Composites (SMC) plastic housing, which is developed in cooperation with and produced by POLYTEC COMPOSITES Germany. This fiberglass-reinforced SMC housing replaces a multi-piece component deployed so far. It is therefore characterized by considerable weight reduction, easy installation and logistics effectiveness. The single-shell design of the SMC housing also contributes to enhancing its visual appearance.



GUESTS FROM ALL OVER THE WORLD MET AT POLYTEC IN LOHNE

Which innovations will help to safeguard the company's success over the next five years and how should the product portfolio be further developed going forward were the main discussion topics at the Sales and Strategy Convention held on September 11-12, 2012 at the headquarters of POLYTEC PLASTICS. This convention saw the participation of a total of 42 attendees from the U.S., England, Belgium, Austria, Italy and Germany. This meeting was a first-of-its-kind premiere aimed at promoting the exchange of experiences among the participants in addition to developing a joint strategy. All business units had to deal with the topics mentioned above in a joint effort to plan the international footprint of the Group for the years to come and evaluate potential new technologies.

THE CERTAIN TOUCH

A distinctive design is very much in demand not only for passenger cars but also for commercial vehicles, where a trend towards individualization has been underway for many years. POLYTEC is always at the forefront of the latest trends and developments and

has already implemented with great success a number of car styling products for the commercial vehicle segment such as the front skirt for the VW Transporter T5. In 2012, POLYTEC developed, for the first time, a comprehensive styling kit for commercial vehicles. As a result, from 2013 the Ford Transit will be supplied with front skirts, fog light trims, side sills, fender extensions, mud flaps and rear bumpers produced and supplied by POLYTEC. Going forward, POLYTEC sees considerable potential for further projects of this kind and will therefore continue to target this growing market segment in the future.



FIRST APPRENTICE DAY IN LOHNE

On the first apprenticeship training day, which took place in October in 2012, the Lohne-based business site of POLYTEC PLASTICS Germany GmbH & Co. KG invited 40 apprentices to take part in a workshop focused on getting to know each other, promoting team-building activities, engaging in open communication and learning how to behave correctly. Based on highly instructive and entertaining group games, participants were provided with basic information about their vocational training and professional careers, while at the same time strengthening their confidence and individual skills. In this way, the apprentices learned in a playful manner what kind of potential lies in a well-functioning and well-coordinated team, working together to face any challenge. Thus, this first apprentice day also fulfilled a very important motivational function.

PRACTICE- ORIENTED LEARNING

For the eighth time in a row, POLYTEC is running a joint project with the HTLs (secondary technical schools) of Upper Austria for the 2012/13 school year at the company site in Hörsching. Once again, students from the HTL Steyr and the HTL Wels are invited to tackle real customer and supplier-related problem-solving automotive industry tasks in their final papers. Thus, not only the customers of the developed components - such as the armrest, the LED daytime driving lights or the rear spoiler - but also students and teachers participating in this initiative are given the opportunity to profit from the extensive know-how and innovation power of POLYTEC. In addition, they can gather hands-on experience in the area of applied research and development within the automotive and automotive supplier industry. This initiative will also be carried on next year, as there are still a great number of exciting projects in the pipeline for the young engineers of tomorrow.



HONDA AWARD: ONE DECADE FILLED WITH PRIZES

For the tenth time in a row, POLYTEC won a coveted Honda Automotive Industry Award, surpassing all previous awards. POLYTEC has been proud winner of previous awards, in areas such as delivery, quality or development, but this year the company received an "Excellent Performance" award for its car styling site in Schoten, for its overall performance in the areas of quality, logistics and project management.

This award underlines the successful cooperation with Honda: POLYTEC provides numerous accessories for Honda vehicles, such as the roof spoiler for the Honda Civic, the rear spoiler for the Honda CR-Z Sport Coupe and the Pelikan II arm rest for the Honda Jazz.



ON A SOLID BASE: QUALITATIVE GROWTH

POLYTEC GROUP's clear positioning as a reliable partner of the European automotive industry and its orientation towards a stronger focus on core competences across its single business areas in recent years provide the basis for future growth.

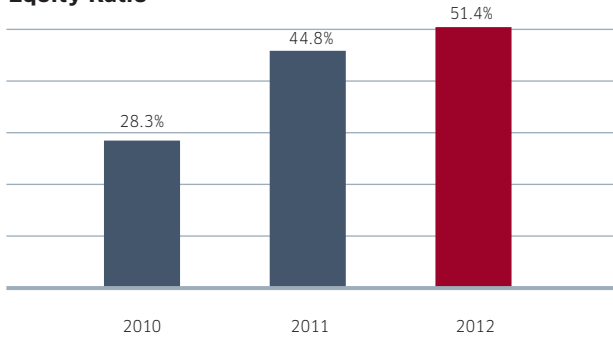


The POLYTEC GROUP has laid the foundations for long-term growth and sustainably improved its results through clearly defined action plans, flat hierarchies and consequently quick decision-making processes as well as motivated employees combined with innovation power and a high degree of manufacturing know-how. In addition to the further organic development of the existing business fields, the main focus is still on generating growth through acquisitions to further consolidate the market position of the Group.

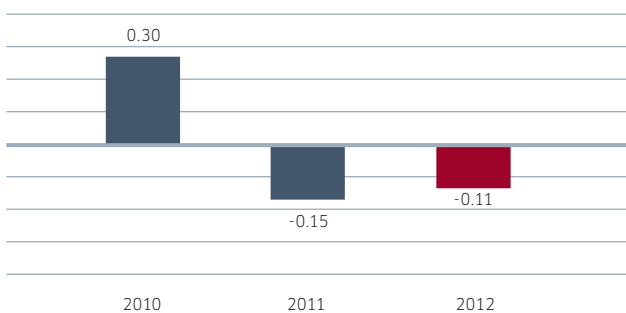
Three strategic pillars were defined by the management of the POLYTEC GROUP with a view to achieving the planned growth in the defined business areas:



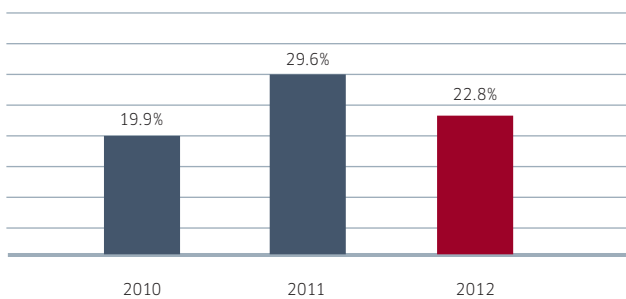
Equity Ratio



Gearing



ROCE



1 Strengthen the market position in Europe

A strong European market position, combined with a high degree of manufacturing expertise in all relevant business areas, provides the basis for POLYTEC GROUP’s sustainable and profitable growth. In order to strengthen its position within the European automotive industry, POLYTEC GROUP seeks to constantly develop new products and technologies, pursuing quality and cost leadership as well as absolute delivery reliability, while at the same time keeping an eye on customers’ needs and desires. Additionally, in the 2011 business year, POLYTEC GROUP laid the foundations for the full utilization of production capacities in the European home market by building up and further expanding its business relations in the non-automotive area.

2 Development of new products and technologies

The POLYTEC GROUP ranks among the most innovative players on the European market in the PLASTICS business area, which bundles the Group’s injection molding activities. In this area, the main focus lies in the development of complex product solutions and their implementation via creative manufacturing technologies aimed at minimizing costs. Lightweight design based on the substitution of metallic parts, 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 encompasses large-surface car-interior parts produced via large-scale machines based on complex manufacturing strategies, exterior applications for commercial vehicles and niche passenger cars.

In order to further expand this 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 the 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 applications. 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 fiber and weight-reducing material combinations also supports this trend. 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.

**» customization makes
the difference «**

The business motto of the CAR STYLING division is "customization makes the difference". 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 possibility to market their vehicles in the best way. The ongoing improvement of PUR-RRIM materials and their extensive application options is one of the key priorities of the responsible develop-

ment team. The potential use of carbon fiber and hollow glass microspheres as reinforced materials for polyurethane (PUR) is currently under scrutiny to respond to the growing trend towards lightweight construction, while at the same time, preserving all product features. Furthermore, a new breed of surface design possibilities for PUR components will also contribute to strengthening POLYTEC GROUP's leading market position in the production of genuine accessories and small series applications in Europe and the USA.

The INDUSTRIAL business area is specialized in tailor-made polyurethane formulations and their processing via casting and spraying techniques for industrial applications. The development and manufacturing of corresponding facilities for PUR multi-component processing along with other resin formulations is another important pillar of this business area.

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

The automotive growth markets are increasingly moving away from Europe towards the global growth regions and particularly towards the BRIC countries. An important strategic objective of the POLYTEC GROUP is therefore to acquire and build up its own production capacities in these regions (BRIC) in line with this trend and in an effort to respond to the needs of its major customers. Of overriding importance for the company in this context is the planned creation of a company-owned site in China. The concrete realization of this project will be decided during 2013. In a further step, additional sites in Asia, South- and Central America will follow suit.

LEIGHTWEIGHT DESIGN FOR **HEAVY-DUTY VEHICLES**

Second-generation air deflectors
for Volvo Trucks



With a surface of up to 3.2 m² and a weight of 24.3 kg, the roof spoilers rank among the biggest SMC components throughout Europe.

With the launch of the new Volvo FH, the second generation of POLYTEC's SMC wind deflectors went into series production at the company's plant in Voerde. The entire heavy truck range by Volvo - from the tractor unit to the truck trailer - are now supplied with the new wind deflectors by POLYTEC, which have been further optimized in terms of both design and fuel consumption.

These second-generation wind deflectors do not only deflect any kind of wind and weather thanks to specially reinforced ridges but they are designed to withstand any mechanical stress and

vibration, while considerably reducing average fuel consumption and related costs. This is possible thanks to their lightweight construction.

Further optimization work is planned going forward: an additional development assignment starting from 2016 will set new standards in terms of weight reduction and design optimization.

***» We are pushing ahead with
our positioning in China with great
determination but also with
a cautious respect. «***

MARKUS HUEMER



ON EXPANSION COURSE: ENLARGED GEOGRAPHIC FOOTPRINT IN FOCUS

An interview with Markus Huemer,
Vice President Business Development of the
POLYTEC GROUP since February 2012

Mr. Huemer, you have now been in your new role as Vice President Business Development since February 2012 - what are your main responsibilities?

_____ Huemer: By “Business Development” we mean the strategic further development of the Group and, more specifically, the implementation of the strategic plan in line with the guidelines put forth by my father, the CEO. This further development comprises the overall coordination of our M&A activities, including post-merger integration, as well as the realization of strategic and administrative projects across all business units of the Group. In the year under review, we looked in detail at numerous acquisitions targets but we couldn't find any that were a good strategic fit. This is why we did not expand through acquisitions in 2012. We don't buy at any cost. Growth only for the sake of growth is definitely not in line with our corporate philosophy.

Where does the focus of your activities lie at present?

_____ Huemer: After the painful experiences of the 2008 business year and the company restructuring process, which was completed successfully in 2011, we are concentrating at the moment, more than ever before, on our core business and on POLYTEC GROUP's main strengths. We are also really trying to grow our core business mainly via acquisitions and in line with our value-oriented corporate strategy. Our first and foremost priority is to enlarge our geographic footprint towards the BRIC countries, especially China. In these markets, we have a number of technical joint ventures but, going forward, we would like to set up our own operating facilities in selected markets, which is something our customers are keen to see. However, even if the current focus of our expansion strategy is mainly on the BRIC countries, we are certainly not ruling out potential

» China is
the **number-
one** item
on my
agenda «



acquisitions in Europe, provided they fulfill a number of criteria – that is: they are complementary to our product and technology portfolio, provide access to new customers or increase our proximity to our current customer base, further enhance our value creation and service offering or help us further consolidate our market position.

Some of your competitors have already set up their own plants in the BRIC countries. What are your next steps in this regard?

_____ Huemer: The restructuring phase took time and tied up considerable resources, and so now, we are lagging behind in terms of own business locations. Over the past five years, POLYTEC has joined forces with local partner companies in the most important growing markets and can, therefore, rely on local production facilities, however, only to a very limited extent. Therefore, as I mentioned before, we are really keen on building our own capacities at the local level. We are currently in talks about a potential acquisition of a majority stake with some of our existing partners. At the same time, we are also evaluating other potential acquisition targets in

the local areas, while assessing the viability of setting up our own business locations. This mainly applies to China. Mexico, Brazil and India will follow suit later on. I've just come back from a long trip to China, where we had a good opportunity to really explore our options, while at the same time making sure we have properly analyzed all the related risks and opportunities.

We are definitely taking a very cautious approach in this regard, as we don't want to proceed too hastily, which might mean we end up making risky investment decisions or tie up relevant management capacities only because of the boom China is experiencing at the moment. The supplier industry in China is currently facing huge and steadily growing competition and, therefore, success is not an automatic given. That said, against this backdrop, we are pushing ahead with our positioning in China with great determination but also with a cautious respect. We are consciously keeping all our options open in order to strengthen our negotiating position and are keen to come to a decision by the end of this year in order to be able to implement our plans in the most effective and resource-efficient manner. □

Q&A

MARKUS HUEMER has worked for the POLYTEC GROUP since 2005. In his current position as Vice President Business Development, he is responsible for the company's M&A and business integration activities as well as for organizational and structural projects.

ROLES TO DATE AT POLYTEC

- Since 2012 Vice President Business Development
- 2005-2012 Assistant to the Board of Directors

Have you always wanted to work in the automotive industry? Yes, I always have. I think that having a passion for the products and the industry you work in is very important. Despite all the challenges and difficult times faced by the automotive industry in the last few years, I still have this passion, which is also an important motivating factor for me.

Why did you decide to follow this career path? I never really had a strategic plan to work in this position, even if I've always known that I would work for POLYTEC eventually. Elsewhere in the industry I would have had fewer career opportunities than here at POLYTEC, which is a family owned business. Thanks to the trust that the Management Board has placed in me from the very beginning, I have had the unique opportunity in my career to get to know a lot of the company's business units and to carry out a number of relevant roles. This has helped me gain specific know-how, gather hands-on experience and further develop my skills within the company. It is thanks to this combination of specific know-how and practical experience that I'm now responsible for the Business Development unit.

What kind of expectations do you have for the future? The volatile market in Europe will most definitely further exacerbate competition going forward. Free capacity naturally brings about the risk of a price war. It is therefore of crucial importance to know one's own cost structure and not be drawn into price wars.

Many companies consider going into China as an opportunity to compensate

for declining business in Europe. My personal opinion is that the supplier industry in China (I'm mainly referring to foreign companies) will no doubt experience considerable margin pressure over the next three to five years. We will face this challenge by gaining a sound global positioning, which will mean we are able to offer our customers a global product portfolio, leading-edge technological expertise and best supplier performance.

What is so special about your professional career at POLYTEC?

A major advantage of being the son of the head of the company is that he knows me very well and can probably recognize my strengths better than I can. I was therefore entrusted with several very challenging tasks early on, which the company would have never dared to assign to a total stranger. So I had to deal with important management tasks more quickly than usual, and this against the backdrop of an unfavorable market environment particularly in 2008 and 2009. Rather than the positive success of a growing business, in my recent career path, I have mainly experienced difficult issues such as plant closures and personnel downsizing programs. However, I think that especially these experiences have really offered an added value when developing a growth strategy. Being confronted first hand with all risks and circumstances has helped me take them into better consideration. I have also learned to view difficult and demanding responsibilities as a success and to always motivate myself no matter what.

» BLACK « TECHNOLOGY INNOVATION AT POLYTEC



The use of carbon as reinforcement fiber in a wide range of plastics technology applications is currently booming. Thanks to its outstanding properties, carbon fiber is an ideal material for industrial lightweight construction, especially in application fields with high mechanical requirements. In this area, POLYTEC also plays an important role as a leading developer and manufacturer of fiber-reinforced plastic materials thanks to its innovative ideas and solution-engineering methods.

POLYTEC focuses on economic-efficient series production

For over a decade, POLYTEC has developed carbon fiber reinforced SMC materials, integrating them into the series production of plastic components such as the so-called “scuttle panel”, a part of the body structure of the McLaren-Mercedes SLR. Despite the fact that 3,000 scuttle panels were successfully produced between 2004 and 2007, demand for this light-weight tech-

nology has been sluggish for many years due to the poor availability of carbon fibers and the related high procurement costs.

Carbon fiber is significantly gaining importance

Against the backdrop of the ever-present discussion about the potential reduction of CO₂ emissions and the use of sustainable resource-friendly technologies, framework conditions for the carbon fiber

industry have changed dramatically. In recent times, weight-saving components with carbon fiber reinforcement have been used to fully replace heavy body structures made of metal. Therefore, such materials will also play a crucial role in the future, particularly in the area of lightweight construction of high-volume vehicles, with growing demand leading to a decrease in carbon fiber manufacturing costs.

» Lower weight = lower fuel consumption «

Going forward, the challenge will be to develop economic-efficient solutions for the processing and manufacturing of carbon fiber reinforced plastic components in large series production. Carbon fiber SMC technology offers a wide range of processing advantages, such as short cycle times, extensive automation possibilities and waste minimization via plastic extrusion processes. Thus, this technology provides better opportunities to compete with RTM and other similar processing technologies.

POLYTEC is already best positioned to meet this challenge. The POLYTEC GROUP can rely on extensive know-how, both in the development of materials and components, as well as in the industrialization of SMC processes. The company will leverage this in-depth expertise for the further development of processing technologies based on carbon fibers. At present, the focus is on stable and cost-effective material formulations, price-sensitive manufacturing processes based on 50k carbon fiber for semi-

finished products as well as on solid tooling concepts and automated processing methods.

Technology with a high innovation potential

Lightweight construction based on carbon fiber SMC offers a wide range of new application areas and great innovation potential. This applies, for example, to electrical vehicles with very heavy batteries, for which weight reduction is particularly requested. In fact, the desired range extension for electrical vehicles does not only depend on battery efficiency but also on vehicle weight.

Thus, this is where lightweight construction is called for. The same applies to vehicles with conventional combustion engines, which follow the same principle: lower weight = lower fuel consumption. Sub-assemblies, like front hoods, trunk lids and other structural body parts built with carbon SMC parts, can achieve weight reductions of up to 30% in comparison to conventional solutions.

Furthermore, the SMC technology lends itself to applications based on the use of high-value carbon recycling materials, hybrid material solutions in combination with glass fiber and hybrid structures in combination with metals. This “black” fiber is therefore undergoing an unstoppable boom within the increasingly weight-oriented automotive industry and will continue to gather momentum going forward.



CAR STYLING IN GREEN

» Our innovation projects are mainly characterized by a proactive mindset and a strong customer focus. Thanks to our extensive expertise in lightweight construction we were able to win new customers in the year under review. «

CHRISTOPH KNOGLER



Innovative projects realized with sustainable technologies continue to gather momentum in the automotive industry, with demand greater than ever, as resource efficiency and sustainability gain increasing importance within the automotive sector. POLYTEC is responding to this trend by developing and applying a wide range of innovative techniques to reduce components' weight, ranking among the leading component suppliers for the automotive industry. In 2012, the company succeeded once again in implementing a great number of projects for renowned customers including Audi and Jaguar.

POLYTEC GROUP's customers profit from its extensive expertise in lightweight construction, with the company setting new standards, particularly in blow molding technology for the manufacturing of special-purpose series and original accessories such as the rear and roof spoilers. This innovative technology allows for a considerable reduction in the total weight of assembly components. Hollow, weight-saving sub-parts are manufactured in a single step at the company's site in Bromyard and consequently painted and assembled with other sub-components.

Blow molding technology - the most important highlights at a glance

- > Broad range of application
- > Hollow parts are manufactured in a single step
- > The manufacturing process has been optimized for special purpose series and accessories production
- > Blow-molded parts are painted at the sites in Bromyard or Hørsching according to customer and logistics requirements
- > Class A paint finish with a special ABS material
- > Parts manufactured by POLYTEC: rear and roof spoilers for the Jaguar XKR-S and XFR-S as well as the **Audi A1** (3- and 5-door)



Another recent example of the environmentally friendly realization of plastic parts is the utilization of carbon fiber, especially for weight-sensitive sports cars and electrical vehicles. Components such as rear bumpers and side sills are usually realized via reaction injection molding (PURR-RIM process) with mineral and glass fiber fillers. In contrast, the use of carbon fiber or hollow glass microspheres as reinforcing material offers a considerable advantage: with this technique, POLYTEC has succeeded in reducing the weight of the produced parts by up to 30%. This ultimately leads to corresponding savings in fuel consumption and polluting emissions.

In addition, POLYTEC is working on other innovative projects, such as the production of PUR components with fiber optics and the integration of electronics into plastic parts. Projects such as photovoltaic spoilers, spoiler systems with integrated XFCD (Extended Floating Car Data) technology or arm rests with built-in wireless chargers for mobile devices only mark the beginning. The future has already begun and POLYTEC will continue to play a crucial role going forward.

Christoph Knogler
Head of Business Development
POLYTEC CAR STYLING



FROM VISION **TO** **REALITY**



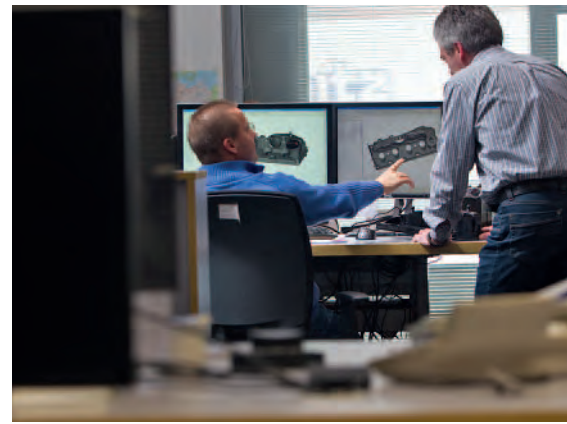
At the beginning of 2012, work began at the POLYTEC PLASTICS plant in Lohne (Germany) for series production of an innovative plastic oil pan for the Volkswagen Group. To turn visionary ideas like this into reality, an innovation team composed of staff members from the design, pre-development, sales, series development, project management, procurement and application technology units was created. It takes two years on average for this expert team to bring innovative ideas to fruition, covering the entire development process, from the acquisition of a project to product testing and product release.

» The future lives from ideas «



Werner Karl
Engineering Manager
POLYTEC PLASTICS

03



01 > Pre-Development & Acquisition Phase

Passion is the cornerstone of all innovations realized by POLYTEC



and pervades every single development step, starting from the pre-development

phase prior to the order placement. This is why POLYTEC can often excite potential customers with innovative concepts during the joint realization of pre-development projects and fuel their enthusiasm with novel ideas during the concept development process and feasibility studies. This is ultimately possible through POLYTEC's active involvement of customers into the entire development process.

02 > Project Commissioning

If the pre-development and acquisition phase has proved successful and POLYTEC is assigned the project, a so-called opening discussion will take place amongst the innovation team. The innovation team is composed of staff members from all departments - from the development unit, quality assurance to sales and production. POLYTEC does not only accomplish all relevant project steps, which obviously requires the definition of a precise timetable, within the innovation team but also predominantly in-house. The ability to cover the entire development chain in-house



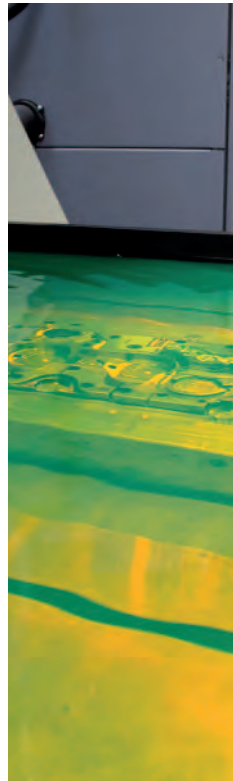
constitutes an important success factor for POLYTEC as it guarantees an optimal process chain and allows for a streamlined cost structure for the customers.

03 > Product Design

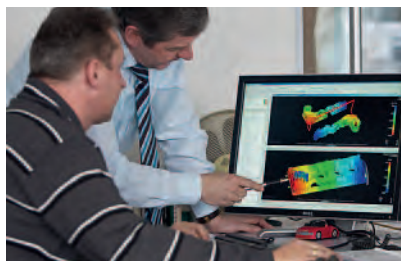
Product development takes place in close cooperation with the tool construction and industrialization units as well as in coordination with the customers, a further strength of POLYTEC's development chain. Only through this active involvement are production-relevant aspects taken into due consideration. In the detailed development phase, construction and project status discussions provide the basis for the conceptual refinement of the components as well as for the selection of best-suited materials and bought-in parts.



To enhance technical viability, a first Failure Mode Effects Analysis (FMEA) is carried out during this phase to identify potential weak points early on. In the case of the oil pan, the component is subject to thorough scrutiny, particularly in terms of stiffness and density function.



05



04 > Construction

The construction phase is about the systematic realization of the component. This process



begins with the CAD development of function prototypes and ultimately terminates with the so-called drawing of the series part, a detailed plan of the components to be produced. Furthermore, first calculations are carried out in parallel to the generation of the CAD models.

05 > Simulation

On the basis of the finite-element method for solidity calculation, flow analysis and filling and warpage simulations, a great number of component features are assessed



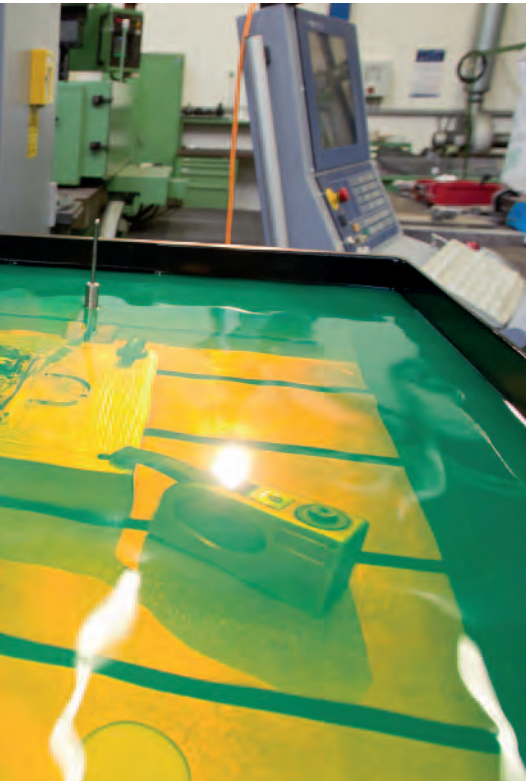
and further optimized in multiple loops. In this context, the following two effects are particularly worth noting: component warping, which is the alteration of the component shape during the injection process; and the reaction of the component to static stress such as plastic deformation when under stress or loading during the sealing process.

06 > Prototype Construction

In the prototype construction phase, first samples and function prototypes of the component are



developed. These can be already deployed in the customer's vehicle for testing purposes but are not fully operational yet. These are key to carry out first evaluations of the component's function.



09

07



07 > Tool Design & Construction

The tool design and construction phase consists of two steps. In the first step, low-cost tools made of aluminum are produced for prototyping purposes. After they have gone through thorough scrutiny and corresponding modifications have



been carried out, tools made of steel are manufactured for the series production of components. Tool modifications and maintenance work can be independently carried out by POLYTEC in-house at any time. In 2012, the decision was made to further expand the company's in-house tool construction facilities, which represent a further advantage of POLYTEC's extensive in-house process chain.

08 > Sampling & Product Validation

The product validation phase checks that all relevant component requirements and specifications are met. These tests are carried out both in-house in POLYTEC's product validation department and at the



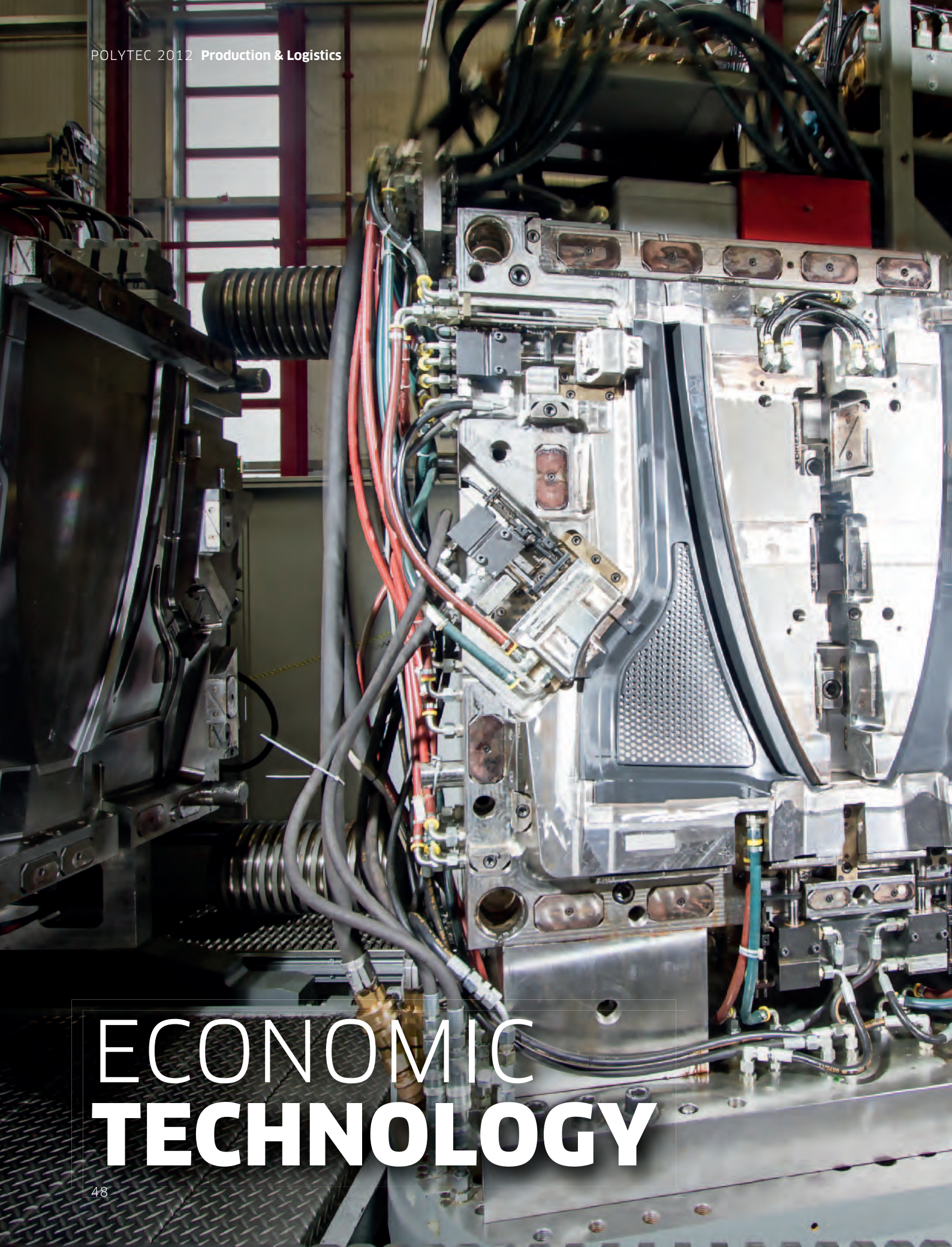
customer premises, for instance on an engine test bed under real extreme conditions. Thanks to the high level of prediction accuracy provided by modern computer simulations, results from preceding computations are confirmed by final testing on the real objects.

09 > Project Hand-Over

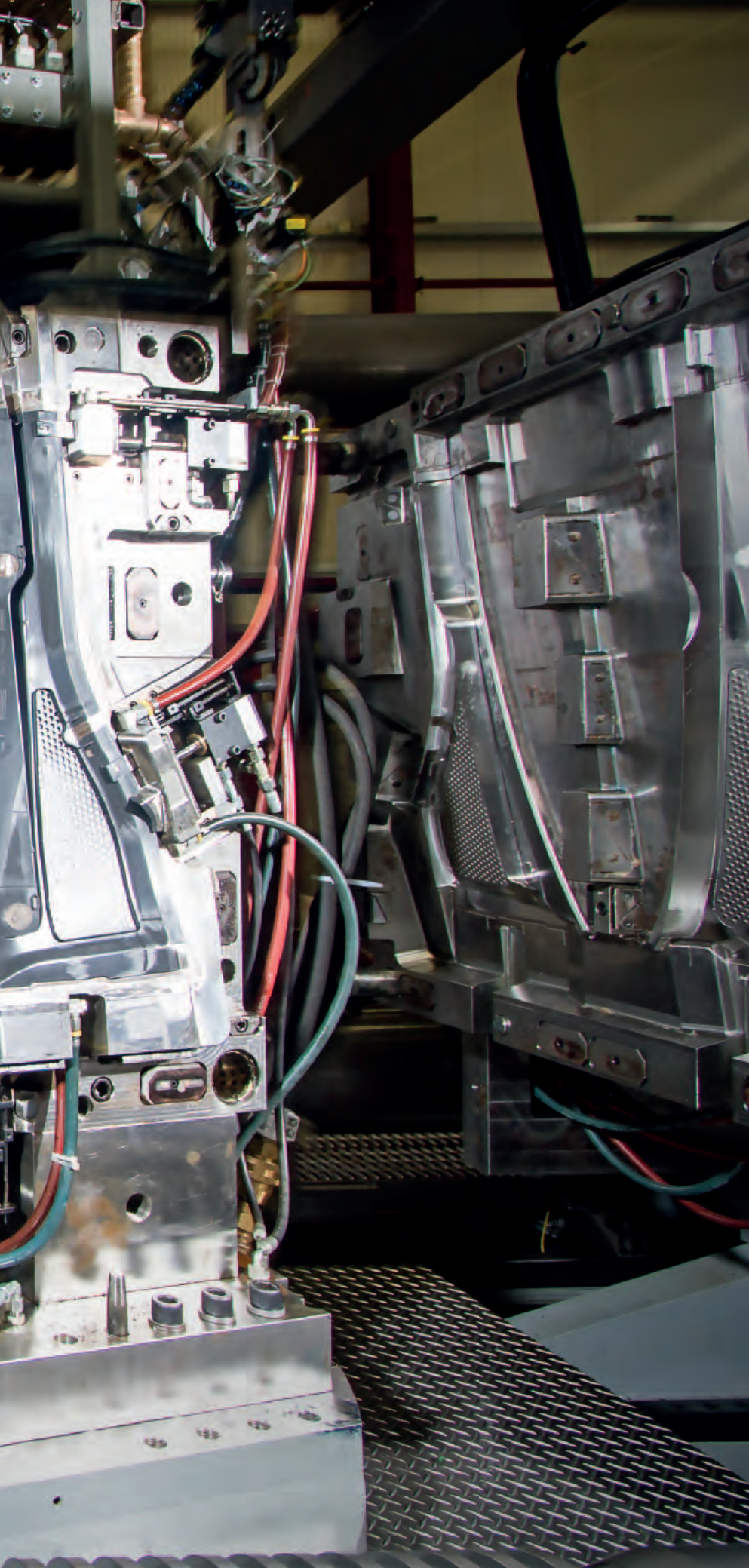
The product validation phase is followed by the integration of the component into the series production process and the verification of production capability. In so-called "stress tests", the entire manufacturing procedure is checked while guaranteeing the same quality level. Once the customer has given the green light to series



production, the project is handed over to the production site.



ECONOMIC TECHNOLOGY



A central principle of POLYTEC's corporate philosophy is to provide the best technological solutions for component manufacturing, striking an optimal balance between quality, efficiency, cost-effectiveness and delivery reliability. The water box cover for the VW Golf 7, produced by POLYTEC PLASTICS Germany GmbH & Co KG in the Wolmirstedt plant, is no exception. Based on the so-called swivelplaten technology, a high-performance further development of the multi-component injection molding technology, POLYTEC has been able to achieve a further increase in production profitability and efficiency, positioning itself once again as a dependable and highly competitive partner of the automotive industry.

»» Quality means doing the right thing even when no one is looking ««

Willy Meurer, 1934

Swivel-platen technology - a concept with numerous advantages

POLYTEC is always committed to offering its customers as many advantages as possible by designing and manufacturing component parts that are characterized by extensive functionality along with low material and production costs. Multi-component molding plays a crucial role in enabling the highly effective and efficient manufacturing process of plastics components by combining different material properties and integrating functions, thereby reducing assembly efforts.

The swivel-platen technology, which helps to exploit the full potential of multi-component injection molding and represents a big stride in the development of machinery and mold, allows for a further increase in manufacturing efficiency. In a swivel-platen machine, the mold features two parting planes that face each other, where two separate processes can take place at the same time: the molding of a hard and a soft component based on a two-component injection molding process. This system allows for

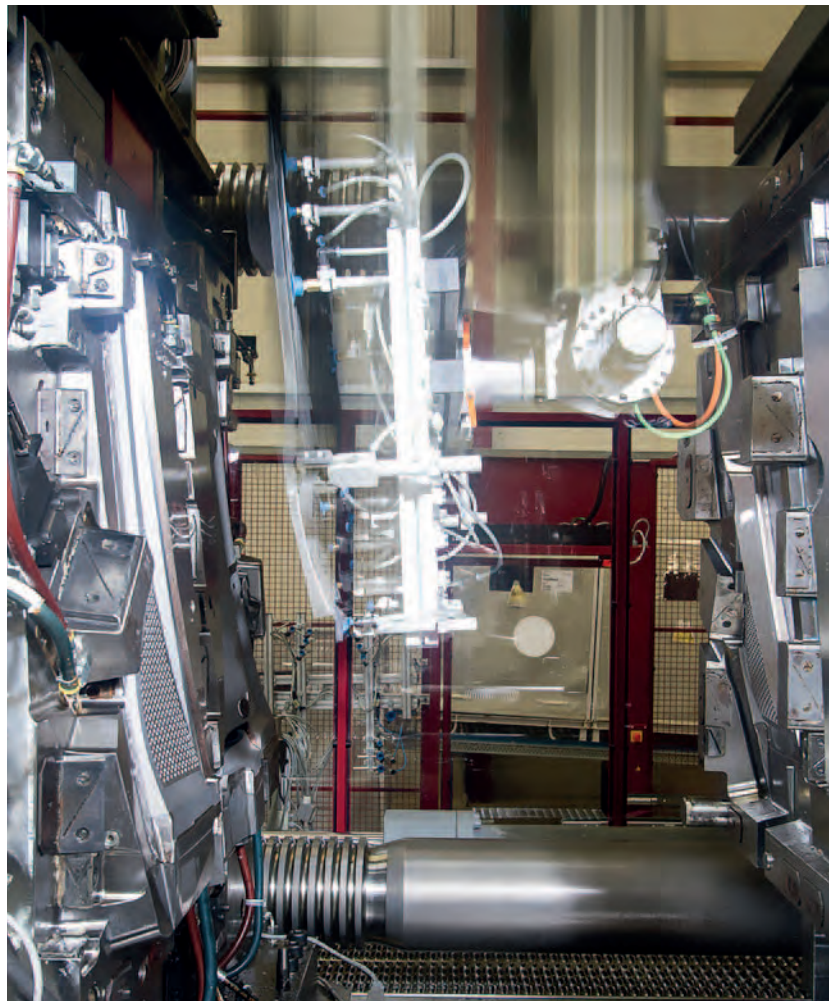
a considerable increase in process efficiency while significantly minimizing cycle times. Once the hard component has been injected, the mold performs a 180° horizontal rotation so that the hard component can be immediately over-molded with the soft component, without requiring any additional processing steps.

Moreover, an added advantage of this technique is to provide a more effective mold cooling solution compared to other two-component injection molding techniques. The swivel unit, for instance, allows for the operation of numerous small cooling circuits so that the different parts of the mold can be maintained at different temperatures, a necessary pre-condition for most two-component applications.

Furthermore, by enabling considerable process optimization, the swivel-platen technology helps to sharply boost the profitability of multi-component injection molding operations, counteracting the growing pressure on prices and therefore providing companies with a decisive, competitive advantage, particularly in times marked by economic strain.

Additional machines planned

Thanks to the clear benefits provided by this technology, POLYTEC was able to secure further orders from the Volkswagen Group. Starting from 2015, the swivel-platen technology will be used for the production of components for the VW Touran and the VW Passat. In order to meet increased production volumes, POLYTEC has already commissioned an additional machine for the Wolmirstedt plant. A third machine could soon follow suit depending on future market requirements, which POLYTEC is optimistic about thanks to its high quality standards and innovative approach.





SMALL, BUT

POWERFUL



POLYTEC EMC

POLYTEC EMC, the second pillar of the INDUSTRIAL business area and the smallest unit of the POLYTEC GROUP, is a manufacturer of tailor-made mixing and dispensing equipment for the processing of reactive multi-component plastics materials. POLYTEC EMC covers the entire manufacturing and installation

process, from the planning phase, installation to testing and staff training. POLYTEC EMC enjoys great success, particularly at the international level, with approximately 60 machines per year exported around the world, to areas including South Korea, India and Australia.



POLYTEC EMC machines are designed to dispense and mix liquid multi-component plastics materials using a low-pressure process. In a first step, the plastics materials are driven from a storage tank into a high-precision gear-metering pump, which feeds them through a pressure-resistant conveying hose into the mixing heads. Here the different components are brought together, combined in a mixing chamber and finally discharged.

Flexible and tailored products to meet customer requirements

This extensively standardized process can be flexibly adjusted to the most varied requirements. In order to meet a wide range of customer needs, POLYTEC's product portfolio encompasses three lines of casting and metering systems, which do not only cover a broad application spectrum but also offer a high degree of flexibility.

Furthermore, the mixing head – the core piece of all systems – is manufactured in different models and offers numerous additional functionalities. For instance, the system can be designed in such a way as to allow the metering of colors and additives to directly take place in the mixing heads or to enable the integration of manually guided mixing heads into a robotic system. POLYTEC also offers individually

Product highlights DG 10

- > Application areas: prototype casting and development labs
- > High degree of flexibility thanks to manually guided mixing heads
- > Quickly fillable 2 or 5 liter tanks

designed mixing heads, which are tailor-made to the specific and concrete requirements of complex customer projects.

Additional features include constant temperature control of all components up to 150°C, recirculation of materials, software packages tailor-made to the different application areas with optimal data recording, automatic refilling systems for both liquids and granulates, melting systems, CNC-controlled mixing heads, machinery equipped with mass-flow systems and filled system processing. These special features round off the wide range of individual configuration options provided by POLYTEC EMC.

Product highlights

DG 103-108

- > Broad application spectrum – ranging from two-component bonding methods for pre-fabricated building parts; resin processing for composites and carbon parts in the automotive manufacturing sector; to table edge casting systems for furniture manufacturers
- > Two to three-component processing systems including additional features to allow, for instance, the metering of colors and additives to directly take place in the mixing head
- > Manually guided mixing heads with optional integration into robotic systems
- > Special-purpose mixing heads for spray application
- > Special features: different flow-control systems, heatable components, data recording and special pumps for filled systems

Internationally successful

Thanks to the manufacturing of individually designed mixing heads and control technology systems, POLYTEC EMC's product concept meets the highest global market demands, showing great success, particularly at the international level. The great majority of the 60 or so machines produced every year in Marchtrenk are exported around the world via company-own sales engineers and sales representatives. The core sales markets include South Korea, Australia, India, Scandinavia, Germany as well as Eastern Europe. POLYTEC is well positioned to continue to compete in the international arena going forward. Renowned raw material producers from all over the world, such as DOW Hyperlast, rely on POLYTEC's in-depth expertise and pioneering spirit to fulfill their extensive requirements and problem-solving tasks.

Product highlights

DG 130/150 and DG 200

- > Optimal metering unit design to process polyurethane and hot elastomer systems
- > 2 up to 6 master components with an output of 2 g up to 100 kg per component
- > Direct metering of additives and colors in the mixing head
- > Special features: Coriolis mass-flow meters, maximum tank size up to 1,500 liters, processing of filled systems possible
- > Wide spectrum of automation possibilities – ranging from refilling systems for both liquids and granulates, melting systems and CNC-controlled mixing heads to their integration into robotic systems

EMPLOYEES IN FOCUS

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. Furthermore, managing positions are frequently filled from among the company's own ranks, as impressively demonstrated by Christian Mondl and Andreas Kohl.

Starting a career at POLYTEC with an apprenticeship

POLYTEC offers apprentices attractive vocational training and career opportunities within the Group. Apprenticeship training covers a great number of areas, including office clerk, mechatronics engineering, toolmaking, plastic processing, electrical engineering, industrial mechanics and process engineering positions. Continuously, about 100 apprentices are being trained at the POLYTEC GROUP. Most of them take advantage of development perspectives within the Group under the motto "start a career with an apprenticeship".

Christian Mondl – Head of IT of the POLYTEC GROUP – is a perfect example for this career path. He started his professional career with an apprenticeship as Industrial Business Management Assistant at POLYTEC in Hörshing (formerly operating in the area of plastics technology) over 18 years ago. During his vocational training, he showed in-depth IT know-how and was therefore moved to the IT department, where he has filled several positions over the past 16 years, proving extremely successful as impressively demonstrated by his promotion to Technical Director of Group IT at the beginning of 2012.

Even though he has worked in IT for many years, he still finds this area extremely exciting. Viewing IT from a Group-level perspective poses new compelling challenges, for instance, developing a joint IT strategy aimed at enhancing efficiency of current processes as well as generating new ones. Mr. Mondl will certainly be able to successfully meet this new challenge, giving POLYTEC a decisive market advantage over its rivals.

Q&A



CHRISTIAN MONDL

ANDREAS KOHL has worked for the POLYTEC GROUP since 1983. In his current position as Head of Cost Quotation, he is responsible for the calculation of costs in a tender process.

POSITIONS AT POLYTEC

- > Since 1997 Head of Cost Quotation
- > 1995-1997 employed in the Cost Quotation unit
- > 1987-1995 employed in the Tool Construction unit
- > 1983-1987 apprenticeship in steel mold making

PROJECTS (A SELECTION)

- > Variable trunk floor VW
- > Trunk trim panels VW/Audi/BMW
- > Cylinder head covers VW/Audi/ BMW/Volvo
- > Several non-automotive parts

CUSTOMERS (A SELECTION)

- > VW/Audi/Seat/Skoda
- > Daimler
- > GM
- > Volvo
- > Several non-automotive customers



ANDREAS KOHL

Mr. Kohl, have you always wanted to work in the automotive industry? No, I actually wanted to become a steel mold maker. The fact that I ended up completing my apprenticeship training in steel mold making at POLYTEC was just coincidence.

What made you follow this career path?

I like to face up to new challenges, such as switching from the tool construction unit, with which I was very familiar, to a totally new business area such as Cost Quotation.

What is your main motivation driver at work?

The opportunity to impress our customers with a streamlined cost structure while meeting their high demands. Leveraging the entire in-house development chain makes it possible.

What do you expect for the future?

I want to continue to contribute to POLYTEC's success together with my great team every single day of my professional life.

What is so special about your professional career at POLYTEC?

My constant professional advancement within the company, from my apprenticeship training to my career change in the Cost Quotation unit.

Which career opportunities do you see within your business area at POLYTEC?

POLYTEC likes to fill managing positions from among its own ranks. Meanwhile, a number of colleagues from my unit have moved to other departments and are now successfully working as project managers, key account managers or launch managers.

HUMAN RESOURCE DEVELOPMENT IS GAINING IN IMPORTANCE

An interview with Gottfried Uphaus,
Head of HR at POLYTEC PLASTICS

In an industry characterized by a shortage of skilled labor and managing personnel, the search for expert staff to fill vacant management positions is proving anything but easy. The increasing level of specialization required in this industry, coupled with the high workload, are posing unprecedented challenges to our company's HR department. Gottfried Uphaus, Head of HR at POLYTEC PLASTICS, talks about the measures adopted by the company to successfully meet these challenges.

Mr. Uphaus, is demographic development also an issue for POLYTEC PLASTICS?

_____ Uphaus: Demographic development is an issue for all units of the POLYTEC GROUP and, therefore, also for the PLASTICS business area. This is why we carried out a demographic and age structure analysis in 2012. The main objective of this analysis was to identify the personnel risks associated with demographic change and to derive corresponding HR recommendations. Based on the results of this analysis, we decided to considerably increase apprenticeship positions within the company: the proportion of trainees now amounts to 8% of total headcount. We have also increased the number of places available for dual courses of study to be able to fill vacant expert and management positions from among our own ranks. Thanks to these measures, we are able to compensate for most of the vacancies resulting from age-related retirements.

Are there already personnel bottlenecks at the company's sites due to shortage of skilled labor and managing staff?

_____ Uphaus: For the time being, we are not able to fill all vacant positions with skilled and managing staff straight away. This is mainly attributable to the high level of specialization of our plants, which require a specific know-how, and also to the current macro-economic situation. However, we have been able to raise our profile and establish the POLYTEC brand in today's labor market, which should help us recruit and retain skilled staff over the long term. These skilled workers, however, are not freely available on the labor market but they have to be headhunted, which considerably prolongs the recruitment process. In some areas, we collaborate with external personnel recruitment firms, as we are unable to accomplish this task solely based on our internal resources.

To what extent has the recruiting process changed in recent years?

_____ Uphaus: The recruiting process varies according to the specific vacancy. We principally publish the vacancies currently available on our website, via a notice board both internally within the company and externally at the employment agency. Since we prefer to recruit personnel from the region, print advertisements in local daily newspapers are also integral part of our



GOTTFRIED UPHAUS

recruiting measures, even if we are in the digital age. We advertise jobs online only when the vacant position requires special qualifications that cannot be covered at the regional level. In this case, we also rely on the professional support of headhunters, as the more specific the qualification profile the more difficult it is to find suitable personnel. Moreover, we have set ourselves high standards and, therefore, we also place high demands on our job applicants, which makes the personnel research process even more challenging due to the very limited pool of potential candidates. In order to speed up the job application process, we will deploy specially developed recruiting software over the short term, which will not only improve internal processes but also communication with potential candidates.

Sick leaves disrupt the normal workflow and cause high costs. What kind of measures can contribute to reduce this form of absenteeism?

_____ Uphaus: Together with the works council, we were able to reach a works agreement to help us put a stronger emphasis on health issues. We currently offer a so-called “operational integration management” to support employees who are no longer able to perform their original jobs for health reasons. In individual conversations, we address and jointly discuss topics such as work planning and design, the ability to perform a certain job (workability) and alternative work possibilities. Furthermore, we offer our employees financial support for their

health problems within the framework of an occupational health promotion campaign. Going forward, demographic changes will put further burdens on companies, which therefore need to intensify their efforts to meet age-critical work requirements if they are to prevent a further increase in sickness-related absenteeism in the future.

Workload and work requirements are constantly increasing in today's professional environment, naturally affecting the workforce. How do you deal with this issue at POLYTEC PLASTICS?

_____ Uphaus: In this case, it is a matter of identifying the most important problems. For this purpose, we have developed a questionnaire in cooperation with a health insurance fund, which addresses numerous important work-related topics such as workload, communication and management. Based on an anonymous survey by means of the questionnaire mentioned above, we intend to put in place a set of measures aimed at increasing employees' satisfaction. These measures can be applied to the health area, to the company organizational structure, to work design activities or to the communication process. The more satisfied the employees, the higher the level of POLYTEC's brand identity will be. This will ultimately contribute to increasing employees' loyalty towards the company over the long term.



RESOURCE-FRIENDLY PRODUCTION

RESPECTING THE ENVIRONMENT

POLYTEC does not only focus on environmentally friendly products but also attaches great importance to resource-friendly production processes, as environmental protection is one of POLYTEC's fundamental corporate goals.

» Use of solvents in the painting process reduced by approx. 70% «

This commitment is demonstrated not only by the numerous measures put in place for sustainable raw material management, waste disposal and resource-friendly energy consumption, but also by the environmental certification according to the international standard ISO 14001 across all of the company's business sites.

Sparing use of materials

The recycling of plastics materials is a top priority at POLYTEC prior to disposal and, thus, represents a considerable contribution to environmental protection. Whenever possible, POLYTEC uses so-called regranulates to produce its components without compromising product quality. For instance, at the Lohne

plant, plastic sprues used in the injection molding process are not disposed of but milled and recycled back into the manufacturing process, guaranteeing resource-friendly production of sustainable products.

Paints are also an integral part of POLYTEC's products. In order to prevent any damages to the environment, POLYTEC is committed to using environmentally friendly painting materials and systems. One important measure in this regard is the switch from solvent-based to water-based paints.

» Insulation optimization for heat recovery «

Thanks to concerted efforts in this direction, the use of solvents in the painting process has been reduced by approximately 70%.

Energy efficiency

In addition to the recycling of plastic materials, POLYTEC is increasingly focused on measures to effectively use excess heat energy and thus reduce energy consumption on an ongoing basis.

At the business site in Gochsheim, for instance, compressed-air compressors were equipped with a heat recovery system at the end of 2011. The exhaust heat released by this facility, which was totally wasted in the past, can now be effectively recovered and recycled to heat both the administration building and the degreasing tank of the painting shop.

Insulation optimization measures also contribute to a considerable reduction in energy consumption by minimizing heat losses. Thus, both steam supply pipes and injection-molding tools are thermally insulated at POLYTEC. Through the optimized thermal insulation of tools, which lead to a reduction of the surface temperature while minimizing heat losses, energy costs for gas and heating oil were cut considerably at the Gochsheim plant in the year under review.

Last but not least, the introduction of an energy management system, which will increase the efficiency of both energy distribution and consumption, is already underway and will be implemented across all plants in Germany by 2014.

»» At all our business sites ongoing investments are made in the further optimization of energy efficiency. ««

An interview with Christian Schobesberger, Head of material and technology development of CAR STYLING, about eco-efficiency at POLYTEC

Mr. Schobesberger, what role does environmental protection play in the CAR STYLING business area?

_____ Schobesberger: All business sites of the CAR STYLING unit have been certified according to the environmental standard ISO 14001. I think that with this certification we have credibly demonstrated the high significance we attach to the sparing use of resources and, thus, to environmental protection. In POLYTEC's CAR STYLING business area, for instance, the use of water-dilutable paint systems goes without saying, but has not become an industry standard yet. At the same time, we are putting in place measures to constantly reduce the use of solvents and minimize emissions on an ongoing basis.

How energy-efficient is the business site in Hörsching?

_____ Schobesberger: In addition to the sparing use of material resources, we constantly invest in the further optimization of energy efficiency at all business sites. In Hörsching, for instance, we have renewed the entire energy control center over the past years using state-of-the-art condensing boilers to increase energy efficiency. In addition, we made considerable

investments in the ventilation technology of our painting facilities as well as in the thermal insulation of both office and plant buildings. The massive optimization of thermal insulation within office roof areas and of the external façades of most of the production building demonstrates a sparing and thus sustainable use of energy resources.

Do you also contribute to the reduction of pollutant emissions through your production processes and therefore with your products?

_____ Schobesberger: The ongoing optimization and upgrading of our production equipment allows for an increasingly efficient manufacturing of our products, which naturally leads to corresponding improvements. At the same time, POLYTEC – together with raw material manufacturers – is currently developing a new generation of PUR-RRIM, which allows for a weight reduction of more than 25% of our products. This represents another significant contribution to reducing vehicles' overall weight and, thus, to minimizing vehicles' fuel consumption and exhaust emissions.

SHARE & INVESTOR RELATIONS

Proposed dividend of
EUR 0.35 per share

+++

POLYTEC shares
ended 2012 with a total
performance (TSR) of +14.8%

+++

Start of a share
buy-back program in the
second half of 2012

+++

Share & Investor Relations

EQUITY MARKETS

Global equity markets moved upward in three waves during 2012. Following healthy share price gains at the beginning of the year, the first setback was observed in spring – triggered above all by the European sovereign debt crisis. Until September/October 2012, the leading indices embarked on a recovery rally hitting new highs for the year, mainly driven by above-average company results and an impressive margin and profit level considering the state of the global economy.

Another pullback followed in autumn until mid-November – caused by uncertainties about the U.S. presidential election campaign and the fiscal cliff that had to be avoided. Another stock market rally then set in towards year-end 2012, with the European and Japanese stock markets realizing more significant gains than their counterparts in the USA.

POLYTEC SHARE PRICE PERFORMANCE

In the year under review, the POLYTEC share price followed the trend of the European stock markets, reaching its high for the year at EUR 7.46 on March 2, 2012. Compared to an opening price of EUR 5.42 at the beginning of the year, this corresponds to a plus of roughly 37%. In the further course of the year, the POLYTEC share price performance was marked by uncertainties about the further development of the debt crisis and the predominantly negative news from the European automotive industry. As a result, the POLYTEC share price dropped by roughly 20%, reaching a level of EUR 5.87 at year-end 2012. On balance, this corresponds to a share price performance of +8.3%.

The trading turnover showed a solid development in 2012. The average trading volume (double counting excluding over-the-counter revenues) of POLYTEC shares amounted to 70,606 shares per day.

With regard to stock market performance in the year under review, the DAX and the Nasdaq Composite were among the best-performing indices, recording a plus of roughly 20% respectively. S&P 500, ATX and SMI ranked in the middle, while Euro Stoxx 50, FTSE 100 and Nikkei 225 were at least able to close on a positive note. One of the only major European indices to lose considerable ground in 2012 was the Spanish IBEX 35. Despite the substantial gains of most of the leading indices, stock market valuations did not spin out of control and dividend yields even exceeded corporate bond yields at year-end 2012.

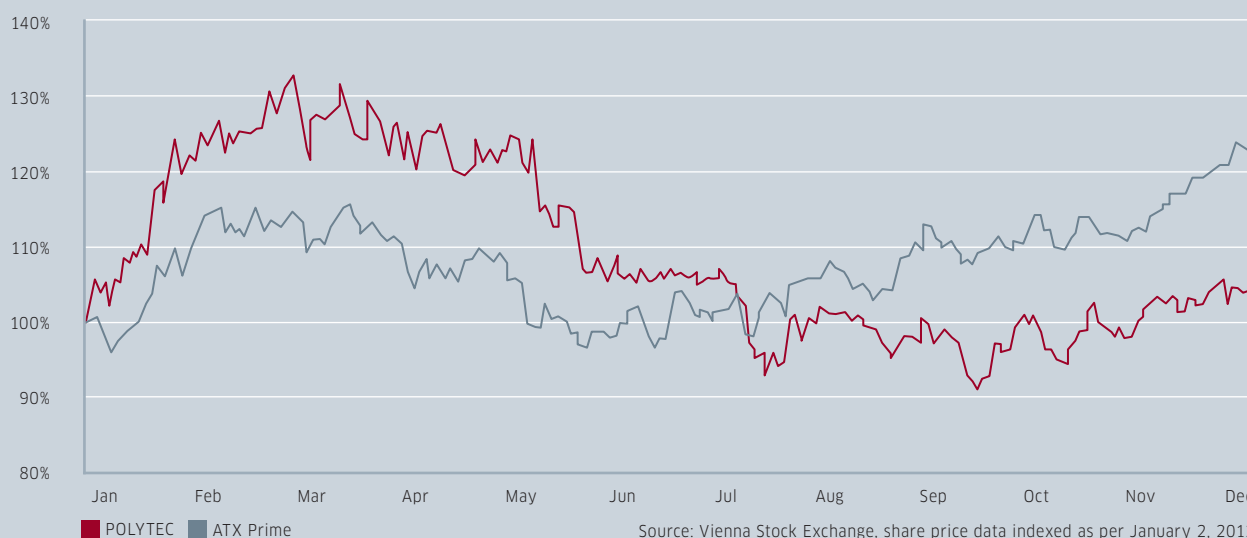
A comparison of the average trading volume in 2012 with the previous year's figure is not entirely possible due to the placement of a 20% block of shares towards the end of the first half of 2011, which led to a considerable increase in free float in the course of the year. The market capitalization of the POLYTEC GROUP amounted to EUR 131.1 million at year-end 2012.

The resumption of dividend payments with a payout of EUR 0.35 per eligible share also had a positive effect on the development of POLYTEC share price in the year under review. Based on the closing price at year-end 2011, this corresponds to a dividend yield of 6.5%. All in all, POLYTEC shares achieved a total shareholder return (TSR) – a combination of share price growth and dividend yield – of 14.8% in the year under review.

POLYTEC share	Unit	2012	Change in %	2011	2010
Share price as of December 31	EUR	5.87	8.3	5.42	4.58
Share price high	EUR	7.46	-	8.59	5.27
Share price low	EUR	5.12	-	4.27	2.20
Market capitalization as of December 31	EUR million	131.1	18.3	121.03	102.30
Average turnover/day ¹⁾	Unit	70,606	120.0	133,921	60,879
Earnings per share	EUR	0.97	37.5	1.54	1.12
Dividend per share	EUR	0.35	-	0.35	-
Dividend yield	%	6.0	-	6.5	-
Total shareholder return	%	14.8	-	18.3	117.1

¹⁾ Double counting

POLYTEC SHARE PRICE DEVELOPMENT IN 2012



SHARE BUY-BACK PROGRAM 2012

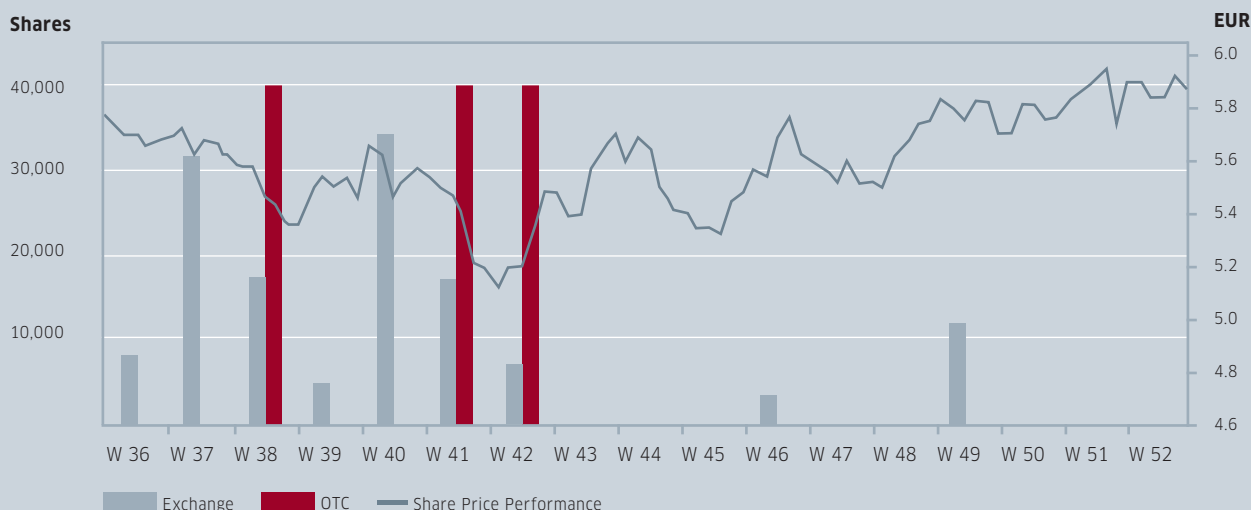
Pursuant to Section 65 Paragraph 1 No. 8 of the Austrian Stock Corporation Act, the Management Board was authorized by a resolution of the 12th Ordinary Annual General Meeting on May 16, 2012 to acquire bearer unit shares for a total amount of up to 10% of the common stock of the company. The acquisition 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, 2012 a total of 258,041 own shares were bought back at an average price of EUR 5.41, which corresponds to a proportion of POLYTEC Holding AG share capital of 1.2%.

DEVELOPMENT OF SHARE BUY BACK PROGRAM



SHAREHOLDER STRUCTURE

As of the balance sheet date for 2012, 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. Therefore, the shareholder structure remained unchanged compared to the previous year.

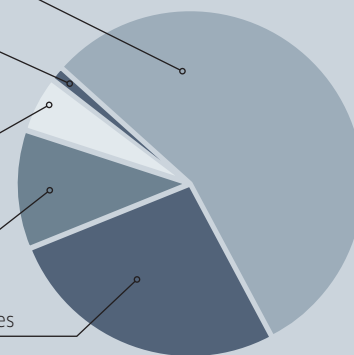
55.8% Free float

1.2% Treasury shares

5.5% Capital Research and Management

10.9% Delta Lloyd Asset Management

26.6% Huemer Group companies



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 2012 business year, the net profit of POLYTEC GROUP amounted to EUR 21.7 million. The Board of Directors and the Supervisory Board will propose to the Annual General Meeting to be held on May 22, 2013 the distribution of a

dividend of EURO 0.35 per eligible share. This corresponds to a total dividend payment of EUR 7.7 million. The dividends will be paid out on May 31, 2013. Based on the share closing price of EUR 5.87 at year-end 2012, this will result into a dividend of 6.0%.

POLYTEC Share	Unit	2012	2011	2010-2008	2007	2006
Dividend	EUR	0.35	0.35	No dividend payment	0.30	0.25
Dividend yield	%	6.0	6.5	No dividend payment	3.4	3.5
Pay-out ratio	%	36	23	No dividend payment	18	29

FINANCIAL CALENDAR 2013

Results for the fourth quarter and the financial year 2012	April 4
Interim report for the first quarter 2013	May 15
Annual General Meeting 2012	May 22
Ex-dividend day	May 27
Dividend payment day	May 31
Interim report for the first half year 2013	August 7
Interim report for the third quarter 2013	November 6

DETAILS ABOUT POLYTEC SHARES

ISIN	AT0000A00XX9
Ticker symbols	
Vienna Stock Exchange	PYT
Reuters	POLV.VI
Bloomberg	PYT AV
Market segment	prime market
First trading day	May 2, 2006
Issue price per share	EUR 7.75
Number of shares issued	22,329,585
Authorized capital	EUR 11,164,792
Free float	55.8%

RESEARCH COVERAGE

Coverage by national and international investment banks is an important factor for the visibility of the POLYTEC share within the financial community and among the general public. In the 2012 business year, the following financial institutions published regular reports on the POLYTEC share and provided recommendations. Until the editorial deadline of this report, all these investment banks recommended the POLYTEC share as a “buy” with the following share price targets.

Financial institution	Recommendation	Share price target
Raiffeisen Centrobank	BUY	EUR 8.00
Erste Group Bank	BUY	EUR 8.50
MM Warburg	BUY	EUR 9.60

In 2012, the POLYTEC GROUP completed an extensive road-show program and took part in several investor conferences in Europe. The company’s management met with institutional investors during 20 road-shows and investment conferences. In addition, investors were kept abreast of the company’s key figures as well as the operating and strategic development during a series of conference calls.

In addition to regular contact with the aforementioned investment banks, the management met with analysts and stock traders of other financial institutions on an ongoing basis.



INVESTOR RELATIONS

Manuel Taverne

Tel.: +43 7221 701 292

Fax: +43 7221 701 38

investor.relations@polytec-group.com

www.polytec-group.com

Corporate Governance

POLYTEC Holding AG voluntarily undertakes to comply with the Austrian Corporate Governance Code as most recently amended. Key elements of a good corporate governance culture encompass a high degree of transparency for all stakeholders and the sustainable increase in corporate value over the long term. This also implies an efficient collaboration between the company's governing bodies, the protection of shareholders' interests and an open corporate communication.

The Austrian Corporate Governance Code was first introduced in October 2002 and subsequently revised several times in line with changed legal provisions and increased corporate governance requirements. The information and statements provided in this report are based on the latest version of the Austrian Corporate Governance Code from 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. The Board of Directors of POLYTEC Holding AG conducts extensive discussions on both Group-relevant and segment-specific topics during its board meetings, which take place at regular intervals. Details about the areas of expertise and responsibility of each individual board member are provided in this Corporate Governance report in the description of the Board of Directors.

Friedrich Huemer (CEO)

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

Peter Haidenek (CFO)

- > Born in 1965
- > Member of the Board of Directors since February 2011
- > Appointed until February 2014
- > Areas of responsibility: Finance/IT/Controlling/Accounting/ Investor Relations
- > Supervisory Board positions: None

Alfred Kollros (COO)

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



GOVERNING BODIES OF POLYTEC HOLDING AG – SUPERVISORY BOARD



Fred Duswald

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

Manfred Trauth

- > Born in 1948
- > Vice Chairman of the Supervisory Board since June 2007
- > Member of the Supervisory Board since June 2007
- > Appointed until the Annual General Meeting in 2014

Viktoria Kickingner

- > 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 in stock listed companies pursuant to Rule 58 of the Austrian Corporate Governance Code:	Supervisory Board Member	Positions
	Fred Duswald	none
	Manfred Trauth	none
	Viktoria Kickingner	none
	Robert Büchelhofer	MIBA AG, Laakirchen (A)
	Reinhard Schwendtbauer	none

COMMITTEES OF THE SUPERVISORY BOARD

	Chairman	Members
Audit Committee	Reinhard Schwendtbauer	Robert Büchelhofer, Fred Duswald
Nomination Committee	Fred Duswald	Manfred Trauth, Viktoria Kickingner
Risk Management	Viktoria Kickingner	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 executive meetings. The Audit Committee is responsible for monitoring the accounting process and the auditing process of both the financial statements and the consolidated financial statements as well as monitoring the effectiveness of the internal control and risk management systems.

It also supervises the compilation of the Corporate Governance report for each financial year. In 2012, the members of the

Committee were Reinhard Schwendtbauer (Chairman), Fred Duswald and Robert Büchelhofer. In addition to the mandatory establishment of the Audit Committee, a Nomination Committee and a Committee for the Assessment of Risk Management have been set up.

INDEPENDENCE OF THE SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board of POLYTEC Holding AG are deemed to be independent if they have no business or personal relationships with the company or its Board of Directors

that could result in a material conflict of interest and thus influence the members' behavior.

The Supervisory Board of POLYTEC Holding AG has committed itself to compliance with the aforementioned independence criteria pursuant to Rule 53 of the Austrian Corporate Governance Code. All Supervisory Board members have declared their independence in accordance with the provisions of the Code. Moreover, all members comply with Rule 54 of the Austrian Corporate Governance Code.

BUSINESS OF SUPERVISORY BOARD MEMBERS REQUIRING PRIOR 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 1,891 in the year under review (2011: TEUR 2,913). The most important parameters for calculating the variable remuneration components include the achievement of performance-related targets set for each individual member and the development of the return on capital employed (ROCE).

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

The Chairman of the Board of Directors Friedrich Huemer is employed at IMC Verwaltungsgesellschaft mbH and works for POLYTEC Holding AG on the basis of a service contract. The other members of the Board of Directors are entitled to severance payments pursuant to Section 23 of the Austrian Salaried Employee Act upon termination of their mandates and the simultaneous termination of their employment relationships.

REMUNERATION 2012 (IN TEUR)

Member of the Board of Directors	Basic salary	Variable component remuneration	Total
Friedrich Huemer	602	736	1,338 ¹
Alfred Kollros	257	70	327 ²
Peter Haidenek	196	30	226 ²
			1,891

¹⁾ Service contract salary ²⁾ Gross income

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board for the 2012 financial year will be approved by the 13th Annual General Meeting to be held on May 22, 2013. The Board of Directors will propose a total remuneration of EUR 88,750 to the Annual General Meeting.

The remuneration of the members of the Supervisory Board for the 2011 financial year was approved at the 12th Annual General Meeting held on May 16, 2012 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.

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 2012 business year

HÖRSCHING, MARCH 27, 2013

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 2012, 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 2012 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, 4060 Leonding, in its capacity as auditor of the financial statements and consolidated financial statements. The auditor confirmed that corporate accounting, the financial statements and the consolidated financial statements comply with all legal requirements; that the financial statements and the consolidated

financial statements were prepared in accordance with generally accepted accounting principles and provide a true and fair view of the asset, financial and profit situation of the company and that the Management Report and the Group Management Report are consistent with the financial statements and the consolidated financial statements.

The Supervisory Board concurs with the result of this audit of the financial statements and the consolidated financial statements. The final result of the audit conducted by the Supervisory Board of the Management Report prepared by the Board of Directors, the management of the company's affairs, the Group Management Report and the consolidated financial statements did not meet with any objections. The Supervisory Board therefore approved the financial statements pursuant to Section 96 Para. 4 of the Austrian Stock Corporation Act.

Furthermore, the Supervisory Board concurs with the recommendation of the Board of Directors to distribute a dividend of EUR 0.35 per eligible share for the 2012 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 2012 business year.

Fred Duswald m. p.

Chairman of the Supervisory Board

FINANCIALS

2012

Group Management Report of POLYTEC Holding AG for the financial year 2012

1. Business development and economic situation

BUSINESS ENVIRONMENT

With growth of approximately 2.5%, the world economy expanded in 2012 at a below-average rate and more slowly than the growth of 3.2% recorded in the previous year. Overall, 2012 was a difficult year for the world economy, which was significantly affected by structural adjustments caused by the financial crisis in the years 2008 and 2009. One major negative factor was the sovereign-debt crisis in the European Monetary Union (EMU), which not only affected the overall economic development, but also triggered considerable turmoil on the financial markets. Major central banks reacted to this by taking significantly expansive measures.

Developments in the industrial countries were disappointing with economic growth of 1.2%, a similarly weak level to that of the previous year, and once again significantly lower than their long-term potential.

Although the Japanese economy was still stimulated in the first half of the year from reconstruction efforts after the disaster of 2011, it subsequently lost so much impetus that gross domestic product (GDP) decreased once again in the third quarter.

In the United States, both consumption and investment developed weakly. Private consumption was dampened by the continuation of relatively high unemployment. And companies became more unwilling to invest as the year progressed, primarily due to fears of the “fiscal cliff” anticipated for the beginning of 2013. But as the real-estate sector supplied positive impetus once again, the US economy achieved overall growth of just over 2%.

The European Monetary Union posted the weakest development in the year under review. Not only did the hard-hit small peripheral countries remain in recession, but larger economies such as Italy and Spain slipped into clearly negative growth. The two largest countries, France and Germany, also lost a lot of their growth impetus. While the French economy stagnated, the German economy achieved growth of 0.7% due to a strong first half of the year. But strong economic headwinds also in

Germany led to slightly negative growth in the fourth quarter. In total, the euro zone therefore posted a GDP decrease for the year of approximately 0.5%.

Against the backdrop of the global growth weakness, the emerging markets grew at an overall rate of approximately 4.5%, which is significantly more slowly than in the previous year (5.9%). The development in China was particularly worrying. Growth there slowed down continuously and fell below the 8% mark for the year as a whole. In India, economic expansion fell from 7.5% in 2011 to significantly less than 6%. Also in other emerging markets, there was a negative impact from hesitant export demand and turbulence on the financial markets due to the debt crisis in the euro zone. Economic growth in Eastern Europe and Latin America was significantly weaker than in the previous year, with rates of approximately 2.5%, after well over 4% in 2011.

In this difficult global economy, exchange rates were once again very volatile. Against the euro, the US dollar fluctuated over the year in a range from 1.20 to 1.35. But towards the end of 2012, the euro reached a level of 1.32 and was therefore slightly stronger than at the beginning of the year. The fluctuation of the Japanese yen to the euro was even higher, within a corridor of 95 to 114.

By the end of 2012, the euro had gained nearly 14% against the yen compared with the beginning of the year. Against the British pound, the euro closed the year with a slight depreciation of 2%, after rather less volatile movements towards the end of the year.

SECTOR DEVELOPMENT

International automotive markets: BRIC countries and USA continue growth trend – Western Europe remains problematic – German group brands in good global position in 2012

The international automotive markets remained stable in 2012. The USA, Brazil, Russia, India and China enjoyed solid growth, while the Japanese passenger car market recorded around 4.6 million new cars – the highest number of new registrations since 2006. Despite a slight decrease of 3% in 2012, new vehicle registra-

tions in Germany supported the entire Western European market, which, however, dropped by 8% to nearly 11.8 million new vehicles. In the new EU countries, new registrations of passenger cars also failed to match the previous year's level (-3%).

The US market for light vehicles (passenger cars and light trucks) showed a year-on-year increase of 9% to 1.35 million units as of December 2012. The German manufacturers expanded three times as much, pushing up their US sales by more than 27%, to nearly 137,100 new vehicles. With an increase of over 21% to around 1.27 million units in 2012, the German group brands grew faster than the overall light vehicle market, which expanded by a good 13% to over 14.4 million vehicles.

In China, the passenger car market also continued its growth trend. Over the whole of 2012, passenger car sales exceeded the previous year's level by a good 8%, with a total of 13.2 million new vehicles sold. The positive market trend in China benefited the German group brands: they increased their market share to around 22%.

On the Indian automotive market, sales exceeded the 2011 level by a good 10%, reaching a total volume of 2.8 million units.

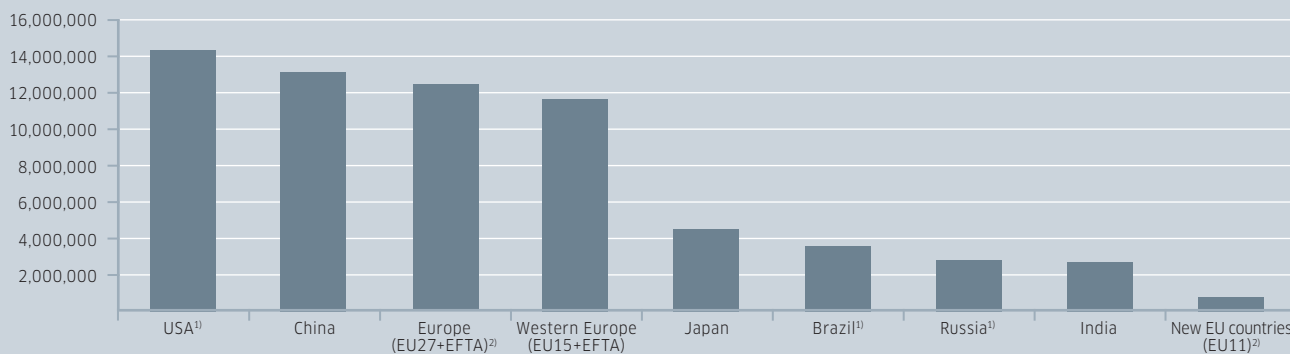
New registrations of passenger cars in Japan registered a slight decrease towards the end of 2012. However, the promotional program underway up until September coupled with the need to catch up, following the accident in Fukushima, generated the best level of new registrations since 2006. Demand for passenger cars rose by around 30% to nearly 4.6 million new cars.

In Russia, the market remained stable. Sales of light vehicles throughout 2012 rose by around 11% to 2.9 million units, thus matching the pre-crisis level of 2008. In 2012, the German manufacturers expanded their market share by 2.9 percentage points to about 21% per cent.

The light vehicle market in Brazil showed a solid development in 2012. From January to December, sales rose by 6% to 3.6 million vehicles. One in five vehicles sold in Brazil bore a German badge.

NEW REGISTRATIONS/SALES OF PASSENGER CARS

¹⁾ Light commercial vehicles
²⁾ Excluding Malta



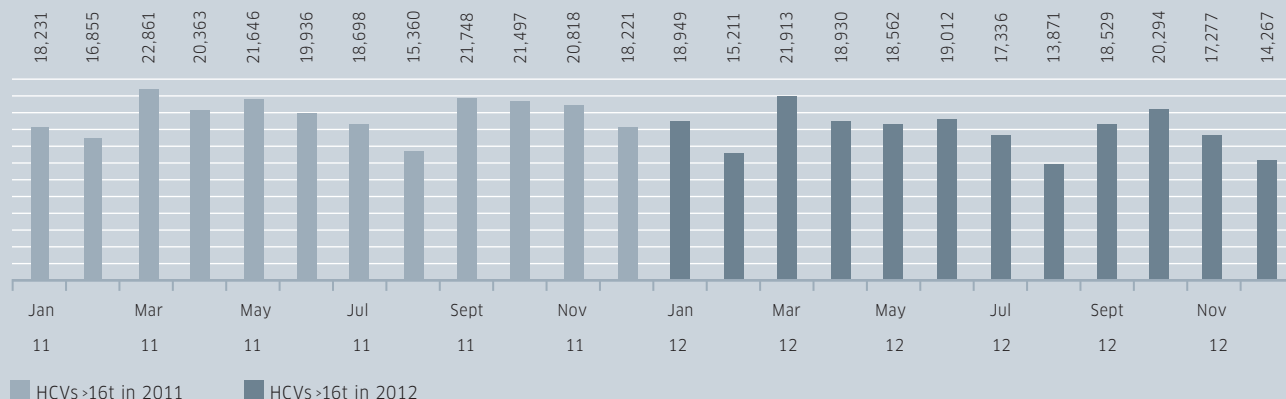
In 2012, the commercial vehicle market remained significantly under the previous year's level

Demand for commercial vehicles within the EU dropped by 12.4% in the 2012 business year, with new registrations for all vehicle weight categories totaling 1.7 million. The decline in the German market was less marked than in the other EU countries even though new registrations of commercial vehicles dropped by 7.0% in Germany. Here, the commercial vehicle market started off at a very high level, namely with 334,822 new commercial vehicle registrations in 2011 - the second-largest volume ever reached.

In the year under review, all segments across all weight categories reported declining new registration figures.

In the heavy commercial vehicle segment over 16t, all relevant sales markets showed considerable declines in 2012. In Germany, the number of new vehicle registrations in this segment dropped by 8.5%. However, the worse performing countries in this regard were Spain and Italy, which reported declines of over 20% respectively. In the European overall market, the drop in new registrations was 9.4% to 214,086 units in 2012 (2011: 236,512 units).

NEW HEAVY COMMERCIAL VEHICLE REGISTRATIONS IN THE EU



The development in the light commercial vehicle segment up to 3.5t showed a similar picture, reporting a decline in the number of new registrations of 9.1% to 285,809 units. Spain and Italy experienced once again the sharper drops of over 20% respectively.

Source: VDA, ACEA, VDIK; RCB

2. General background information

CHANGE TO SEGMENT REPORTING

The major part of the Interior Systems business was sold at the end of the first half of 2011. At the same time, the proportion of “non-automotive” business in virtually all the Group’s previous operating segments has increased significantly and sustainably. Other previous dividing lines between the areas of business have also become increasingly blurred. For instance, the Car Styling business makes increasing use of the injection molding capacity of the Plastics business and the painting capacity of the Composites business. As a result, this leads to a matrix organizational structure for the POLYTEC GROUP.

Accordingly, following the sale of POLYTEC Interior Zaragoza at the end of the year, the management of POLYTEC Holding AG decided to gradually amend the internal management and reporting structure. For this reason, segment reporting in the current consolidated financial statements is already in line with the new internal management and reporting structure. The segmentation is no longer product-oriented, as it has been in recent years, but technology-oriented, with the remaining principal segment, namely “plastic processing”, encompassing well over 90% of the Group. This is why the Group is now a “one-segment Group”.

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

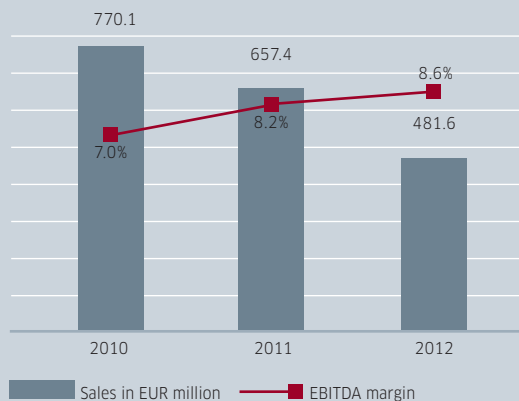
3. Business development of the Group

SALES DEVELOPMENT

With regard to group results, it should be noted that the decline in sales and earnings in 2012, compared to the previous year, is mainly attributable to the disposal of the Interior-Systems business in 2011 (including the plant in Zaragoza, Spain). In the previous year, the divested business had contributed roughly EUR 195.2 million to group sales and EUR 5.0 million the group EBIT.

On a comparable basis, i.e. adjusted for the effects of the divestment of the business unit mentioned above, group sales rose by 4.2% to EUR 481.6 million in 2012 compared to EUR 462.2 million in the previous year. This increase in group sales on a comparable basis is entirely attributable to a full-year effect of EUR 20.0 million from POLYTEC Plastics Ebensee¹⁾. In 2011, reported group sales, including the Interior-Systems business unit, amounted to EUR 657.4 million.

Development of sales and EBITDA margin



¹⁾ As of August 31, 2011 POLYTEC Holding AG acquired PPI Plastic Products Innovation GmbH & Co KG based in Ebensee (A) - now renamed POLYTEC Plastics Ebensee GmbH (PPE) - instead of expanding capacities at a German plant. PPI contributed EUR 5.3 million to group sales in 2011.

Sales by market segment

	Unit	2012	2011
Passenger cars	EUR million	291.1	451.5
Commercial vehicles	EUR million	138.2	170.2
Non-automotive	EUR million	52.3	35.6
Group	EUR million	481.6	657.4

The significant decline in sales in the commercial vehicle segment could only be partly compensated by higher sales figures in the passenger car segment, excluding the full-year effect from the Ebensee plant.

Sales by category

	Unit	2012	2011
Part sales and other sales	EUR million	428.6	608.4
Tooling and engineering sales	EUR million	53.0	49.0
Group	EUR million	481.6	657.4

Sales by region

	Unit	2012	2011
Austria	EUR million	13.4	21.8
Germany	EUR million	305.7	419.0
Other EU	EUR million	130.5	186.8
Rest of the world	EUR million	32.0	29.8
Group	EUR million	481.6	657.4

EARNINGS DEVELOPMENT

EBITDA

POLYTEC GROUP's EBITDA amounted to EUR 41.6 million in 2012. The divestment of POLYTEC Interior Zaragoza S.L. led to a deconsolidation gain of EUR 0.3 million. In the same period of the previous year, EBITDA comprised a deconsolidation gain of EUR 7.2 million in connection with the divestment of the Interior-Systems business at the end of the first half of 2011. On a comparable basis, i.e. adjusted for these deconsolidation effects, EBITDA margin increased by 0.4 percentage points to 8.6%

Material expenses

In 2012, the materials to sales ratio could be reduced by 2.2 percentage points to 50.5% from a level of 52.7% in the previous

year, despite an increase in raw material prices. This positive effect is mainly attributable to the disposal of the material-intensive Interior-Systems business.

Personnel expenses

In 2012, the personnel ratio, including leasing expenses reported under the item other operating expenses, increased by 1.1 percentage points to 31.3% compared to the previous year. This increase was mainly due to a lower-than-planned capacity utilization especially in those business sites that are heavily dependent on the commercial vehicle segment. Reduced painting scopes at the site in Rastatt and less-than-expected call-off orders at the Hörsching plant also contributed to this increase. The proportion of leased staff at the business sites mentioned above amounted to less than 2% as of December 31, 2012.

Amortization and depreciation

The decline in amortization and depreciation charges by over 25% to EUR 13.9 million in 2012 was mainly attributable to restrictive investments in fixed assets in addition to the divestment of the Interior Systems business.

EBIT

Adjusted for the effect from the deconsolidation gain, EBIT decreased by roughly EUR 8.0 million to EUR 27.4 million and the EBIT margin increased by 0.3 percentage points to 5.7%. This favorable development was mainly attributable to the further consistent implementation of optimization measures at the main production plants of the POLYTEC GROUP in the year under review. At the same time, the disposal of the Interior-Systems business also led to a sustainable improvement of the entire cost structure of the Group.

Group earnings figures	Unit	2012	2011	2010
Sales	EUR million	481.6	657.4	770.1
EBITDA adjusted ¹⁾	EUR million	41.3	54.1	54.3
EBITDA margin (EBITDA/sales)	%	8.6	8.2	7.0
EBIT adjusted ¹⁾	EUR million	27.4	35.4	27.2
EBIT margin (EBIT/sales)	%	5.7	5.4	3.5
Average capital employed	EUR million	120.3	119.4	136.6
ROCE before tax (EBIT ¹⁾ /capital employed)	%	22.8	29.6	19.9

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

FINANCIAL RESULT

The financial result in 2012 amounted to EUR -0.9 million compared to EUR -3.1 million in the previous year.

In the year under review, the marked decline in financial expenses by more than 60% or EUR 2.3 million to EUR -1.1 million was mainly attributable to interest income resulting from the investment of available liquidity over the course of 2012 in addition to an overall lower usage of bank loans. Income from other investments includes dividends from the POLYTEC Immobilien Group of EUR 0.1 million.

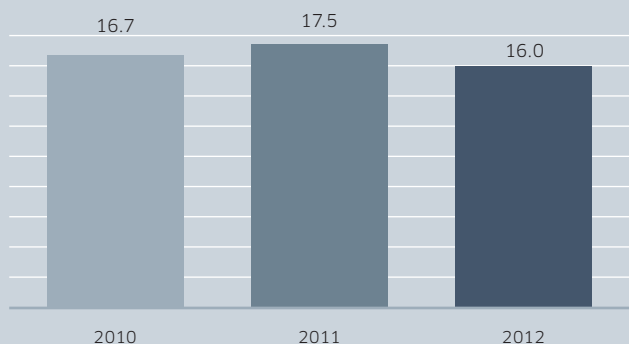
Including deferred tax effects, the Group's effective tax rate amounted to 16.8% in 2012 and was therefore considerably lower than the full taxation of income due to the conservative measurement of tax losses carried forward in previous years.

Net profit amounted to EUR 21.7 million in the year under review. This corresponds to earnings per share of EUR 0.97.

GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

In 2012, POLYTEC GROUP's total capital expenditures decreased by EUR 1.5 million to EUR 16.0 million compared to the previous year, exceeding, however, amortization and depreciation charges by EUR 2.1 million. In the previous year, capital expenditures had remained below the amortization and depreciation level by EUR 1.2 million. In the year under review, capital expenditures were mainly attributable to the further expansion of business sites in Hörsching and Lohne as well as to investments in the replacement and new investment in machines.

Investments in tangible assets (EUR million)



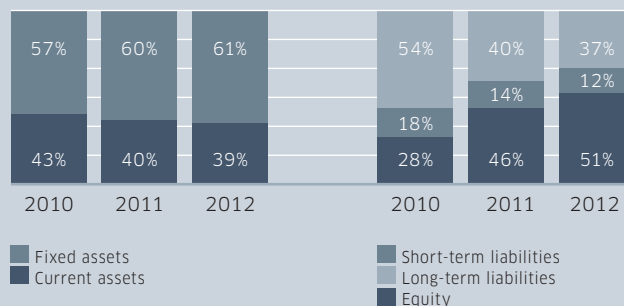
Group key balance sheet and financial figures	Unit	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Equity ratio (equity/balance sheet total)	%	51.4	44.8	28.3
Balance sheet total	EUR million	259.8	268.3	308.5
Net working capital	EUR million	47.8	26.9	16.5
Net working capital in % of sales (NWC/sales)	%	9.9	4.1	2.1

The equity ratio of the POLYTEC GROUP increased by EUR 13.3 million to EUR 133.6 million as of December 31, 2012 compared to EUR 120.3 million at year-end 2011, despite dividend payments of EUR 7.8 million and share buy-backs of EUR 1.4 million. This increase is mainly attributable to the positive development of group results. The equity ratio totaled 51.4% at year-end 2012.

As of the balance sheet date on December 31, 2012, the POLYTEC GROUP held a total of 258,041 treasury shares (or 1.2% of the company's share capital) at an acquisition value of EUR 1.4 million and a market value of EUR 1.5 million.

The increase in net working capital from EUR 26.9 million to EUR 47.8 million in the year under review is directly attributable to lower provisioning requirements for personnel-related expenses as well as to lower accruals for pending losses, warranties and other operating risks.

Balance sheet structure of the POLYTEC GROUP



As of the balance sheet date on December 31, 2012, the Group reported net cash of EUR 14.5 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 fixed assets, of EUR 11.6 million increased by EUR 0.6 million in the year under review compared to the balance sheet date in 2011, mainly due to interest due thereon.

	Unit	2012	2011	2010
Net debt (+)/ net cash (-)	EUR million	-14.5	-17.9	26.7
Net debt (+)/ net cash (-) to EBITDA	-	-0.35	-0.29	0.49
Gearing (net debt (+)/net cash (-)/ equity)	-	-0.11	-0.15	0.31

CASH FLOW

	Unit	2012	2011	2010
Cash flow from operating activities	EUR million	15.7	29.2	46.0
Cash flow from investing activities	EUR million	-8.0	8.6	-1.8
Cash flow from financing activities	EUR million	-13.0	-23.6	-47.1
Change in cash and cash equivalents	EUR million	-5.3	14.2	-2.8

In the year under review, cash flow from operating activities amounted to EUR 15.7 million, remaining significantly below the previous year's level. This was mainly attributable to the increase in working capital as a result of lower provisioning requirements for personnel-related expenses as well as of lower accruals for anticipated losses and risks, warranties and other operating risks.

Cash flow from investing activities of EUR -8.0 million was due to a persistently restrictive investment policy, with capital expenditures for fixed assets decreasing by EUR 1.5 million to EUR 16.0 million in the period under review.

Cash flow from financing activities of EUR -13.0 million was mainly attributable to dividend payments totaling EUR 7.8 million as well as payments in relation with the company's share buy-back program along with the repayment of interest-bearing loans of EUR 4.0 million.

4. Non-financial performance indicators

ENVIRONMENTAL PROTECTION

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

The sparing use of natural resources is a core element of POLYTEC GROUP's business activities. As a plastics-processing company, the POLYTEC GROUP attaches great importance to waste avoidance. In those plants, which mainly work 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 focus on the sparing use of raw materials or the use of alternative materials.

EMPLOYEES

The average number of employees² at the POLYTEC GROUP and their geographic distribution developed as follows in the years between 2010 and 2012:

FTE	2012	2011	2010
Austria	561	466	384
Germany	2,230	3,111	3,883
Rest of Europe	745	1,036	1,520
North America	27	22	20
South Africa	0	0	74
Total	3,563	4,663	5,881

The substantial decrease in headcount in Germany and in the rest of Europe is mainly attributable to the divestment of the Interior-Systems business, which, at the time of the disposal, employed a total of 2,133 full-time equivalents (FTE).

This decrease is also due to personnel reduction measures across all plants of the POLYTEC GROUP as a result of the current unfavorable economic situation. The increase in personnel in Austria is strictly correlated with the acquisition of POLYTEC Plastics Ebensee (former PPI) in the second half of 2011. At year-end, the workforce of this business site comprised a total of 170 full-time equivalents (FTE).

As of December 31, 2012, POLYTEC GROUP's headcount totaled 3,481 full-time equivalents (FTE). The proportion of apprentices amounted to 2.9% or 101 FTE and the proportion of leased staff to 2.9% or 100 FTE.

Sales per employee, a key performance indicator in the HR area, developed as follows in the years between 2010 and 2012:

	Unit	2012	2011	2010
Sales per employee	TEUR	135	141	131

A strong customer focus and ongoing process optimization to enhance profitability, environmental-friendliness and efficiency are top priorities for the POLYTEC GROUP. To ensure that the company is well-prepared to face the dynamic market challenges that lie ahead, the POLYTEC GROUP promotes the further education and professional training of its employees, both through in-house educational and vocational training measures and with the support of external educational institutions.

² Incl. leased staff: employees of companies included in the consolidated financial statements for the first time are shown in the table on a pro rata temporis basis from the date of initial consolidation.

Alongside the further development of technical know-how and manual skills, strong emphasis is placed on the teaching of foreign languages, as these are essential for the business success of an international company like POLYTEC.

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

5. 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 or claims for damages and any other obligations or anticipated losses that must be disclosed in accordance with IAS 10 (Contingencies and Events Occurring after the Balance Sheet Date) are reflected in the present consolidated financial statements.

6. Report on the expected development and risks for the Group**SECTOR DEVELOPMENT**

On a global scale, the business prospects for the automotive industry for 2013 are deemed positive. Outside of Western Europe, the automotive business is expected to show a very dynamic trend, with the German automotive industry making a disproportionately large contribution to this development. The global passenger car market, which expanded by 4% to over 68 million units in 2012, will continue its growth trend throughout the 2013 business year. The Germany Association of the Automotive Industry (VDA) anticipates that this market will reach the 70 million mark. This dynamism will be mainly supported by the Chinese market and the recovery of the leading market in the USA, and will also benefit the German passenger car manufacturers, who have increased their market share in China to 22%, while also expanding their US market share for the seventh year in succession. The Western European passenger car market, which in 2012 contracted by roughly 8% to just under 11.8 million units, is expected to drop slightly to 11.4 million new cars in 2013 (down by 3%).

A perceptible increase in worldwide demand for commercial vehicles can be expected in 2013. However, this will mainly be driven by the significant recovery in China, which was responsible for a large proportion of the global drop in demand last year. The European truck market is expected to decline by approximately 5% in 2013 due to a persistently weak economic environment.

Group results forecast

Against the backdrop of the current business situation, clearly overshadowed by a challenging market environment, the POLYTEC GROUP management expects group sales for the full year 2013 to match the niveau in 2012. This outlook is based on the weak economic expectations for the European home market combined with the so far limited global footprint of the Group, as well as declining production volumes in the truck segment and expiring contract agreements that could not be mitigated to date by new business. The operating result for the full year 2013 is expected to show a moderate decrease compared to 2012, mainly due to the persistent price war currently underway in the automotive industry.

In the years to come, the management of the POLYTEC GROUP expects sales figures to increase - mainly driven by organic growth especially in the area of injection-molding for the production of complex engine and engine compartment parts - coupled with an improvement of the overall margin of earnings.

7. Risk reporting and financial instruments

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

8. Report on Research and Development

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

In the 2012 business year, the main focus was once again on the use of lightweight components to reduce the weight of individual parts, on increased cost-efficiency by means of intelligent functional integration and on new ecological and sustainable product innovations.

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

The competence center in the north German town of Lohne is mainly responsible for the development of injection-molded parts predominantly for the engine compartment and, to an increasing extent, also for the growing non-automotive business area, as well as for exterior components for both trucks and passenger cars produced in small series. Development work ranges from the substitution of aluminum parts with plastic parts to the further development of existing products. The test area has been further extended to quickly meet constantly rising customer demands and to support the development of brand new components, with a view to further consolidating the company's pioneering role in the field of engine component parts, as 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 latest cylinder cover heads, the company has incorporated the POLYSWIRL oil separator, which is a centrifugal separator that sets the gas stream into rotation and separates the oil drops from the air. The POLYSWIRL oil separator has already been incorporated in the cylinder cover heads of VW, Audi, Daimler, BMW and PSA. POLYDRAIN is a modular oil drain valve to remove oil from the blow-by gases of engines and can be used both as a single module and as a functional element in POLYTEC's cylinder head covers. POLYVENT, a POLYTEC proprietary development, is an innovative pressure control valve for particularly compact gasoline motors. The patented KEYLOCK system, which represents another highlight in this segment, allows for the fast connection of lines. POLYTEC uses innovative projectile injection technology (PIT) for the production of cooling water pipes and was awarded a prize for this technology at the EuroMold, the world's largest fair for mold-making and tooling, design and product development. During the production process, a projectile pushes the melted core of the plastic through the cavity and back into the machine tool instead of into an overflow as was previously the case.

POLYTEC's R&D activities in the area of fiber-reinforced plastics are centered upon 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 finally produced. While keeping a strong focus on the entire value creation chain, POLYTEC closely collaborates with its customers throughout the entire conception and development phase with a view to creating new products and finding

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 ongoing production process based on continuing procedure and product optimization efforts.

In the area of fiber-reinforced plastic materials, POLYTEC succeeded in acquiring several important new projects for a number of different sectors in 2012, successfully driving forward development activities. Projects focusing on lightweight construction for both the passenger car and commercial vehicle industries, which will start series production in 2013 and 2014, are of central importance in this context. 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/cm³ currently enables a considerable increase in weight efficiency of up to 30% for passenger car exterior applications, especially compared to aluminum or other standard SMC solutions. At present, POLYTEC is simultaneously working on a number of development projects with a view to maintaining a high level of competitiveness and acquiring further orders for series production in the area of lightweight construction. POLYTEC is also contributing to the development of tomorrow's electrical vehicles, leveraging the technological strengths of SMC applications. The development of integrated EMC-protection based on appropriate formulations is also a particularly interesting and promising activity field in this context.

In the non-automotive area, the successful realization of a project for the solar industry, brought to series production in 2011, has helped POLYTEC acquire a new contract for the series production of another product that will be launched onto the market in 2013.

The range of services provided by the development center Hörsching covers the entire process chain even if this business plant mainly focuses on developing original accessories and small series. From initial design concepts, functional models and prototypes, digitalization and CAD construction up to the creation of rapid prototyping models, the customer is offered a full-service package, as is standard practice in series development. But, since development and lead times in the original accessories segment are considerably shorter than in series production, processes have to be geared towards high flexibility and short response times, without, however, compromising documentation and quality assurance. All necessary production tools and devices are developed and manufactured in an in-house tool shop and mold construction department, which also contributes

to shortening implementation periods and increasing flexibility when carrying out the necessary adjustments.

In the area of advance developments, the Car Styling unit mainly focuses on process engineering, and more specifically, on constantly improving PUR-R-RIM materials. The use of carbon fiber as a filling for polyurethane (PUR) was subject to thorough scrutiny in 2012 with a view to improving weight efficiency in the area of lightweight automotive construction. Also at the Bromyard site, the focus mainly lies on weight efficiency optimization based on the usage of the blow molding technology in an increasing number of product groups. In addition, development work also concentrates upon new possibilities for treating the surfaces of PUR components.

In the area of innovation management, a team of experts from different functional areas of this business plant is currently exploring the potential of adjusting the current product range to future challenges. This involves, on the one hand, developing additional features for components in the current product portfolio (for instance the integration of sensors and electronics into plastic components) and, on the other hand, adapting today's products to the mobility requirements of tomorrow (for instance rear spoilers with photovoltaic solar panels for electrical vehicles).

In 2012, POLYTEC GROUP spent approximately EUR 8.5 million (2011: approx. EUR 11.0 million) for research and development activities.

9. Key features of the internal control and risk management system with regard to the accounting process

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

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

By using a standardized, group-wide financial reporting system, together with ad hoc reporting on major events, the Board of

Directors is kept constantly abreast of all relevant issues. The Supervisory Board is informed in Supervisory Board meetings, held at least once every quarter, about the current business development, including operative planning and the medium-term strategy of the Group, with direct and immediate information being provided to the Supervisory Board in special cases. Internal control and risk management are among the topics dealt with at the Audit Committee meetings.

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

The share capital of POLYTECH 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 on December 31, 2012 included:

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

Compared to the balance sheet date on December 31, 2011 no changes in the shareholder structure of the companies attributable to Friedrich Huemer at POLYTECH Holding AG were reported.

Exact proportions of share capital:

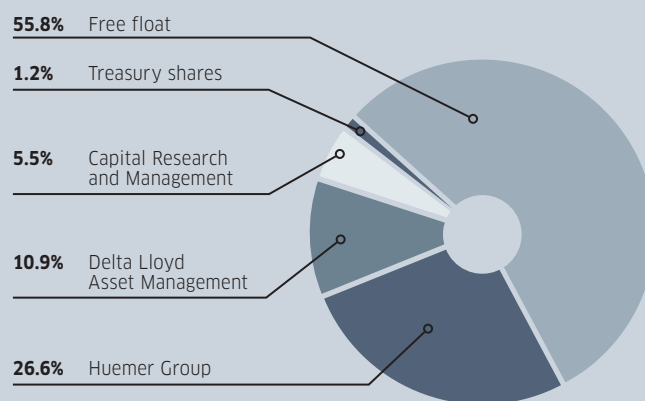
- Huemer Holding GmbH 16.00%
- Huemer Invest GmbH 10.64%

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 POLYTECH Holding AG through the following funds:

- Delta Lloyd Europees Deelnemingen Fonds
- 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 § 65 Para. 1 (8) of the Austria Stock Corporation Act, the company acquired a total of 258,041 treasury shares as of December 31, 2012, which correspond to approximately 1.2% of the share capital. The remaining 55.8% of POLYTECH Holding AG's share capital represent free float.

No shareholders have particular rights of control.



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

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

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

Hörsching, March 27, 2013

The Board of Directors

Friedrich Huemer m. p.

Alfred Kollros m. p.

Peter Haidenek m. p.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2012

compared with the figures from the previous year

TEUR	Notes	2012	2011
Net sales	D. 1	481,615	657,354
Other operating income	D. 2	5,778	13,615
Changes in inventory of finished and unfinished goods		-2,108	-4,245
Own work capitalised		1,449	1,289
Expenses for materials and services received	D. 3	-243,080	-346,237
Personnel expenses	D. 4	-144,942	-177,631
Other operating expenses	D. 5	-57,395	-90,032
Deconsolidation gains	B. 1	326	7,211
Earnings before interest, taxes and amortisation (EBITDA)		41,642	61,323
Depreciation		-13,934	-18,705
Earnings before interest, taxes and amortisation of goodwill (EBITA)		27,708	42,618
Impairments	D. 6	0	0
Operating profit (EBIT)		27,708	42,618
Income from associated companies		132	444
interest result		-1,055	-3,343
Other financial results		-17	-179
Financial result	D. 7	-940	-3,079
Earnings before tax		26,768	39,539
Taxes on income	D. 8	-4,490	-4,291
Consolidated profit for the year		22,277	35,249
thereof result non controlling interests		-588	-759
thereof result of the parent company		21,689	34,490
Earnings per Share	D. 21	0.97	1.54

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Jan. 1 - Dec. 31, 2012

TEUR	Group	Non controlling interests	Total
Profit after tax	21,689	588	22,277
Currency translations	348	-122	226
Total comprehensive income	22,037	466	22,503

Jan. 1 - Dec. 31, 2011

TEUR	Group	Non controlling interests	Total
Profit after tax	34,490	759	35,249
Currency translations	-766	36	-730
Total comprehensive income	33,724	794	34,518

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2012 compared with the figures from the previous year

ASSETS

TEUR	Notes	Dec. 31, 2012	Dec. 31, 2011
Fixed assets			
Intangible assets	D. 9	656	663
Goodwill	D. 9	19,180	19,180
Tangible assets	D. 10	60,146	61,740
Investments in affiliated companies		435	205
Investments in associated companies		31	31
Other financial assets		598	598
Trade accounts receivable and other receivables and assets	D. 13	351	419
Interest bearing receivables	D. 15	11,579	10,932
Deferred tax assets	D. 11	8,951	11,759
		101,927	105,527
Current assets			
Inventories	D. 12	39,479	41,266
Trade accounts receivable and other receivables and assets	D. 13	54,271	53,333
Receivables from construction contracts	D. 14	25,763	20,959
Income tax receivables		383	82
Interest bearing receivables	D. 15	0	2,818
Cash and cash equivalents	D. 16	37,941	43,222
Assets held for sale	D. 19	0	1,102
		157,837	162,783
		259,764	268,310

EQUITY AND LIABILITIES

TEUR	Notes	Dec. 31, 2012	Dec. 31, 2011
Shareholder's equity			
Share capital		22,330	22,330
Capital reserves		37,563	37,563
Treasury shares		-1,396	0
Non controlling interests		5,249	4,783
Retained earnings		69,876	55,654
	D. 20	133,622	120,330
Long-term liabilities			
Interest-bearing liabilities	D. 22	12,454	18,253
Provision for deferred taxes	D. 11	593	2,416
Long-term provisions for personnel	D. 23	18,387	17,665
Other long-term liabilities	D. 24	74	208
		31,508	38,542
Short-term liabilities			
Trade accounts payable	D. 25	34,671	35,477
Liabilities from construction contracts	D. 14	3,010	4,380
Short-term interest-bearing liabilities	D. 26	14,527	11,719
Short-term portion of long-term loans	D. 27	7,988	9,010
Liabilities on income taxes	D. 28	2,623	4,398
Short-term provisions	D. 29	19,743	30,342
Other short-term liabilities	D. 30	12,072	14,113
		94,634	109,438
		259,764	268,310

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2012 compared with the figures from the previous year

TEUR	2012	2011
Earnings before tax	26,768	39,539
- Income taxes	-5,582	-1,816
+ Depreciation (appreciation) of fixed assets	13,934	18,705
- Release of badwill	0	-11
+ Non cash earnings from deconsolidation	-326	-7,211
+(-) Increase (decrease) in long-term provisions	723	456
-(+)-Profit (loss) from asset disposals	-735	-639
= Consolidated cash flow from earnings	34,782	49,024
-(+)-Increase (decrease) in inventories, advance payments made	1,788	-7,933
-(+)-Increase (decrease) in trade and other receivables	-6,302	-32,096
+(-) Increase (decrease) in trade and other payables	-3,954	14,323
+(-) Increase (decrease) in short-term provisions	-10,600	5,901
= Consolidated cash flow from operating activities	15,714	29,218
TEUR	2012	2011
- Investments in fixed assets	-16,048	-17,489
- Acquisition of consolidated subsidiaries (purchase price less the acquired cash and cash equivalents)	-0	-1,007
- Acquisition of subsidiaries	-300	-35
+ Disposal of deconsolidated subsidiaries	0	350
- Disposal of not longer consolidated subsidiaries (Proceeds less cash and cash equivalents)	776	24,128
+ Disposal of marketable securities	0	0
+(-)-Profit (loss) from asset disposals	735	639
+(-) Translation differences	-83	-18
+ Book value of asset disposals	3,936	2,041
+ Payments for interest bearing receivables and subsidiaries	2,987	0
= Consolidated cash flow from investing activities	-7,998	8,610
TEUR	2012	2011
+(-) Increase (decrease) in interest-bearing loans and liabilities to banks	-4,012	-22,202
- Dividends	-7,815	0
- Treasury shares	-1,396	0
+(-) Other changes in equity	226	-1,417
= Consolidated cash flow from financing activities	-10,011	-23,619
TEUR	2012	2011
+(-) Consolidated cash flow from operating activities	15,714	29,218
+(-) Consolidated cash flow from investing activities	-7,998	8,610
+(-) Consolidated cash flow from financing activities	-12,998	-23,619
= Changes in cash and cash equivalents	-5,281	14,210
+ Opening balance of cash and cash equivalents	43,222	29,013
= Closing balance of cash and cash equivalents	37,941	43,222

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Notes	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity attributable to stakeholders of the parent	non controlling interests	Total
Balance as of January 1, 2012		22,330	37,563	0	55,654	115,547	4,783	120,330
Comprehensive income after tax according profit and loss statements		0	0	0	21,689	21,689	588	22,277
Other results after tax		0	0	0	348	348	-122	226
Dividends		0	0	0	-7,815	-7,815	0	-7,815
Treasury shares		0	0	-1,396	0	-1,396	0	-1,396
Balance as of December 31, 2012	D. 20	22,330	37,563	-1,396	69,876	128,373	5,249	133,622

TEUR	Notes	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity attributable to stakeholders of the parent	non controlling interests	Total
Balance as of January 1, 2011		22,330	37,563	0	23,455	83,348	3,988	87,336
Comprehensive income after tax according profit and loss statements		0	0	0	34,490	34,490	759	35,249
Other results after tax		0	0	0	-766	-766	36	-730
Other changes		0	0	0	-1,525	-1,525	0	-1,525
Balance as of December 31, 2011	D. 20	22,330	37,563	0	55,654	115,547	4,783	120,330

Notes to the Consolidated Financial Statements

FOR THE 2012 FINANCIAL YEAR OF THE 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 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.

The consolidated accounts for the financial year 2012 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 § 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- und Handelsregister Linz" [Commercial Registry of the City of Linz] under the number FN 197646 g.

All standards, which had to be mandatorily applied for the financial years, were applied with regard to the preparation of the present consolidated financial statements.

The International Accounting Standards Board (IASB) is currently working on a wide range of important projects, their application, however, will be mandatory for financial years commencing on January 1, 2013. For the 2012 financial year, only amendments to IFRS 1 (First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters), IFRS 7 (Disclosures: Transfer of Financial Assets) and IAS 12 (Deferred Tax: Recovery of Underlying Assets) shall be taken into account.

The new or amended standards, which are applicable from January 1, 2012, do not lead to any material changes in the consolidated financial statements of the POLYTEC GROUP. As a result, the accounting and valuation principles applied in the 2012 financial year remained unchanged compared with the consolidated financial statements as of December 31, 2011.

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

Standard/ interpretation	Title	Applicable for the first time for financial years commencing on or after:
IAS 1 (revised)	Amendments to IAS 1: Presentation of the components of other comprehensive income	July 1, 2012
IAS 19 (revised)	Amendment to the accounting standard for employee benefits	January 1, 2013
IAS 27 (amended 2011)	Separate Financial Statements ¹⁾	January 1, 2013
IAS 28 (amended 2011)	Investments in Associates and Joint Ventures ¹⁾	January 1, 2013
IAS 32 (revised)	Offsetting Financial Assets and Liabilities	January 1, 2014
IFRS 7 (complements)	Disclosure - Offsetting Financial Assets and Liabilities ¹⁾	January 1, 2013
IFRS 9	Financial Instruments (still not adopted by the EU)	January 1, 2015
IFRS 10	Consolidated Financial Statements ¹⁾	January 1, 2013
IFRS 11	Joint Arrangements ¹⁾	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities ¹⁾	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

¹⁾ Application of these standards will be mandatory within the EU starting from January 1, 2014

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

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

The new IFRS 9 envisages far-reaching changes with regard to the classification and 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, 2015.

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

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

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

Pursuant to Article 245a UGB, the present consolidated accounts 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) in connection with SIC - 12 (Consolidation - Special Purpose Entities). The parent company is the POLYTEC Holding AG, Hörsching. The consolidated accounts include all companies by full consolidation, which are influenced by the parent company. Thus, five national subsidiaries (previous year: five) and 19 international subsidiaries (previous year: 21) were included in addition to the parent company; these subsidiaries are under the legal and factual control of the POLYTEC GROUP. The eight companies (previous year: nine), which were not included, are not important for the consolidated accounts. The balance sheet date for all companies included in the consolidated financial statements is December 31, 2012.

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

An overview of the fully consolidated companies can be found in Annex 4 of the Notes of the consolidated accounts. 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, 2011	27
Retirement due to company divestments	-1
Retirement due to the Group's internal reorganization	-1
As of Dec. 31, 2012	25
Thereof foreign companies	19

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 contribution of POLYTEC Interior Zaragoza S.L. to the values shown in the income statement for 2012 is as follows:

TEUR	
Net sales	24
Income after income tax	-313

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

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

Allowing for the cash and cash equivalents of the divested Zaragoza site of TEUR 653, cash flow of TEUR 776 is generated.

The net assets divested as a result of the sale of the Zaragoza site are as follows:

TEUR	
Non-current assets	144
Current assets	1,491
Non-current provisions and liabilities	0
Current provisions and liabilities	-532
Net assets of Polytec Interior Zaragoza S.L. as of Mar. 31, 2012	1,104

2. METHODS OF CONSOLIDATION

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

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

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

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

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

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

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

3. CURRENCY TRANSLATION

Business transactions with foreign currencies

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

Translation of individual financial statements in foreign currencies

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

The following currency exchange rates were used:

	Average exchange rate		Exchange rate on the balance sheet date	
	2012	2011	Dec. 31, 2012	Dec. 31, 2011
CAD	1.2900	1.3801	1.3137	1.3215
GBP	0.8116	0.8709	0.8161	0.8353
PLN	–	3.9635	–	–
USD	1.2922	1.3980	1.3194	1.2938
ZAR	–	9.7752	–	–
CZK	25.1256	24.5700	25.1256	25.7732

(C) Accounting and evaluation principles

The principle of standardized accounting and evaluation will be applied due to the guidelines applicable throughout the entire group. Insubstantial deviations with regard to the individual financial statements of international group companies were retained. All financial statements were prepared on the assumption that the entity is a going concern.

1. INTANGIBLE ASSETS

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

Expenses for research are shown as expenses in the year of their occurrence. Development costs are normally also periodically occurring expenses. They have to be booked as assets if certain conditions can be proved and if they have been cumulatively fulfilled. Among other aspects, it must be verifiable that the development activities are very likely to result in future accrual of funds, which does not only cover the normal costs but also the corresponding development costs. Capitalized development costs for customer orders are amortized with the beginning of the serial delivery in accordance with the customer's release orders for the entire term of the model. The Group's research and development expenses in the financial year under review amounted to approximately TEUR 8,506 (previous year: TEUR 10,972).

2. GOODWILL

Goodwill results from acquisitions of subsidiaries or interests in associated companies and are subject to an impairment test at least once a year. If a subsidiary or an associated company is sold, the proportionate goodwill will be taken into account in the calculation of the gain or loss of the disposal.

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

3. FIXED ASSETS

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

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

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

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

In the case of fixed assets being immobilized, sold or give 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 in correspondence with IAS 17. The amortization is performed according to schedule over the period of the leasing agreement or over the economic useful life of the assets provided that the transfer of legal ownership of the leased assets is secure enough until the end of the leasing agreement period. The payment obligations resulting from the future leasing rates are discounted and recorded as liabilities.

5. GOVERNMENT GRANTS

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

6. FINANCIAL ASSETS

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

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

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

7. INVENTORIES

Inventories are evaluated at their acquisition costs or production costs or the lower achievable market value on the balance sheet date. The determination of the acquisition and production costs is performed for similar assets in accordance with the weighted average cost method or in accordance with similar methods. The production costs only include the directly attributable costs and the proportionate overhead costs. Interests on borrowed capital are not capitalized, as no substantial borrowing costs were incurred that are directly attributable to the acquisition, construction or production of a qualifying asset.

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

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

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

9. 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

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

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

The value in use of the asset corresponds to the present value of the estimated future cash flows from continuing use of such asset and from its disposal at the end of its useful life applying a fair market discount rate before taxes, which is adjusted to the specific risks of the assets. The estimation of the future cash flow is based on a 3 year planning horizon. A perpetual annuity based on the third year's estimates has been assumed for the period beyond this planning horizon. The interest rate used for calculating the present value is the weighted average capital costs of the corresponding cash-generating unit and was defined with 11.4% for the 2012 financial year (previous year: 10.2%).

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

Provision for severance payments

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

The provisions for severance payments are determined on a standardized basis at the balance sheet date with the "projected-unit-credit method" and by applying a discount rate of 3.75% (previous year: 4.75%) as well as by taking into account future salary increases of 1.75% (previous year: 2.0%). A reduction for fluctuation of personnel based on the years of service is included. The assumed retirement age for men and women, taking into account certain temporary arrangements, is still defined with 62 years (no change to the previous year).

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

Entitlement to severance payments

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

Pension obligations

Pension obligations apply for certain employees of German group companies. Accounting of these obligations is performed in accordance with IAS 19. For this purpose, the present value of the defined benefit obligation (DBO) is calculated and compared to the current value of the planned assets existent on the balance sheet date. The pension provisions are calculated according to the "projected unit credit method", where, depending on the distribution of the obligations to entitlements and liquid pensions and due to the specific regulations of the individual pension funds, a discount rate of 3.75% (previous year: 4.75%) as well as an increase of 1.75% (previous year: 1.5%) will be applied. The guidelines 2005G - Dr. Klaus Heubeck will be used for the actuarial calculations.

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

Other long-term obligations towards employees

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

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

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

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

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

Provisions are recognised 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. RECOGNITION OF FINANCIAL INSTRUMENTS

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

Financial assets are derecognized from the accounts if the contractual rights from the assets expire or if the assets will be transferred with all substantial rights and obligations. Financial liabilities are derecognized from the accounts if the contractual obligations have been balanced, deleted or expired. Purchases

and sales of financial instruments common in the market are balanced on the settlement date.

Financial assets 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

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

No such pending derivative financial instruments were held as of December 31, 2012.

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

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

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

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

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

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 net profit or loss on 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 reporting 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 net profit or loss on construction contracts cannot be reliably determined the order revenues must only be recognized in the amount of order costs incurred, which are probably recoverable. Costs are recognized as expenditure in the period in which they arise.

If it is probable that the total order costs will exceed the 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 supplied 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 proportional to time taking into account the effective interest rate of the asset. Dividend yields are shown at the occurrence of the legitimate claim.

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

19. UNCERTAINTIES WITH REGARD TO ASSESSMENTS AND ASSUMPTIONS

Estimations and assumptions have to be made to a certain degree in the consolidated financial statements, which have an influence on the balanced assets and liabilities, information with regard to other obligations on the balance sheet date and the recognition of income and expenses during the reporting period. The actual amounts to be realized in the future may deviate from the estimations.

Especially the assumptions concerning future cash flow of cash-generating units, which are based on the medium-term plans of the group, may prove to be incorrect and may result in certain effects on assets (especially goodwill and deferred tax assets) in the following years.

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

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

20. PRESENTATION

Presentation of assets, liabilities, expenses and income, equity items and cash flows in the statement of cash flows was mainly unchanged in financial year 2012 compared with the previous financial year.

Current assets and current liabilities were broken down further to make the consolidated financial statements more informative and more legible. Inventories also include receivables from construction contracts of TEUR 25,763 (previous year: TEUR 20,959) and liabilities from construction contracts of TEUR 3,010 (previous year: TEUR 4,380). Receivables and liabilities from construction contracts are now presented separately and are no longer included in the item for inventories in the consolidated balance sheet.

Current liabilities were also broken down to make the consolidated financial statements more informative and more legible. Other current liabilities also include provisions of TEUR 19,743 (previous year: TEUR 30,342). Provisions are now presented separately and are no longer included in the item for other short-term liabilities in the consolidated balance sheet.

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

1. SALES REVENUES AND SEGMENT REPORTING

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

Accordingly, following the sale of POLYTEC Interior Zaragoza, the management of POLYTEC Holding AG decided to gradually amend the internal management and reporting structure. Thus, segment reporting in the present consolidated financial statements already reflects the new internal management and reporting structure. The segmentation is no longer product-oriented, as it has been in recent years, but technology-oriented, with the remaining principal segment, namely "plastic processing", encompassing well over 90% of the Group. This is why the Group is now a "one-segment group".

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

Being a supplier of the automotive industry, the group only depends on a small number of major customers. In 2012 and 2011, only two customer groups achieved more than 10% of the group's entire sales. In total, the three main customers accounted for roughly 59% of total sales in 2012 (previous year: 62%). Due to the broad variety of models and brands of our major customers, which are operating both in the passenger car sector and in the commercial vehicle sector, all separately reported business fields are affected by the relationship between the customer and the supplier, but, of course, to a different degree.

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

TEUR	2012	2011
Passenger cars	291,072	451,514
Commercial vehicles	138,187	170,156
Non-automotive	52,356	35,684
Total	481,615	657,354

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		Deferred tax assets		Intangible assets, goodwill and fixed assets	
	2012	2011	2012	2011	2012	2011
Austria	13,449	21,776	5,970	8,601	28,152	26,816
Germany	305,669	418,915	2,497	2,306	39,193	40,489
Other EU	130,534	186,813	485	853	10,892	12,407
Rest of world	31,963	29,849	0	0	1,746	1,872
Group	481,615	657,354	8,951	11,759	79,983	81,584

Sales are divided according to categories as follows:

TEUR	2012	2011
Part sales and other sales	428,577	608,450
Tooling and development sales	53,038	48,904
Total	481,615	657,354

For tooling projects where partial profits were not recognized in accordance with IAS 11, an amount of TEUR 0 (previous year: TEUR -1,580) was included in the item for change in inventory of finished and unfinished goods in financial year 2012.

2. OTHER OPERATING INCOME

Other operating income includes income from tenancies, income from cost reimbursements and income from the disposal of fixed assets.

3. EXPENSES FOR MATERIAL AND OTHER SERVICES RECEIVED

TEUR	2012	2011
Material expenses	194,138	295,724
Expenses for services received	48,942	50,513
Total	243,080	346,237

4. PERSONNEL EXPENSES

TEUR	2012	2011
Wages and salaries	118,055	144,989
Expenses for statutory social charges	24,055	29,188
Expenses for severance payments and pensions	2,051	2,006
Other personnel expenses	783	1,448
Total	144,942	177,631

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 189 in the year under review (previous year: TEUR 176).

The average number of employees was:

	2012	2011
Blue-collar workers	2,620	3,239
White-collar employees	770	895
Total	3,390	4,134

On the balance sheet date as of December 31, 2012, the POLYTEC GROUP employed 3,333 employees (2,552 blue-collar workers and 781 white-collar employees excluding leased staff).

5. OTHER OPERATING EXPENSES

TEUR	2012	2011
Leased staff	5,800	20,955
Maintenance	10,826	15,041
Transport	5,063	6,639
Rent for buildings	11,520	12,712
Other rent and leases	3,987	4,397
IT and communication costs	2,784	2,800
Legal and consulting fees	2,131	3,064
Loss on exchange rate	101	98
Other operating expenses	6,554	8,357
Other sales expenses	2,373	3,483
Other administration expenses	5,319	9,347
Risk provision and damaging	415	1,897
Non income based taxes and charges	405	438
Losses on disposal of fixed assets, excluding financial assets	119	804
Total	57,395	90,032

6. IMPAIRMENTS

Pursuant to IAS 36 impairment tests are to be carried out when there is an indication of impairment with regard to the company's assets. According to IFRS 3 (Business Combinations), the goodwill is not amortized according to schedule but is subject to an annual impairment test. Due to these impairment tests, no goodwill amortizations were required in 2012 as in the previous year.

7. FINANCIAL RESULT

TEUR	2012	2011
Income from associated companies	132	444
Interest income and income from securities	1,085	1,080
Interest component of pension commitments	-787	-753
Other interest expenses	-1,353	-3,669
Other financial result	-17	-179
Total	-940	-3,079

Income from other investments includes dividends from the POLYTEC Immobilien Group of TEUR 132 (previous year: EUR 438).

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

8. INCOME TAXES

TEUR	2012	2011
Expenses for current income taxes	3,477	4,277
thereof non periodic	428	3
Changes in deferred income taxes	1,014	13
thereof non periodic	0	0
Total	4,490	4,291
thereof non periodic	428	3

The income tax expense of the 2012 financial year amounting to TEUR 4,490 is lower by an amount of TEUR 2,202 compared to the calculated income tax expense amounting to TEUR 6,692, which would result by applying a tax rate of 25% to the result prior to income taxes amounting to TEUR 26,768.

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

TEUR	2012	2011
Earnings before tax	26,768	39,539
thereof 25% calculated income tax expense	6,692	9,885
Changes in value adjustments for deferred tax assets	-1,466	-1,729
Permanent differences and other changes	-1,566	-4,319
Differences from the discrepancy between the local and the consolidated tax rate	403	451
Income tax expense for the reporting period	4,062	4,288
Non-periodic income tax expense	428	3
Disclosed income tax expense	4,490	4,291

9. INTANGIBLE ASSETS AND GOODWILL

The classification of the intangible assets and their development summarized in the consolidated balance sheet are shown in the Consolidated Movement of Assets (Annex 1 of the Notes). Additions solely result from acquisitions and not from internal development projects.

No intangible assets were mortgaged or pledged as a security for bank liabilities in 2012 as in 2011.

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

TEUR	Dec. 31, 2012	Dec. 31, 2011
Bromyard and Hörsching plants	12,643	12,643
Other	6,537	6,537
Total	19,180	19,180

10. TANGIBLE ASSETS

The classification of the tangible assets summarized in the consolidated balance sheet as well as their development is shown in the Consolidated Movement of Assets (Annex 1 of the Notes).

The future expenses from non-terminable operating leasing agreements (without the obligations towards the POLYTEC Immobilien Group, which are explained in the Notes under E. 6) amounted to TEUR 24,292 as of December 31, 2012 (previous year: TEUR 21,990) and are due as follows:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Within one year	7,835	6,482
Longer than one year and within five years	16,457	15,508
Longer than five years	0	0

Tangible assets include finance lease goods with a book value amounting to TEUR 5,680 (previous year: TEUR 6,269). The most important finance leases concern production plants.

The finance lease results in leasing obligations towards third parties amounting to TEUR 5,016 (previous year: TEUR 5,232). The specified leasing obligations (cash values including redemption for residual value) are due as follows:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Within one year	1,633	1,534
Longer than one year and within five years	3,383	3,698
Longer than five years	0	0

The leasing payments (without redemption for residual value) corresponding to the cash values amount to TEUR 4,432 (previous year: TEUR 4,696) and are due as follows:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Within one year	1,633	1,534
Longer than one year and within five years	2,799	3,162
Longer than five years	0	0

In the 2012 financial year, no tangible asset impairment charges were recognized as in the previous year. No revaluations were made in 2012 as in the previous year.

TEUR 19,347 (previous year: TEUR 21,314) of the tangible assets are mortgaged or pledged as a security for bank liabilities.

11. 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, 2012		Dec. 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Tangible assets	-985	151	-1,586	377
Provisions for severance payments	508	0	499	0
Provisions for pensions	1,060	0	121	0
Provisions for personnel	43	0	115	0
Tax losses carried forward	8,008	0	9,961	0
Leasing liabilities	442	0	1,062	0
Other provisions	615	0	1,335	-21
Others	-1,131	0	189	-27
Subtotal	8,561	151	11,696	329
Consolidation of debt	0	314	0	2,087
Elimination of inter-company profits	391	128	62	0
Capitalization/Provisions for deferred taxes	8,951	593	11,759	2,416

Deferred taxes on losses carried forward of TEUR 14,319 (previous year: TEUR 16,424) were not capitalized.

12. INVENTORY

The inventory is structured as follows:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Raw materials and supplies	17,539	16,852
Unfinished goods	7,801	9,196
Advance payments received	-189	-27
Finished goods and merchandise	14,200	15,156
Advance payments made	128	89
Total	39,479	41,266

13. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

TEUR	Dec. 31, 2012	Dec. 31, 2011
Trade accounts receivable	46,367	45,494
thereof with a residual term > 1 year	0	0
thereof from companies, in which participating interests are held	0	2
thereof from affiliated companies	0	13
Other receivables and assets	8,040	7,970
thereof with a residual term > 1 year	351	419
thereof from related companies	0	0
Income tax receivable	383	82
thereof with a residual term > 1 year	0	0
Pre-payments and deferred charges	215	288
thereof with a residual term > 1 year	0	0
Total	55,004	53,834
thereof with a residual term > 1 year	351	419
thereof from companies in which participating interests are held	0	2
thereof from affiliated companies	0	13
thereof from related companies	0	0

Within the scope of silent global assignments, TEUR 8,820 (previous year: TEUR 9,936) of the trade accounts receivable have been transferred to banks for security purposes.

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

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

TEUR	Trade accounts receivables	Other receivables
Balance as of January 1, 2012	1,871	0
Changes in consolidation	-19	0
Use	-236	0
Release	-88	0
Allocation	539	0
Foreign exchange rate differences	2	0
Balance as of December 31, 2012	2,069	0

14. CONSTRUCTION CONTRACTS

TEUR	2012	2011
Sales revenues from construction contracts	53,038	48,904
Costs incurred up to the reporting date and allocated profits (less reported losses)	36,085	30,832
Prepayments received	-13,332	-14,253

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

TEUR	Dec. 31, 2012	Dec. 31, 2011
Costs incurred up to the reporting date and allocated profits (less reported losses)	36,085	30,832
Less: prepayments received	-13,332	-14,253
	22,753	16,579

Recognized as receivables or liabilities in the financial statements

Receivables from recognized sales revenues from construction contracts, if they exceed the prepayments received for them	25,763	20,959
Prepayments received for construction contracts, if they exceed the recognized sales revenues	-3,010	-4,380
	22,753	16,579

15. 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.

16. CASH AND CASH EQUIVALENTS

TEUR	Dec. 31, 2012	Dec. 31, 2011
Cash and cash equivalents (short term)	37,941	43,222

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

17. NON-CASH TRANSACTIONS

During the current financial year, 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 1,333 (previous year: TEUR 4,000).

18. FINANCIAL ASSETS

TEUR	Amortized costs	Fair value without any impact on profit or loss	Fair value through profit or loss	Carrying amount as of Dec. 31, 2012	Fair value as of Dec. 31, 2012
Loans and receivables					
Accounts receivables and other receivables	54,406	0	0	54,406	54,406
Interest-bearing receivables	11,579	0	0	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

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

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

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

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

TEUR	thereof Stage 1 Dec. 31, 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

TEUR	thereof Stage 1 Dec. 31, 2011	thereof Stage 2 Dec. 31, 2011	thereof Stage 3 Dec. 31, 2011
Held for trading			
Foreign exchange forward transactions	0	-27	0
Interest rate derivatives	0	-288	0
	0	-315	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.

19. ASSETS HELD FOR SALE

The assets held for sale related to property, plant and equipment in the previous year (TEUR 144) as well as inventories (TEUR 958) in connection with the divestment of the Zaragoza site (see B.1.).

20. CONSOLIDATED SHAREHOLDER'S EQUITY

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

According to a decision of the Annual General Meeting held on May 21, 2008, an authorized capital stock was agreed. With the corresponding approval of the Supervisory Board and for a period of 5 years from the registration of the authorized capital stock, the Board of Directors is entitled to increase the equity capital by up to EUR 11,164,792.00 by issuing new shares with a minimum issue price of EUR 1.00 each. New shares can be issued also excluding shareholders' subscription rights.

The capital reserves include the agio, which has been deposited on the occasion of capital increases, less the costs of the initial public offering of the POLYTEC Holding AG in the 2006 financial year, which can be allocated to the capital increase. In the 2008 financial year, on the basis of Austrian law, capital reserves of TEUR 20,220 were liquidated in the individual financial statements of POLYTEC Holding AG to cover the loss for the year.

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

The buyback of 258,041 treasury shares held on the balance sheet date (equates to 1.2% of the share capital) at an acquisition value of TEUR 1,396 and a market value on the reporting date of TEUR 1,515 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, 2011	22,329,585	0	22,329,585
Purchase of treasury shares	0	-258,041	-258,041
Dec. 31, 2012	22,329,585	-258,041	22,071,544

Information concerning capital management

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

TEUR	Dec. 31, 2012	Dec. 31, 2011
Total equity	133,622	120,330
Balance sheet total	259,764	268,310
Equity ratio	51.4%	44.8%

For POLYTEC, the term "Capital Management" means the control of the equity capital and the net financial liabilities. By optimizing both components, the Group tries to optimize the return for the shareholders. Apart from the equity ratio, POLYTEC especially uses the parameters "Gearing" (net financial liabilities against equity capital) and "Leverage Ratio" (net financial liabilities against EBITDA) for the assessment of its debt capacity. The entire costs of the used capital and the risks related to the different types of capital are monitored on a permanent basis.

21. EARNINGS PER SHARE

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

		2012	2011
Net income after non-controlling interests	TEUR	21,689	34,490
Weighted average number of ordinary shares issued	shares	22,329,585	22,329,585
Average number of treasury shares	shares	65,511	0
Average number of shares outstanding	shares	22,264,074	22,329,585
Earnings per share	EUR/shares	0.97	1.54

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, 2012 provide the basis for payment of a dividend.

The Board of Directors of POLYTEC Holding AG will propose payment of a dividend of EUR 0.35 per share for the 2012 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, 2012	Dec. 31, 2011
Liabilities due to banks	8,891	14,365
thereof with a residual term > 5 years	179	0
thereof with collateral securities	8,891	14,365
Other interest-bearing liabilities	181	190
thereof with a residual term > 5 years	0	0
Lease liabilities	3,383	3,698
thereof with a residual term > 5 years	0	0
Total	12,454	18,253

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

	Proportion %	2012 Average ordinary interest	Proportion %	2011 Average ordinary interest
EUR	96.0	1.91	94.3	2.61
GBP	4.0	2.16	5.7	2.69

23. OBLIGATIONS DUE TO EMPLOYEES

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

TEUR	Dec. 31, 2012	Dec. 31, 2011
Provisions for severance payments	2,549	2,417
Provisions for pensions	14,209	13,788
Provisions for long-service bonus payments	1,302	1,170
Other long-term provisions	327	290
Total	18,387	17,665

For further information about the development of the provisions for severance payments, pensions and long-service bonus payments in the previous financial years please refer to Annex 2 of the Notes of the consolidated financial statements.

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, 2012	Dec. 31, 2011
Trade accounts payable	34,67	34,484
thereof due to affiliated companies	28	151
Advanced payments received	0	992
Total	34,671	35,477

26. SHORT-TERM INTEREST-BEARING LIABILITIES

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

27. SHORT-TERM PART OF LONG-TERM LOANS

TEUR	Dec. 31, 2012	Dec. 31, 2011
Bank liabilities with a residual term of less than 1 year	6,355	7,476
Lease liabilities with a residual term of less than 1 year	1,633	1,534
Total	7,988	9,010

28. LIABILITIES FROM INCOME TAXES

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

TEUR	Dec. 31, 2012	Dec. 31, 2011
Balance as of January 1 of the reporting year	4,398	2,922
Exchange rate differences	5	7
Use	-2,956	-2,098
Release	-147	-22
Addition	1,324	3,590
Balance as of Dec. 31 of the reporting year	2,623	4,398

29. SHORT-TERM PROVISIONS

TEUR	Dec. 31, 2012	Dec. 31, 2011
Personnel provisions	3,397	5,325
Impending losses and risks	2,078	5,943
Other current provisions	14,268	19,074
Short-term provisions	19,743	30,342

Other provisions include provisions for warranties and outstanding incoming invoices. The provisions are based on the best estimate of the present value of the future outflow of economic benefit to satisfy the obligations. The estimates may change on the basis of new findings. Changes in current provisions are explained in Annex 3 to the Notes to the consolidated financial statements.

30. OTHER SHORT-TERM LIABILITIES

TEUR	Dec. 31, 2012	Dec. 31, 2011
Accrual for vacation	4,637	5,449
Liabilities towards employees	2,700	2,969
Other tax liabilities	2,297	2,416
Social security liabilities	389	977
Government grants with a residual term of less than one year	53	129
Deferred charges	86	0
Other liabilities	1,910	2,174
Total	12,072	14,113

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	Amor- tized 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 costs					
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	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

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

Trade accounts payables and other liabilities have short-term maturity and, therefore, the carrying values nearly accord with the residual value. The residual value of the interest-bearing liabilities and other financial liabilities were calculated with the cash value of the payments related to the liabilities based on the actual market parameters.

(E) Other information

1. CASH FLOW STATEMENT

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

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

TEUR	2012	2011
Interest cash in	1,085	1,080
Interest cash out	-1,672	-4,026
Total	-587	-2,947

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 GmbH Group, there is an existing obligation with regard to a leasing agreement. An amount of TEUR 700 (previous year: TEUR 0) 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 of operations 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 the 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 expenses 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 huge system suppliers, POLYTEC is subject to the credit risk of the automotive industry. However, accounts receivable are critically monitored on a permanent basis, and the payment of accounts receivable in accordance with what has been agreed is guaranteed. In the 2012 financial year, approx. 59%¹⁾ (previous year: 69%) of the turnover was achieved with the company's three major customers; this results in a certain accumulated credit risk, which has been assessed by the management as rather uncritical with regard to the potential non-payment of credits. Dependency on only a few customers is a basic characteristic of the automotive industry suppliers. In this context, the "customer" is defined as a group of affiliated companies, which can also produce vehicles of several different brands. The management will focus on greater diversification going forward by expanding its customer base in the non-automotive business area.

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 and amounts to:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Loans and receivables	104,990	110,851
At fair value through profit and loss	0	0
Held for trading	0	0
Available for sale	0	0
Total	104,990	110,851

¹⁾ Including MAN after its integration into the VW Group.

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

Dec. 31, 2012 TEUR	Total	Not overdue and not impaired	Overdue but not impaired			
			up to 60 days	up to 60- 120 days	up to 120- 360 days	longer than 360 days
Trade accounts receivables	46,367	25,788	18,109	784	1,300	386
Other accounts receivables	8,638	8,435	0	0	0	203

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

Liquidity risk: The Group ensures its liquidity by contractual agreements concerning certain credit lines and, if required, by retaining a cash reserve. This is controlled by the company's headquarters.

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

TEUR	Carrying value as of Dec. 31, 2012	Total obligate cash flows	thereof till 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

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

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

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

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

TEUR	Dec. 31, 2012		Total
	In Euro	In foreign currency	
Investments	1,063	0	1,063
Receivables and other assets	46,212	8,194	54,406
Interest-bearing receivables	11,579	0	11,579
Cash in bank	35,429	2,512	37,941
Total	94,283	10,706	104,989

TEUR	Dec. 31, 2012		Total
	In Euro	In foreign currency	
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	30,602	4,069	34,671
Other short-term liabilities	3,285	1,325	4,610
Total	68,207	6,043	74,250

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

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

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 11.3% (previous year: 9.3%) and liabilities totaling 8.1% (previous year: 7.6%) 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 counterbalanced 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, 2012		Dec. 31, 2011	
Liabilities to banks	29,773		33,560	
thereof with fix interest rate	11,489		5,908	
thereof with variable interest rate	18,284		27,652	
Finance lease	5,016		5,231	
thereof with fix interest rate	5,016		5,231	
thereof with variable interest rate	0		0	
Other interest-bearing liabilities	181		190	
thereof with fix interest rate	181		190	
thereof with variable interest rate	0		0	
Total	34,969		38,981	
thereof with fix interest rate	16,686		11,329	
thereof with variable interest rate	18,284		27,652	

The predominant part of the variable interest-bearing liabilities depends on the 3-month EURIBOR. An increase of this reference interest rate by 100 basis points would, without taking into account existing interest rate swaps, result in an increase of the interest expenses by approx. TEUR 160 (previous year: TEUR 280).

Interest-bearing receivables and current cash and cash equivalents contain assets, on which interest is payable at floating rates, of TEUR 27,520. An increase in 3-month EURIBOR of 100 basis points would increase interest income by approximately TEUR 275 (previous year: TEUR 239).

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

TEUR	2012	2011
Received payments	-319	-464
Valuation result	288	274
Total	-31	-190

5. NET INCOME ACCORDING TO EVALUATION CATEGORIES

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

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

6. RELATED PARTIES

Related parties according to IAS 24 include the IMC Verwaltungsgesellschaft mbH, Hörsching and its affiliated companies in addition to the members of the Board of Directors and of the Supervisory Board. The family of the CEO of the POLYTEC GROUP, Friedrich Huemer, is the sole owner of the stakes in the said companies and Friedrich Huemer is the managing director with sole power of representation of the said companies.

At the balance sheet date on December 31, 2012, the company was informed about the following proportions of voting rights, which is subject to notification pursuant to Para. 91 of the Stock Exchange Act:

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

The remaining shares are free float.

The POLYTEC GROUP has established business relationships with the following companies of the IMC Group in the 2012 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 und Voerde
8. POLYTEC Composites Slovakia s.r.o.	Plant Sladkovicovo
9. POLYTEC Elastofom GmbH	Plant Marchtrenk
10. POLYTEC THELEN GmbH	Plant Bochum

The rental expenses from the rental contracts amounted to approx. EUR 7.7 million in the 2012 financial year (previous year: EUR 8.2 million).

The rental contracts can be terminated by complying with a period of notice of six up to twelve months, but longer waivers of entitlement to terminate the contract have also been agreed in some cases. The lease rental charges, which are existent due to the fixed period of notice or due to longer waivers of entitlement to terminate the contract, amount to TEUR 16,722 as of December 31, 2012 (previous year: TEUR 18,809) and are due as follows:

TEUR	Dec. 31, 2012	Dec. 31, 2011
Within one year	7,824	7,726
Longer than one year within five years	8,898	8,720
Over five years	0	2,363

POLYTEC Immobilien Deutschland GmbH paid TEUR 132 to the POLYTEC GROUP in the 2012 financial year (previous year: TEUR 438).

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

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

Other business relationships

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

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

7. SALARIES OF EXECUTIVES

Total remuneration of the members of the Board of Directors in the year under review amounted to TEUR 1,891 (previous year: TEUR 2,913). TEUR 1,879 (previous year: TEUR 2,903) are to be attributed to short-term benefits. TEUR 12 (previous year: TEUR 10) refer to payments made after the termination of the working relationship. In addition, remuneration in kind in the form of company cars and mobile phones were granted.

Not yet paid variable portions of salary affecting the 2012 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 2012 financial year amounted to TEUR 89 (previous year: TEUR 89).

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

8. EXPENSES FOR THE GROUP AUDITORS

Expenses for the services provided by the Group auditors in 2012 are as follows:

TEUR	2012	2011
Annual financial statements	112	104
Other services	42	41
	154	145

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

Friedrich Huemer, Wallern (Chairman of the Board of Directors)
Alfred Kollros, St. Valentin
Peter Haidenek, Velden a. W.

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

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

The Board of Directors of POLYTEC Holding AG approved the consolidated financial statements on March 27, 2013 and authorized its transmission to the Supervisory Board. The Supervisory Board is entitled to initiate changes to the consolidated financial statements within the framework of its supervisory duty.

Hörsching, March 27, 2013

The Board of Directors

Friedrich Huemer m. p.

Alfred Kollros m. p.

Peter Haidenek m. p.

Annex 1

CONSOLIDATED MOVEMENT OF FIXED ASSETS AS OF DECEMBER 31, 2012

Cost of acquisition or production TEUR	Balance as of Jan. 1, 2012	Changes in consolidation	Translation differences	Additions	Disposals
I. Intangible assets					
1. Research and development costs	801	0	0	0	0
2. Rights	3.999	0	0	387	85
3. Goodwill	45.508	0	0	0	0
	50.308	0	0	387	85
II. Tangible assets					
1. Land and building	9.674	0	65	2.498	225
2. Technical equipment and machinery	138.291	0	398	7.980	4.748
3. Other equipment, fixtures, fittings and equipment	35.925	0	38	2.847	3.780
4. Advance payments made and assets under construction	3.629	0	0	2.336	528
	187.519	0	501	15.661	9.281
III. Financial assets					
1. Investments in affiliated companies	205	-70	0	300	0
2. Investments in associated companies	1.031	0	0	0	0
3. Investment in joint ventures	607	0	0	0	0
4. Loans	0	0	0	0	0
5. Fixed asset securities	1	0	0	0	0
	1.844	-70	0	300	0
	239.671	-70	501	16.348	9.366

CONSOLIDATED MOVEMENT OF FIXED ASSETS AS OF DECEMBER 31, 2011

Cost of acquisition or production TEUR	Balance as of Jan. 1, 2011	Changes in consolidation	Translation differences	Additions	Disposals
I. Intangible assets					
1. Research and development costs	1.008	0	0	0	207
2. Rights	9.204	-2.498	-9	368	3.066
3. Goodwill	45.508	0	0	0	0
	55.720	-2.498	-9	368	3.273
II. Tangible assets					
1. Land and building	12.291	-1.474	26	723	1.980
2. Technical equipment and machinery	228.237	-59.506	-187	7.904	38.706
3. Other equipment, fixtures, fittings and equipment	51.572	-17.370	-4	4.599	2.962
4. Advance payments made and assets under construction	1.793	-1.009	-1	3.894	322
	293.893	-79.359	-165	17.120	43.970
III. Financial assets					
1. Investments in affiliated companies	280	-35	0	35	75
2. Investments in associated companies	1.031	0	0	0	0
3. Investment in joint ventures	882	0	0	0	275
4. Loans	1.606	0	0	15	1.621
5. Fixed asset securities	1	0	0	0	0
	3.800	-35	0	50	1.971
	353.412	-81.893	-173	17.539	49.215

COST OF ACQUISITION OR PRODUCTION

Transfers	Balance as of Dec. 31, 2012	Depreciation of the fiscal year	Impairment	Accumulated depreciation	Net book value Dec. 31, 2012	Net book value Dec. 31, 2011
0	801	0	0	801	0	0
0	4.300	394	0	3.645	656	663
0	45.508	0	0	26.328	19.180	19.180
0	50.610	394	0	30.774	19.836	19.844
810	12.822	440	0	5.415	7.408	4.691
2.232	144.152	10.413	0	103.168	40.984	43.908
373	35.404	2.687	0	25.643	9.761	9.551
-3.415	2.022	0	0	28	1.994	3.589
0	194.400	13.540	0	134.254	60.146	61.740
0	435	0	0	0	435	205
0	1.031	0	0	1.000	31	31
0	607	0	0	10	597	597
0	0	0	0	0	0	0
0	1	0	0	0	1	1
0	2.074	0	0	1.010	1.064	834
0	247.084	13.934	0	166.038	81.046	82.417

COST OF ACQUISITION OR PRODUCTION

Transfers	Balance as of Dec. 31, 2011	Depreciation of the fiscal year	Impairment	Accumulated depreciation	Net book value Dec. 31, 2011	Net book value Dec. 31, 2010
0	801	25	0	801	0	25
0	3.999	607	0	3.335	663	1.597
0	45.508	0	0	26.328	19.180	19.180
0	50.308	632	0	30.464	19.844	20.803
88	9.674	481	0	4.983	4.691	6.289
548	138.291	14.223	0	94.383	43.908	69.867
89	35.925	3.352	0	26.374	9.551	14.190
-726	3.629	18	0	40	3.589	1.770
0	187.519	18.073	0	125.779	61.740	92.115
0	205	0	0	0	205	280
0	1.031	0	0	1.000	31	31
0	607	0	0	10	597	872
0	0	0	0	0	0	1.606
0	1	0	0	0	1	1
0	1.844	0	0	1.010	834	2.790
0	239.671	18.705	0	157.253	82.417	115.707

Annex 2

CHANGES IN PROVISIONS FOR SEVERANCE PAYMENTS, PENSIONS AND JUBILEE PAYMENTS IN THE FINANCIAL YEARS 2008-2012

TEUR	2012	2011	2010	2009	2008
Present value of severance payments (DBO) as of January 1	2,739	1,906	1,638	1,921	1,743
Change in scope of consolidation	0	556	0	0	0
Service cost ¹⁾	214	129	120	129	124
Interest cost ²⁾	123	88	87	99	91
Severance payments	-214	-70	-106	-329	-98
Realized actuarial profit/loss	161	130	167	-182	61
Present value of severance payments (DBO) as of Dec. 31	3,023	2,739	1,906	1,638	1,921
Unrealized actuarial profit/loss	-473	-322	-192	-25	-208
Provisions for severance payments as of December 31	2,549	2,417	1,714	1,613	1,713

TEUR	2012	2011	2010	2009	2008
Present value of pensions (DBO) as of January 1	13,684	21,536	20,355	21,459	20,653
Change in scope of consolidation	0	-7,734	0	-2,244	2,306
Service cost ¹⁾	437	95	1,386	962	586
Interest cost ²⁾	675	631	1,153	1,187	213
Pensions payments	-765	-839	-927	-888	-1,217
Realized actuarial profit/loss	1,570	-4	-432	-121	-1,082
Present value of pensions (DBO) as of December 31	15,600	13,684	21,536	20,355	21,459
Unrealized actuarial profit/loss	-1,391	104	-72	856	1,108
Provisions for pensions as of December 31	14,209	13,788	21,464	21,211	22,566

TEUR	2012	2011	2010	2009	2008
Present value of performance-orientated obligations	1,302	1,170	1,368	1,272	2,291
Realized actuarial profit/loss	0	0	0	0	0
Provisions for jubilee payments	1,302	1,170	1,368	1,272	2,291

¹⁾ Recognized in the income statement in the position "personnel expenses" ²⁾ Recognized in the income statement in the position "interest result"

Annex 3

CHANGES IN SHORT-TERM PROVISIONS IN THE FINANCIAL YEAR 2012

TEUR	Balance as of January 1, 2012	Change in scope of con- solidation	Currency translation	Utilisation	Release	Addition	Balance of December 31, 2012
Provisions for vacation	5,325	0	0	4,394	174	2,639	3,397
Provisions for anticipated losses and risks	5,943	0	2	2,364	2,389	886	2,078
Provisions	19,074	-17	-3	10,299	1,956	7,467	14,268
	30,342	-17	-1	17,057	4,518	10,993	19,743

CHANGES IN SHORT-TERM PROVISIONS IN THE FINANCIAL YEAR 2011

TEUR	Balance as of January 1, 2011	Change in scope of con- solidation	Currency translation	Utilisation	Release	Addition	Balance of December 31, 2011
Provisions for vacation	5,899	-1,725	1	3,091	274	4,514	5,325
Provisions for anticipated losses and risks	11,080	-2,461	0	3,893	1,043	2,261	5,943
Provisions	15,291	-3,039	5	4,314	3,726	14,856	19,074
	32,270	-7,225	6	11,298	5,042	21,631	30,342

Annex 4

SCHEDULE OF GROUP INVESTMENTS AS OF DECEMBER 31, 2012

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	80.0	KV
Polytec Foha Inc.	Warren	USA	POLYTEC Holding AG	80.0	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
PDN Real Estate GmbH	Bötzingen	GER	Polytec Holding Deutschland GmbH	100.0	KO
PT Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV
POLYTEC Composites Beteiligungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KV
POLYTEC Composites Verwaltungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KO
POLYTEC Composites Germany GmbH & Co KG ²⁾	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV
POLYTEC Compounds GmbH & Co. KG ²⁾	Gochsheim	GER	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
Polytec Inmuebles S.L. i.L.	Zaragoza	ESP	POLYTEC Holding AG	100.0	KO

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

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

Statement of all legal representatives

According to Section 82 Para. 4 Pt. 3 Austrian Stock Corporation Act

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

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable

accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Hörsching, March 27, 2013

The Board of Directors

Friedrich Huemer 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, 2012 to December 31, 2012. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2012, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2012, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

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

AUDITORS' RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

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

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

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2012 and of its financial performance and its cash flows for the fiscal year from January 1, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 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.

Leonding, March 27, 2013

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

Ulrich Dollinger

Josef Spadinger

Certified Public Accountant

Certified Public Accountant

FINANCIAL CALENDAR 2013

Results for the fourth quarter and the financial year 2012	April 4
Interim report for the first quarter 2013	May 15
Annual General Meeting 2012	May 22
Ex-dividend day	May 27
Dividend payment day	May 31
Interim report for the first half year 2013	August 7
Interim report for the third quarter 2013	November 6

DETAILS ABOUT POLYTEC SHARES

ISIN	AT0000A00XX9
Ticker symbols	
Vienna Stock Exchange	PYT
Reuters	POLV.VI
Bloomberg	PYT AV
Market segment	prime market
First trading day	May 2, 2006
Issue price per share	EUR 7.75
Number of shares issued	22,329,585
Authorized capital	EUR 11,164,792
Free float	55.8%



INVESTOR RELATIONS

Manuel Taverne
Head of Investor Relations

Tel.: +43 7221 701 292
Fax: +43 7221 701 38
investor.relations@polytec-group.com
www.polytec-group.com

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, 2013

Imprint

Editor: POLYTEC Holding AG
Polytec-Straße 1, 4063 Hörsching, Austria
Phone: +43 7221 701 0, Fax: +43 7221 701 35
E-Mail: office@polytec-group.com, www.polytec-group.com

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POLYTEC GROUP