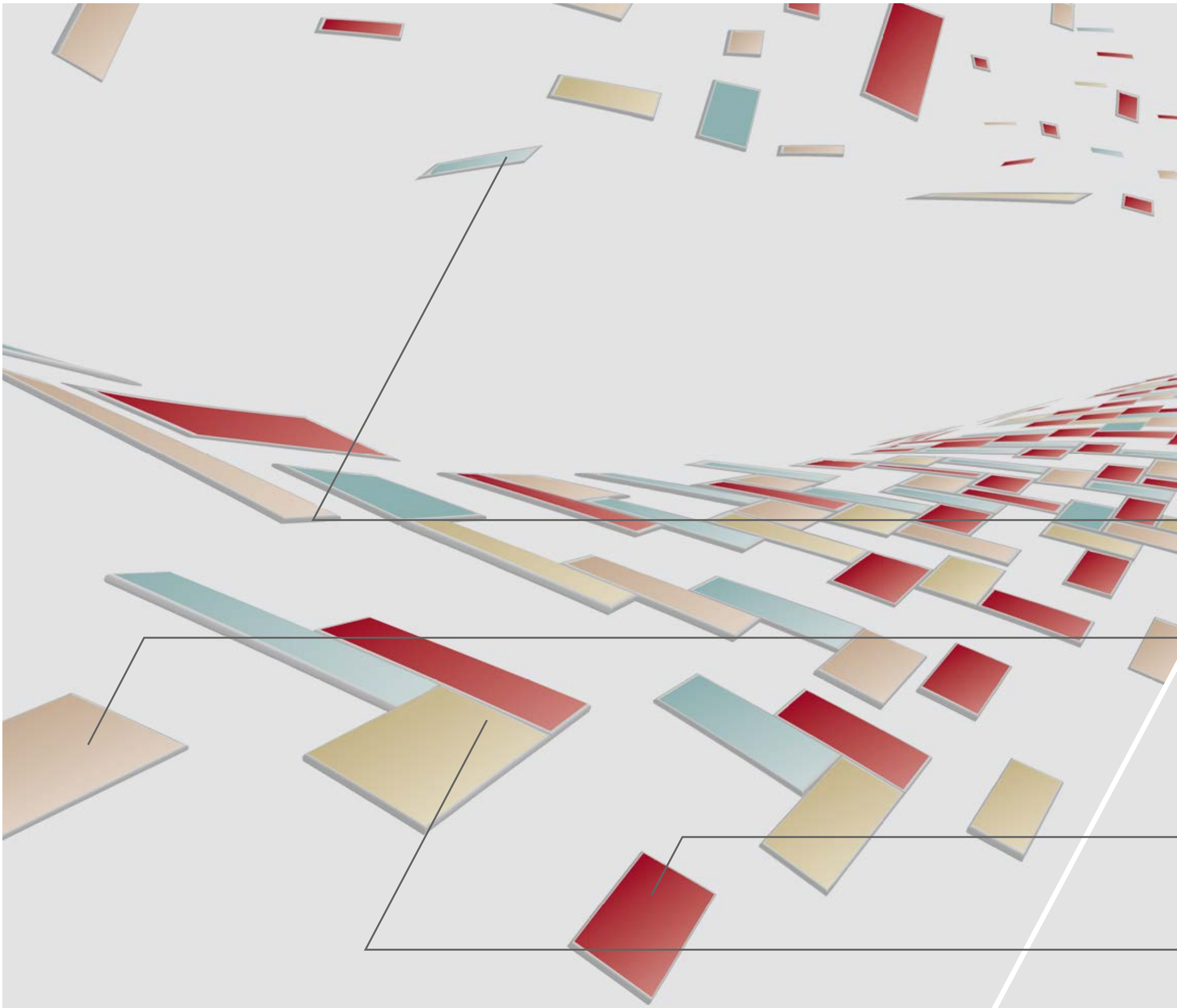
MAG **15**

ANNUAL REPORT **2015**

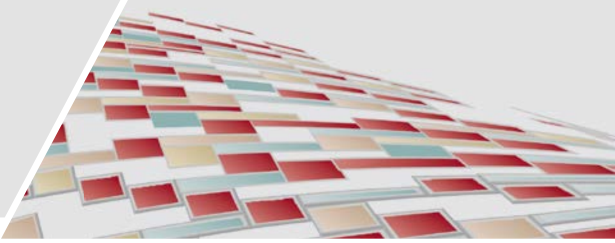
POLYTEC

PASSION FOR POLYTEC

AT 0000 A00XX9



Founded in 1986, the POLYTEC GROUP is a leading developer and manufacturer of high-quality plastic components with 25 locations and over 4,200 employees worldwide. For 30 years, the Austria-based company has been offering its customers experience and know-how, not only as a complete supplier in the injection moulding field, but also a specialist for fibre-reinforced plastics, a producer of original accessories made from plastic and special steel, and a developer of individualised industrial solutions in polyurethane, as well as the machines and plants needed for this purpose.



PASSION CREATES INNOVATION

INVESTMENTS
EUR 134.4 million

30 YEARS OF EXPERIENCE IN INNOVATIVE PLASTIC SOLUTIONS

TURNOVER
EUR 626.5 million

>4,200
EMPLOYEES

POLYTEC numbers globally renowned automotive and commercial vehicle manufacturers among its customers, but is also increasingly supplying other markets outside this sector. The most important criteria in both cases consist of innovative technologies, perfect quality and absolute punctuality of delivery in combination with competitive prices.

In both the automotive and non-automotive areas, POLYTEC provides excellent value added depth in every segment. This incorporates design and project development, as well as the production of tools and semis for fibre compound materials, component simulation and testing, and virtually all the available plastics processing technologies. In addition, POLYTEC supplies excellent performance in the shape of downstream processes such as painting, assembly and just-in-time or just-in-sequence delivery.

POLYTEC GROUP

KEY FIGURES 2015

Key figures from the consolidated income statement	Unit	2015	2014	2013
Sales	EUR million	626.5	491.3	476.6
thereof passenger cars	EUR million	420.1	315.7	291.5
thereof commercial vehicles	EUR million	148.1	123.1	138.4
thereof non-automotive	EUR million	58.3	52.5	46.7
EBITDA	EUR million	59.7	36.5	36.4
EBIT	EUR million	36.6	20.6	20.2
Earnings per share	EUR	1.08	0.62	0.65
EBITDA margin (EBITDA/sales)	%	9.5	7.4	7.6
EBIT margin (EBIT/sales)	%	5.8	4.2	4.2

Balance sheet key figures	Unit	2015	2014	2013
Balance sheet total	EUR million	485.1	424.0	273.1
Equity ratio (equity/balance sheet total)	%	33.6	34.0	50.2
Investments in tangible assets	EUR million	134.4	31.2	21.5
Net working capital	EUR million	50.5	56.2	49.3
Net working capital in % of sales (NWC/sales)	%	8.1	11.4	10.4
Average capital employed	EUR million	219.1	150.3	132.0
ROCE before tax (EBIT/capital employed)	%	16.7	13.7	15.3
Net debt (+)/assets (–)	EUR million	99.1	11.8	-11.6
Net debt to EBITDA	–	1.66	0.32	-0.32
Gearing	–	0.61	0.08	-0.08

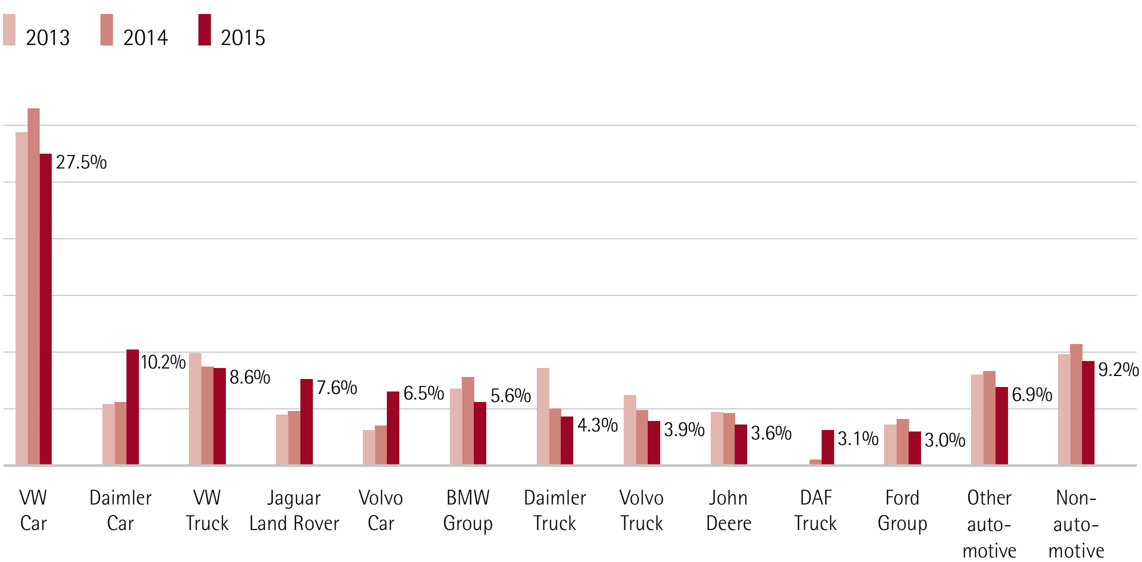
Cash flow key figures	Unit	2015	2014	2013
Cash flow from earnings	EUR million	49.1	27.3	29.9
Cash flow from operating activities	EUR million	51.3	20.8	27.2
Cash flow from investing activities	EUR million	-69.2	-37.7	-16.3
Cash flow from financing activities	EUR million	-36.4	94.5	-14.5

Personnel key figures (incl. leased staff)	Unit	2015	2014	2013
Employees on annual average	FTE[1]	4,247	3,581	3,516
Employees as of December 31	FTE	4,223	4,162	3,504
Sales per employee	TEUR	147	137	136

[1] FTE: full-time equivalents

POLYTEC share (AT0000A00XX9)	Unit	2015	2014	2013
Year-end closing price	EUR	7.66	6.25	6.79
Highest closing price during the year	EUR	8.45	8.54	7.25
Lowest closing price during the year	EUR	6.20	5.90	5.94
Market capitalisation at year-end	EUR million	171.0	139.6	151.6
Money turnover (daily average, double counting)	Shares	45,660	45,126	48,750
Earnings per share	EUR	1.08	0.62	0.65
Proposed dividend per share	EUR	0.30	0.25	0.25
Year-end dividend yield	%	3.9	4.0	3.7

GROUP SALES BY CUSTOMER



50

NEW FULLY AUTOMATED PAINTING PLANT

IN ONLY 18 MONTHS A NEW WORKS HALL WAS BUILT IN CENTRAL ANATOLIAN AKSARAY

22

TRENDSETTING:
THE NEW POLYTEC GROUP MISSION STATEMENT

34

NON-AUTOMOTIVE INITIATIVE BEARS FRUIT IN EBENSEE

INVESTMENT IN THE TENS OF MILLIONS

CONTENTS

EDITORIAL
3 An undying passion for POLYTEC

30 YEARS POLYTEC
4 30 years of future – the history of the POLYTEC GROUP
6 30th anniversary – founder and CEO of the POLYTEC GROUP takes stock

BOARD OF DIRECTORS IN INTERVIEW
13 "... have essentially laid the cornerstones for the future ..."

COMPANY
20 Still stronger through teamwork: POLYTEC is completing the targeted harmonisation of internal group processes that are critical to success
22 The new POLYTEC GROUP mission statement
24 Well-positioned: Business units and products
26 Business units and locations

STRENGTHEN THE MARKET POSITION IN EUROPE
28 POLYTEC TOOLING: New subsidiary provides increased value added depth
29 PPS: Do it simply, but systematically!
32 Corporate culture takes the lead
34 A non-automotive initiative bears fruit in Ebensee

NEW TECHNOLOGIES AND APPLICATIONS
38 Lightweight construction and functional integration: One part that plays many roles
41 Carbon fibre reinforced plastics: Sustainability terra nova
44 When it comes to underbodies, POLYTEC is the tops
46 Jaguar Land Rover: Individuality in series

NEW MARKETS
48 China: Erwin Reineke in an interview about building the plant in Tianjin
50 Turkey: Aksaray relies on group-wide teamwork

SHARE & CORPORATE GOVERNANCE
54 Share & Investor Relations
58 Corporate Governance
64 Report of the Supervisory Board

FINANCIALS 2015
66 Group Management Report
76 Consolitated financial statements
84 Notes to the consolitated financial statements
123 Statement of all legal representatives
124 Auditors' report

126 Service/imprint

128 Glossary

AN UNDYING PASSION FOR POLYTEC

Thirty years have elapsed since I laid the foundation stone for the POLYTEC GROUP of today with the launch of POLYTEC Kunststoffverarbeitungs GmbH in 1986. Now, this era, which was characterised by numerous successes both large and small and naturally some reverses, lies behind many of the group's employees and customers and myself. This is reason enough to reflect in this financial report upon three decades full of trust, innovative spirit and endeavour, and an undying PASSION FOR POLYTEC.

A look back at the very recent past shows that from a variety of perspectives 2015 represented a highly satisfactory year for the POLYTEC GROUP. Our newly erected painting plant at Aksaray in Turkey and the injection moulding plant in Tianjin, China, both commenced test operations and in the meantime are in full production. Moreover, owing to a major order from a non-automotive customer we were able to initiate an extensive investment and capacity enlargement programme at the Ebensee plant. The integration of the two plants in the Netherlands, purchased in 2014, also progressed as planned.

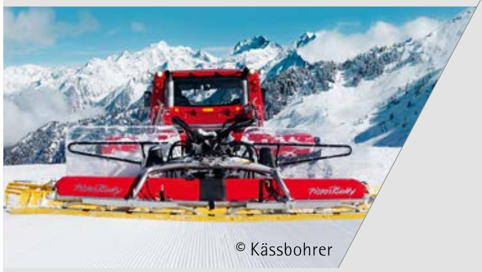
The figures for the past year were equally promising with marked increases in sales revenues, EBIT and the net result. This was the consequence of organic growth in existing business and the plants acquired in 2014. Furthermore, these results are all the more pleasing when one considers the fact that the market environment continues to be extremely demanding. As a reaction, during 2015 we made considerable investments in both the optimisation of our production footprint in Europe and enhanced efficiency.

During 2015, we also implemented decisive strategic measures with regard to our corporate culture. Under the heading "ONE POLYTEC" in particular considerable progress was made with respect to the issues of leadership, communications and employee qualifications, in order to strengthen the anchorage of individual responsibility and entrepreneurial action throughout the entire group. A new mission statement, tighter business unit control and coordination, the POLYTEC Leadership Academy and our PPS (POLYTEC Performance System) lean management programme are just some examples of the multifarious measures implemented in this field. The background to this scenario is provided by the increasingly complex demands of the market and the aforementioned initiatives constitute our proactive and future-oriented response. This is because our declaration of belief, PASSION FOR POLYTEC, will continue to apply in the years ahead.

Yours sincerely,
Friedrich Huemer

30 YEARS OF FUTURE

THE HISTORY OF THE POLYTEC GROUP


© Kässbohrer

1986
Together with his wife Ulrike, Friedrich Huemer founds the POLYTEC Kunststoffverarbeitungs GmbH and thus lays the foundation stone for the POLYTEC GROUP of today. Finishers are manufactured for Kässbohrer snow groomers.

1995
With the purchase of a majority interest in the German company Thelen, one of the most important players in the PUR processing market, Friedrich Huemer completes today's POLYTEC INDUSTRIAL. In addition, with the acquisition of f/o/r Kunststofftechnik, POLYTEC enters the automotive supply industry. In a parallel move, Friedrich Huemer hands over the executive management of POLYTEC INDUSTRIAL to his wife Ulrike.

In addition, expansion of the automotive field continues with the acquisition of a majority interest in the Canadian company FOHA (now POLYTEC FOHA) and a participation in Ratipur Autófelszerelés, Hungary.

1997
POLYTEC acquires Holden Hydroman (today POLYTEC CAR STYLING) in Bromyard, UK and founds POLYTEC FOHA in the USA.

Foundation of the POLYTEC GROUP

1986

1995

Entry into the automotive supply industry
Turnover of EUR 15 million

Major extension of plastics competence through the expansion of the injection moulding serial production business (2002) and entry into the fibre compound technologies field (2001)
Turnover of EUR 204 million

2002

1988
Friedrich Huemer takes over the Sempollan Department from his former employer Semperit. This acquisition marks the starting-point of a long-term growth strategy based on company acquisitions. At the same time, work begins in Marchtrenk on the first self-owned production facility.

1990
With the takeover of the Swiss company "Spritztechnik" and its transfer to Upper Austria, Friedrich Huemer establishes another milestone in company history. Today, the resultant POLYTEC EMC numbers among the world's leading manufacturers of systems for the dosing of liquid, multi-component plastics.

1996
Takeover of the German company Rentrop. Until 2011, the company operated as part of the subsequent POLYTEC INTERIOR. With this acquisition, the entry into serial automotive production succeeded through injection moulding technology.

2000
Capvis becomes an equity partner with a 67% interest.

2001
Supplementation of plastics competence through entry into the field of fibre compound technology via the purchase of two plants of the Lear Corporation in Sweden and Italy (subsequently POLYTEC COMPOSITES Sweden and POLYTEC COMPOSITES Italia). Acquisition of the Belgian company Avo (now POLYTEC CAR STYLING Schoten).

2002
Major expansion of injection competence and expansion of the product portfolio toward the engine compartment through the takeover of Thermoplast (today POLYTEC PLASTICS) in Idstein, Germany, and Riesselmann & Sohn in Lohne, Germany, which is now POLYTEC PLASTICS Germany.


© MAN

2007
Apart from an interest in the Portuguese company Inapal Plásticos, POLYTEC takes over today's POLYTEC COMPOSITES Germany, POLYTEC COMPOUNDS, POLYTEC INDUSTRIELACKIERUNGEN in Germany, as well as a further Menzolit-Fibron location in Slovakia (now POLYTEC COMPOSITES Slovakia).

In the same year two further takeovers follow with the acquisition of POLYTEC PLASTIK in Turkey and ISE Intex in Germany (as part of POLYTEC INTERIOR).

2010
Sale of POLYTEC COMPOSITES Italia.

2011
Sale of POLYTEC INTERIOR and takeover of Plastics Products Innovation (now POLYTEC PLASTICS) in Ebensee, Austria.

2014
POLYTEC lays the foundation stone for a new injection moulding plant in China and takes over two voestalpine locations in the Netherlands. The latter companies now operate under the names POLYTEC COMPOSITES NL and POLYTEC PLASTICS NL.

2006

IPO
Turnover of
EUR 525 million

2016

Expansion of the global presence, start of production in China and Turkey
Turnover of
EUR 626 million

2004
POLYTEC purchases the Lohner paint plant (as part of POLYTEC PLASTICS Germany in Lohne) und founds a new POLYTEC PLASTICS Germany location in Wolmirstedt, Germany.

The same year sees the takeover of the seven locations of Findlay Industries in Germany, Spain, Poland and South Africa (subsequently POLYTEC INTERIOR).

2006
IPO on the Vienna Stock Exchange and Capvis withdrawal. As a core shareholder, Friedrich Huemer holds 33% of shares.

2008
Takeover of Peguform, Germany.

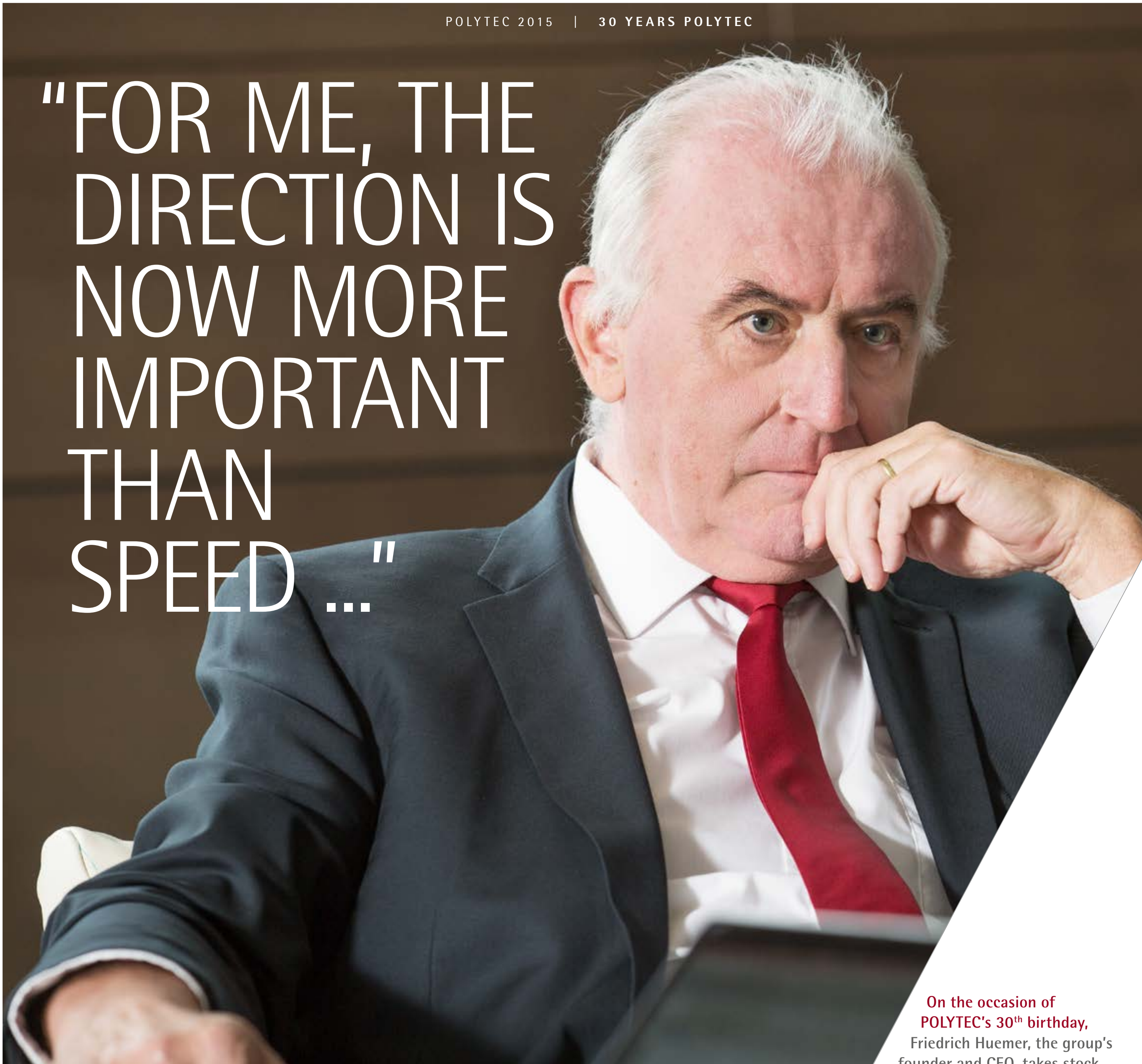
2009
POLYTEC decides to sell off Peguform except for the POLYTEC COMPOSITES Weiden, Germany, and POLYTEC COMPOSITES Bohemia, Czech Republic locations.

In addition, the company purchases an interest in the Swedish company Ljungby Komposit AB and closes down the POLYTEC COMPOSITES Sweden location.

2015
POLYTEC purchases the Germany company, WIN Coatings, and integrates it as POLYTEC INDUSTRIE-LACKIERUNG Weiden, Germany.

The group extends its value added chain in the toolmaking area with the takeover of AdMould (now POLYTEC TOOLING) in Thannhausen, Germany (see also page 28).

"FOR ME, THE DIRECTION IS NOW MORE IMPORTANT THAN SPEED ..."



On the occasion of POLYTEC's 30th birthday, Friedrich Huemer, the group's founder and CEO, takes stock.

Shortly before the 30th anniversary of the founding of the POLYTEC GROUP, I met Friedrich Huemer at his headquarters in Hörsching. The purpose of this appointment was an interview for the annual report, which would offer a look back at his three decades as a businessman. Thirty years that have seen virtually innumerable successes both large and small, and naturally also a few reverses not to mention one major disappointment in the shape of the Peguform takeover in 2008. This was a flop and an unusual experience for the previously high-flying Friedrich Huemer. The consequences of this setback, which had been triggered largely by the financial crisis, were to concern him for years. However, in the meantime this chapter is now history and POLYTEC has begun to grow again, but more on this topic later.

By Georg Male

Friedrich Huemer as a young entrepreneur in his office in Marchtrenk (1992)

When we meet, as usual Friedrich Huemer (58) is in top gear. We have just three hours for our conversation, which is squeezed in between other important appointments. This may sound like a considerable amount of time, but not necessarily for a review of thirty turbulent years, and especially when someone can describe events with such liveliness, details and plasticity as Friedrich Huemer. He recalls everything down to the smallest detail and is more than willing to share his memories. He speaks of the courage to take risks, the attraction of self-employment, working around the clock, tough negotiations, rapid decisions, and trust. Moreover about growth, as on several occasions in the first two decades of its existence, POLYTEC doubled its sales revenues in a very short space of time.

A start out of nothing

This is all the more remarkable when one considers the fact that the company literally came from nowhere. Friedrich Huemer: "I was brought up in simple circumstances and having founded a family and built a house had no money. Therefore, I had to start small and had originally hoped to persuade Semperit, my employer at the time, to sell me my department, which produced PUR elastomer parts under the name "Sempollan". I would then have become self-employed, but unfortunately at first this offer was not accepted. I had nevertheless quit my job and did not wish to take back my resignation, therefore I had no choice but to launch something new." It should be added that at a retailer meeting, the then 28-year-old Friedrich Huemer interpreted a remark by a member of the Semperit board as meaning that the closure of production in Linz was only a matter of time. This assumption, which incidentally was to come true just a few years later, was the reason why he decided to go it alone.

Friedrich Huemer was already accustomed to thinking in entrepreneurial terms, as at Sempollan he had been responsible for both production and sales, and within a very short time had managed to double his business area's sales. However, he was now confronted by additional tasks and challenges. As he remembers: "I suddenly had to deal with topics such as commercial law and →

The first production facility of what was to become the POLYTEC GROUP was built in Marchtrenk, Upper Austria in 1988. Almost immediately after its completion, the location was enlarged in the course of the first business acquisition.

A venture into automotive terra nova. Polyurethane processing for the automotive accessories market in 1995 at the current CAR STYLING location in Hörsching. With the takeover of the then f/o/r, Friedrich Huemer assumed responsibility for more than 200 additional employees.

financing, while at the same time contacting my former customers and attempting to land initial orders."

A start with industrial business

This hurdle was quickly surmounted as a major company placed its trust in Friedrich Huemer. For its snow groomers, Kässbohrer ordered a so-called finisher made of plastic, which gives the snow a final smoothing. Friedrich Huemer: "It was quite remarkable that such an important customer would entrust a completely new development to a private person, who at this point in time had neither a company nor a location. Therefore, it was only logical that my wife and I did everything possible and more, in order not to disappoint Kässbohrer's expectations."

In this situation it was also extremely helpful that Friedrich Huemer was able to gain the confidence of a second party. A financier who had advertised for investment possibilities provided two and a half million schillings (some EUR 180,000), which as Friedrich Huemer says, "greatly simplified our discussions with the banks and allowed us to start up our first modest production activities." The trust of the investor was also to pay dividends. "In 2000 when Capvis arrived, he sold off his interest and earned his initial investment several times over. For him, this deal proved to be record-breaking."

Notwithstanding these developments, Friedrich Huemer's path to the start of deliveries to Kässbohrer turned out to be somewhat stony. Literally the most painful of the related obstacles was a car crash in August 1986, which occurred when he was on his way to a job centre to hire new employees. Friedrich Huemer: "I was totally out of action for three weeks and logically this was a considerable setback. However, in the end we managed and as planned the contract ran continuously until March 1987. For my wife and me meeting this delivery date meant working on the machines on Saturdays and Sundays and after the accident for me this involved standing on two crutches."

Two decades of growth

Following the successful conclusion of the first Kässbohrer order, Friedrich Huemer was able to turn to other topics and in particular the acquisition of additional customers. The signals were thus set at growth and this was to remain the case for some twenty years. The main impetus in this regard was provided by a notable series of company takeovers with which from 1988 onwards POLYTEC continually obtained new customers, product segments and market share. As Friedrich Huemer recollects: "The first and most pleasing step in this direction was the purchase of my former production area from Semperit, which was thus successful at a second attempt. We moved the production that Semperit wanted to shut down from Linz to Marchtrenk, where we were already in the process of building a production hall. This simply now became somewhat larger."

Moreover, the fact that shortly before Christmas 1988, the hall burned down completely only two days before being finished, slowed down the expansion process, but could not halt it. For in 1990, just a few months after the Sempollan acquisition, there followed the purchase of the production of the Swiss injection moulding equipment manufacturer Spritztechnik from its insolvency assets. Friedrich Huemer: "After the Sempollan takeover, I had no wish to drop down a gear, but instead wanted to continue buying. Our production was running smoothly and we had all the prerequisites for further growth. In addition, up to this point I had been dissatisfied with all our machinery and wanted to build something better myself." This ambition was realised and in addition Friedrich Huemer obtained valuable experience in company restructuring and integration, which were topics that were to form a thread running through the next few years.

Entry into automotive business with CAR STYLING

This was again the case in 1995, when POLYTEC took over two companies that were in difficulties. One of these was Thelen, which in Friedrich Huemer's opinion was his most dangerous competitor, especially with regard to his major customer Kässbohrer, and the other was f/o/r Kunststofftechnik in Hörsching. This sup-

Sales folder 1997

plemented previous industrial business with entry into the automotive supplier sector. The family-owned Thelen had already slid into bankruptcy and as Friedrich Huemer recalls: "Here we succeeded in completing a takeover in record time, which incidentally took place in cooperation with Peter Stinshoff, the son of the company founder, who took out a minority holding. In the retrospective this solution proved to be most advantageous, as Peter Stinshoff now has a minority interest in our INDUSTRIAL Business Area, which he jointly administers with great success in teamwork with my wife."

At the time of its takeover, f/o/r was also making considerable losses on a scale of 10 to 15 per cent of annual sales revenues and was therefore in imminent danger of becoming insolvent for a second time. As Friedrich Huemer recollects: "In this case I was encouraged to complete a short-term takeover by Raiffeisen Landesbank Upper Austria as the financing bank. This was also the starting-point for intensive business relations with the bank, which have continued up to today. By the way, this acquisition was also very special for me from an emotional standpoint, as ten years previously on my way to work at Semperit, I always drove past the company and thought to myself that one day I would like to work there as a salesman, little imagining that I would eventually pass through the gates as the owner!"

With f/o/r, POLYTEC obtained a new plant that not only provided access to the previously uncharted and exciting automotive industry, but also expertise in the polyurethane processing field, which formed a bridge to the company's existing production experience. Today, POLYTEC's CAR STYLING Business Unit has annual sales in excess of EUR 100 million and according to Friedrich Huemer: "In purely organic terms we have quadrupled in size and in addition other purchases have been made." One of these was the UK company Holden Hydroman, the current POLYTEC CAR STYLING Bromyard, which was acquired at the turn of the year 1996/97 in a takeover that supplemented to perfection both the customer structure and sales markets of the Hörsching plant.

Enlargement to include the PLASTICS Business Unit

However, the initial purchase in the automotive business field, although in a different area, took place in 1996 with the takeover in a share deal of the German thermoplastics specialist Rentrop. In this case, 80 per cent of company production consisted of automotive parts and 20 per cent of leisure furniture. The latter was shut down, but the former provided entry into PLASTICS serial production, which today is a POLYTEC cornerstone.

The leap into serial production business

Following a consolidation phase in which the acquired companies were stabilised and integrated into the group, the turn of the millennium saw another burst of takeovers. In 2001, the plants of the Lear Corporation in Italy and Sweden were purchased and this ushered in the successful start of COMPOSITES business. During 2002, POLYTEC then purchased the German companies Thermoplast in Idstein and Riesselmann in Lohne, and thus definitively became a significant player in the injection moulding field. Friedrich Huemer: "The combination of the three Rentrop, Thermoplast and Riesselmann locations was ideal. Without changing anything fundamental, we were able to turn what were previously extremely heterogeneous order and use of capacity situations into perfectly coordinated plants. The management team from Riesselmann, which also co-managed the two other locations, played a significant role in this connection and helped us to thus multiply our sales in the PLASTICS area."

2004 then saw the takeover of the European activities of the US Findlay Group in what at this point was the biggest step in company history. Especially in the INTERIOR business this created a quantum leap and in the course of a single transaction POLYTEC acquired four plants in Germany and one each in Poland, Spain and South Africa.

Increased acquisition capacity through financial partners

The investments of this period and beyond were completed jointly with the Swiss private equity fund Capvis as a financial investor. Capvis had already taken a majority interest in POLYTEC in 2000 for as Friedrich Huemer explains: "At the turn of the millennium, I suddenly became aware of the fact that although I had been constantly working at high pressure for fifteen years and had achieved major successes, all the profits had constantly been ploughed back into the company in order to finance growth. Therefore, I decided it was time to harvest at least part of the fruits of my labours to date while at the same time spreading the risks. For the first time, I therefore saw my role as not only being that of a manager, but also an investor." →

1996 saw entry into serial injection moulding production, which represented another automotive business milestone. In 2002, this area was further expanded through two new acquisitions.

Friedrich Huemer therefore reduced his holding to 33 per cent and his founding partner sold all his shares with the result that Capvis acquired a 67 per cent interest in POLYTEC. Apart from his stocks, Friedrich Huemer also retained the group's real estate: "This was partly due to valuation questions and partly my desire to remain more deeply involved from an emotional point of view. It was also important for Capvis, as it wanted me to continue to help support and shape POLYTEC's course as both a manager and a shareholder."

POLYTEC goes public

Following the acquisition of the Findlay plants, in 2005 POLYTEC had sales revenues of some EUR 500 million and had thus reached the critical mass required for going public. At the same time the last takeover showed the limits of the cooperation with financial investors, as the interests of several funds and one operatively active core shareholder were not always easily reconciled. Therefore, at the end of 2004 deliberations began regarding a stock exchange float in which Capvis would sell off its shares. Following intensive preparations the moment came in the spring of 2006 and POLYTEC found its way onto the stock lists of the Vienna Stock Exchange and from 28 April was noted in the Prime Market. Capvis sold all its shares to free float stockholders and in the course of a capital increase that took place parallel to the IPO, Friedrich Huemer purchased shares in order to maintain his 33 per cent holding.

Friedrich Huemer has extremely positive memories of this milestone: "To a certain extent, the IPO meant that POLYTEC took a step backwards to once again become a family firm. With 33 per cent, I was now the largest core shareholder and logically had a correspondingly major say in business matters. Nonetheless, I was unable to decide everything alone, as I had to keep the interests of all the stockholders in mind. I still feel very happy with this structure and I continue to be fully convinced of the correctness of the decision to go public, even though the formalities in connection with a stock exchange listing are partly most complicated. Our customers also appreciate the higher degree of transparency thus created and it is also useful in other ways, as exemplified by our dealings with banks and suppliers."

Further acquisitions

The sequence of acquisitions did not cease with the IPO. Just a year afterwards, Menzolit-Fibron, which was without doubt POLYTEC's most dominant competitor in the COMPOSITES business area, started to get into difficulties. Important customers soon signalled that they would favour a takeover by POLYTEC and as usual Friedrich Huemer was quick to seize the opportunity. In the same year, the purchase of the equally insolvent ISE Intex resulted in another excellent supplement to the product programme, as this company focused primarily on the production of injection moulded components for vehicle interiors and the engine bay. Both acquisitions were then integrated into the group in record time.

In the summer of 2007, Friedrich Huemer conducted initially unfruitful negotiations with the US fund Cerberus, familiar in Austria due to its ownership of the BAWAG. "These talks related to the purchase of Peguform, one of Europe's leading automotive sub-suppliers with sales revenues of around EUR 1.2 billion. I regarded this transaction as interesting

With its IPO POLYTEC opened up fresh financing possibilities, which in the coming years were used successfully by the group for its growth strategy.

The POLYTEC world has become more diverse and colourful as a result of numerous acquisitions and technological expansion in the fibre compound field. These initiatives have opened the door to the commercial vehicle market for the group and provided fresh competence with regard to the paint coating of exterior components.

because apart from an improvement in our customer structure and considerable synergy effects, it would have facilitated our joining the largest one hundred suppliers to the automotive industry. In the plastics sector, we would have become one of the world's absolute top players with decisive impulses for our globalisation strategy. Peguform's main customer also gave us to understand that it would like to see a takeover on our part, but Cerberus' price demands were illusionary and therefore we soon withdrew from the negotiations."

However, Cerberus had not given up its efforts to sell and what followed was a structured process, but this failed to achieve the desired success. Friedrich Huemer: "Cerberus therefore approached me again in the spring of 2008 and suggested that it might be prepared to accept my earlier offer. Once again the main customer issued clear signals that it would advocate and support our entry and consequently we resumed negotiations." At the request of the seller, these were to be concluded as quickly as possible, an aspect of the deal that was soon to prove fatal.

A serious setback – The Peguform takeover

Friedrich Huemer: "During the summer, we had already been negotiating for some weeks and I was about to depart for a long-planned, three-week trip to the USA. My flight, which had been postponed due to the negotiations, was fixed for the next day. Then suddenly Cerberus agreed to all my demands and therefore the transaction could take place at what appeared at that time as an extremely attractive price. Accordingly, we immediately closed the deal and I cancelled my American holiday, which in the retrospective was the worst decision of my career."

What no one could know at this point was that two weeks later on 15 September 2008, Lehman Brothers folded and in the final analysis plunged the entire global economy into crisis. The forecasts for Peguform were not even worth the paper on which they were written and the repayment of the loans taken out for the purchase was no longer guaranteed. Friedrich Huemer immediately contacted the banks, but they had other worries and the customers were either unable or unwilling to help.

By the time those involved finally got around to dealing with the issue, a rescue had become impossible. Months of negotiation resulted in a painful solution for POLYTEC, which at the end of June 2009 was also approved by the stockholders during an extraordinary AGM. With the exception of two COMPOSITES plants, POLYTEC gave up Peguform together with the loans taken out for the purchase and was therewith largely rid of debt. What remained was the loss of the EUR 50 million in liquidity that the company had used for the takeover, an almost year-long blockade regarding important decisions and a damaged reputation amongst company customers. This was a massive reverse, but nonetheless the company still escaped relatively lightly. Many others suffered far more in the international financial and economic crisis.

However, for Friedrich Huemer the whole affair still has a bitter aftertaste: "This has nothing to do with looking for culprits for these difficulties. It could be that the Peguform management was a little too ambitious with its forecasts that we were a little too optimistic. What disappointed me was being deserted. Both the banks and the customers had clearly encouraged us to buy Peguform, but when the going got tough there was no support from either side, and the entire risk landed in my lap. This experience of the simultaneous interdependency between the customers and the banks left a deep impression. In the case of the customers, a certain dependency is normal and generally of a mutual and short- or medium-term nature, which we can accept. However, at the time I swore that I would never again rely on the banks."

Consolidation and a return to a growth course

No sooner said than done. The package of solutions wrapped up with all those involved had hardly been completed when Friedrich Huemer started to place →

Aimed technology and knowledge transfer from Europe to emerging markets creates new production. Finally, this strategic pillar has been successfully realised in the Chinese industrial city of Tianjin (picture) and Aksaray in Turkey.

→ POLYTEC's financing structure on a sound and above all independent basis. This was not so simple, as the economy had still not recovered from the crisis, as reflected by the sales figures and thus the parts requirement of the automotive industry. In addition, a great many internal matters required optimisation. Nevertheless, Friedrich Huemer did not give an inch and as he remembers with some satisfaction: "In 2010 our aim of achieving a solid balance structure was largely achieved and in 2011 we were finally able to shake off the supervision of the banks by disposing of the INTERIOR business area. On the one hand this was important in order to grow organically and through acquisitions. On the other, up to this juncture the customers had seen us as being in difficulties and we had to correct this impression."

By 2012 financial freedom had been recovered and once again potential candidates for acquisitions were scrutinised. However neither this year nor the next saw a concrete transaction. Friedrich Huemer: "The targets simply did not suit, either from a strategic fit perspective or owing to the asking prices of the sellers. In addition, following the experiences with Peguform, I had changed as a person and even today it still applies that the direction is more important than speed. The fact that our course was and is in order was finally evidenced in 2014 with an initial purchase. POLYTEC acquired two plants in the Netherlands from voestalpine Plastics Solutions and also made sizeable investments in its own facilities, including a new paint shop in Turkey.

POLYTEC goes to China

Growth was also evident within another context, for if POLYTEC had previously expanded the range of its activities purely through acquisitions or the enlargement of existing locations, it now decided to build a completely new greenfield plant. And not exactly round the corner, but in Tianjin in China, which for POLYTEC was an entirely new market. During the past four years, Friedrich Huemer's son Markus has been largely responsible for the progress of this project, which a few weeks ago went into serial production. Sophisticated engine bay components are being manufactured in a process that requires a high level of technical competence and in China is only offered by a handful of companies. As Friedrich Huemer says, he is content with the project: "In this case we have followed our main customer and with the injection moulded parts manufactured on the spot can provide them with POLYTEC's usual quality. For us, this is a significant step, less from a financial and more from an organisational perspective. However, we have made a good job of it."

And growth continues ...

POLYTEC is therefore once more growing dynamically. Accordingly, the question arises as to whether Friedrich Huemer is again thinking about doubling the group's sales. "One should have a medium-term vision, but no absolutely fixed objectives. However, if I am honest, the growth of recent years was somewhat too slow for my taste, even though the path is in the right direction. If we want to be a global first-tier supplier there can be no doubt that we have to expand. Organic growth and the creation of new capacity like that in China will certainly be insufficient and we will again need acquisitions. Therefore, we are open to every type of transaction, just as long as it does not require bank financing."

Therefore, no peace and quiet, not to mention retirement? Friedrich Huemer with a grin: "I do not wish to be fully active up to 65 or even 70, but there is no predetermined date for a withdrawal. This will certainly depend upon whether or not major issues crop up in the acquisition field in which I must or want to be involved." And with this final comment, he leaves for Linz in order to join other Upper Austrian businesspersons in appealing to the conscience of the provincial governor with regard to location and industrial policy. ■

"... HAVE LAID ESSENTIAL CORNERSTONES FOR THE FUTURE ..."

THE MEMBERS OF THE POLYTEC HOLDING AG BOARD OF DIRECTORS, FRIEDRICH HUEMER, MARKUS HUEMER, ALICE GODDERIDGE AND PETER HAIDENEK, IN CONVERSATION REGARDING THE POLYTEC GROUP'S BUSINESS DEVELOPMENT, PERSPECTIVES AND NEW CORPORATE CULTURE.

"2015 WAS AN EXCEPTIONALLY EXCITING YEAR WITH MANY CHANGES AND OUR CORPORATE AND LEADERSHIP CULTURE WAS ONE OF ITS CENTRAL FOCAL POINTS."

MARKUS HUEMER, COO

Mr. Huemer how did things shape up for POLYTEC in 2015? Last year you were not entirely happy with the operative situation …

Friedrich Huemer: In 2015 we increased our sales revenues by around 30 per cent and our EBIT by roughly 80 per cent, as well as virtually doubling our net result. These figures are thoroughly satisfactory, especially in view of the fact that our market environment continues to be very demanding and in 2015 we also had to deal with one-off expenditure on a number of differing levels. For example we invested several million in our future with the aim of optimising our production footprint in Europe and raising our efficiency still further. This also involved a reduction in the workforce at two COMPOSITES plants, which caused extraordinary expenses of around EUR 4 million. Equally, a large part of the start-up costs for our two new plants in China and Turkey were also incurred in 2015 and all these costs are included in the 2015 result. Against this background, for me the bottom line is in order.

At the same time quite a lot has happened with regard to corporate culture …

Markus Huemer: 2015 was an exceptionally exciting year with many changes and our corporate and leadership culture was one of its central focal points. This was essential, because owing to the systematic and successful implementation of our three strategic cornerstones consisting of a strengthening of our position in Europe, the development of new technologies and applications, and the creation of production sites in growth regions, we are increasingly becoming a supplier of modules and systems for plastics solutions. Consequently, group complexity is on the rise and if in the past our products could generally be allotted to certain technologies and thus business units, today these delineations are becoming steadily more blurred. We are selling solutions and modules and employ the most appropriate technology for the task. For example, products that were once manufactured using composites technology for reasons of cost, weight and processing are now optimised by means of an intelligent material mix from all our business units. On the one hand, this necessitates close cooperation between the technical departments and thus the harmonisation of important company processes and on the other, faster and qualified decisions on a middle management level. Accordingly, under the motto "ONE POLYTEC" we have recently dealt intensively with the topics of individual responsibility, leadership, communications, employee qualifications and the standardisation of our procedural organisation. The resultant measures included the formulation of a new mission statement, the definition of the POLYTEC Leadership Principles, the founding of the POLYTEC Leadership Academy and our PPS lean management programme. As a consequence, we have established a solid platform for POLYTEC's future.

If I may return to the figures for 2015, what percentage of the improvement in sales revenues and the result emanated from the new plants in the Netherlands and what effect did the takeover of real estate from Friedrich Huemer have?

Peter Haidenek: The new plants contributed to both the rise in sales revenues and the improved result. We therefore continue to regard this acquisition as extremely positive and envisage continued positive development. In this area we are undoubtedly on the right road and the market shares this opinion.

The takeover of the company real estate in March 2015 also had a markedly beneficial impact. On an EBIT basis the effect amounted to around EUR 6.4 million, which means that for POLYTEC this investment brought notable interest of 9 per cent. As a result, the switch from being a tenant to an owner and from rent to depreciation has clearly paid dividends for the group.

If we take a brief glance at the market environment, how is demand shaping up and what is the general mood in the automotive industry?

Alice Godderidge: In principle little has changed in the market since last year. There have neither been slumps nor massive upward surges in demand and consequently this also applies to our turnover in the individual segments. Customer behaviour also remained more or less unaltered, which on the bottom line means that the price and cost pressure on suppliers continues to be high.

And how did the various business units perform in 2015? You recently reduced the number of employees in the COMPOSITES area ...

Markus Huemer: It is true to say that in 2014 the COMPOSITES business unit did not develop in the desired manner and therefore during 2015 we systematically optimised our footprint in this area. Owing to the expiry of an important project without a follow-up order, →

"THE PRICE AND COST PRESSURE ON SUPPLIERS CONTINUES TO BE HIGH."

ALICE GODDERIDGE, CSO

we also had to considerably reduce the size of a German operation. As already mentioned, this necessitated personnel cuts and cost adjustments, which resulted in extra burdens. At the same time, we built a new paint shop in Turkey, which already produced pre-series in 2015 and went into full production during this April. However, as is usual in the case of production start-ups, this process also involved one-off expenses. All these factors had an impact upon the overall result of the COMPOSITES business unit, but we have nonetheless created the preconditions for future success.

Because COMPOSITES technology is frequently extremely wage-intensive, we have been compelled to step up our production in countries with a lower cost level and more flexible framework conditions. For example, we are enlarging our plant at Chodová Planá in the Czech Republic, having first purchased real estate that was previously leased. We made this move because we intend to considerably expand the plant at what is a proven and efficient low-cost location. We are also making increased use of our Sladkovicovo facility in Slovakia, where we have industrialised additional polyurethane technologies from the CAR STYLING business unit.

You are currently making major investments in the PLASTICS field in Central Europe ...

Markus Huemer: Yes, at present we are working intensively on raising the level of automation, for which this technology is virtually predestined. Apart from ongoing spending on automation systems in the German plants, over EUR 10 million are at this moment flowing into our plant in Ebensee, which is being completely reshaped for a major contract in the non-automotive segment. Incidentally, an extremely pleasing link has been established in this regard with the plants purchased in the Netherlands during 2014: Current automotive projects are being transferred from Ebensee to the plant in Putte, where suitable capacity and know-how are both available. In Ebensee these assignments have been replaced by the new contract, which involves the installation of fourteen fully automated production lines[1] and thus provides a long-term answer to questions regarding the further development of this location.

Apart from these moves, in the PLASTICS area we continue to adhere rigorously to our strategy of being a high-tech supplier that constantly provides new and increasingly complex engine bay components. Our competence portfolio in this segment has been further strengthened by the acquisition of a toolmaking company in Thannhausen, Bavaria during 2015. The purchase of this firm, which in the meantime operates under the name POLYTEC TOOLING[2], has expanded our know-how in the field of complex component production and has also put us in a position in which we are able to manufacture our own tools for small injection moulded series in the CAR STYLING area.

Speaking of CAR STYLING, this area has more or less developed a tradition of positive development ...

Alice Godderidge: Last year, CAR STYLING performed even better than in 2014. In fact during 2015 marked increases in volume meant that, to coin a phrase, we suffered from "positive stress". We were able to complete extremely demanding projects in both the UK and Austria, and in addition the overall complexity of our product portfolio also increased further. The investments made in 2014, and in this regard I am thinking primarily of the painting cabins in Hörsching, made it possible to master the larger volumes in 2015 with higher internal value added. For the future, we are now planning additional investments in Hörsching in serial technology for acoustics solutions products. We acquired a great deal of experience in this new area during 2015 and are looking to further enlarge our capacity in 2016 with a highly automated system. Our British plant in Bromyard can also report an exciting new contract involving a body kit for the Range Rover Sport SVR[3]. And last, but not least, in order to round off the picture it should be mentioned that as usual our INDUSTRIAL business unit was highly successful in 2015.

As already mentioned, in 2014 you purchased two plants in the Netherlands. What went on in the M&A area during 2015?

Friedrich Huemer: Following the successful acquisition of the preceding year, in 2015 we only took two relatively small expansion steps involving the purchase of a paint shop and the aforementioned takeover of a tool specialist in Bavaria. However, these transactions were precisely targeted, fit exactly into our strategy and above all, are extremely important for the securing of our know-how and augmenting the depth of our value added. The new plants will be used virtually exclusively for internal purposes and business with third parties is not really on the agenda. Therefore, we have not "bought up" any additional sales revenues.

In 2015 you were probably preoccupied with the integration of the new locations in the Netherlands ...

Alice Godderidge: Integration into POLYTEC's matrix organisation is on schedule, but naturally enough takes time. We not only have to deal with a new country and a different mentality, but also a certain cultural change. One shouldn't forget that both plants were part of a steel group for many years in which they were relatively independent and now they are embedded in the clearly defined structure of a plastics specialist. This is a suspenseful situation for both sides and the use of possible syner-

[1] Please see the related article on page 34. [2] Please also see the related article on page 28. [3] Please also see the related article on page 46.

gies as planned is definitely a challenging assignment. Nonetheless, we are making good progress and as already implied, from a strategic viewpoint this purchase was undoubtedly an absolutely correct decision. Incidentally, at the Roosendaal plant we invested EUR 7 million during the first year after the acquisition. In December, Europe's largest D-LFT press went into operation without any problems and ensures an extremely high level of automation.

And how do things look with regard to organic growth? The new paint shop in Turkey and the injection moulding plant in China have already been mentioned. Are there any other projects in this area?

Peter Haidenek: The fact that we are building two new plants is really worthy of note, as in the past POLYTEC virtually only grew as a result of acquisitions. In addition, to the new plants in Tianjin und Aksaray, as mentioned we are making large-scale investments in our facility in Ebensee, in order to increase its injection moulding capacity. Excluding the acquisition of corporate real estate, in the period from 2014 to 2016, almost EUR 130 million will be spent on enlargements and automation. This is far more than our annual write-downs and thus by our standards a massive investment cycle. Following the completion of this programme we will probably reduce the investment volume to a normal level that corresponds roughly with our yearly depreciation.

Innovation is another POLYTEC success factor. What's new in this regard?

Alice Godderidge: We are continuing to make rapid progress in the lightweight construction and functional integration areas. As far as the latter is concerned, in the PLASTICS field we are currently in the process of expanding our product technologies and in this connection I would like to mention the key terms filter technology, air intake systems and oil separators. During 2015 we also invested in our testing technology with the aim of further improving product characteristics. In the COMPOSITES field we are systematically exploring the topic of carbon fibres for lightweight construction and are continually developing new matrix →

"EXCLUDING THE ACQUISITION OF CORPORATE REAL ESTATE, IN THE PERIOD FROM 2014 TO 2016, ALMOST EUR 130 MILLION WILL BE SPENT ON ENLARGEMENTS AND AUTOMATION."

PETER HAIDENEK, CFO

formulations and fibre matrix combinations. One important investment in 2015 in this connection related to the optimisation of our SMC semis production via which we have considerably enhanced process stability. At the moment we are in the process of once again augmenting our coating technology, which first and foremost is an important prerequisite for the production of top quality exterior components. In combination, these two steps constitute a major increase in process mastery. And incidentally, I should mention that in 2015 we manufactured structural bodywork components for the first time, using carbon fibre, lightweight construction technology. The resultant parts are being employed in the BMW 7 series[4].

In the CAR STYLING segment, we are currently subjecting our PUR technology to further optimisation with the aim of enhancing its competitiveness for medium-sized series in the exteriors area. Acoustics solutions products represent another focal point and thanks to our experience in the production of engine soft covers with regard to both processing and material technology, we are ideally equipped for our new orders in this field.

2015 also witnessed important changes relating to POLYTEC's corporate culture and the term ONE POLYTEC was already addressed at the beginning of this conversation. Could you perhaps go a little more into detail?

Markus Huemer: As mentioned, our corporate structures and culture had to alter in order to reflect the changed and constantly increasing demands made upon our group. To date we had differing business units, which were organised on a relatively decentralised basis. However, owing to our product and technology strategy, ever-closer business unit teamwork and networking had become essential. In order to support these processes we therefore created appropriate matrix functions in the holding.

An increasingly important factor in this regard is the personal responsibility of our managerial employees. The holding provides coordination and deals with the "big picture" and by that I mean matters such as strategy, areas for action and priorities, but within this framework we expect that all our managers take independent and adequately prepared decisions during operative daily business. Consequently, leadership is a central issue because the entire system will only achieve full bloom when every employee is competently led. In line with the motto "promote & challenge", our managers should be lighthouses and not fellow travellers. It is simply no longer sufficient to have a motivated workforce, when what we actually need are enthusiastic employees.

Consequently, we have created a separate team[5], with which we are implementing and anchoring the cultural change throughout the entire group. In order to accompany our personnel during this transition, we also provide the necessary methodology and tools via the POLYTEC Leadership Academy and our POLYTEC Performance System, or PPS for short, lean management programme. For this purpose, we have invested roughly EUR 2 million in the last two years alone and this means that we are investing in our employees in order to support them. And this has been understood and accepted in an extremely positive manner by the vast majority.

In this connection, I believe you have also formulated a new corporate mission statement ...

Markus Huemer: This is correct, for as already stated, we wish to clearly define the "big picture" and thus furnish our workforce with points of reference. The control loop for the entire group now consists of the mission statement that furnishes the vision and describes POLYTEC's DNA word for word. Strategy is then defined on this basis and subsequently forms a platform for the areas of action and the management programme that provide the framework stipulations and concrete work programme for the managers in the individual business units. The framework and programme are subsequently implemented with a high degree of individual responsibility.

In 2015, POLYTEC not only experienced movement in matters relating to investments and corporate culture, but also the stock exchange ...

Peter Haidenek: The development of our share in 2015 was truly eye-catching. With an increase in value of 22.6 per cent, it was amongst the leaders in the comparable peer group and successfully outstripped the ATX (+11 per cent) more than twice over. In addition, if a dividend yield of 4 per cent is also taken into consideration, the total shareholder return for 2015 amounts to almost 27 per cent, which speaks for itself. Up to now, the good performance of the POLYTEC share has continued during the current year. All of which indicates that investors see POLYTEC in an extremely positive light and are apparently convinced that the group has further potential.

Last year you took out a promissory note loan of EUR 100 million, which was followed by the Dutch acquisitions, the purchase of the company real estate and considerable investments. What is your liquidity situation at the moment?

Peter Haidenek: Even if we take all the acquisitions and ongoing investments into account, as can be seen from our balance sheet, a very comfortable liquidity cushion of around EUR 50 million remains. This is important as it means that we possess the flexibility needed

[4] Please also see the related article on page 41. [5] Please also see the related article on page 20.

to finance future projects and undertake possible acquisitions because we are still on the lookout for suitable candidates.

Would I be mistaken if I were to assume that you look to the future with optimism?

Friedrich Huemer: Not at all. Our overall picture is thoroughly positive even though it is becoming steadily more difficult to satisfy the continually increasing expectations and demands of our customers. Basically, we assume that we will achieve purely organic improvements in sales and results. Furthermore, there is still improvement potential at a number of locations. In China we expect scheduled expenses during 2016, as plant capacity is only being used to a limited extent during the run-up phase. However, in 2017 the facility should move into the black. During this year, we already anticipate positive contributions to result from the new paint shop in Turkey and the greatly enlarged plant in Ebensee. As in the past, possible acquisitions would also open up additional potential. Therefore, we actually do regard the future with optimism and thanks to the extensive initiatives and investments of recent years, we are well equipped to deal with it. ■

“WE REGARD THE FUTURE WITH OPTIMISM AND THANKS TO THE EXTENSIVE INITIATIVES AND INVESTMENTS OF RECENT YEARS, WE ARE WELL EQUIPPED TO DEAL WITH IT.”

FRIEDRICH HUEMER, CEO

STILL STRONGER THROUGH TEAMWORK

In recent years, the level of sophistication of the demands made by the market on POLYTEC GROUP products and services has risen steadily. In turn, the related work programme has become correspondingly more exacting, thus necessitating ever-closer cooperation amongst the POLYTEC team that extends far beyond technological areas and business units.

To date, the group's four business units have operated highly successfully, but mostly separately. Therefore in order to better concentrate their know-how to the benefit of both the group and its customers, the corporate organisation is now to be tightened. The aim is not centralisation or standardisation at any price, but rather improved coordination amongst the specialist areas that does not sacrifice the advantages of flexible management.

Markus Huemer is accompanying this process at board level and as he explains: "Our organisation has become more intricate and therefore needs both a management information system that goes deeper, and specially qualified and motivated employees. Accordingly, in recent years we have invested growing amounts of time and resources in the harmonisation of important business processes with the objective of responding appropriately to the increases in both demands and

Karin Weilch, Head of Corporate Marketing
With POLYTEC since April 2013

"ONE POLYTEC is the declared aim! Accordingly in 2015 we placed a clear emphasis on various related measures including our new mission statement, which represents an important point of reference for the entire workforce."

Daniel Lehner, Head of Corporate HR
With POLYTEC since May 2014

"We can already see a marked improvement in managerial work and will continue to focus on this area at every level of our organisation."

David Jerolitsch, Head of Corporate Lean Management
With POLYTEC since November 2015

"The positive impact of POLYTEC Performance System within the group is impressive. In the coming months my primary aim will be to promote best practice sharing and the development of new PPS methods."

Gisela Edelbauer, Head of Legal Affairs
With POLYTEC since November 2014

"Targeted acquisitions represent a significant element of our growth strategy. In 2015, we once again successfully integrated additional locations into the POLYTEC GROUP."

Matthias Mayr, Head of Corporate Accounting
With POLYTEC since November 2015

"We must constantly endeavour to strengthen the trust of our stakeholders through top quality financial reporting."

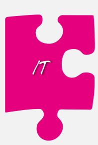
POLYTEC IS COMPLETING THE TARGETED HARMONISATION OF INTERNAL GROUP PROCESSES THAT ARE CRITICAL TO SUCCESS.

complexity. Our aim is to achieve clear, target-oriented and beneficial procedures that are as simple as possible, while avoiding the creation of a jungle of theoretical guidelines like that found frequently in large business groups."

In order to optimise and coordinate the individual specialist areas, POLYTEC has opted for a matrix organisation. Processes and issues critical to success, e. g. recruiting and personnel advancement, development and project management, or operative reporting are being subjected to step-by-step scrutiny, best practice approaches transferred from every area and the most intelligent and not the highest degree of standardisation sought. Markus Huemer: "The main criterion is provided by the customer advantages that we can generate. We are deliberately leaving space for special technological or cultural optimisation."

In 2015, the required matrix positions within the holding company were all occupied. Markus Huemer: "We are proud of this highly committed team, which in cooperation with the operative units is strengthening the group's potential on a lasting basis in line with the motto of the POLYTEC Performance System: 'Do it simply, but systematically!'". ■

"inCORPORATE!" – supported by central matrix positions POLYTEC GROUP business units should move even closer in Hörsching.



Markus Steiner, Head of Corporate IT
With POLYTEC since April 2016

"Above all efficiency can be raised through reduced complexity and optimised resource use. Homogenisation is a further key factor, whereby individual needs must always be accounted for."

Stefan Hagmair, Head of Corporate Controlling
With POLYTEC since June 2010

"Every area of the organisation, including Controlling, can benefit from group-wide, networked and coordinated procedures in line with best practice examples."

Christian Brandstetter, Head of Corporate Purchasing
With POLYTEC since January 2016

"In order to successfully increase our potential in Purchasing, it is essential that we enhance the team spirit throughout the group."

Paul Rettenbacher, Head of Investor Relations
With POLYTEC since January 2015

"In 2015 we began to carry out annual financial statement reporting in tandem with Marketing. This successful cooperation is an excellent example of interdepartmental teamwork."

Christian Schobesberger, Technology Developer
With POLYTEC since February 1987

"For me, the opportunity to establish international contacts across cultural and linguistic barriers represents a major asset. In future we wish to use group-wide synergies to better effect in joint projects."

TRENDSETTING

THE NEW POLYTEC GROUP MISSION STATEMENT

In order to successfully meet the latest demands of European industry, during recent years the POLYTEC GROUP has invested in the strengthening of the soft skills of its personnel. The assumption of personal responsibility, a readiness to take decisions, team spirit and motivation have all been promoted and as a result of these measures, a new mindset has been steadily created throughout the group. Consequently, in 2015 the group's targets, culture and self-perception were combined in the formulation of a new corporate mission statement, which defines the main areas of activity of a management programme for the individual business units while taking into account the three strategic cornerstones. POLYTEC employees participate either directly or indirectly in the concretisation of the actions to be taken within the framework of this management programme and are thus able to make individual contributions to the realisation of the group's vision.

The new mission statement that describes the DNA of POLYTEC has been providing the entire workforce with a point of reference since the beginning of 2016 and serves as a binding guideline for the conduct of the POLYTEC GROUP workforce with respect to many major issues, ranging from quality and environmental targets to activities, decisions and strategies. In particular, with its mission statement the group undertakes to constantly adhere to legal statutes, hold an open dialogue with its customers, suppliers, authorities and the general public, and conserve natural resources. These basic principles are intended to guide the POLYTEC GROUP towards a successful future. ■

Giving the vision priority.
Corporate identity is a major factor in the new POLYTEC GROUP mission statement.

OUR VISION

We are the European industry's first point of address and preferred supplier with regard to trendsetting plastics solutions of the highest technological standard. Our primary focus is on the automotive sector.

OUR MISSION

The enthusiastic POLYTEC team creates sustained value for both our group and its customers. We develop carefully conceived solutions with a high degree of system knowledge which extends along the entire chain of value added activities from the initial idea to just-in-sequence delivery and thus regularly surpass customer expectations.

We fulfil individual requirements in an optimum fashion through the use of numerous plastics technologies in line with specific applications. We also achieve competitive prices and the lasting appreciation of our customers by means of an efficient cost structure, coordinated procedures and best-in-class production and service processes.

As a family-managed group, we combine uncompromising financial transparency with a strong sense of responsibility towards our entire business environment.

OUR VALUES

PASSION

Our desire to achieve ideal solutions inculcates every working phase.

CREATES

- We owe our problem-solving skills to people. Therefore we ensure that we always have the right persons in the right places and support and challenge them accordingly.
- We are open-minded and cultivate the exchange of ideas. In this way we use the synergies within the POLYTEC GROUP to the full and thus create top technologies with an optimum price-performance ratio.
- We accept responsibility and act only in accordance with ethical principles. This is because we also feel bound by conscience to the agreements made with our customers and partners.

INNOVATION

We serve our customers as a competent development partner. We act with esprit, reliability and purpose.

WELL-POSITIONED

BUSINESS UNITS AND PRODUCTS

PLASTICS
SMALL THINGS WITH GREAT IMPACT

TECHNOLOGIES

- (Bi-component) injection moulding
- WIT (water injection technology)
- GIT (gas internal pressure technology)
- PIT (projectile injection technology)
- Welding (e. g. hot gas welding)
- In-mould decoration
- Injection moulding compounding

COMPOSITES
INNOVATION IN EVERY FIBRE

TECHNOLOGIES

- Production of glass fibres & carbon fibre SMC
- SMC/LFT/GMT pressing
- Hybrid pressing (LWRT)
- Wet pressing
- In-mould coating
- VICS and PISA
- Class-A coating

CAR STYLING
DESIGN MEETS TECHNOLOGY

TECHNOLOGIES

- PUR RRIM (lightweight)
- PUR rigid
- PUR semi-rigid
- Blow moulding
- Metal and stainless steel processing
- Class-A coating

INDUSTRIAL
PURe PASSION

TECHNOLOGIES

- PUR processing (moulded parts)
- PUR spraying
- PUR casting
- PUR foaming

PRODUCTS

- Injection moulded parts for the engine compartment and the interior, exterior parts for cars and trucks as well as their tools
- Non-automotive parts

AUTOMOTIVE
Examples

- Cylinder head covers
- Oil pans
- Oil separation systems
- Engine covers
- Intake systems
- Filter systems
- Expansion pressure systems
- Toothed belt protection
- Venting lines
- Cooling water pipes
- Water box covers
- Tailgate trim
- Bumpers and add-ons

NON-AUTOMOTIVE
Examples

- Modules for household appliances
- Logistics boxes
- Drainage systems
- Toner containers

PRODUCTS

- Fibre-reinforced plastics
- Engine compartment, structural and exterior parts (top coated) for cars, trucks and farming machinery
- Acoustics solutions for engine compartment encapsulation (HOUSING and SHIELDING)
- Non-automotive parts

AUTOMOTIVE
Examples

- Truck cabin parts
- Tractor roofs, engine hoods and mudguards
- Exterior and structural parts with carbon or glass fibre reinforcement
- Integrated underbody solutions
- Bulkheads
- Trunk lids and tonneau covers
- Cardan shaft protectors
- Oil sumps and battery trays
- Cylinder head covers

NON-AUTOMOTIVE
Examples

- SMC semis
- Solar troughs
- Electronics boxes
- Conductor rail supports
- Lighting technology

PRODUCTS

- Exterior parts (top-coated)
- Acoustics solutions for engine encapsulation (COVERING and ENCLOSING)
- Interior parts
- Metal parts
- Motorcycle parts

AUTOMOTIVE
Examples

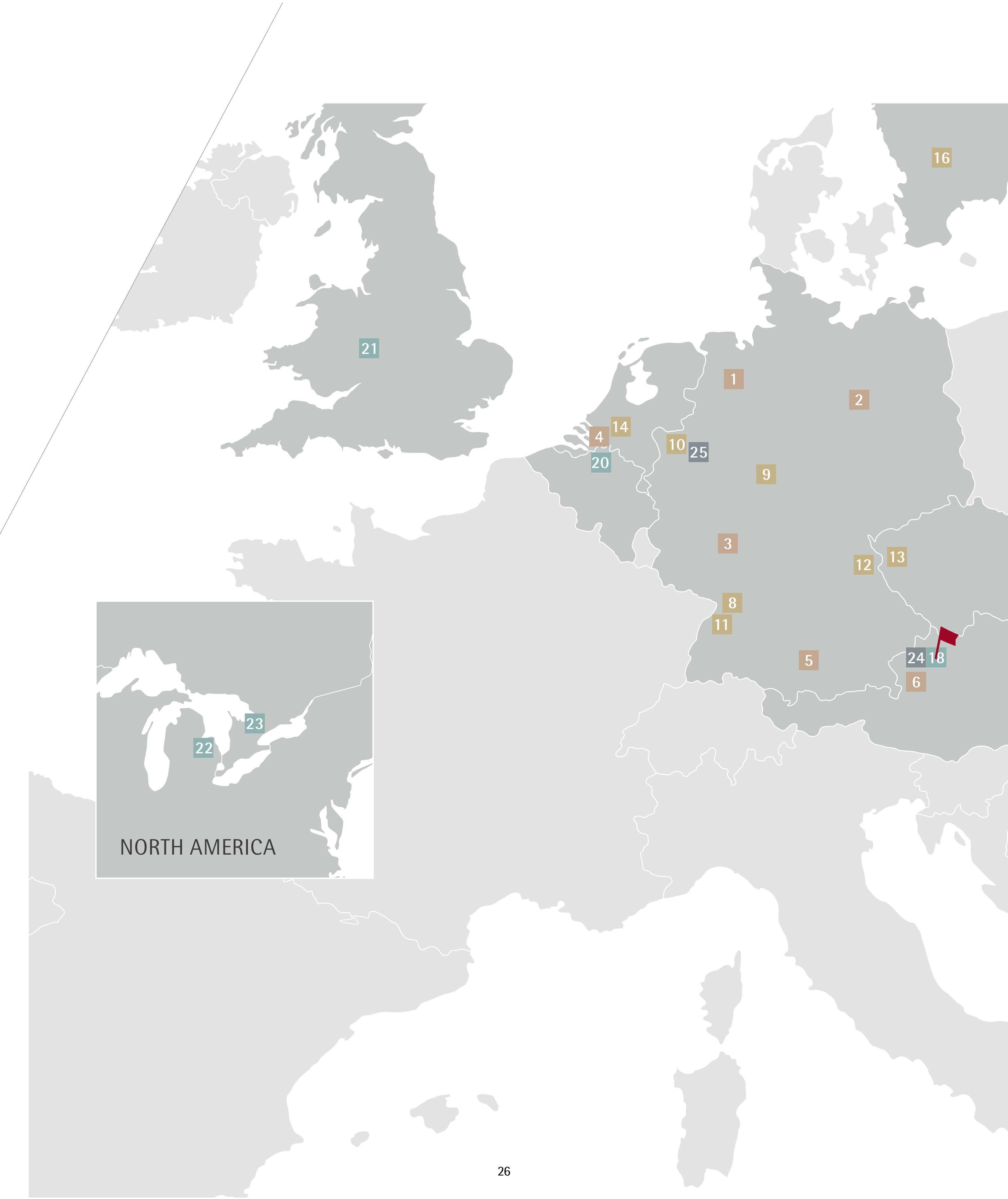
- Spoilers
- Front/rear bumpers and add-ons
- Mudguard extensions
- Front protection systems
- Engine soft covers
- NVH components for engine encapsulation
- Front grilles
- Armrests
- Underride guard
- Dog and transport meshes
- Running boards

PRODUCTS

- Technical polyurethane moulded parts
- Polyurethane coatings
- Multi-component dosing machines for the processing of liquid, reactive plastics

NON-AUTOMOTIVE
Examples

- Drive gears
- Finishers
- Scrapers and support rings
- Auger screws and pump membranes
- Fenders and floats
- Wheels and rolls
- Coil mats
- Noise insulation coatings
- Dosing machines


16
21
1
2
14
4
10
25
20
9
3
13
12
8
11
24
18
5
6
23
22
NORTH AMERICA

BUSINESS UNITS AND LOCATIONS

PLASTICS

POLYTEC PLASTICS

1 Lohne, Germany
2 Wolmirstedt, Germany
3 Idstein, Germany
4 Putte, Netherlands
5 Tannhausen, Germany
6 Ebensee, Austria
7 Tianjin, China

COMPOSITES

POLYTEC COMPOSITES

8 Gochsheim, Germany (2)
9 Cornberg, Germany
10 Voerde, Germany
11 Rastatt, Germany
12 Weiden, Germany (2)
13 Chodová Planá, Czech Republic
14 Roosendaal, Netherlands
15 Sladkovicovo, Slovakia
16 Ljungby, Sweden
17 Aksaray, Turkey

CAR STYLING

POLYTEC CAR STYLING

18 Hörsching, Austria
19 Komló, Hungary
20 Schoten, Belgium
21 Bromyard, UK
22 Detroit, USA
23 Toronto, Canada

INDUSTRIAL

POLYTEC INDUSTRIAL

24 Marchtrenk, Austria (2)
25 Bochum, Germany

POLYTEC HOLDING AG
Group Headquarters

POLYTEC TOOLING

NEW SUBSIDIARY PROVIDES INCREASED VALUE ADDED DEPTH

POLYTEC has acquired a Bavarian toolmaking company of long standing in a move that in the long-term will extend the depth of group value added.

DE

In July 2015, POLYTEC purchased the Bavarian company AdMould and thus enhanced its competences in the tool-making field. AdMould, which in the meantime has been renamed POLYTEC TOOLING, was originally founded in 1960 and therefore possesses a wealth of experience in the design and manufacture of highly technical injection moulding tools and dies. In fact, the POLYTEC GROUP is already using this expertise at a further location for the production of complex tools for automotive components.

POLYTEC TOOLING IN BRIEF

→ Founded	1960
→ Location	Thannhausen, Germany
→ Employees	28
→ Production area	1,830 m²
→ Product highlights	Injection moulding tools for 2K technology intake manifolds, water box covers, air duct components and exterior add-on parts
→ Variations used	Transfer, rotary table and index plate technology
→ Additional products	Foam tools for PUR RRIM production
→ Production 2014	18 injection moulding tools, 4 foam tools

Markus Huemer, the POLYTEC GROUP's Deputy Chairman and COO, explains the motivation for the takeover as follows: "Our products are becoming steadily more demanding and as a result require increasingly complex tooling. Through this insourcing project, POLYTEC has not only raised its in-company production share, but in addition we are much more independent regarding market capacities and considerably protect the know-how in the tool design. This means that we will be able to offer our customers even more comprehensive solutions."

With POLYTEC TOOLING, the group has not only secured technological know-how, but has also acquired an efficient team, which in 2014 had achieved sales revenues of EUR 3.6 million. Among its key competences are the development and production of top quality prototypes and reliable steel tools for serial production, which above all are employed for one- and two-component injection moulding. In addition, POLYTEC TOOLING offers extensive consulting expertise and all of these capabilities are now directly available to POLYTEC. ■

The core team of POLYTEC TOOLING consists of 28 highly experienced employees with an average of 15 years service. This personnel ensures continuity and provides an extensive range of know-how.

4000+ PPS

POLYTEC Performance System

DO IT SIMPLY, BUT SYSTEMATICALLY!

The POLYTEC Performance System, which aims to eliminate waste and raise the efficiency of internal procedures, was rolled out across the group in mid-2014. Therefore, sufficient time has now elapsed to allow the drawing up of an interim balance during an on-site inspection in Hörsching.

Shortly after the shift-end, the POLYTEC CAR STYLING toolmaking workshops in Hörsching appear to be virtually deserted. There is no indication that only a few minutes previously eight employees had been working on new tools for future automotive product solutions. The workbenches are tidy and the machinery, equipment and workpieces have been carefully sorted, and placed in their allocated slots. A peep into one of the drawers reveals the same picture and in fact, the hall looks as though it has only been recently put into operation. However, this assumption would be way off the mark, for as David Philipp Jerolitsch, the Head of the POLYTEC Performance Systems (PPS) explains, as he guides us through the plant's halls: "Work has been going on here continuously since 1999. However, organisation and above all work station and working process systematisation form a PPS cornerstone and thus constitute a solid basis for further improvements."

5S WE DO IT SIMPLY, BUT SYSTEMATICALLY!

People form the focal point of all the methods employed in the "5S" communication of PPS.

PPS was launched in the POLYTEC GROUP in mid-2014 and since then the motto, "Do it simply, but systematically!" has spread into every area of the organisation via concrete measures and is currently guiding the workforce through a tangible process of change. In an initial important step the working processes in the production halls were examined using the 5S method. Subsequently, any superfluous materials and tools were removed from the workstations and unnecessary procedures eliminated. David Philipp Jerolitsch: "The modifications to the workstations were completed relatively quickly, but in the long-term we have to change well-established working processes. In the final analysis, people tend to cling to old habits even when these do not always lead to the best possible results. Breaking through such barriers and bringing employees over to our side is a decisive factor in the success of PPS."

Accordingly, PPS is aimed at achieving a fundamental change in the mindset of the workforce and as David Philipp Jerolitsch says, regular training with- →

Within the framework of the Lean Management Academy,
POLYTEC employees undergo a multi-phase training programme. The PPS pass serves as a personal guide through comprehensive lean management coaching and documents every learning success from the 5S method and quick machine setting using SMED, to complex value stream analyses.

→ in the framework of the POLYTEC Lean Management Academy is intended to support this process. "We have created a multifaceted training programme, which consists of theoretical blocks each followed by the completion of a small, practical project. This renders the PPS principles tangible and ensures their rapid assimilation. In addition we seek to boost workforce motivation through a three-level system. Employees achieve a bronze, silver or gold rating in line with the number of courses and projects that they have completed. The multi-phase training programme comprises a total of seventeen different modules, which incorporate learning the 5S methodology, content regarding the SMED system for setting time minimisation and lean logistics, and also extend to complex value stream analyses."

The group's administrative units are profiting equally from the PPS lean management programme and in 2015 in-house development processes were also subjected to more intensive scrutiny. Interdisciplinary teams assessed and visualised current processes in all the business units with the aid of value stream analyses. It became evident that owing to numerous acquisitions during the group's history, differing procedures and control instruments had become established at a number of locations.

As a consequence, following the analytical phase a concept was jointly prepared for an inter-group POLYTEC development process, which was then integrated into a target value stream. The objective was to create greater transparency with regard to teamwork across the group on the basis of a uniform standard, but without placing any limitations on the flexibility of the individual business units.

Following final process definition, the rollout commenced in the autumn of 2015. The entire workforce received training and the process was anchored in the various process maps. The first projects to be dealt with using the POLYTEC development process commenced at the end of 2015. The process now serves as a benchmark for the POLYTEC Performance System in the administrative area and ensures improved quality while taking individual customer needs into full account. Moreover, as a visibly delighted David Philipp Jerolitsch adds: "The spirit of change is tangible throughout the group. In fact, our personnel are incredibly eager to improve procedures and thus raise efficiency."

David Philipp Jerolitsch sees the biggest challenge in the lean management field as being the transfer of the potential derived from improvements, measures and experience at the various locations to the group as a whole. So-called Plant Coaches, employees with special training in PPS methodology, gather this expertise, lend impetus to projects and train-

David Philipp Jerolitsch (35) graduated from the Vienna University of Technology with a degree in technical chemistry. His previous career as a management consultant involved projects in Austria, Germany, France, Spain and Italy. As the head of Corporate Lean Management, he has been working on the optimisation of internal processes within the POLYTEC GROUP since 2015.

ing and exchange their experiences on a mutual basis at regular intervals. Together they define best practices for the entire group. David Philipp Jerolitsch: "Our medium-term goal is to establish a "POLYTEC Best Practice Guideline" for the entire group on the basis of the experiences obtained from the individual plants. In addition, during the coming months we wish to further develop and standardise our "PPS Toolbox", which constitutes our store of lean management instruments."

To date, the POLYTEC GROUP has focused primarily on familiar, standard lean management measures. However, for David Philipp Jerolitsch this is not enough: "Conventional methodology helps us up to a point, but in order to exploit our full potential we must go our own way. Nevertheless, this will only succeed when we combine the knowledge and experience from all our locations." David Philipp Jerolitsch believes that this could take the form of a central know-how bank, which every employee from plant managers to shop floor workers could use in order to refer to individual standards. He also sees another advantage of PPS in the fact that "standardised procedures not only help the workforce, as they also provide our customers with the certainty that consistent processes throughout the entire POLYTEC GROUP will lead to uniform quality."

David Philipp Jerolitsch will have a great deal of work to do before all the group locations have fully implemented the POLYTEC Performance System. In the coming months newly purchased plants also wish to be integrated into the system and like the plant in Hörsching benefit from its shared advantages. ■

CORPORATE CULTURE TAKES THE LEAD

THE POLYTEC GROUP IS EQUIPPING ITSELF FOR THE FUTURE WITH FOUR LEADERSHIP PRINCIPLES.

POLYTEC currently employs more than 4,200 people worldwide. People, whose personal commitment has represented a major factor in the success of the group since its foundation thirty years ago. Within this context managerial staff play a central role in the corporate personnel structure. They act as disseminators communicating strategic decisions to every corner of the organisation, while seeking systematic, personal responsibility and a contribution to the "big picture" on the part of their colleagues. In this function, they also employ their own individual strengths such as experience, know-how, a readiness to take decisions and social skills.

The esteem in which the POLYTEC GROUP holds its staff and management prompted the creation of a modular qualification programme entitled the POLYTEC Leadership Academy, which has the overall objective of turning managers into active leaders. These should then provide their fellow employees with a positive working environment that offers attractive possibilities for advancement within their companies and thus ensure indirectly that the POLYTEC GROUP is ideally prepared for the challenges of the future. First class leadership constitutes one cornerstone in this regard. But what are its ingredients? And which core issues are of special importance at POLYTEC? At the beginning of 2015 the company confronted these key questions and came up with the right answers in the shape of the four paramount POLYTEC Leadership Principles, which now serve as a guideline for all group managers.

The determination of the POLYTEC Leadership Principles commenced with the definition of four fundamental objectives, which were intended to help the orientation of the group's managers. These consisted of a strengthening of personal responsibility amongst the workforce, a culture of open discussion, the ongoing encouragement of personnel through targeted assignments and a constant insistence on performance. It was these four superordinated points that subsequently led to the formulation of a uniform understanding of leadership for the entire group.

FOUR COMMAND

1

I LEAD FROM THE FRONT.

"FOR ME, LEADERSHIP IS NOT MERELY THE DELEGATION OF TASKS. I AM FAR MORE CONCERNED WITH LOOKING AFTER MY EMPLOYEES IN A PROACTIVE MANNER AND PURSUING OBJECTIVES WITH THEM. WHEN WE ACHIEVE THESE TARGETS, THEN I KNOW THAT I HAVE ACTED CORRECTLY."

FERAMUZ TOPKAYA
GOCHSHEIM, GERMANY

MENTS FOR SUCCESSFUL LEADERSHIP

2 I TREAT EVERYONE AS AN INDIVIDUAL.

3 I AM AN ENTREPRENEUR.

4 I ENCOURAGE AND EXPECT.

"TRUST IS ONE OF THE MOST IMPORTANT ELEMENTS IN DEALING WITH MY EMPLOYEES. I VALUE THE DIVERSITY IN MY TEAM AND ALLOT TIME TO EACH OF ITS INDIVIDUAL MEMBERS."

HELEN ESDERS
LOHNE, GERMANY

"BY TAKING INITIATIVE AND MAKING QUICK DECISIONS DAILY, I AM ABLE TO SHAPE THE FUTURE OF OUR COMPANY, AND THIS SPURS ME ON TO DO EVEN MORE IMPROVEMENTS. THIS PASSION IS THE DRIVING FORCE THAT LEADS US TO INNOVATION AND SUCCESS."

NICK MUNSTER
BROMYARD, UK

"I AM PROUD WHEN MY EMPLOYEES GROW INTO THEIR TASKS. THEREFORE, I ALSO ENTRUST THEM WITH PROJECTS THAT PRESENT NEW CHALLENGES. THUS WE ALL DEVELOP FURTHER IN THE INTERESTS OF THE COMPANY."

RALPH AMORY
PUTTE, NETHERLANDS

Since July 2015, the POLYTEC Leadership Principles are mediated to the senior employees of the group within the POLYTEC Leadership Academy. On the timetable are entertainingly presented lectures and practical exercises on a variety of topics including leadership communication or dealing with conflicts. ■

AT

A NON-AUTOMOTIVE INITIATIVE BEARS FRUIT IN EBENSEE

Following the successful introduction of the manufacture of complex, injection moulded automotive components in recent years, during 2015 POLYTEC PLASTICS Ebensee relaunched the production of non-automotive items on a grand scale.

In the period up to 2021, the POLYTEC PLASTICS plant in Ebensee, Upper Austria is to manufacture 50 million returnable containers for the logistics specialist IFCO, which are to be used for the safe transport of fruit and vegetables. In order to be able to cope with such a massive production volume at all, POLYTEC made a multi-million investment in a new automation concept and the enlargement of the injection moulding machinery at the plant, which can look back on a turbulent recent past. This is because the reorientation of production in the direction of the automotive sector only took place in 2014 in a move that was accelerated by the phasing out of leisure furniture production for the insolvent Praktiker chain of DIY stores. However, with this new large-scale order the Ebensee plant has now recommenced full production in the non-automotive area, while at the same time continuing to manufacture sophisticated automotive components for the entire value added chain.

A successful trio: Production Manager Mohammed Yelec, Project Manager Günter Stieger and Plant Manager Thomas Egelkraut (from l. to r.) bore on-the-spot responsibility for the completion of the new production lines.

A location with potential

In the final analysis, the fact that IFCO assigned this major order to POLYTEC probably had a good deal to do with the potential offered by the Ebensee location. The plant scored not only due to its highly suitable logistics areas, but also its existing manufacturing infrastructure, which supported a rapid production start. Nonetheless, POLYTEC PLASTICS first had to create the technical preconditions needed for the realisation of the project.

Extensive investments

Apart from considerable spending on new machines and automation technology, it was necessary to significantly enlarge the infrastructure without causing any disruption to ongoing operations. For example, the cooling water system was extended and at the same time pumps, controls and piping were renewed. As a result, the cooling required for the fourteen new production lines could be guaranteed. Subsequently, the flooring in the production hall was replaced and finally the machinery and the high-end automation technology installed. In mid-August 2015, a mere thirteen weeks after the start of the conversion work, the first of the fifty million plastic boxes ordered rolled off the production line. →

THE EBENSEE LOCATION

→ Business unit	POLYTEC PLASTICS
→ Part of the POLYTEC GROUP	Since 2011
→ Employees	190
→ Covered plant area	54,000 m²
→ Technologies	Injection moulding
→ Products	Automotive, non-automotive

Making progress tangible. Changes at the Ebensee location in time lapse.

The Ebensee location increased its capacity in record time in order to complete one of the largest orders in its history.

14 fully automatic lines are turning out a transport box every two seconds at full capacity.

Fully automatic production

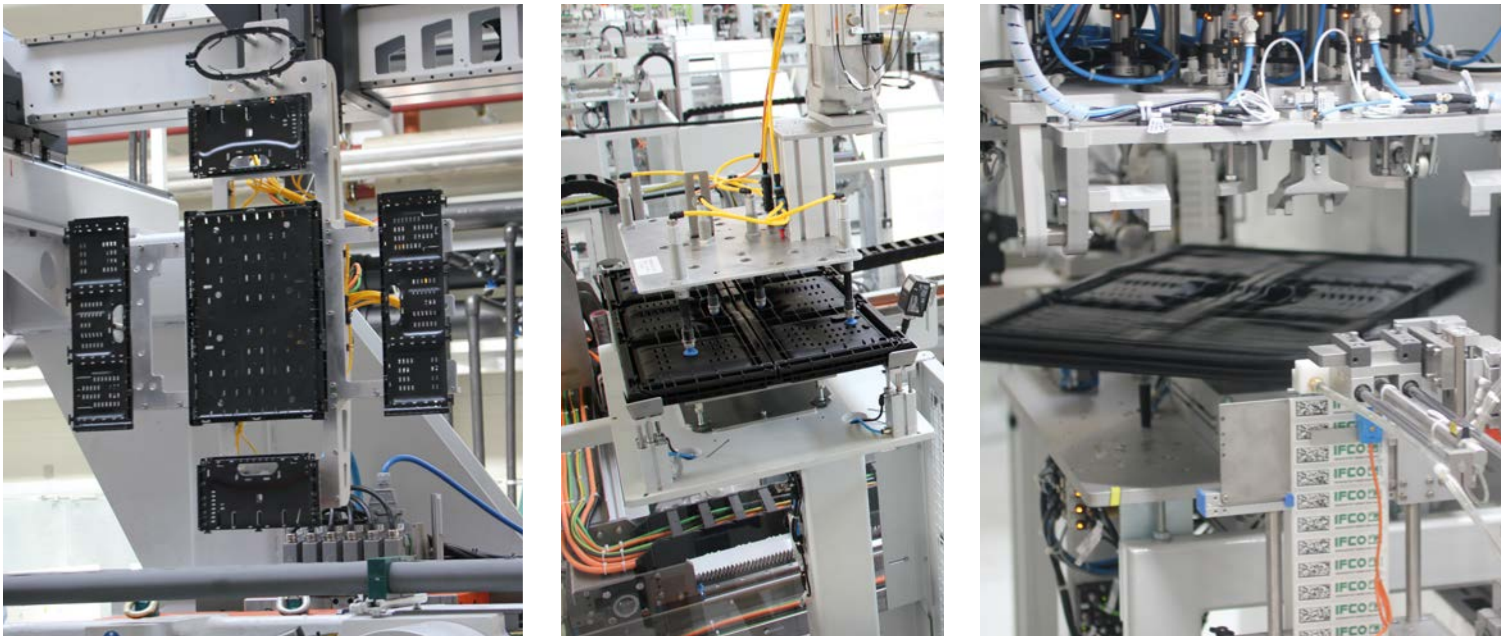
During the first three months of production, the assembly of the transport boxes, which consist of seven separate components, was still completed by hand. However, at the end of November 2015 fully automatic production commenced and in the future, a total of 14 lines are operational. On average a box is completed every two seconds.

Powerful partners

In order to carry out this demanding project, POLYTEC PLASTICS turned to strong technological partners. ENGEL, the world leader in the injection moulding machine market, was commissioned with the manufacture of the new production lines and HAIDLMAIR assumed responsibility for tool making and the automation technology. POLYTEC CEO Friedrich Huemer is at pains to stress that: "Without this powerful, regional team, we would have had difficulty in setting up production in such a short time." He also points out that this cooperation is evidence of the POLYTEC GROUP's excellent networking within Upper Austrian industry.

A returnable box with value added

The production of the returnable containers for IFCO is not only impressive from a manufacturing perspective. The material and design are also most convincing, as the boxes are made for tough plastic and can be entirely recycled. Furthermore, their design enables perfect stacking, which facilitates space-saving transport and warehousing. Ten box variations are manufactured in Ebensee with differing volumes for loads of fruit and vegetables weighing 5 to 20 kg.



After injection moulding, a robot removes the various parts of the returnable box prior to their fully automatic assembly, labelling with an individual code and printing.

Investments with long-term planning in mind

Under no circumstances does POLYTEC PLASTICS regard the investments in Ebensee as merely an obligatory exercise for a single contract. On the contrary, they will strengthen the location in the long-term and help to breathe fresh life into the manufacture of non-automotive products, which has long tradition at the plant. ■

AUTOMOTIVE REMAINS AN IMPORTANT WEALTH CREATION FACTOR

In spite of all the new features at the Ebensee location, the plant also continues to manufacture injection moulded automotive components. Every year some 400,000 tailgate trims are produced for the Audi A3, Q5 and A4 Avant models and engine cover production for both BMW and Audi will also be retained in Ebensee. Moreover, further automotive projects are in the planning phase.

ONE PART THAT PLAYS MANY ROLES

For the new 911 Carrera, for the first time Porsche opted for a plastic oil pan.

LIGHTWEIGHT CONSTRUCTION AND FUNCTIONAL INTEGRATION PROVIDE THE PORSCHE 911 CARRERA WITH INCREASED EFFICIENCY UNDER THE HOOD.

Today, plastics solutions represent an indispensible element in modern automotive production. The material combinations employed offer virtually unlimited design possibilities and, as opposed to metal solutions, provide weight reductions of at much as 50 per cent, but naturally enough without any loss of stability and strength. Furthermore, a growing number of functions are being integrated directly into plastic parts although this presupposes the possession of specialist technological know-how like that utilised by POLYTEC for the Porsche 911 Carrera oil pan, which was sent into production in October 2015.

Simply complex

There is not a great deal of free space under the bonnet of the 911's six-cylinder boxer engine. Therefore, together with Porsche, the engineering team from POLYTEC PLASTICS developed a three-part pan with a geometry that fits perfectly into the remaining gap in the engine bay and offers a volume sufficient to lubricate the pistons with the required quantity of oil. However, creating sufficient capacity in limited space was by far and away not the only technical masterpiece that was demanded from the product developers prior to putting the new

WHAT LIGHTWEIGHT CONSTRUCTION OFFERS

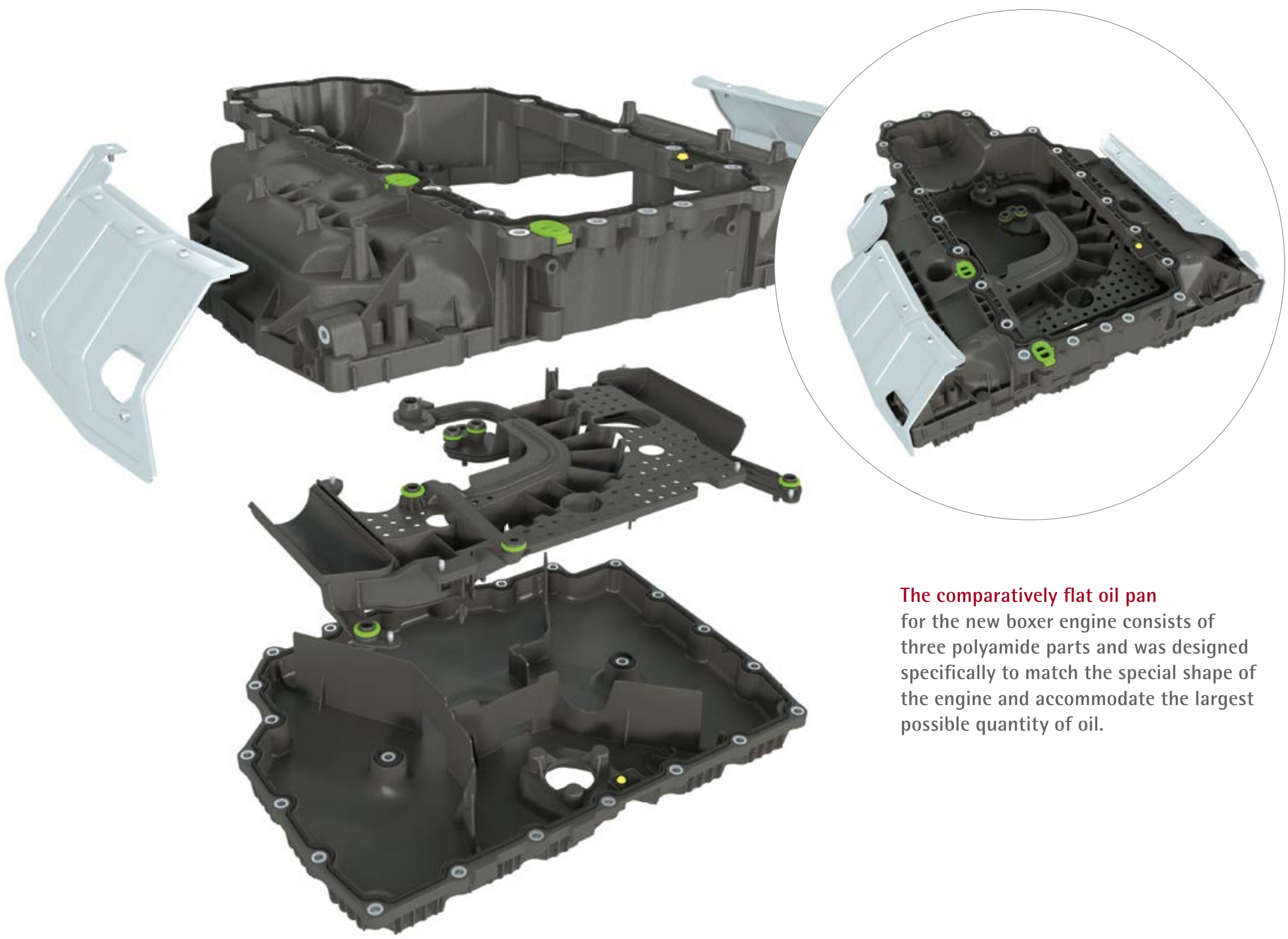
- → Weight reductions of up to 36% in comparison to previous model made of aluminium
- → Cost cutting through
  - Functional integration
  - Freedom of design
  - Process certainty
  - No reworking requirement

module into production. For in addition, the new pan was to combine a whole range of complex functions, a requirement that in the case of a metal construction could only have been achieved at considerably greater expense. In this concrete case, the air-oil separator, the partition box and the oil lines had to be integrated into the component. As an encore, the POLYTEC engineers also solved the problem of oil foaming, which is common to boxer engines, with an in-house designed separator system that was also fitted into the oil pan.

Positive side effects

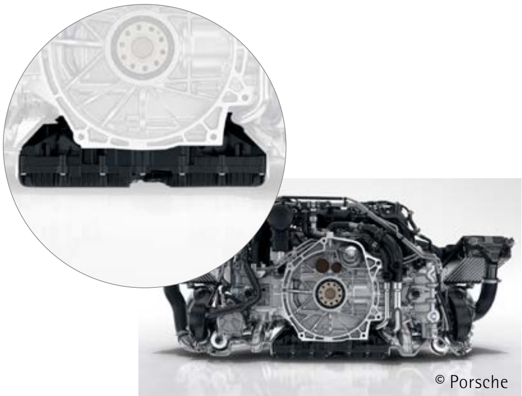
Apart from the concrete functions that the POLYTEC-designed oil pan fulfils in the engine bay of the Porsche 911 Carrera, the design and the material used in the module also furnish a number of positive side effects. For example, baffles have been integrated into the flat undersection of the pan, which not only makes the system more robust, but also cheaper to manufacture. This is because, as opposed to production using aluminium, although injection moulding involves higher tool costs, these quickly pay dividends owing to functional integration, lower energy consumption, the avoidance of reworking and other production process advantages. Furthermore, the material selected for the oil pan offers a weight reduction of several kilograms and also improves the acoustic characteristics of the component.

The functionality of the oil pan for the Porsche 911 has evoked a good deal of recognition in the industry and was presented as a top topic at the international congress (Plastics in Automotive Production) held during the VDI convention, which took place in mid-March 2016 in Mannheim. POLYTEC and Porsche presented the project in a specialist lecture to an intensely interested audience.



The comparatively flat oil pan for the new boxer engine consists of three polyamide parts and was designed specifically to match the special shape of the engine and accommodate the largest possible quantity of oil.

The injection moulding procedure is prepared fully automatically on a round indexing table. This forms the heart of a highly complex production line, which was developed specially for the Porsche project.



During the design of the oil pan, not least the product engineers from Porsche and POLYTEC had to contend with the limited space under the boxer engine of the new Porsche 911 Carrera.

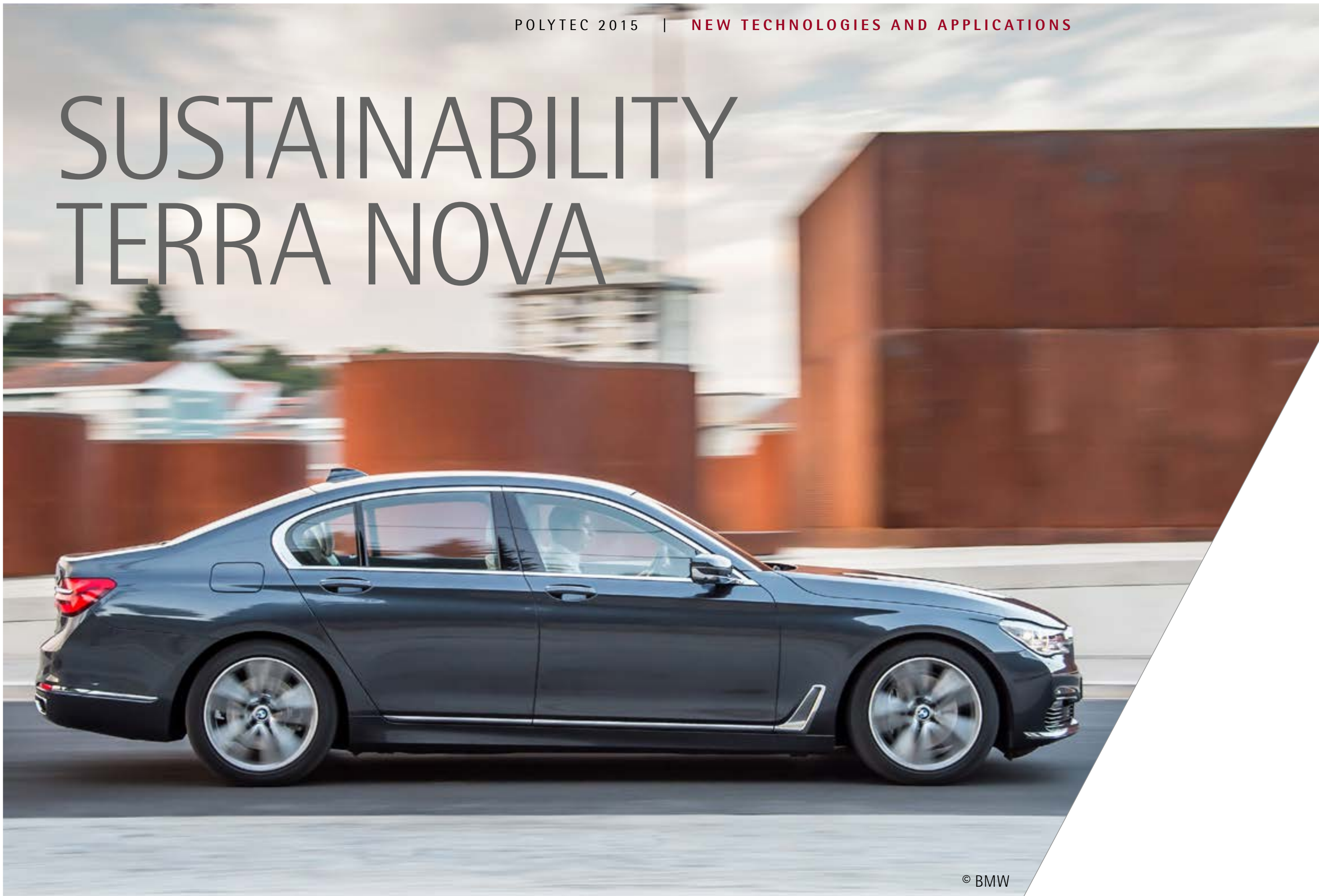
High strength and favourably priced

For POLYTEC PLASTICS the contract represented an exciting challenge in respects other than just the design of the module, as before the components went into serial production at the plant in Idstein, a detailed concept for a highly automated manufacturing line had to be created. Following injection moulding this incorporates hot gas welding, which provides the two-layer line supports with high-strength, homogeneous and particle-free bonding. The assembly of the complete oil pan then follows along with the automatic assembly of the sealings and a check on the functionality of all the components. This production cell became operative in October 2015.

Coming soon from POLYTEC

The Porsche project demonstrates that in the case of the oil pan, the substitution of metal by plastics is virtually unstoppable. POLYTEC also assumes that other functions will soon be integrated into such components and that it is highly likely that one of the coming POLYTEC annual reports will provide fresh reading in this regard. ■

SUSTAINABILITY TERRA NOVA



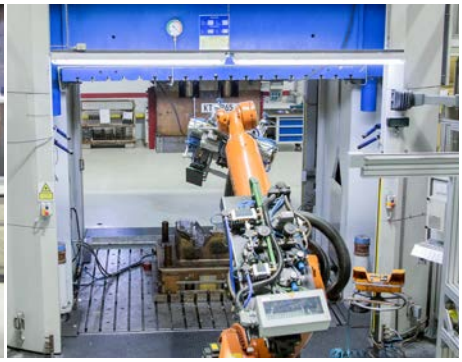
© BMW

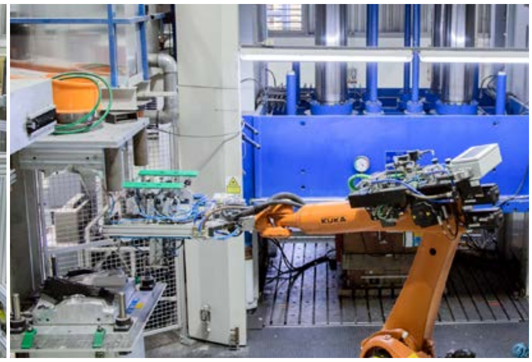
During the design of its new 7 model, BMW also turned to carbon fibre reinforced plastics for structural components. In this connection, POLYTEC COMPOSITES developed a highly automated, integrated production concept for the manufacture of lightweight, structurally rigid C-column reinforcement components.

A resultant weight reduction of 130 kg in tandem with increased comfort and safety means that the use of carbon fibre reinforced plastic (CRP) in the BMW 7 has had a thoroughly positive effect. However, a great deal of development work was required before this highly sophisticated, lightweight construction technology, which as opposed to steel offers weight savings of up to 60 per cent, could be put into serial production. This process saw a major contribution on the part of POLYTEC, which had been commissioned with the manufacture of C-column supports for this BMW premium class car. The key challenge involved emanated from the fact that for reasons of sustainability, the components had to be made from recycled carbon. This material demonstrates sizeable qualitative fluctuations and therefore posed new problems in the production area. Consequently, in the course of evolving central process phases, the POLYTEC plant and process design team had to venture into completely unknown territory. →

How carbon core technology has lent new lightness to the BMW 7

© BMW





The fully automatic production process commences with an individually developed CF-SMC recyclate cutting system

A robot lays the precisely cut and weighed semi in the 1,000 t press.

Pressing is followed by fully automatic transfer to a refrigeration case ...

An ingenious plant concept

Within a timeframe of just 21 months, the POLYTEC plant in Weiden prepared an ingenious plant concept that was intended to guarantee the exceptionally close tolerances required. Above all, this demanded special machinery design, as well as tool adaptations to match extreme production conditions that include internal pressure of up to 480 bar. In addition, owing to the resultant carbon dust deriving mainly from milling and finishing, all the production unit control systems had to be protected against explosions and in addition, a carbon extractor system installed.

Complex production chain

During the realisation of the production chain, the feeding of the raw material into the press mould already presented the POLYTEC COMPOSITES engineers with a major obstacle. This derived from the fact that in order to be able to correctly dose the CRP and compensate for considerable area weight fluctuations, the semi-finished product had to be cut into strips fully automatically and then placed on scales. In response to this problem, POLYTEC joined forces with a special plant design expert with the aim of achieving the cutting quality and tool life suitable for serial production.

In teamwork, a cutting system with a cutter, stacking and weighing process, as well as integrated material defect detection was developed, which allows the subsequent feeding of the precisely weighed plastic into the tool of a 1,000 t press. Following the pressing process, the component is hardened in a refrigeration case prior to be positioned in the equally tailor-made milling device using a robot arm. Among other procedures, the edges of the workpiece are processed and drillings completed. Finally, the module leaves the production line on a transport belt, which carries it to a washing unit, where it is freed from carbon dust and dried. It is then placed in an annealing furnace, where it is subjected to a defined heating curve for around four hours. Since July 2015 an average of 5,700 components per month have rolled off the highly automated production line.

PRODUCTION HIGHLIGHTS

→ SOP	July 2015
→ Output p. a.	68,000 sets
→ Technologies employed	Carbon fibre SMC pressing
→ Material	SMC with recycled carbon fibres
→ New developments	• Processing of conductive CRP materials with the appropriate requirement regarding explosion protection throughout the complete process chain • Milling process definition, including sectional geometries and parameters for CRP processing with serial production cutting quality • Fully automatic CRP-SMC recyclate cutting system with material defect detection and compensation of the area weight fluctuations in the blanks via a closed controlled circuit

... prior to edge processing in a new milling machine and the addition of drillings.

In the automatic washing unit, the component is freed from carbon dust and dried ...

... before being annealed for four hours.

Uncompromising quality

As the C-column represents an important body part, following the manufacturing process the finished products are subjected to a comprehensive optical examination during which the material, drillings and geometry are scrutinised. In addition, the wall thicknesses are measured and the component individually marked with a data matrix code, in order to facilitate the clear traceability of the material and process parameters. The component is then safety packaged and subsequently leaves the works in Weiden in the direction of the BMW plant in Dingolfing, which is a roughly 90-minute drive away.

The guarantee of a first class quality standard was one of the decisive factors in BMW's decision to commission POLYTEC COMPOSITES with this complex production order. This capability is also underpinned by experience and technological competence relating to the automated and linked processing of composite materials using the SMC pressing process. Last, but not least, POLYTEC COMPOSITES has a location advantage over the competition owing to its geographical proximity to BMW.

Internal innovations

The BMW project is not only of economic interest to the POLYTEC GROUP, as the successful development work carried out in the course of plant and process design also represents clear evidence of both its endemic innovative technological strength and the active realisation of its PASSION CREATES INNOVATION motto. ■

After a final, comprehensive visual check, the components are safely packed and then delivered to BMW.

WHEN IT COMES TO UNDERBODIES, POLYTEC IS THE TOPS!

THE UNDERBODIES OF TODAY CONCEAL MANY MORE FUNCTIONS AND CHARACTERISTICS, SUCH AS AERODYNAMICS, LIGHTNESS AND HEAT MANAGEMENT, THAN ONE MIGHT IMAGINE WHEN TAKING A FIRST GLANCE UNDER A CAR.

Since the beginning of 2016, at its Dutch plants in Roosendaal and Putte POLYTEC has been manufacturing the engine bay and underbody covers and the rear floor of the new Mercedes E-Class for worldwide requirements. However, it should be added that the production of underbody parts for this Mercedes series already has traditions in Roosendaal dating back to 1988. Even then Mercedes relied on the location's special know-how and today it is not alone. Audi and Porsche have both put their faith in the high-end plastics technology from Roosendaal, as has Jaguar with its F-Type AWD.

VICS

Variable In-moulded Composite Sandwich

The POLYTEC-developed combination of a thin layer composed of a thermoplastic matrix and woven glass or carbon fibres, which forms a so-called "organosheet", precisely reinforces the base material at specific points and can be pressed with up to four other materials in a one-shot process. As opposed to steel solutions, this material combination offers weight savings of up to 50 per cent.

The Jaguar F-Type – a focus on lightness

In the case of the F-Type, apart from aerodynamics, the weight of the underbody cover was the main focus of the development team and POLYTEC proposed production using a combination of low weight reinforced thermoplastic (LWRT) and GMT. GMT was intended to provide the necessary lateral rigidity, while the LWRT would offer minimum weight. However, during the test phase of the new F-Type it became clear that this cover design was incapable of dissipating sufficient heat. Ventilation slits represented the logical answer to this problem, but caused a reduction in the stability of the LWRT areas. Therefore, the POLYTEC development team suggested a solution to Jaguar that involved the use of Variable In-moulded Composite Sandwich (VICS). This innovative material, which is a POLYTEC in-house development, is only slightly heavier than LWRT, but considerably tougher. VICS can be employed on a selective basis in a product and in the case of the F-Type strengthens the substrate around the ventilation slits. For Jaguar, this solution not only provided a functional improvement, but also cost benefits during the production of its all-wheel drive sports car. These derived from the fact that the integration of the strengthened parts in the underbody solution rendered the assembly of additional parts superfluous. Serial production of the model commenced during last October with an annual output of 6,000 units. In future, the underbody covers for the two-wheel drive version of the F-Type are also to be manufactured in Roosendaal, which will treble the production volume.

Innovative VICS material is used to reinforce the LWRT substrate around the ventilation slits.

The Mercedes E-Class – Four metres of high-tech

One of the prime objectives of the development of an optimised engine bay cover for the Mercedes E-Class was an improvement in the car's aerodynamics. Therefore, the start of production was preceded by several years of teamwork between Mercedes and POLYTEC design engineers that was aimed, among other things, at enhancing the car's "c_w-value", which defines its aerodynamics. The end result is a shielding solution for the front section of the engine underbody that is being manufactured by POLYTEC.

However, this shield represents only a small section of the 4m-long underbody covers that POLYTEC has been producing for many years for a range of Mercedes models (including the E-Class). In fact, the next seven years will see an estimated three million new E-Class cars on the world's roads with underbodies from Roosendaal and Putte. These consist of forty individual components, which are manufactured using various production techniques for the differing E-Class models and are then combined to form complex underbody solutions. The parts consist of precisely coordinated material combinations, which in line with their position in the overall structure of the underbody match the specific requirements relating to rigidity, weight, noise reduction and protection.

The production for Mercedes-Benz in Roosendaal and Putte demonstrates how value added can be extended in the course of long-term cooperation and when Mercedes-Benz requires sophisticated underbody solutions, POLYTEC serves as the ideal development partner. It already becomes involved in the initial stages of a new project and supplies maximum value added that extends right up to delivery logistics. ■

One-shot-process: Two differing underbody cover materials are pressed together on Europe's largest D-LFT press in Roosendaal.

© Mercedes-Benz

Aerodynamics are also required underneath the streamlined Mercedes E-Class.

The underbody covers for the E-Class are of modular design. A total of forty individual parts are manufactured in Roosendaal and Putte, in order to equip all the model variations.

A diversity of underbody materials

The selection of the material for every component takes place on the basis of the related specific requirements.

Position	Requirement	Material mix	Production technique
Front engine bay cover	Pedestrian protection, noise insulation, aerodynamics, engine protection	GMT with 30% glass fibre reinforcement	Pressing
Centre engine bay cover	Noise insulation, aerodynamics, engine protection	LFT with 30% glass fibre reinforcement	Pressing
Rear engine bay cover	Heat management, noise insulation, aerodynamics, engine protection	SMC, LFT, aluminium, PISA	Pressing
Front side parts	Aerodynamics, engine protection	PP with 30% glass fibre reinforcement	Injection moulding
Underbody cover	Noise insulation, body protection, aerodynamics	LFT with 20% glass fibres, PISA	Pressing
Rear floor	Aerodynamics, body protection	PP-EPDM with 10% talcum	Injection moulding

INDIVIDUALITY IN SERIES

Bumpers and exterior ornamentation from POLYTEC CAR STYLING Bromyard helps provide the stunning looks of the fastest and most powerful Range Rover Sport SVR.

The key demands in the invitation to tender for the bumpers and exterior ornamentation of the new Range Rover Sport SVR consisted of quality, individuality and efficient cooperation. For the components were not only intended to furnish the sporty, high class SUV with an individual look, but at the same time enable efficient production incorporating just-in-sequence delivery. Therefore, the initial task for Jaguar Land Rover was to find a supplier capable of implementing the project along the entire value added chain on the highest quality level. POLYTEC CAR STYLING Bromyard has for many years specialised in the production of exterior components for small series and this was a major reason why the UK location was able to land the largest, individual project in its history.

Nevertheless, the ability to offer individual, lower volume series in tandem with just-in-sequence delivery was by no means the only reason for the placing of the contract with POLYTEC CAR STYLING. In fact, a far more significant factor in POLYTEC's capture of this multifaceted project was a complete, one-stop-shopping package that extended from component development, tool making, production and Class-A painting to variant assembly, quality control and logistics.

As a result, the POLYTEC engineers at the location were already involved in the concept development phase and undertook the entire CAD process consisting of

TECHNOLOGIES & SERVICES

FULL BUMPER SYSTEMS (FRONT & REAR)

- PUR RRIM
- Injection moulding
- Class-A painting in 7 different top coats
- Assembly
- JIS

DOOR SIDE CLADDING

- PUR RRIM
- Injection moulding
- Class-A painting in line with the vehicle colour and black
- Assembly
- JIS

© Jaguar Land Rover

full front and rear bumper systems, front grille, air inlet covers, door side cladding and a tailgate spoiler. Prior to the start of production, Upper Austrian expertise was also imported to the British Midlands in the shape of colleagues from the sister plant in Hörsching, who were responsible for the production of the tools required for the complex manufacture of the body kit. Moreover, additional room had to be created in the factory hall for the extensive assembly work required. The plant management quickly decided to install a mezzanine floor in order to double the existing space available and since January 2015 this has provided the venue for the assembly of the powerful Range Rover Sport's front and rear bumpers. This process is assisted by a fail-safe system that was developed especially to exclude errors during component assembly, which is most important because of the number of variants of the SUV's full bumper systems that leave the Bromyard works. Following assembly, the component sets, which have been finished with Class-A painting, are supplied just-in-sequence. Delivery takes place on the basis of precise scheduling, which since the start of production has ensured that the owners of every new Range Rover Sport SVR receive their cars on time and in a sparkling condition. ■

REAR TAILGATE SPOILER

- → Injection moulding
- → Class-A painting in line with the vehicle colour and black
- → Integrated assembly of the antenna, brake lights and wash nozzle

FRONT GRILLE

- → Injection moulding
- → Class-A painting
- → Assembly

AIR INLET COVER

- → Injection moulding
- → Class-A painting
- → Assembly

"THE GEOGRAPHICAL PROXIMITY TO OUR CUSTOMERS REPRESENTS A DECISIVE ADVANTAGE!"

CN

In 2014, Erwin Reineke was posted to Tianjin in China as an expat with the task of creating a new injection moulding plant in the TEDA Industrial Park. Today, he is responsible for the production from five fully automatic injection moulding systems with clamping forces ranging between 80 and 450 t, and by the end of 2016, 480,000 transmission oil pans and 450,000 oil separators will have left the plant. We talked to Erwin Reineke about the challenges involved in establishing such an operation.

Mr. Reineke, during February you successfully completed a smooth production launch. What helped you in this regard?

Erwin Reineke: Our entire project team and local partners all put in a great deal of effort to ensure our punctual SOP (start of production). We also received a great deal of support from our parent plant in Lohne. On the one hand, this took the form of long-term experience and the local presence of qualified specialists and on the other, the complete production line for the Audi transmission oil pans had already been installed and tested in Lohne prior to being shipped to Tianjin. The oil separator line had also been run in similar fashion.

The group management deliberately chose the location in the TEDA Park, as it also houses plants belonging to important POLYTEC customers. How do you benefit from this proximity?

Erwin Reineke: Closeness to our customers is undoubtedly a decisive advantage. For example, we deliver our transmission oil pans directly to the Volkswagen location in Tianjin, which is only roughly a kilometre away from our plant. This not only makes transport easier, but numerous other organisational matters can be dealt with via this direct channel. As a comparison, we also deliver oil separators to the VW works in Changchun, which is 1,500 km from Tianjin. Logically, the packaging for transport alone is far more complicated, although the logistics are still a good deal simpler than those involved in shipping from Europe.

At present you are operating with a slimline team of nineteen employees. Will you require more personnel in the future and how do you go about finding qualified applicants?

Erwin Reineke: In the medium-term, roughly twenty employees will be sufficient as a core workforce. As far as recruiting is concerned, we focus on our immediate surroundings and look for a good qualification mix consisting of technological know-how, automotive experience and English skills. In this regard we also use the support of a personnel consultant and cooperate with a local training institute that is run by German teaching staff. Therefore, to some extent we bring central European know-how to China and in addition, we naturally also train our own workers and from the very outset take great care that the principles of the POLYTEC Performance System are communicated.

Are you already working on the planning of further projects?

Erwin Reineke: At present, we are concentrating on the completion of our current orders, but at the same time are preparing to expand our depth of production. We are currently negotiating with potential business partners and intend to enlarge our plant capacity. We are already able to showcase a functional production facility and this alone has aroused interest among a large number of customers.

What do you regard as the biggest future challenges facing your location?

The POLYTEC facility in Tianjin shortly before its opening.

TIANJIN LOCATION

→ Property area	24,000 m²
→ Employees	19
→ Production	Transmission oil pans, oil separators
→ Technologies	Injection moulding

One of three fully automatic injection moulding lines with integrated testing system for the production of transmission oil pans.

Erwin Reineke: First and foremost the creation of a solid, basic team especially with regard to automation and testing technology expertise. Subsequently we must be careful not to lose our know-how to local competitors, as employee fluctuation rates in China are generally high. Finally, we clearly have to acquire new orders in the long-term and secure our position in the market.

Do you also profit in China from the synergy effects emanating from the POLYTEC GROUP?

Erwin Reineke: Of course! We benefited enormously from the experience that we gathered during the completion of our plant in Wolmirstedt even though it is clearly impossible to transfer all the examples of best practice from Europe to an economic location in China. In addition to valuable personnel resources, the group's lean management principles constituted an important reference point during the start-up of our initial projects and the creation of our organisation.

When you look back, what were the most striking highs and lows during the development work of the past months?

Erwin Reineke: Sometimes I felt like a marathon runner, particularly in view of the fact that we had to adhere to an extremely tight schedule during plant planning, construction and commissioning. Apart from all the technical and organisational details, we also had to overcome numerous legal and cultural obstacles. However, this process has taught me a great deal about China and I now have a far better idea of what makes this nation tick.

Above all, I will never forget the explosion in TEDA East on 12 August 2015. For although our plant is located on the westerly side of the park, there were uncertainties regarding the possible emission of poisonous substances into the atmosphere and the water supply. Owing to the related evacuation we lost a great deal of time, which we had to make good.

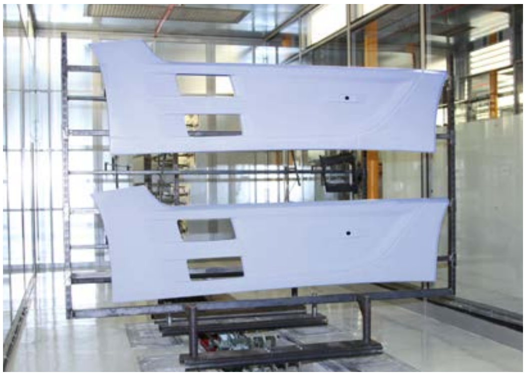
Overall, I can say that in the last few months there were numerous small highs and lows, but primarily it was an exciting time with plenty of challenges. Indeed, both my team in Tianjin and I can reflect with pride upon the fact that we mastered them all, especially when I consider everything that we have achieved to date. ■

Erwin Reineke (62) headed the setting up of the new POLYTEC location in Tianjin.

TR

AKSARAY RELIES ON GROUP-WIDE TEAMWORK

Ready to paint: The robots on the Aksaray painting line prior to becoming operative



The new painting line in Aksaray is designed to handle up to 35,000 trucks annually.

At the Aksaray location, SMC parts are manufactured on a total of 16,000 m² and since the beginning of April, components for Mercedes-Benz Türk have been paint coated.

In just eighteen months, a new production hall containing a fully automatic painting line was completed at Aksaray in central Anatolia and became operational at the beginning of April.

The Aksaray location is situated roughly 240 km south of Ankara and was taken over by POLYTEC in 2007. As a POLYTEC COMPOSITES facility it then began the manufacture of SMC parts for commercial vehicles. Following the receipt of an order for the latest generation of Mercedes-Benz Türk (MBT) trucks some eighteen months ago, work started on plant enlargement and the addition of a further 7,000 m² of production space. Approximately a third of this area has been taken up by a new painting line, which became fully operative on April 1, 2016. In future, 3,000 plastic parts will be finished daily for the cabs of the Mercedes trucks using Class-A painting in over 500 different colours. Moreover, painting is only one part of the order and numerous other SMC components for Mercedes trucks are also pressed in Aksaray.

Group-wide teamwork

As plant manager, Burak Akdikmen, recollects: "The construction of the new hall and the installation of the equipment only represent the visible part of what has been achieved here in recent months. Apart from the many structural measures, we have also had to program the robot systems, train employees and clarify innumerable, individual questions. Mastery of these challenges would have been virtually impossible, but for the personal commitment of our employees." It should be added that the MBT team also contributed to the realisation of the Aksaray expansion with its know-how. This was particularly evident during the selection of the robot systems and initial plant testing for which it employed its extensive experience. The project management also received a great deal of support from across the POLYTEC GROUP through the packaging of the expertise of numerous locations and employees to assist the completion of the Aksaray enlargement. Burak Akdikmen: "In the retrospective, I can genuinely refer to inter-group teamwork. This was extremely important for us as for every issue we had a direct contact partner within the POLYTEC family. This enabled us to save a great deal of time and naturally a large number of synergy effects resulted.

A location as a bridgehead

At present, POLYTEC employs a workforce of 140 at the Aksaray location of whom 32 were recruited specifically for the MBT project. Plant manager Burak Akdikmen anticipates that this head count could increase to as many as 200 in the coming years with highly qualified personnel as the main target. Happily, as Burak Akdikmen stresses: "We have an excellent reputation in the Turkish labour market and therefore have little difficulty in obtaining well-trained workers." For the POLYTEC GROUP, the location also constitutes an important bridgehead for future activities in the region and Aksaray therefore fulfils an important strategic function in the growth region Turkey. ■

Burak Akdikmen (49) has headed the plant in Aksaray, which was originally built under his auspices, since 1990. The expansion of production at the current POLYTEC COMPOSITES' facility for Mercedes-Benz Türk has presented Mr. Akdikmen with one of his biggest challenges to date.

SHARE & CORPORATE GOVERNANCE

SHARE & INVESTOR RELATIONS

POLYTEC SHARE PRICE DEVELOPMENT

On December 30, the last stock exchange trading day in the 2015 financial year, the POLYTEC share (ISIN: AT0000A00XX9) closed at EUR 7.66 and was thus EUR 1.41, or some 22.6%, up on the value of the previous year (EUR 6.25). The mean price for the year stood at EUR 7.52 and market capitalisation at year-end totalled EUR 171.0 million (2014: EUR 139.6 million).

From the beginning of January until April 2015, the POLYTEC share price rose continually. An easing during April was followed by a significant recovery of more than 10% in the wake of the figures for Q1, which met with a highly positive response. On May 11, the POLYTEC share reached its high for the year at EUR 8.45. The share also gained ground following the publication of the positive statistics for the first half of the POLYTEC financial year and attained an interim high of EUR 8.20. However, in the second half of August concerns regarding economic development in China and the emerging markets had a negative effect on stock exchanges worldwide and the Vienna ATX Prime Index recorded an equally sharp downturn. The POLYTEC share also lost ground, but nonetheless recovered in the period up to mid-September when it was roughly 23% up on the price at the start of January. Unfortunately, between the VW exhaust emissions scandal becoming public on September 18, 2015 and the end of the month, the POLYTEC share price fell by more than 10%. In the last quarter of 2015, the share revived once again and closed the year at roughly the level of mid-September with an annual performance gain of 22.6% as compared to 2014. In the course of the same period the ATX Prime Index rose by 11.4% and the STOXX® Europe 600 Automobile & Parts (SXAP) index closed 13.9% up at 566 points.

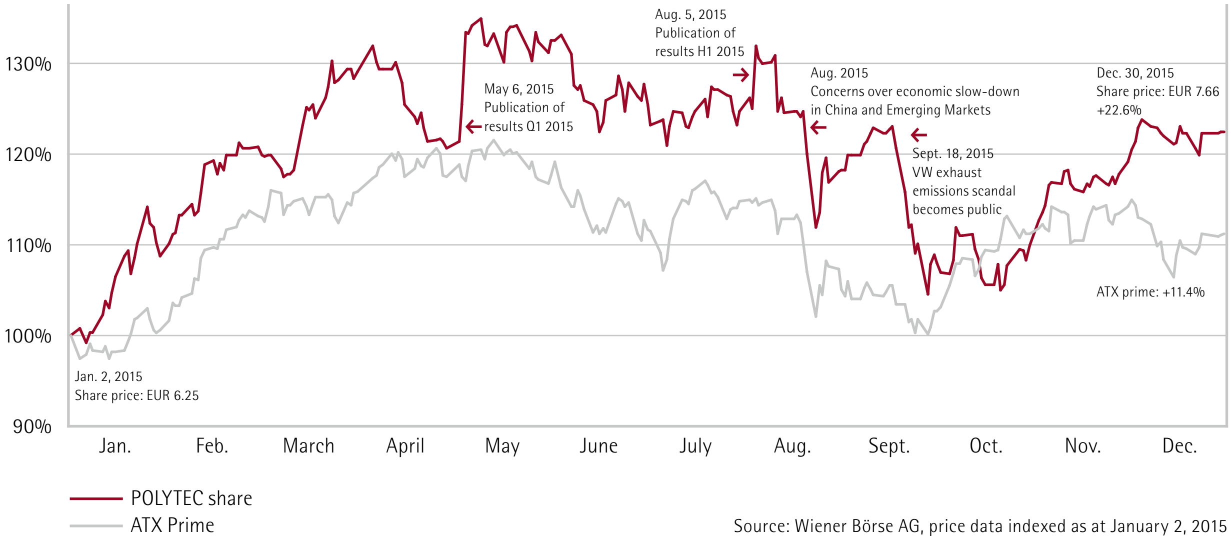
During the 248 days of trading on the Vienna Stock Exchange, the average trading volume amounted to 45,660 shares per day (2014: 45,126 shares, both figures using double counting). On September 22, 2015, the best trading day, 408,472 POLYTEC shares were traded. Other strong trading days were August 25, with 314,466 shares and August 24, with 263,804 shares, both using double counting. In addition to market trading, OTC transactions involving POLYTEC shares were concluded to the value of EUR 25.1 million (2014: EUR 11.9 million, both figures using single counting). This represents a share of around 37% (2014: 23%) of the total trading volume.

INVESTOR CONTACTS

In order to secure a comprehensive, timely and transparent presentation of POLYTEC GROUP information of relevance to the capital markets, the Board of Directors and the Investor Relations Department remain in constant contact with stockholders. During the 2015 financial year, together with investment banks and the Vienna Stock Exchange, POLYTEC organised road shows, or upon invitation participated in investor conferences with the aim of reporting upon the current business figures and development of the company. In addition, a regular dialogue was continued with institutional and private investors and analysts by means of frequent telephone conferences.

POLYTEC share (AT0000A00XX9)	Unit	2015	2014	2013
Year-end closing price	EUR	7.66	6.25	6.79
Highest closing price during the year	EUR	8.45	8.54	7.25
Lowest closing price during the year	EUR	6.20	5.90	5.94
Market capitalisation at year-end	EUR m	171.0	139.6	151.6
Vienna Stock Exchange money turnover (double counting)	EUR m	84.6	80.7	78.9
Vienna Stock Exchange share turnover (double counting)	Unit m	11.3	11.2	12.1
Money turnover (daily average, double counting)	Unit	45,660	45,126	48,750

Source: Wiener Börse AG



Source: Wiener Börse AG, price data indexed as at January 2, 2015

DIVIDEND POLICY

POLYTEC's dividend policy is based on profitability, strategic growth perspectives and the capital requirements of the Group. In the 2015 business year, POLYTEC HOLDING AG's net profit amounted to EUR 92.3 million. Therefore, the Board of Directors and the Supervisory Board will propose the distribution of a dividend of EUR 0.30 per eligible share to the 15th Annual General Meeting to be held on May 19, 2016. This corresponds to a total dividend payment of around EUR 6.6 million and a dividend payout ratio of roughly 27% in terms of the POLYTEC GROUP's net profit. On the basis of a year-end closing price for 2015 of EUR 7.66, a dividend yield of 3.9% results. May 24, 2016 is the ex-dividend day and May 27, 2016 the dividend payout day.

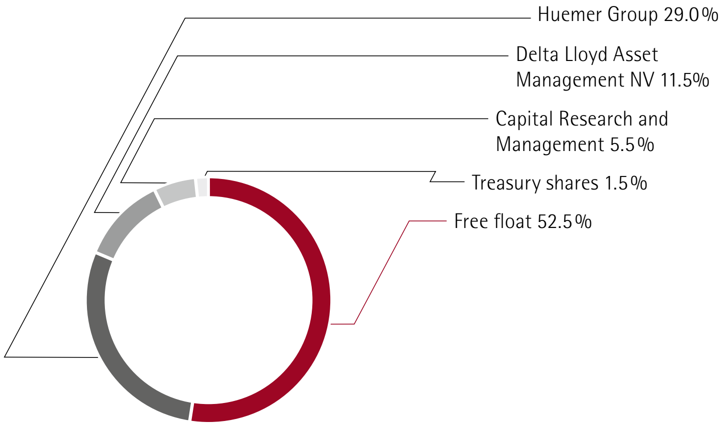
POLYTEC share (AT0000A00XX9)	Unit	2015	2014	2013
Earnings per share	EUR	1.08	0.62	0.65
Proposed dividend per share	EUR	0.30	0.25	0.25
Year-end dividend yield	%	3.9	4.0	3.7
Payout ratio	%	27	40	38

SHAREHOLDER STRUCTURE

As at the balance sheet date for 2015, POLYTEC Holding AG's share capital remained unchanged at EUR 22.3 million and was divided into 22,329,585 bearer shares. In the period under report from January 1 to December 31, 2015 POLYTEC HOLDING AG received no notifications from shareholders of voting rights pursuant to § 91 of the Austrian Stock Exchange Act.

On the 2015 balance sheet date the Huemer Group held approximately 29.0% (16.0% Huemer Holding GmbH and 13.0% Huemer Invest GmbH) of POLYTEC HOLDING AG share capital. As opposed to the 2014 balance sheet date, this represented an increase in the holding of companies attributable to Friedrich Huemer, the POLYTEC GROUP CEO, in POLYTEC HOLDING AG of 2.4 percentage points. Huemer Invest GmbH reported directors' dealings to the Austrian Financial Market Authority (FMA), which were then published on the FMA website.

As at December 31, 2015, on the basis of the shares issued, the shareholder structure of POLYTEC HOLDING AG presented the following picture:



TREASURY SHARES

During the 2015 financial year, the company neither purchased nor sold any treasury shares. On the balance sheet date of December 31, 2015, POLYTEC HOLDING AG held 334,041 treasury shares, which corresponded with 1.5% of share capital. The current authorisation of the Board of Directors to purchase treasury shares, which is based on a resolution passed by the 14th Annual General Meeting held on May 14, 2014, expires on November 13, 2016.

RESEARCH COVERAGE

The coverage of the POLYTEC GROUP by national and international investment banks is an important element in its comprehensive investor relations activities and plays a significant role in the visibility of the POLYTEC share within the investor community. During the 2015 financial year the financial institutions listed below published reports on POLYTEC HOLDING AG and up to the editorial closing date of this report in end-March 2016 gave the following recommendations and price targets:

Institute	Recommendation	Latest price target
BAADER Helvea Equity Research	Hold	EUR 7.5
ERSTE Group Research	Buy	EUR 9.6
M. M. Warburg Research	Buy	EUR 11.0
Raiffeisen CENTROBANK Research	Buy	EUR 9.0

CORPORATE CALENDAR 2016

April 5, 2016	Tuesday	Publication of the financial statements and annual report for 2015
May 4, 2016	Wednesday	Publication of the interim report for Q1 2016
May 9, 2016	Monday	Record date "Annual General Meeting"
May 19, 2016	Thursday	16th Annual General Meeting for the 2015 financial year, Hörsching, 10:00 a. m.
May 24, 2016	Tuesday	Ex-dividend date
May 25, 2016	Wednesday	Record date "Dividends"
May 27, 2016	Friday	Dividend payment date
August 3, 2016	Wednesday	Publication of the report for HY1 2016
November 3, 2016	Thursday	Publication of the interim report for Q3 2016

DETAILS REGARDING THE POLYTEC SHARE

ISIN	AT0000A00XX9
Total number of shares issued	22,329,585
Listing on the Vienna Stock Exchange	Prime Market
Indexes	ATX Prime, ATX CPS, WBI
Share also traded in/via	Berlin, Frankfurt, London, München, Stuttgart, Tradegate
Ticker symbols	Wiener Börse: PYT; Bloomberg: PYT.AV; Reuters: POLV.VI; WKN: A0JL31

CORPORATE GOVERNANCE

1. COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The key elements in an animate corporate governance culture consist of a high degree of transparency for all stakeholders and a long-term and sustainable increase in corporate value, as well as efficient teamwork between the company's governing bodies, the protection of shareholders' interests and open corporate communications.

Since its IPO, POLYTEC HOLDING AG has voluntarily committed itself to compliance with the Austrian Corporate Governance Code in its respective current edition. During the 2015 financial year, the version of the code from January 2015 applied and therefore all the information and statements provided in this report pursuant to § 243b of the Austrian Commercial Code (UGB) are based on this edition. POLYTEC HOLDING AG complies with all the compulsory "L rules" (Legal Requirements) and all the "C rules" (Comply or Explain) contained in the Austrian Corporate Governance Code with the exception of Rule C-62. According to this rule, the company should allow an evaluation of adherence to the C rules of the code by an external institution, which to date has not taken place. The company justifies this fact with the related high costs, but is nonetheless convinced that adherence to the C rules and transparency are secured through internal audits and measures. The Corporate Governance Report for the 2015 financial year is publicly available via the POLYTEC HOLDING AG's corporate website (www.polytec-group.com), which is registered in the Austrian Company Register.

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 version of the code amended in January 2015, applies to financial years beginning after December 31, 2014. The complete text of this latest version of the Austrian Corporate Governance Code is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

2. POLYTEC HOLDING AG GOVERNING BODIES

BOARD OF DIRECTORS

BOARD ORGANISATION AND WORKING METHODS

In accordance with the articles of association, the Board of Directors of POLYTEC HOLDING AG consists of one, two, three, four or five members. The Supervisory Board appoints the members of the Board of Directors. The Board of Directors manages the company in accordance with the relevant laws, the articles of association and the internal rules of procedure, which are subject to prior approval by the Supervisory Board. The scope of collaboration and distribution of responsibilities amongst the members of the Board of Directors are laid down in the internal rules of procedure. Details concerning the competences of each individual board member are provided in their personal descriptions.

The members of the Board of Directors are in constant and close communication with each other in order to assess corporate progress and take any necessary decisions in a timely manner. The POLYTEC HOLDING AG Board of Directors meets on regular basis in order to discuss current developments in the individual business areas. At a minimum the Board of Directors regularly informs the Supervisory Board of the course of business and the economic situation of the company on a quarterly basis, while taking into account the future development of the group. The Chairman of the Supervisory Board is informed immediately about any events with serious implications.

All of the serving members of the Board of Directors in 2014 were granted a unanimous discharge at the 15th Annual General Meeting on May 13, 2015.

THE FOLLOWING PERSONS SERVED AS MEMBERS OF THE POLYTEC HOLDING AG BOARD OF DIRECTORS IN 2015:

Peter Haidenek (CFO)

- Born in 1965
- Member of the Board of Directors
- Date of initial appointment: February 1, 2011
- End of current term of office: January 31, 2017
- Areas of responsibility: Finance, IT, Controlling, Accounting, Investor Relations, Internal Audit
- Supervisory Board positions: none

Friedrich Huemer (CEO)

- Born in 1957
- Chairman of the Board of Directors and founder of the POLYTEC GROUP
- Date of initial appointment: year of company foundation
- End of current term of office: December 31, 2016
- Areas of responsibility: M&A, Investment Management, Corporate Strategy, Corporate Communications, Human Resources, Legal Affairs
- Supervisory Board positions: Globe Air AG (Chairman of the Supervisory Board)

Alice Godderidge (CSO)

- Born in 1972
- Member of the Board of Directors
- Date of initial appointment: January 1, 2014
- End of current term of office: December 31, 2018
- Areas of responsibility: Sales and Engineering (Sales, Marketing and Development)
- Supervisory Board positions: none

Markus Huemer (COO)

- Born in 1981
- Deputy Chairman of the Board of Directors
- Date of initial appointment: January 1, 2014
- End of current term of office: December 31, 2018
- Areas of responsibility: Business Development, Plants, Production, Purchasing
- Supervisory Board positions: Globe Air AG (Member of the Supervisory Board)

SUPERVISORY BOARD

BOARD ORGANISATION AND WORKING METHODS

The Supervisory Board's scope of activities is defined by laws and regulations that apply to listed companies in Austria, e.g. the Austrian Stock Corporation Act and the Austrian Stock Exchange Act. In addition, the Supervisory Board is obliged to comply with the rules of the Austrian Corporate Governance Code. As far as internal company regulations are concerned, the articles of association and the rules of internal procedure are of primary importance. The members of the Supervisory Board are elected and can be removed from office by the Annual General Meeting. In accordance with the POLYTEC HOLDING AG articles of association, the Supervisory Board consists of at least three and no more than six members, elected by the Annual General Meeting. When appointing the Supervisory Board members, the Annual General Meeting must take care to ensure the adequate professional and personal qualifications of eligible candidates, and that the composition of the Board demonstrates balanced expertise. Furthermore, the aspect of diversity with regard to gender equality, age structure and the international background of the members has to be taken into due consideration. Newly elected Supervisory Board members have to adequately inform themselves about the organisation and the activities of the company, as well as about their specific tasks and responsibilities. Last, but not least, the members of the Supervisory Board must conduct an annual self-assessment in order to examine the efficiency of their activities.

The period in office of all five prior members of the Supervisory Board terminated with the expiration of the 15th Ordinary General Meeting on May 13, 2015. All of the serving members of the Supervisory Board in 2014 were granted a unanimous discharge at the 15th Annual General Meeting on May 13, 2015. Subsequently Reinhard Schwendtbauer, Manfred Trauth, Viktoria Kickinger, Robert Büchelhofer and Fred Duswald were re-elected to the POLYTEC HOLDING AG Supervisory Board by a resolution of the 15th Annual General Meeting for a period

THE FOLLOWING PERSONS SERVED AS MEMBERS OF THE POLYTEC HOLDING AG SUPERVISORY BOARD IN 2015:

Fred Duswald

- Born in 1967
- Chairman of the Supervisory Board
- Date of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2019 financial year
- Other Supervisory Board positions: none
- Independent

Manfred Trauth

- Born in 1948
- Deputy Chairman of the Supervisory Board
- Date of initial appointment: 2007
- End of current term of office: Annual General Meeting regarding the 2019 financial year
- Other Supervisory Board positions: none
- Independent

Viktoria Kickinger

- Born in 1952
- Member of the Supervisory Board
- Date of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2019 financial year
- Other Supervisory Board positions: none
- Independent

Robert Büchelhofer

- Born in 1942
- Member of the Supervisory Board
- Date of initial appointment: 2005
- End of current term of office: Annual General Meeting regarding the 2019 financial year
- Other Supervisory Board positions: none
- Independent

Reinhard Schwendtbauer

- Born in 1972
- Member of the Supervisory Board
- Date of initial appointment: 2010
- End of current term of office: Annual General Meeting regarding the 2019 financial year
- Other Supervisory Board positions: none
- Independent

extending until the end of the Annual General Meeting granting discharge for the 2019 financial year.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

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

BUSINESS TRANSACTIONS OF THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL

In the 2015 financial year, the members of the Supervisory Board undertook no transactions that required prior consent pursuant to Rule L-48.

SUPERVISORY BOARD COMMITTEES

In accordance with the Austrian Stock Corporation Act, the POLYTEC HOLDING AG Supervisory Board has established an audit committee, which carries out the scheduled controlling and monitoring functions. The audit committee is also responsible for monitoring the accounting and auditing processes of both the financial statements and the consolidated financial statements, as well as monitoring the effectiveness of the internal control and risk management systems. In addition, it also supervises the compilation of the Corporate Governance report for each financial year, which is then reported upon at the Annual General Meeting.

During the 2015 financial year, the audit committee met twice and a total of four Supervisory Board meetings were held. Beyond these no further meetings were necessary. No Supervisory Board member attended fewer than half of the board's meetings. In addition to the mandatory establishment of the audit committee, a nomination committee and a risk management committee were established. The areas of responsibility of the individual Supervisory Board members in the respective committees are shown in the following table.

REMUNERATION REPORT

REMUNERATION OF THE BOARD OF DIRECTORS

When determining the total remuneration of the members of the Board of Directors, the Supervisory Board has to ensure that this is commensurate with their individual tasks and performance, the company's economic position and the customary levels of remuneration, while providing long-term incentives for a sustainable development of the company. Remuneration contains fixed and variable components. There are no stock option plans or share-based remuneration systems currently in place.

In the year under review, total remuneration to the members of the Board of Directors including performance-related components amounted to TEUR 2,498 (2014: TEUR 1,691) of which TEUR 314 (2014: TEUR 67) related to the remuneration of a former Board member. As in the preceding year, no payments were made after the termination of the working relationship. Apart from the achievement of performance-related targets set for each individual member, the development of the return on capital employed (ROCE) is the most important parameter for the calculation of the variable remuneration components.

The Chairman of the Board of Directors, Friedrich Huemer works for POLYTEC HOLDING AG on the basis of a service contract via IMC Verwaltungsgesellschaft mbH.

There is no company pension system for members of the Board of Directors. Pension obligations are regulated in line with the generally valid Austrian statutes.

As at the balance sheet date on December 31, 2015, no loans or advance payments had been granted to the current or former members of the Board of Directors.

COMPOSITION OF THE COMMITTEES

Committees	Chairperson	Members
Audit committee	Reinhard Schwendtbauer	Robert Büchelhofer, Fred Duswald
Nomination committee	Fred Duswald	Manfred Trauth, Viktoria Kickinger
Risk Management committee	Viktoria Kickinger	Manfred Trauth, Fred Duswald

REMUNERATION OF THE BOARD OF DIRECTORS IN THE 2015 FINANCIAL YEAR

Member of the Board of Directors	Basic salary	Variable component of remuneration	Total
Friedrich Huemer[1)]	573	733	1,306
Markus Huemer[2)]	255	91	346
Alice Godderidge[2)]	227	71	298
Peter Haidenek[2)]	205	30	235
Total	**1,260**	**925**	**2,185**

Amounts in TEUR, [1)] service contract fee, [2)] gross salaries

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board for the previous financial year is sanctioned within the framework of the Annual General Meeting. Total remuneration of the members of the Supervisory Board for the 2014 financial year was approved during the 15th ordinary Annual General Meeting held on May 13, 2015 and totalled EUR 98,750. For the 2015 financial year, a total amount of EUR 98,750 for the remuneration of all members of the Supervisory Board was again recognised as an expense. Accordingly, the Board of Directors will propose this amount to the 16th Ordinary Annual General Meeting to be held on May 19, 2016 as total emoluments to the Supervisory Board. Subject to prior approval by the Annual General Meeting, this sum will be distributed among the individual members of the Supervisory Board as follows:

REMUNERATION OF THE SUPERVISORY BOARD IN THE 2015 FINANCIAL YEAR

Member of the Supervisory Board	Function	Remuneration
Fred Duswald	Chairman of the Supervisory Board	25
Manfred Trauth	Deputy Chairman of the Supervisory Board	19
Viktoria Kickinger	Member of the Supervisory Board	15
Robert Büchelhofer	Member of the Supervisory Board	25
Reinhard Schwendtbauer	Member of the Supervisory Board	15
Total		**99**

Amounts in TEUR

3. OTHER INFORMATION

DIRECTOR'S DEALINGS

Notification of sales and acquisitions of company's shares carried out by members of the Board of Directors and the Supervisory Board, as well as related persons, takes place in accordance with the Austrian Stock Exchange Act. Share trading transactions are published in the directors' dealings database of the Austrian Financial Market Authority (FMA). A link to the FMA's website (www.fma.gv.at) is available on POLYTEC HOLDING AG' corporate website (www.polytec-group.com). During the 2015 financial year, members of the Board of Directors and Supervisory Board completed transactions. These were reported punctually to the FMA and made public on its website.

D&O INSURANCE POLICY

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 employees, as well as the managing bodies of the subsidiaries. The company pays the premiums for this insurance policy.

COMPLIANCE

POLYTEC HOLDING AG has introduced compulsory compliance guidelines pursuant to Rules L 20 and C 21 of the Austrian Corporate Governance Code, which correspond with current regulations and in particular with the Issuer Compliance Regulation. The responsible Compliance Officer carries out the tasks relating to the implementation of and compliance with these guidelines (training and dissemination of information, updating of the insider list, notification of lock-up periods, compilation of an annual activity report and other duties) in coordination with the entire Board of Directors. Compliance activities are reported to the audit committee on an annual basis.

In addition to the content of capital market compliance, the POLYTEC GROUP holds regular training regarding anti-corruption and anti-trust law. The awareness levels of employees are raised with respect to issues of competition and anti-trust law relevance, as well as correct conduct when dealing with gifts and invitations. The aim is to protect both employees and the company against infringements of the law and to offer practice-related support during the application of the relevant regulations.

MEASURES FOR THE ACTIVE PROMOTION OF WOMEN

Viewed from a gender perspective, the composition of POLYTEC HOLDING AG's governing bodies such as the Board of Directors and the Supervisory Board as at the balance sheet date of December 31, 2015 was as follows: one in five Supervisory Board positions was held by a woman, which corresponds to a proportion of 20%. One woman also served on the four-member Board of Directors, thus accounting for 25% of total executive positions.

On December 31, 2015, the quota of women in the group amounted to 17.9%. The workforce in the automotive supply industry is still predominately male, as this sector is primarily oriented towards technology. However, the percentage of female employees has increased over recent years and this also applies to executive management positions. In the companies of the POLYTEC GROUP at the editorial deadline of this report in end-March 2016 about 22% women and around 78% men worked in managing functions. In the service functions of the holding company at the balance sheet date the proportion of women was at 50%.

In the Finance and Accounting, Sales and Marketing as well as in the Legal departments, women currently hold clerical, middle and top management positions. This high percentage of female employees is mainly attributable to the increased efforts of the Human Resources Department during recent few years, which have been aimed at filling both new and replacement vacancies with women.

When recruiting for vacant positions, the Human Resources Department evaluates both male and female applicants in an equal manner. Candidates are selected primarily on the basis of the qualifications and experience they can contribute to the company. Other personal characteristics such as social background, religion or age are not deemed important. For a globally operating company, performance orientation, equal opportunities and the uniform treatment of all employees take centre stage in daily business operations.

FINANCIAL AUDITOR

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH, Linz was recommended by the Supervisory Board as the auditor of POLYTEC HOLDING AG's financial statements and consolidated financial statements for the 2015 financial year. This proposal was approved with the required majority at the 15th Ordinary Annual General Meeting held on May 13, 2015. In the year under review, total expenses for auditing purposes amounted to TEUR 166 (2014: TEUR 183). A more detailed breakdown of these expenses in the single fields of activity is available in the notes to the consolidated financial statements.

Hörsching, March 31, 2016

The Board of Directors

Friedrich Huemer m. p.
Chairman – CEO
Markus Huemer m. p.
Deputy Chairman – COO
Alice Godderidge m. p.
Member of the Board – CSO
Peter Haidenek m. p.
Member of the Board – CFO

REPORT OF THE POLYTEC HOLDING AG SUPERVISORY BOARD FOR THE 2015 FINANCIAL YEAR

In the year under review, the Board of Directors of POLYTEC HOLDING AG provided the members of the Supervisory Board and its committees with regular information about the business performance and financial situation of the company. During both scheduled meetings and informal discussions, communications between the Board of Directors and the Supervisory Board were characterised by a high degree of openness, which allowed the Supervisory Board to comprehensively assess the company's business development at all times and support the Board of Directors' fundamental decisions. In the course of four meetings, 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 the 2015 financial year, the committees formed in accordance with the Corporate Governance Code (audit, nomination and risk management committees) convened as stipulated. 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 of the Supervisory Board members are deemed to be independent according to the definition contained 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, Linz, in its capacity as the auditor of the financial statements and consolidated financial statements. On the basis of this audit, the auditor confirmed that the corporate accounting, the financial statements and the consolidated financial statements comply with all legal requirements. Moreover, that the financial statements and the consolidated financial statements were prepared in accordance with generally accepted accounting principles and provide a true and fair view of the asset, financial and profit situation of the company and that the Management Report and the Group Management Report are consistent with the financial statements and the consolidated financial statements.

The Supervisory Board agrees with the result of this audit of the financial statements and the consolidated financial statements. The final result of the audit conducted by the Supervisory Board of the Management Report prepared by the Board of Directors, the management of the company, the Group Management Report and the consolidated financial statements gave no reason for objection. Therefore, the Supervisory Board 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 0.30 per eligible share for the 2015 financial year.

On behalf of the Supervisory Board, I would like to express my thanks to the Board of Directors and all the members of the POLYTEC GROUP workforce for their endeavours and great commitment during the 2015 financial year.

Hörsching, April 2016

Fred Duswald m. p.
Chairman of the Supervisory Board


FINANCIALS 2015

GROUP MANAGEMENT REPORT OF POLYTEC HOLDING AG FOR THE 2015 FINANCIAL YEAR

1. BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

AUTOMOTIVE INDUSTRY DEVELOPMENTS IN 2015

As anticipated the global automotive market continued to expand in 2015 with growth of one per cent to roughly 77 million units. The year provided new highs for both the USA and China, while Western Europe moved up considerably to reach its best level for five years. The negative sales trend in Russia and Brazil, on the other hand, showed a further massive deterioration with double-digit falls, and Japan was also weak. The car market in India remained positive. Reports regarding the slow-down in Chinese economic growth and the VW exhaust emissions scandal cast a shadow over the industry, but up to the end of the year had no major effects upon overall growth.

CHINA EXPERIENCES UPS AND DOWNS IN 2015, BUT OVER 20 MILLLION CARS ARE SOLD FOR THE FIRST TIME

The extremely high growth rates of previous years in the People's Republic may be a thing of the past, but nonetheless it remains the world's largest car market. During the year as a whole, car sales rose by 9.1% and broke through the twenty million-unit barrier for the first time. From June to August sales fell in comparison with 2014 and reached a low in July. However, in the last three months of the year there were sizeable double-digit growth rates and in December sales were up by 19% over the preceding year. It seems probable that these increases were caused largely by a reduction in the tax on cars with a cubic capacity of below 1.6 liter, which came into force in October and terminates at the end of 2016. This vehicle class provided more than two-thirds of all new registrations in China with 14.5 million units.

USA WITH NEW RECORD SALES

In 2015 the USA registered an increase of 5.8% in the new registration of light vehicles (cars and light trucks). This represented a total 17.4 million units, which was slightly up on the previous all-time high in 2000, and thus constituted a new record. Among other factors, demand was supported by the improved economic situation, low loan interest rates and fuel prices. In particular, the latters served to boost sales of SUVs. Roughly 9.9 million units were sold in the light truck category, which was 13% more than in 2014 and represented a prolongation of the trend of recent years. By contrast, the car segment showed a decline of 2% to 7.5 million units and only formed 43% of the overall market in 2015.

THE EU MARKET SHOWS THE STRONGEST UPTURN WITH GROWTH OF 9.3%

In absolute terms, the number of new registrations in Western Europe again lagged behind those of the USA in third place. Nevertheless, of the world's three major markets, Europe showed the highest growth in 2015. 13.7 million new car registrations were completed within the EU28, which represented an increase of 9.3%. This was 0.2 percentage points larger than that of China and 0.5 percentage points more than in the USA. This very clear trend could not have been predicted twelve months ago, as sales growth in 2014 amounted to a mere 5.7%. In the five main EU markets, which together provided three-quarters of the new registrations in 2015, Spain had growth of 20.9% and Italy 15.8%. France followed with 6.8%, the UK with 6.3% and Germany with 5.6%. Demand also rose sharply in the Netherlands towards the end of the year (16.0%), owing to a reduction in the tax breaks for company cars as of 2016. Sales were also higher in some of the smaller European countries as evidenced by Ireland with 29.8%, Portugal with 25.0%, the Czech Republic with 20.0%, Hungary with 14.4% and Sweden with 13.5%. In Luxembourg and Estonia there was a fall in the number of registrations as compared to 2014.

COMMERCIAL VEHICLES DEMONSTRATE GROWTH FOR THE THIRD YEAR IN SUCCESSION

The commercial vehicles segment in the EU28 saw an increase in new registrations for the third year in succession. During 2015, sales in the EU28 rose by 12.4% to over two million units (2014: 1.8 million) and double-digit growth rates were registered in all weight classes. Above all, this expansion was derived by the impetus generated in Southern Europe and the UK. The five EU countries that represented approximately three-quarters of the market in 2015, showed the following increases: Spain was up 36.4%, the UK 16.7%, Italy 13.2%, Germany 4.3% and France 3.1%. Light trucks in the category of up to 3.5 tonnes represent the most important segment in the EU with 1.7 million units in absolute terms. This constituted an increase of 11.6% over 2014. Some 326,000 medium-weight trucks (between 3.5 and 16 tonnes) were registered, which added up to growth of 16.2%. Sales of heavy trucks with over 16 tonnes gained the most ground, rising by 19.4% to 260,000 units in twelve months. The sales of buses with over 3.5 tonnes were also up by 17.8% at around 40,000 units. Conversely, the Western European market for agricultural vehicles showed a downturn in 2015.

RUSSIA AND BRAZIL REMAIN IN A SEVERE SALES CRISIS

The downturn in the Russian light vehicle market continued. During the past year sales dropped by 35.7% to 1.6 million (2014: 2.4 million). As a result, the market was only just above the crisis level of 2009. The Brazilian market is also in deep recession. In 2015, this led to the lowest number of new registrations since 2007. These totalled roughly 2.5 million, which represented a fall of 25.6%. Consequently both Russia and Brazil were overtaken by India (2.8 million), where an improvement in the consumers' mood and lower interest rates engendered growth of 7.9%. In Japan new registrations were down by 10.3% at 4.2 million, a development that was probably influenced by the increase in VAT introduced some twelve months ago.

OUTLOOK 2016

Analysts and automotive industry associations predict further growth in the three large automotive markets China, USA and Western Europe in 2016 and the figures for the first three months of the year already confirm this positive trend. The German Automotive Industry Association anticipates that the world car market will expand by 2% in 2016 to stand at 78.1 million units, but at the same time warns that, "The headwind is becoming stronger, the global economy shows many uncertainties and the political tensions in the Near and Middle East are intensifying. Therefore, any forecast for the coming year must be made subject to the assumption that general conditions will not deteriorate." The industry also assumes that the commercial vehicles segment will see an increase in registrations over 2015 and for example, the nascent opening in Iran could provide additional volumes. Surveys in the agricultural vehicles area show a generally negative mood, but clear future trends are not evident. Expectations are only positive with regard to China and India.

Sources: German Automotive Industry Association, European Automobile Manufacturers Association, China Association of Automobile Manufacturers, Agrievolution, Baader Bank Group

2. GROUP BUSINESS DEVELOPMENT AND STATUS

SALES REVENUES

In the 2015 financial year, POLYTEC GROUP sales revenues increased by approximately 27.5% over the preceding year to stand at EUR 626.5 million (2014: 491.3 million). This figure includes a contribution totalling EUR 110.4 million (2014: EUR 8.5 million) from the plants at Roosendaal and Putte in the Netherlands, which were purchased at the end of November 2014 and were now consolidated for the full year. If this acquisitional effect is excluded from the sales revenues, organic growth of EUR 33.3 million or 6.9% results. In particular, this growth derived from markedly higher sales in the small series car segment.

SALES BY MARKET SEGMENT

	Unit	2015	2014	2013
Passenger cars	EUR m	420.1	315.7	291.5
Commercial vehicles	EUR m	148.1	123.1	138.4
Non-automotive	EUR m	58.3	52.5	46.7
POLYTEC GROUP	**EUR m**	**626.5**	**491.3**	**476.6**

As compared to the previous year sales revenues in the passenger car business area, which with 67.1% forms the strongest market segment within the POLYTEC GROUP, rose by 33.1% to EUR 420.1 million. This growth emanated largely from the acquisition of the two Dutch plants and the considerable increase in sales in the small series car segment. The largest relative expansion derived from the customers Daimler Car, Volvo Car and Jaguar Land Rover. VW Car, the car customer with the largest share of POLYTEC GROUP sales (27.5%), showed double-digit growth during the 2015 financial year.

Sales in the commercial vehicle segment (23.6%) were clearly up on those of 2014, rising by 20.3% to EUR 148.1 million. During the past financial year the downward sales trend of 2013 and 2014 was reversed and turned into sizeable growth owing to the improvement in the overall market situation, the capture of DAF Truck (acquisitional effect) as a new customer and increased sales to VW Truck.

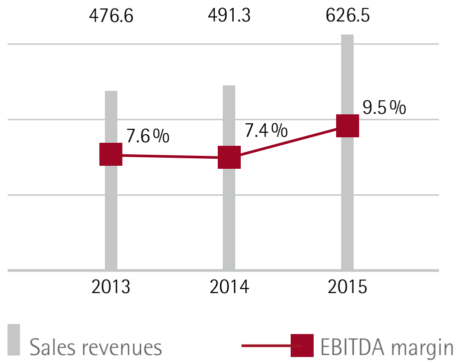
Sales revenues in the non-automotive market segment (9.3%) were 11.0% higher than in 2014 at EUR 58.3 million. The driving force behind this positive trend was provided by the sales of transport boxes produced at the Ebensee plant to the customer IFCO.

SALES BY CATEGORY

	Unit	2015	2014	2013
Part sales and other sales	EUR m	556.4	421.1	416.8
Tooling and engineering sales	EUR m	70.1	70.2	59.8
POLYTEC GROUP	**EUR m**	**626.5**	**491.3**	**476.6**

Tooling and engineering sales revenues in 2015 remained at the solid level of the preceding year. However, in the course of the year these sales revenues were subject to cyclical fluctuations in the order allocations from major customers.

SALES REVENUE AND EBITDA MARGIN DEVELOPMENT



SALES BY REGION

	Unit	2015	2014	2013
Austria	EUR m	15.5	18.0	16.5
Germany	EUR m	342.9	301.0	287.9
Rest of EU	EUR m	220.3	141.5	138.2
Other countries	EUR m	47.8	30.8	34.0
POLYTEC GROUP	**EUR m**	**626.5**	**491.3**	**476.6**

The increase of over 50% in sales to the rest of the EU originated from the acquisition of the Roosendaal and Putte plants in the Netherlands, as well as small series car growth, as exemplified by the UK plant in Bromyard. The share of sales to the rest of the world also grew by more than 50%.

EARNINGS DEVELOPMENT

EBITDA

POLYTEC GROUP EBITDA reported for the 2015 financial year totalled EUR 59.7 million and was thus well above the level of the previous year (EUR 36.5 million). Apart from the contribution to the result derived from the full-year inclusion of the locations in the Netherlands, the purchase of the real estate portfolio owned previously by Huemer Holding GmbH had an impact on EBITDA of around EUR 8.4 million. In addition, developments in the small series car production area had a positive effect on the operating result.

GROUP EARNINGS FIGURES

	Unit	2015	2014	2013
Sales revenues	EUR m	626.5	491.3	476.6
EBITDA	EUR m	59.7	36.5	36.4
EBITDA margin (EBITDA/sales)	%	9.5	7.4	7.6
EBIT	EUR m	36.6	20.6	20.2
EBIT margin (EBIT/sales)	%	5.8	4.2	4.2
Result after income tax	EUR m	24.2	14.2	15.0
Average capital employed	EUR m	219.1	150.3	132.0
ROCE before tax (EBIT/capital employed)	%	16.7	13.7	15.3
Earnings per share	EUR	1.08	0.62	0.65
Dividend per share (proposal to the AGM)	EUR	0.30	0.25	0.25

MATERIAL EXPENSES

In the 2015 financial year, material expenses rose by EUR 59.6 million, or 24.0%, to EUR 307.8 million. The main reason for this increase was the full-year inclusion of the two Dutch plants and the Group's organic growth. Conversely, the material to sales ratio fell by 1.4 percentage points to 49.1% (2014: 50.5%).

PERSONNEL EXPENSES

The Group's personnel expenses in 2015 were EUR 37.6 million, or 24.4%, higher at around EUR 192.0 million. This effect was due to the inclusion of the plants in the Netherlands. If the leasing costs totalling EUR 16.6 million that are included in other operating expenses are taken into account, the Group's personnel ratio fell slightly by 0.3 percentage points over the preceding year to 33.3%.

AMORTISATION AND DEPRECIATION

Compared to the previous year depreciation rose by around EUR 7.3 million to EUR 23.2 million. This increase was due to the considerable rise in investments in fixed assets and aquisitorial effects emanating from the purchase of the real estate portfolio and the plants in the Netherlands.

EBIT

In the 2015 financial year, Group EBIT went up by EUR 15.9 million, or 77.2%, to EUR 36.6 million. In addition to the full-year consolidation of the Dutch works, the acquisition of the real estate portfolio of EUR 6.5 million and the significant increase in sales in the passenger car small series had a positive impact on operating profit. As compared to the preceding year, the EBIT margin improved by 1.6 percentage points to 5.8%.

FINANCIAL AND GROUP RESULT

In the 2015 financial year, the financial result amounted to minus EUR 4.3 million following minus EUR 1.8 million in the preceding year. The deterioration of around EUR 2.5 million thus reported was due largely to the interest expense derived from the taking up of a EUR 100 million promissory note loan on September 30, 2014. In addition, the interest expense derived from the borrowings assumed in the course of the purchase of the Huemer Holding GmbH real estate portfolio also resulted in a change in the financial result. If the effects of tax deferrals are taken into account, the tax ratio of the POLYTEC GROUP in the 2015 financial year amounted to 24.9% and was therefore at the level of the previous year. Owing to the use of tax loss carryforwards from previous years, this figure was slightly lower than the full income tax amount. Group net profit improved by EUR 10.1 million as compared to the preceding year to stand at EUR 23.7 million (2014: EUR 13.6 million). This corresponds with earnings per share of EUR 1.08 (2014: EUR 0.62).

ASSET AND FINANCIAL STATUS

INVESTMENTS

As opposed to the preceding year, the POLYTEC GROUP's investment volume was EUR 103.2 million higher at EUR 134.4 million. The rise resulted with EUR 87.3 million primarily from the purchase of the Huemer Holding GmbH real estate portfolio with effect from January 1, 2015. In addition, smaller company purchases, new investments in infrastructure and production plants at the Aksaray location in Turkey and the Tianjin location in China, as well maintenance investments all contributed to this marked increase in assets.

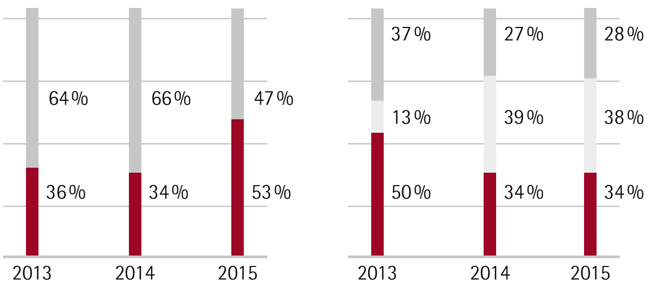
Capital expenditure in 2015 totalled EUR 68.5 million. The difference between capital expenditure and investment volume of EUR 65.9 million emanated from non-cash purchase price payments. Of this amount, EUR 59.4 million related to the purchase price for the real estate portfolio. Detailed information regarding the effects of acquisitions in the course of the 2015 financial year is contained in item B. 1 of the notes to the Group financial report.

GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

	Unit	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Equity	EUR m	162.9	144.3	137.2
Equity ratio (equity/ balance sheet total)	%	33.6	34.0	50.2
Balance sheet total	EUR m	485.1	424.0	273.1
Net working capital (NWC)	EUR m	50.5	56.2	49.3
Net working capital as a % of sales (NWC/sales)	%	8.1	11.4	10.4

In 2015 the Group's balance sheet total was EUR 61.1 million higher at EUR 485.1 million. The primary reason for this rise can be traced to the increase in tangible assets of around EUR 116.3 million. The bulk of this figure (EUR 87.3 million) is related to the purchase of the real estate portfolio held previously by Huemer Holding GmbH. Net working capital was EUR 5.7 million down on the figure for 2014 at EUR 50.5 million, due mainly to an increase in other short-term liabilities of approximately EUR 5.2 million.

BALANCE SHEET STRUCTURE OF THE POLYTEC GROUP (IN %)



Current assets
Non-current assets

Short-term liabilities
Long-term liabilities
Equity

On the balance sheet date, the equity ratio was 0.4 percentage points lower at 33.6% and was thus roughly at the level of the previous year. A reduction in the equity ratio owing to the takeover of the real estate portfolio and the payment of dividends was largely counterbalanced by an increase in the equity ratio derived from retained earnings.

As at the balance sheet date of December 31, 2015, the POLYTEC GROUP held 334,041 treasury shares (1.5% of share capital) with an acquisition value of EUR 1.9 million and a stock market value on the closing date of EUR 2.6 million (2014: EUR 2.1 million). No treasury shares were purchased or sold by the company during the 2015 financial year.

	Unit	2015	2014	2013
Net debt (+)/ -assets (–)	EUR m	99.1	11.8	-11.6
Net debt (+)/ -assets (–) to EBITDA	–	1.66	0.32	-0.32
Gearing (net debt (+)/-assets (–) to equity)	–	0.61	0.08	-0.08

As opposed to the balance sheet date December 31, 2014, net debt was EUR 87.3 million higher at EUR 99.1 million. The main driver in this regard was the financing of the purchase of the aforementioned real estate portfolio. In addition, small company acquisitions and ongoing investments in POLYTEC GROUP tangible assets also contributed to this sizeable increase.

CASH FLOW

	Unit	2015	2014	2013
Cash flow from operating activities	EUR m	51.3	20.8	27.2
Cash flow from investing activities	EUR m	–69.2	–37.7	–16.3
Cash flow from financing activities	EUR m	–36.4	94.5	–14.5
Change in cash and cash equivalents	EUR m	–54.3	77.6	–3.6

In the 2015 financial year, the cash flow from operating activities increased by EUR 30.5 million to stand at EUR 51.3 million. The cash flow from investing activities in the 2015 financial year rose by EUR 31.5 million to EUR 69.2 million. The cash flow from financing activities amounted to EUR 36.4 million. The fall in cash and cash equivalents by EUR 54.3 million to EUR 57.7 million can be traced largely to the payment of the cash purchase price for the real estate portfolio, the company acquisitions and the distribution of dividends.

3. NON-FINANCIAL PERFORMANCE INDICATORS

ENVIRONMENTAL PROTECTION

Automotive manufacturers in general are subject to increasing pressure due to environmental statutes such as the legal requirement that vehicle weights be continually reduced and CO_2 emissions cut in tandem with fuel consumption. Accordingly, as an automotive industry subsupplier, the POLYTEC GROUP delivers significant solutions for the optimisation of new vehicle generations.

Owing to its innovative capacity and flexibility, during the past thirty years POLYTEC has established a notable reputation in the automotive subsupplier industry. By means of comprehensive research and development work, POLYTEC is able to continually provide improvements to the products of its customers, which in the final analysis have a positive environmental effect. For example, the dead weight of vehicles is lowered through the substitution of the materials used in various components, as exemplified in 2015 by the start of serial production of a carbon fibre C-column reinforcement, which as opposed to steel facilitates a weight reduction of as much as 60%. Such weight reductions lead to lower fuel consumption and transitively to a cut in CO_2 emissions.

Systematic ecological impact analyses represent a permanent feature of POLYTEC's product development processes and are carried out by the Group's specialists in close coordination with its customers. In combination with perfect quality and absolute punctuality of delivery, optimisation successes in areas such as weight reduction, material substitution and savings, noise reduction, etc. constitute POLYTEC's main strengths and are highly appreciated by its clientele.

The majority of the parts, top quality components and multi-functional plastics systems designed by POLYTEC are manufactured in accordance with certificated development and production processes. POLYTEC's production locations possess internationally recognised environmental and quality management norms, e. g. ISO 16949 and furthermore must continually meet numerous special customer standards. The strictness of the worldwide stipulations imposed by the automotive industry is only surpassed by that demanded in the aviation field.

POLYTEC constantly upgrades the products and services supplied to customers and all internal production processes are regularly subjected to analysis using a coordinated environmental, quality and lean management system with the aim of optimising in-house material and energy consumption. In-Group production phases are also continually improved with the same objectives in view and consequently process water and various cleaning solutions are virtually always utilised in closed cycles. As far as the use of paint is concerned, POLYTEC fulfils stringent indoor and waste air standards, which serve the protection of employees and the environment to an equal extent.

The processing of plastics demands large quantities of resources. Therefore, it is only logical that a careful approach towards this aspect of production constitutes both an ecological and economic necessity. Consequently, new strategies aimed at cutting resource consumption are part of the POLYTEC GROUP's fundamental corporate goals and in some areas such as the reduced use of solvents during painting it is already well ahead of the field. The Group's consistent commitment and its successes in an environmental regard are further underlined by the fact that today all of the plants in the automotive business units possess ISO 14001 certification and eight ISO 50001 accreditation.

The POLYTEC GROUP's resource conservation strategy is characterised by three main elements consisting of a scaling down of raw material use, enhanced energy efficiency and waste prevention. Over the years, POLYTEC has developed in-house strategies for each of these focal points, which, following pilot projects in individual plants, have been gradually implemented at the Group locations.

1. Raw material savings: In recent years, POLYTEC has made major progress in the area of raw material economies. Particularly in the injection moulding field, the increased employment of regranulate and modern dosing systems enables the use of materials to the full. Moreover, in the PLASTICS plants, the sprue derived from the production is milled directly at the machine and returned to the process without any loss of quality. The issues in question not only relate to the quantity of the raw materials processed, but also their chemical composition and hence their environmental relevance. POLYTEC's approach in this regard is exemplified by its predominant use of water-soluble paints, which has slashed solvent consumption by 70%.

2. Enhanced energy efficiency: A particularly important resource and thus cost item for the POLYTEC GROUP is energy. It has ttherefore put together a comprehensive package of initiatives aimed at cutting consumption. The investments adopted are already having a positive impact on energy costs. Heat recovery systems represent another efficient means of saving energy, as exemplified by the Gochsheim plant where the waste heat emanating from air compressors is used for office building heating. An effective energy management system has been introduced throughout the Group in order to examine every phase of production with regard to its energy efficiency and if required to extrapolate improvement measures.

3. A focus on recycling: Despite the careful use of raw materials, waste cannot be excluded entirely. Therefore, it is all the more important that unavoidable waste be separated as far as possible and then employed in practical recycling wherever possible. At POLYTEC, appropriate waste classification is assisted by a uniform, colour coding system, which not only prevents wastage but also reduces disposal costs.

EMPLOYEES OF THE POLYTEC GROUP

The average number of POLYTEC GROUP employees (including leasing personnel) in terms of full-time equivalents (FTE) and their geographic spread in the past three years were as follows:

	Unit	2015	2014	2013
Austria	FTE	579	554	542
Germany	FTE	2,321	2,304	2,253
Rest of EU	FTE	1,180	562	554
Other countries	FTE	167	161	167
POLYTEC GROUP	**FTE**	**4,247**	**3,581**	**3,516**
Sales per employee	TEUR	147	137	136

The increase in the average size of the Group workforce (including leasing personnel) by 18.6% as opposed to the previous year was a consequence of the inclusion of the two Dutch plants. Furthermore, small company acquisitions (please see the details in the Group notes) and the newly founded Chinese plant played a limited role in the rise in employee numbers. The average leasing personnel quota totalled 8.6% and was therefore 1.7 percentage points up on the yearly average for 2014. Sales per employee (excluding leasing personnel) increased by TEUR 10 to TEUR 147. On the 2015 balance sheet date, the POLYTEC GROUP workforce (excluding leasing personnel) numbered 3,928 and was thus 102 persons larger than in the preceding year. The percentage of women in the Group as at December 31, 2015 amounted to 17.9%.

The POLYTEC GROUP promotes the ongoing further training and development of its employees. For example, the Group's holistic, lean management programme has been disseminated and implemented throughout the organisation by means of the "POLYTEC Performance System" (PPS). In addition, the "PPS Academy" is used to train POLYTEC personnel in all the lean management disciplines of relevance to their assignments, in order to simplify daily working and initiate long-term improvements.

During so-called "POLYTEC Employee Days" personnel from the administrative areas have an opportunity to experience manufacturing procedures at close quarters and personally lend a hand. Salaried staff can work in production, turning out and packing components during a complete shift. In this way, both a higher regard for POLYTEC products and improved transparency of internal procedures are created.

As managerial positions within POLYTEC are largely filled from within the Group, employee qualification is of major significance. Therefore, the Group has created its own "POLYTEC Leadership Academy" within which the most important and sensitive issues relating to employee management are evaluated and further developed on an organisation-wide basis in order to promulgate a uniform understanding of leadership throughout the POLYTEC GROUP. During personnel development a focus is placed on the talents and abilities of the respective individual. Apart from internal activities, the Group also cooperates with respected, external further training bodies and thus prepares its employees in optimum fashion for their next steps up the POLYTEC career ladder.

4. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

All events after the balance sheet date that are of importance for evaluation on the said date, such as pending legal disputes, claims for damages, other obligations or anticipated losses, which in accordance with IAS 10 (Contingencies and Events Occurring after the Balance Sheet Date) must be reported or disclosed, are accounted for in the consolidated financial statements.

No further events of significance occurred after December 31, 2015.

5. REPORT ON EXPECTED GROUP DEVELOPMENT AND RISKS

DEVELOPMENT OUTLOOK IN THE AUTOMOTIVE INDUSTRY

Analysts and automotive industry associations forecast further growth in three large automotive markets China, USA and Western Europe in 2016 and the figures for the first months of the year already confirm this predicted positive trend. The German Automotive Industry Association anticipates that the world car market will expand by 2% in 2016 to stand at 78.1 million units, but at the same time warns of the numerous uncertainties appertaining to the global economy. Therefore, the forecasts for 2016 were made subject to the assumption that general conditions will not deteriorate. The industry also assumes that the commercial vehicles segment will again see an increase in registrations over 2015, but the market trend in the agricultural vehicles segment is estimated as being generally negative, although clear future trends are not evident. Expectations are only positive with regard to China and India. The low exchange rate of the euro against the US dollar and the low oil price to date could have a positive impact upon the automotive industry.

GROUP RESULT OUTLOOK

Based on the assumption of a stable economic situation and positive business development among all its major customers, the POLYTEC GROUP executive management foresees growth in both Group sales and results.

6. RISK REPORTING AND FINANCIAL INSTRUMENTS

In the first eight months of the 2015 financial year, no major changes occurred in the overall risk situation of the POLYTEC GROUP. However, in the second half of September the VW exhaust emissions scandal became public and led to uncertainties in both the automotive industry and the stock markets, during which the shares of a number of manufacturers and subsuppliers were subject to significant price corrections. The VW Group has long been the POLYTEC GROUP's biggest customer in terms of sales. In the periods leading up to the balance sheet date of December 31, 2015 and the editorial closing date for this report in mid-March 2016, there were no major effects upon the POLYTEC GROUP's operative business that could be traced to the aforementioned affair. Nevertheless, at present it is impossible to estimate what consequences it may have for POLYTEC GROUP sales and earnings in the future.

As far as risk reporting is concerned, please refer to the information contained under item F. 4 in the Group notes.

7. RESEARCH AND DEVELOPMENT REPORT

In 2015 the POLYTEC GROUP employed some EUR 9.8 million for research and development. This amount was at roughly the same level as the EUR 9.6 million of the previous year. In line with the Group strategy of continually developing innovative technologies and applications, the POLYTEC GROUP's R&D departments work intensively on new and further technical developments in the automotive and non-automotive sector with the objective of achieving continuous improvements in both Group competitiveness and profitability.

Apart from the integration of an increasing number of functions in plastic parts and the ongoing expansion of the possibilities for the substitution of metals, the development of new materials and processes aimed at making plastic parts still lighter and more stable represents one of the POLYTEC GROUP's core activities. The Group has been carrying out research in this field for many years, partly in teamwork with universities and schools of applied sciences. The Group not only supplies products and systems, but also works actively on the development of new solutions as a technological partner to its customers.

In combination with the latest production know-how, an enormous diversity of materials and processes ranging from injection moulding and various fibre compounds to polyurethane applications enables the POLYTEC GROUP to supply its customers with tailor-made solutions that offer top quality at an attractive price-performance ratio. However, the complexity of this enormous design scope also demands considered, lean and coordinated procedures. During 2015 a special emphasis was therefore placed on a standard development process with validity throughout the Group.

Interdisciplinary teams assessed and visualised current processes in all the business units with the aid of value stream analyses. It became evident that owing to numerous acquisitions during the Group's history, differing procedures and control instruments had become established at a number of locations. As a consequence, following the analytical phase a concept was jointly prepared for an inter-Group POLYTEC development process, which was then integrated into a target value stream. The objective was to create greater transparency with regard to teamwork across the Group on the basis of a uniform standard, but without placing any limitations on the flexibility of the individual business units.

Following final process definition, the rollout commenced in the autumn of 2015. The entire workforce received training and the process was anchored in the various process maps. The first projects to be dealt with using the POLYTEC development process commenced at the end of 2015. The process now serves as a benchmark for the POLYTEC Performance System in the administrative area and ensures improved quality in combination with less internal expenditure, while taking individual customer needs into full account.

DEVELOPMENT HIGHLIGHTS

The development centre at Lohne in northern Germany focuses on the design of injection moulded components, which are used primarily in the engine bay. The main objective of the engineering team is the replacement of metals by plastics and hence reductions in weight and thus emissions, as well as functional integration. One excellent example of the latter is provided by the POLYSWIRL fine oil separation system with which POLYTEC PLASTICS has enjoyed market success for a number of years and which it is continuing to develop further. Additional potential for functional integration is provided by hybrid cylinder head cover development. This involves the integration of metal camshafts into the cylinder head covers, which not only provides advantages with regard to weight and friction, but also significant cost benefits.

As a result of the acquisition of POLYTEC TOOLING GmbH in July 2015, the Group gained additional, valuable know-how in the tool design area and thus considerably increased the extent of its value-added capacity with respect to the development and production of high-quality prototypes and process-reliable serial production tools for technically demanding automotive components.

Joint development work in the exterior injection moulding field is also gaining in significance and in 2015 marked progress was achieved across the board in the Group's PLASTICS, CAR STYLING and COMPOSITES automotive business units.

Development work at POLYTEC COMPOSITES in the fibre-reinforced plastics area begins with the material employed. Continuous effort goes into the improvement of customised material formulations, which are tested in the unit's in-house laboratory and then manufactured in the semis plant at the Gochsheim location. During the conceptual and development phases, POLYTEC pursues new solutions and application possibilities for duro- and thermoplastic, long fibre-reinforced materials, while retaining a constant focus on the entire value-added chain.

2015 also saw the launch of serial production at POLYTEC of the first structural component to be made from carbon fibre reinforced plastic. The support of the C-column in the new BMW 7 has the same geometric shape as its steel counterpart, but offers weight savings of up to 60%. Prior to the production of this light and simultaneously rigid part, POLYTEC carried out extensive research in order to create a highly automated and linked manufacturing concept.

In 2015, the Integrated Acoustic Solutions product area also provided pleasing developments, which included the attainment of serial production maturity by the in-house created material VICS. VICS is an intelligent fibre compound, which since October 2015 has been used in the hybrid underbody of the Jaguar F-Type AWD to provide considerably increased mechanical capacity in combination with reduced weight.

It is POLYTEC's medium-term intention to position itself more clearly as a systems supplier. For as a one-stop-shop, should customers so require, the Group undertakes a complete range of services extending from pre-design to top coat painting, assembly and logistics. Apart from these systems supplier aspirations, the CAR STYLING business unit, which specialises in vehicle individualisation in the original accessories area and for small and medium-sized series, is pushing ahead with its lightweight construction competence. In 2015, this area also saw the start of the serial manufacture of an in-house developed material. Since April, the rear bumper of the Porsche GT3 RS has been in production at the Hörsching location using the new PUR RRIM Lightweight material. As opposed to conventional material manufactured with the PUR-RRIM process, this provides a weight reduction of around 23%.

8. KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The Board of Directors is responsible for implementing an adequate internal control and risk management system for the accounting process and financial reporting. Appropriate organisational measures ensure that all the relevant legal requirements necessary for 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 regulations and guidelines that are intended to avoid any related risks such as CEO fraud scenarios. These measures and rules include the separation of functions, signature directives and signatory powers for payment authorisations on an exclusively collective basis that are restricted to a small number of employees, as well as system-supported checks by the software employed.

The Board of Directors is constantly kept up to speed regarding all relevant issues by means of a standardised, Group-wide financial reporting system and ad hoc reports on major events. At its meetings, which are held at least once a quarter, the Supervisory Board is informed about current business developments, operative planning and medium-term Group strategy. In special cases the Supervisory Board is also provided with direct and immediate information. Among other topics, the Audit Committee meetings consider internal controls and risk management.

9. DISCLOSURES REGARDING CAPITAL, SHARE, VOTING AND CONTROL RIGHTS, AND ASSOCIATED OBLIGATIONS

As at the balance sheet date of December 31, 2015, the share capital of POLYTEC HOLDING AG remained unchanged at EUR 22.3 million divided into 22,329,585 bearer shares. 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.

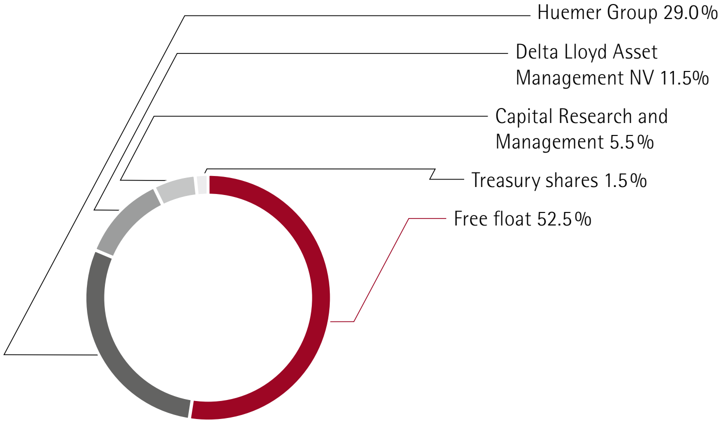
Shareholders with a stake of over 10.0% of the share capital, as at the balance shee date of December 31, 2015, comprised:

The **Huemer Group** holds roughly 29.0% (16.0% Huemer Holding GmbH and 13.0% Huemer Invest GmbH) of POLYTEC HOLDING AG share capital. As compared to the December 31, 2014 balance sheet date, the holding of companies that can be attributed to Friedrich Huemer, the POLYTEC GROUP CEO, in POLYTEC HOLDING AG increased by 2.4 percentage points. Huemer Invest GmbH reported director's dealings to the Austrian Financial Market Authority (FMA), according to which the company purchased a total of 537,273 (2.4%) POLYTEC HOLDING AG shares in the period between August 25 and November 27, 2015.

Via its Delta Lloyd Europees Deelnemingen Fds NV and Delta Lloyd L European Participation Fund, **Delta Lloyd Asset Management NV** holds 11.5% of POLYTEC HOLDING AG share capital.

Apart from the above, the Board of Directors is unaware of any shareholders with a share capital holding of over 10.0% as at the balance sheet date. In the reporting period from January 1 to December 31, 2015 POLYTEC HOLDING AG did not receive any notifications from shareholders of voting rights pursuant to § 91 of the Austrian Stock Exchange Act. No shareholders have particular rights of control.

As at December 31, 2015, on the basis of the issued shares, the shareholder structure of POLYTEC HOLDING AG had the following form:



TREASURY SHARES

During the 2015 financial year, the Group did not purchase or sell any treasury shares. On the balance sheet date of December 31, 2015, POLYTEC HOLDING AG held 334,041 treasury shares, which represented roughly 1.5% of share capital. The current authorisation of the Board of Directors to purchase treasury shares, which is based on a resolution passed by the 14th Annual General Meeting held on May 14, 2014, expires on November 13, 2016.

AUTHORISED CAPITAL

Authorised capital was agreed through a resolution of the Extraordinary General Meeting held on August 7, 2013. Subject to the consent of the Supervisory Board, the Board of Directors is therewith empowered to raise share capital by up to a nominal value of EUR 6,698,875.00 through the issue of new shares at a minimum issue price of EUR 1.00 during a maximum period of three years following the registration of the authorised capital. The issue of new shares may take place subject to the exclusion of the subscription rights of the shareholders.

OTHER INFORMATION

No indemnification agreements exist between the company and the members of the Board of Directors in the eventuality of a change in control. Equally, there are no indemnification agreements for the Supervisory Board members and employees or 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 the appointment of members of the Board of Directors and the Supervisory Board, or are intended for amending the Articles of Association.

The POLYTEC HOLDING AG website is entered in the company register under: www.polytec-group.com

Hörsching, March 31, 2016

The Board of Directors

Friedrich Huemer m. p.
Chairman – CEO
Markus Huemer m. p.
Deputy Chairman – COO
Alice Godderidge m. p.
Member of the Board – CSO
Peter Haidenek m. p.
Member of the Board – CFO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2015

compared with the figures from the previous year

in TEUR	Notes	2015	2014
Net sales	E. 1	626,454	491,278
Other operating income	E. 2	4,817	7,078
Changes in inventory of finished and unfinished goods		1,559	1,821
Own work capitalised		1,650	1,346
Expenses for materials and services received	E. 3	-307,810	-248,176
Personnel expenses	E. 4	-191,957	-154,287
Other operating expenses	E. 5	-75,971	-62,533
Result from companies accounted for using the equity method	E. 10	992	0
Earnings before interest, taxes and depreciation (EBITDA)		**59,735**	**36,528**
Depreciation		-23,150	-15,880
Earnings before interest and taxes = operating result (EBIT)		**36,585**	**20,648**
Interest result		-3,976	-1,877
Other financial income		25	85
Other financial expenses		-329	0
Financial result	E. 6	**-4,281**	**-1,792**
Earnings before tax		**32,304**	**18,856**
Taxes on income	E. 7	-8,066	-4,705
Earnings after taxes		**24,239**	**14,151**
thereof result of non-controlling interests		-520	-592
thereof result of the parent company		**23,718**	**13,559**
Earnings per share in EUR	E. 21	1.08	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Jan. 1–Dec. 31, 2015

in TEUR	Notes	Group	Non-controlling interests	Total
Profit after tax		**23,718**	**520**	**24,239**
Items that will not be reclassified (recycled) in future periods in the income statement				
Remeasurement of defined benefit obligation, net of tax		-34	-34	-68
thereof related, deferred income taxes		29	9	38
	E. 23	**-5**	**-25**	**-30**
Items that will not be reclassified (recycled) in future periods in the income statement				
Currency translations		-79	0	-79
		-79	**0**	**-79**
Other income		**-84**	**-25**	**-109**
After-tax result		**23,635**	**495**	**24,130**

Jan. 1–Dec. 31, 2014

in TEUR	Notes	Group	Non-controlling interests	Total
Profit after tax		**13,559**	**592**	**14,151**
Items that will not be reclassified (recycled) in future periods in the income statement				
Remeasurement of defined benefit obligation, net of tax		-2,131	0	-2,131
thereof related, deferred income taxes		618	0	618
	E. 23	**-1,514**	**0**	**-1,514**
Items that will not be reclassified (recycled) in future periods in the income statement				
Currency translations		757	0	757
		757	**0**	**757**
Other income		**-756**	**0**	**-756**
After-tax result		**12,803**	**592**	**13,395**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

compared with the figures from the previous year

ASSETS

in TEUR		Notes	Dec. 31, 2015	Dec. 31, 2014
A. Non-current assets				
I.	Intangible assets	E. 8	1,796	1,431
II.	Goodwill	E. 8	19,180	19,180
III.	Tangible assets	E. 9	217,054	100,720
IV.	Shares in equity-accounted companies	E. 10	936	31
V.	Other non-current assets		113	698
VI.	Other long-term receivables	E. 11	924	2,338
VII.	Non-current, interest-bearing receivables	E. 17	209	756
VIII.	Deferred tax assets	E. 12	14,564	17,434
			254,777	**142,588**
B. Current assets				
I.	Inventories	E. 13	58,429	52,708
II.	Trade accounts receivable	E. 14	52,202	51,282
III.	Receivables from construction contracts	E. 15	34,623	34,609
IV.	Other current receivables	E. 16	14,232	17,881
V.	Income tax receivables		185	425
VI.	Current interest-bearing receivables	E. 17	13,009	12,564
VII.	Cash and cash equivalents	E. 18	57,683	111,951
			230,362	**281,418**
			485,139	**424,006**

EQUITY AND LIABILITIES

in TEUR		Notes	Dec. 31, 2015	Dec. 31, 2014
A. Shareholder's equity				
I.	Share capital		22,330	22,330
II.	Capital reserves		37,563	37,563
III.	Treasury stock		-1,855	-1,855
IV.	Non-controlling interests		6,015	5,520
V.	Retained earnings		104,217	85,998
VI.	Other reserves		-5,346	-5,262
		E. 20	**162,925**	**144,294**
B. Long-term liabilities				
I.	Long-term interest-bearing liabilities	E. 22	141,698	121,814
II.	Provision for deferred taxes	E. 12	919	417
III.	Long-term provisions for personnel	E. 23	26,115	26,335
IV.	Other long-term liabilities	E. 24	15,998	15,149
			184,730	**163,715**
C. Short-term liabilities				
I.	Short-term interest-bearing liabilities	E. 25	28,346	15,277
II.	Liabilities on income taxes	E. 26	3,262	1,216
III.	Trade accounts payable	E. 27	50,197	47,743
IV.	Liabilities from construction contracts	E. 15	1,867	5,540
V.	Other short-term liabilities	E. 28	25,171	19,924
VI.	Short-term provisions	E. 29	28,642	26,296
			137,484	**115,996**
			485,139	**424,006**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2015

compared with the figures from the previous year

in TEUR		Notes	2015	2014
	Pre-tax profit		**32,304**	**18,857**
-	Income taxes		-2,730	-6,039
+	Depreciation (appreciation) of fixed assets		23,150	15,880
-	Non-cash earnings from deconsolidation	B. 1/E. 10	-1,266	-877
+(-)	Other non-cash expenses and earnings	F. 1	-1,957	43
+(-)	Increase (decrease) in long-term provisions		-295	242
-(+)	Profit (loss) from asset disposals		-151	-791
=	**Consolidated cash flow from earnings**		**49,056**	**27,315**
-(+)	Increase (decrease) in inventories, advance payments made		-5,249	-1,644
-(+)	Increase (decrease) in trade and other receivables		4,596	5,073
+(-)	Increase (decrease) in trade and other payables		-108	-1,947
+(-)	Increase (decrease) in short-term provisions		2,974	-7,991
=	**Consolidated cash flow from operating activities**		**51,269**	**20,806**
-	Investments in fixed assets	F. 1	-68,461	-30,178
-	Acquisition of a subsidiary, less acquired cash and cash equivalents	B. 1	-3,463	-9,648
+	Disposal of deconsolidated subsidiaries		856	0
+	Payments from the disposal of intangible and tangible assets		1,371	3,070
-(+)	Increase (decrease) interest bearing receivables and other long-term receivables		522	-553
+(-)	Other changes		0	-345
=	**Consolidated cash flow from investing activities**		**-69,175**	**-37,655**

in TEUR	Notes	2015	2014
+ Inflows from loan financing		9,400	17,901
- Repayments of loan financing		-5,122	-12,448
- Repayments of real estate loans		-33,481	0
- Outflows from financial leasing agreements		-1,937	-2,411
+(-) Changes in current financial liabilities		238	2,408
-(+) Funds from promissory note loans		0	99,487
- Third party dividends		-5,499	-6,105
- Treasury stock		0	-146
+(-) Other changes in equity		0	605
= Consolidated cash flow from financing activities		**-36,401**	**94,475**
+(-) Consolidated cash flow from operating activities		51,269	20,806
+(-) Consolidated cash flow from investing activities		-69,175	-37,655
+(-) Consolidated cash flow from financing activities		-36,401	94,475
= Changes in cash and cash equivalents		**-54,307**	**77,626**
+(-) Effect from currency translations		39	152
+ Opening balance of cash and cash equivalents		111,951	34,174
= Closing balance of cash and cash equivalents		**57,683**	**111,951**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Notes	Share capital	Capital reserves	Treasury stock
As of January 1, 2015		**22,330**	**37,563**	**-1,855**
Comprehensive income after tax		0	0	0
Other results after tax		0	0	0
Dividend		0	0	0
As of December 31, 2015	**E. 20**	**22,330**	**37,563**	**-1,855**

in TEUR	Notes	Share capital	Capital reserves	Treasury stock
As of January 1, 2014		**22,330**	**37,563**	**-1,709**
Comprehensive income after tax		0	0	0
Other results after tax		0	0	0
Dividend		0	0	0
Purchase of non-controlling interests		0	0	0
Treasury shares		0	0	-146
As of December 31, 2014	**E. 20**	**22,330**	**37,563**	**-1,855**

	Other reserves				
Retained earnings	Actuarial profit/loss	Reserves from currency translation	Shares of POLYTEC HOLDING AG stockholders	Non-controlling interests	Total
85,998	**-3,744**	**-1,518**	**138,774**	**5,520**	**144,294**
23,718	0	0	23,718	520	24,239
0	-5	-79	-84	-25	-109
-5,499	0	0	-5,499	0	-5,499
104,217	**-3,749**	**-1,597**	**156,909**	**6,015**	**162,925**

	Other reserves				
Retained earnings	Actuarial profit/loss	Reserves from currency translation	Shares of POLYTEC HOLDING AG stockholders	Non-controlling interests	Total
77,943	**-2,230**	**-2,276**	**131,622**	**5,528**	**137,150**
13,559	0	0	13,559	592	14,151
0	-1,514	757	-756	0	-756
-5,505	0	0	-5,505	-600	-6,105
0	0	0	0	0	0
0	0	0	-146	0	-146
85,998	**-3,744**	**-1,518**	**138,774**	**5,520**	**144,294**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 2015 FINANCIAL YEAR OF POLYTEC HOLDING AG, HÖRSCHING

A. GENERAL INFORMATION

The POLYTEC GROUP is an Austria-based, globally operating corporation with a focus on the automotive and plastics industry. In the automotive field, the Group acts as a supplier of exterior and engine bay components in the high-volume market segment, as well as a provider of original accessories and components for small and medium volume series. Furthermore, the Group manufactures various PUR moulded parts for other industries along with the related machinery. The POLYTEC HOLDING AG's company address is: Polytec-Strasse 1, 4063 Hörsching, Austria.

The consolidated financial statements of POLYTEC HOLDING AG (hereinafter referred to as the "Group" or "POLYTEC GROUP") for the 2015 financial year 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 UGB (Austrian Commercial Code).

The headquarters of POLYTEC HOLDING AG are located in Hörsching, Austria, and the company is listed in the City of Linz Company Register under the number FN 197646 g.

All the standards that were mandatory for the financial years under review were applied during the preparation of these consolidated financial statements.

The following new or amended standards and interpretations were applicable for the first time in the 2015 financial year.

IFRIC 21 (Levies) offers guidelines as to when a liability for a levy imposed by a public authority is to be recognised. This interpretation applies both to levies recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and levies for which the date and amount are known. The POLYTEC GROUP is not subject to material effects as a result of these amendments.

Furthermore, in 2015 the annual improvements to the IFRS (2011–2013) were to be observed. These contain amendments to IFRS 1 (First Time Adoption of International Financial Reporting Standards), IFRS 3 (Business Combinations), IFRS 13 (Fair Value Measurement) and IAS 40 (Investment Property). As a result of the amendment to IFRS 1 (First Time Adoption of International Financial Reporting Standards) the significance of the "date of validity" in connection with IFRS 1 is clarified with respect to the "basis for conclusions". IFRS 3 (Business Combinations) reformulates the existing exceptions to the application of IFRS 3 with regard to joint ventures. The improvement to IFRS 13 (Fair Value Measurement) involves clarification of the exceptions to the measurement of fair value on all contracts in the area of application of IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 9 (Financial Instruments). The amendment to IAS 40 (Investment Property) clarifies that its area of application and that of IFRS 3 (Business Combinations) are independent of one another, which means that under no circumstances are they mutually exclusive. The amendments described emanating from the annual improvements to the IFRS (2011–2013) have no material effect upon the POLYTEC GROUP's consolidated financial statements.

Standard	Interpretation	Published by IASB	Application mandatory according to IASB for financial years from	Adopted by the EU as at Dec. 31, 2015
IFRIC 21	Levies (application mandatory according to the EU Commission from June 17, 2014)	May 20, 2013	January 1, 2014	Yes
Various	Amendments to a number of IFRS as a result of the 2011–2013 improvements cycle (application mandatory according to the EU Commission from January 1, 2015)	December 12, 2013	July 1, 2014	Yes

The International Accounting Standards Board (IASB) is working on a large number of projects, which will only affect financial years commencing on January 1, 2016. The following new, amended or supplemented standards and IFRIC interpretations that have already published by the IASB, but for which application is not yet mandatory, have not been applied prematurely by the POLYTEC GROUP and are consequently irrelevant for these consolidated financial statements:

Standard	Interpretation	Published by IASB	Application mandatory according to IASB for financial years from	Adopted by the EU as of Dec. 31, 2015
IAS 19	Defined Benefit Plans: Employee Contributions (application mandatory according to the EU Commission from February 1, 2015)	November 21, 2013	July 1, 2014	Yes
Various	Amendments to a number of IFRS as a result of the 2010–2012 improvements cycle (application mandatory according to the EU Commission from February 1, 2015)	December 12, 2013	July 1, 2014	Yes
Various	Amendments to a number of IFRS as a result of the 2012–2014 improvements cycle	September 25, 2014	January 1, 2016	Yes
IFRS 14	Regulatory Deferral Accounts	January 30, 2014	January 1, 2016	No
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	January 1, 2016	Yes
IAS 16, 38	Property, Plant and Equipment, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	May 12, 2014	January 1, 2016	Yes
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	January 1, 2018	No
IAS 16, 41	Property, Plant and Equipment, Agriculture: Bearer Plants	June 30, 2014	January 1, 2016	Yes
IFRS 9	Financial Instruments	July 24, 2014	January 1, 2018	No
IAS 27	Separate Financial Statements: Equity Method in Separate Financial Statements	August 12, 2014	January 1, 2016	Yes
IFRS 16	Leasing	January 13, 2016	January 1, 2019	No
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 11, 2014	Postponed	No
IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exception	December 18, 2014	January 1, 2016	No
IAS 7	Statement of Cash Flows (disclosure initiative)	January 29, 2016	January 1, 2017	No
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 19, 2016	January 1, 2017	No
IAS 1	Disclosure Initiative	December 18, 2014	January 1, 2016	Yes

The amendment to IAS 19 (Defined Benefit Plans) clarifies that it is still permissible to continue to recognise the cost of employee contributions during the period in which the employee earned the corresponding benefit, as long as the amount of the contribution is not linked to the number of years of service. The POLYTEC GROUP is not materially affected by the results of this amendment.

IFRS 15 (Revenue from Contracts with Customers) prescribes a five-level model for the determination of the realised sales revenues from customer contracts. Pursuant to IFRS 15, sales revenues are to be reported to the amount of the consideration that a company can expect in exchange for the transfer of goods and services to a customer (or transaction price in accordance with IFRS 15). This standard replaces all the existing IFRS directives regarding revenue realisation. During the sale of goods and the provision of services within the scope of project business, contractually agreed performance, which is to be qualified as a separate performance obligation within the contract, may exert an influence upon the time-related receipt of revenues. The POLYTEC GROUP has already started to evaluate the impact upon its business. The analyses completed thus far have shown that the contracts concluded with customers can contain separate performance obligations and therefore revenue realisation similar to that employed under the percentage of completion method may occur. The implementation of IFRS 15 will also require modifications to the IT systems. At present, no reliable estimation of the effects emanating from the application of IFRS 15 upon the POLYTEC GROUP's consolidated financial statements can be made. The evaluation process is to continue and for the moment a premature application is not foreseen.

The version of IFRS 9 (Financial Instruments) issued in July 2014 replaces the existing directives contained in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 incorporates amended guidelines regarding the classification and measurement of financial instruments, including a new model based on potential loan defaults for the calculation of financial asset loss impairments, and general regulations for hedging transactions. It also takes over the guidelines for the recognition and derecognition of financial instruments from IAS 39. IFRS 9 is to be applied in the first reporting period of a financial year beginning on or after January 1, 2018. The POLYTEC GROUP is currently analysing the effects of IFRS 9, but there should be no material impact upon the consolidated financial statements.

The key concept of the new IFRS 16 (Leasing) is that all the leasing relationships of the lessee and the related contractual rights and obligations be reported in the balance sheet. This requires the lessee to recognise a liability for the obligation to make future leasing payments for all leasing arrangements. At the same time, the lessee capitalises a usufruct right to the underlying asset, which basically corresponds with the present value of the future leasing payments plus directly attributable costs. In future, the differentiation between financial and operating leasing agreements stipulated to date under IAS 17 will no longer be required from the lessee. By contrast, for lessors, the regulations in the new standard are very similar to those contained in IAS 17. Leasing agreements will continue to be classified as financial or operating leasing relationships. Agreements under which all risks and opportunities derived from the property are largely transferred will be classified as financial leasing, whereas all other leasing agreements will be seen as operating leases. The criteria contained in IAS 17 will be adopted for classification pursuant to IFRS 16. The POLYTEC GROUP is currently analysing the effects of the application of IFRS 16 upon the consolidated financial statements.

With regard to the future application of additional standards and interpretations that have not yet come into effect and are yet to be 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 collating rounded amounts and information given as a percentage, rounding differences may occur due to the use of automatic calculation systems.

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

Pursuant to § 245a UGB (Austrian Commercial Code), these consolidated financial statements replace the consolidated financial statements, which would otherwise have to be prepared in accordance with § 244 et seq. UGB.

B. PRINCIPLES OF CONSOLIDATION

1. SCOPE OF CONSOLIDATION

The scope of consolidation is determined in accordance with the principles of IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates). The parent company is POLYTEC HOLDING AG, Hörsching. The financial statements of POLYTEC HOLDING AG and the financial statements of the companies controlled by POLYTEC HOLDING AG as at December 31 of each year are included in the consolidated financial statements by way of full or equity consolidation. Control exists if the company has the power of decision over important activities, generates variable returns from the subsidiary and can influence these returns through its power of decision. Accordingly, in addition to the parent company, ten (2014: six) national and thirty (2014: 22) international subsidiaries were included, which are under the control of POLYTEC HOLDING AG. The six companies (2014: six), which were not included are also immaterial in total. The balance sheet date for all companies included in the consolidated financial statements was December 31, 2015.

Owing to a 24% capital holding and the resultant participation in financial and business policy decision-making processes, the POLYTEC GROUP exercises a major influence on the Ratipur Autofelszereles Kft., Komlo, Hungary. However, due to its secondary importance in the past according to IAS 8.8, the associated company was not reported in accordance with the equity method, but at amortised cost. This has now changed and due to the rising volume of business, in 2015 the company was included in the consolidated financial statements for the first time using the equity method. Owing to immateriality, the accumulated results between the date of acquisition and initial reporting at equity were recognised through profit and loss in the 2015 financial year.

An overview of the fully consolidated companies can be found under section F. 10.

As a rule, the annual financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date of disposal. A subsidiary is first included when control of its assets and business activities is actually assigned to the respective parent company.

In the financial year under review, the scope of consolidation altered as follows:

Scope of consolidation	Equity consolidation	Full consolidation
As at Dec. 31, 2014	**0**	**29**
Addition due to internal Group reorganisation	0	0
Company acquisitions	0	2
Real estate purchases	0	9
Newly founded business entities	0	1
Change in consolidation methods	1	0
As at Dec. 31, 2015	**1**	**41**
thereof international companies	1	30

ACQUISITIONS 2014
voestalpine Plastics Solutions

On September 30, 2014 the POLYTEC GROUP and the voestalpine Group signed an agreement for the takeover of 100% of the shares of voestalpine Polynorm Van Niftrik B.V., Putte (Netherlands), and voestalpine Polynorm Plastics B.V., Roosendaal (Netherlands), by Polytec Netherlands Holding B.V., Roosendaal (Netherlands). The closing of the transaction and thus the transfer of ownership took place on November 26, 2014. For further information, reference should be made to the annual report for 2014.

As part of these acquisitions in 2014 no retroactive adjustments have been made, whereby the amounts of the net assets acquired were unchanged.

ACQUISITIONS 2015
POLYTEC Real Estate Group

On March 2, 2015 a contract was signed with Huemer Holding GmbH, Hörsching, regarding the purchase of all the shares in POLYTEC Immobilien Holding GmbH, Hörsching.

POLYTEC Immobilien Holding GmbH is a real estate investment holding with national and international subsidiaries. For historical reasons, these subsidiaries own industrial real estate of exclusive importance to the POLYTEC GROUP at the following locations:

1. POLYTEC Immobilien Holding GmbH	Investment holding
2. PT Immobilien GmbH	Investment holding
3. POLYTEC Immobilien GmbH	Group headquarters Hörsching plant Marchtrenk plant
4. POLYTEC Composites Immobilien GmbH	Gochsheim, Cornberg and Voerde plants
5. PPI Immobilien GmbH	Ebensee plant
6. POLYTEC Immobilien Deutschland GmbH	Idstein, Lohne, Womirstedt and Nordhalben plants
7. POLYTEC Estates Slovakia s.r.o.	Sladkovicovo plant
8. POLYTEC Estates Belgium N.V.	Schoten plant

The Bochum plant was not taken over. This was in the possession of a real estate company that was only 70%-owned by the Huemer Group. The owner of the other 30%, who also had a 30% interest in POLYTEC Industrial Plastics GmbH, subsequently purchased the remaining 70% of the shares in the real estate company subject to the same evaluation parameters as those of the POLYTEC GROUP. Nonetheless, the rental agreement between the real estate company and the POLYTEC GROUP remains unaltered and subject to the same conditions.

In addition, during 2014 POLYTEC Immobilien Holding GmbH founded the Turkish company POLYTEC Real estate Gayrimenkul Limited Sirteki, Aksaray, Turkey, with the objective of acquiring property for the POLYTEC location in Turkey.

The POLYTEC GROUP management anticipates both financial and strategic advantages from the takeover of the real estate portfolio owned previously by Huemer Holding GmbH. Apart from the attractive purchase price, which was at the lower end of a value range established in the course of the purchase process, clearly positive, simultaneous effects on the result situation of the POLYTEC GROUP can be achieved. The rental costs for related companies, which in 2014 amounted to EUR 8.2 million, have therewith been accounted for. A positive effect upon 2015 EBITDA of some EUR 8.4 million resulted, while the positive effect on EBIT amounted to roughly EUR 6.5 million. In addition, it should be noted that these contributions to the result, which relate to the year as a whole, will increase in future, as rent payments are subject to annual indexing.

The acquired real estate portfolio consists of a Collection of Assets. A business operation in the sense of IFRS 3 does not exist, as the properties are used virtually entirely by POLYTEC GROUP companies, no active management and marketing of real estate involving third parties from outside the Group takes place, and in addition no external income is obtained.

The purchased real estate portfolio and the related other assets and debts were reported initially in the consolidated financial statements of the POLYTEC GROUP in the first quarter of 2015 and demonstrate the following composition:

in TEUR	Fair value at the date of acquisition
Non-current assets	
Intangible assets	9
Tangible assets	87,333
	87,342
Current assets	
Other current receivables	568
Cash and cash equivalents	3,607
	4,175
Non-current liabilities	
Non-current interest-bearing liabilities	21,709
	21,709
Current liabilities	
Trade accounts payable	3
Current interest-bearing liabilities	37,740
Current provisions	491
Other current liabilities	1,980
	40,214
Net assets	**29,595**

The cash purchase price amounted to TEUR 29,595. The share of the purchase price relating to the real estate portfolio totalled TEUR 87,333. The remaining share of the purchase price related to other assets and debts, whereby these contained interest-bearing liabilities of TEUR 59,449.

WIN Coatings (now: POLYTEC Industrielackierung Weiden GmbH)

A company purchase agreement from February 23, 2015 saw the acquisition of all the shares in WIN Coatings GmbH, Altenstadt (Germany), as well as the fixed assets required for company operations and the company premises of Nessmayr Holding GmbH, Altenstadt (Germany). The total purchase price amounted to TEUR 2,600. Initial consolidation took place on February 28, 2015. The takeover serves the consolidation of the European market position through the acquisition of companies that supplement the POLYTEC GROUP's technology portfolio to perfection. The company represents an ideal addition in the industrial coatings area, which to date has served primarily as an extended workbench for the POLYTEC location in Weiden. This acquisition has extended the depth of value added in the industrial coatings field with the important undercoating process phase, while at the same time eliminating a critical, operative interface.

In the 2014 financial year, WIN Coatings GmbH achieved sales revenues of around TEUR 3,900. Roughly 70% of this figure derived from transactions with POLYTEC GROUP companies and therefore the consolidated sales of the POLYTEC GROUP have not increased significantly. The preliminary evaluation of the purchase price allocation at the time of purchase was concluded without major adjustments.

On the date of acquisition, the purchase price allocation based on the final definition of fair value demonstrated the following breakdown:

in TEUR	2015
Purchase price settled in cash	2,600
Net assets	2,642
Liabilities-side difference (badwill)	42

The recognised fair value of the assets and debts acquired on the date of acquisition was as follows:

in TEUR	Fair value at the date of acquisition
Non-current assets	
Tangible assets	3,940
	3,940
Current assets	
Inventories	151
Trade and other receivables	146
Other receivables	126
Cash and cash equivalents	36
	459
Non-current liabilities	
Tax deferrals	24
	24
Current liabilities	
Trade accounts payable	260
Other current liabilities	156
Current provisions	1,317
	1,733
Net assets	**2,642**

The remaining negative difference was recognised as an increase in the results.

The fair value of trade and other receivables totalled TEUR 272. Gross receivables also amounted to TEUR 272. None of the trade and other receivables were subject to value impairment and all the contractually established receivables are recoverable.

The net cash inflow from the acquisition was structured as follows:

in TEUR	2015
Cash flow from investing activities	
Purchase price settled in cash	-2,600
Cash and cash equivalents	36
Net cash inflow from the acquisition	**2,564**

There were no material external transaction costs. Since initial consolidation, the acquired company has contributed TEUR 407 to Group sales revenues. The contribution to after-tax profits for the same period amounted to TEUR 104. Had the acquired company already been consolidated on January 1, 2015, the Group's sales revenues would have been TEUR 334 higher and the after-tax profit TEUR 106 lower.

AdMould Werkzeugbau GmbH
(now: POLYTEC Tooling GmbH & Co KG)
With effect from July 1, 2015, the POLYTEC GROUP took over AdMould Werkzeugbau GmbH, which is located in Thannhausen, Germany. As a result of this purchase, available toolmaking capacity, which among other purposes is employed for the production of injection moulded automotive components, was expanded and the strategic growth of the POLYTEC GROUP further supported.

On the date of acquisition, the purchase price allocation based on the preliminary definition of fair value demonstrated the following breakdown:

in TEUR	2015
Purchase price settled in cash	875
Net assets	1,184
Liabilities-side difference (badwill)	309

The recognised fair value of the assets and debts acquired on the date of acquisition was as follows:

in TEUR	Fair value at the date of acquisition
Non-current assets	
Tangible assets	1,539
	1,539
Non-current liabilities	
Tax deferrals	132
	132
Current liabilities	
Other current liabilities	38
Current provisions	185
	223
Net assets	**1,184**

The remaining negative difference was recognised as an increase in the results.

The net cash inflow from the acquisition was structured as follows:

in TEUR	2015
Cash flow from investing activities	
Purchase price settled in cash	-875
Cash and cash equivalents	0
Net cash inflow from the acquisition	**875**

There were no material external transaction costs.

Since initial consolidation, the acquired company has contributed TEUR 664 to Group sales revenues. The contribution to after-tax profits for the same period amounted to minus TEUR 42. As the company was purchased out of insolvency no reliable statements can be made regarding the contributions to sales revenues of the Group and the after-tax profit had the company already been consolidated on January 1, 2015.

2. METHODS OF CONSOLIDATION

FULL CONSOLIDATION

Capital consolidation for company acquisitions up to March 31, 2004 was completed on the basis of the book value method by offsetting the acquisition costs of the investments against the equity ratio allotted at the time of acquisition. Wherever possible, resultant goodwill is assigned to the assets. In previous years badwill was analysed with regard to the reasons for its accrual and in accordance with IAS 22, future losses and expenses were reported as income at the time of occurrence.

IFRS 3 (Business Combinations) was applied to acquisitions after March 31, 2004. Capital consolidation was therefore carried out on the basis of the revaluation method (recognition of all assets and liabilities at fair value even in the case of non-controlling interests and the complete disclosure of silent reserves, independent of the amount of the non-controlling interests). The investment carrying value was counterbalanced by the pro rata, newly evaluated equity of the subsidiary (purchase accounting).

Any remaining differences were capitalised as goodwill. Goodwill occurring prior to January 1, 2005 was reported with the carrying amount as at December 31, 2004. All goodwill is subjected to an annual impairment test. Should the acquisition costs be lower than the net assets, the liabilities-side difference (negative goodwill) is recognised in the income statement of the acquisition period.

Non-controlling interests are disclosed in the consolidated financial statements under equity in accordance with IFRS 10.

All accounts receivables and payables, as well as expenses and earnings resulting from transactions between the companies within the scope of consolidation are eliminated while taking the principle of materiality into account. Interim results from internal Group deliveries are also eliminated where they are material.

EQUITY CONSOLIDATION

An associated company is a company upon which the POLYTEC GROUP can exert a decisive influence with regard to financial and business policy owing to a shareholding, whereby neither exclusive nor shared control exists. A participation amounting to between 20 and 50% of the voting rights is seen as a rebuttable presumption.

The results, assets and debts of associated companies are included in the consolidated financial statements using the equity method. Interests in associated companies are reported in the balance sheet at the cost of acquisition, which is adjusted by changes to the Group's share of assets following the acquisition date and losses due to impairments. Losses that exceed the share of the Group in the associated company are not reported unless the Group bears the economic risk. Associated companies are only retained for operative reasons and thus affect the operating activities of the Group.

3. CURRENCY TRANSLATION

BUSINESS TRANSACTIONS IN FOREIGN CURRENCIES

In the individual Group companies, transactions in foreign currencies are valued at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Resulting exchange rate differences are reported in the Group's consolidated income statement.

Non-current financial receivables from international subsidiaries, the settlement of which is neither planned nor anticipated in the foreseeable future, are treated as part of the net investments in these companies. Differences emanating from the currency translation of these items are recognised through equity in the other result. Should the net investment be sold, these currency differences are transferred from equity to profit or loss.

TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

The functional currency of subsidiaries outside the eurozone is the corresponding national currency. Assets and liabilities of international subsidiaries are converted using the reference exchange rate of the European Central Bank on the balance sheet date. Positions in the Group's consolidated income statement are converted using the average exchange rates of the financial year under review.

Exchange rate differences derived from monetary positions, which from an economic point of view belong to an international company, e.g. long-term receivables and loans, are netted against Group equity without an effect upon income and reported under the position "differences from currency translation".

The following currency exchange rates were used:

	Average exchange rate		Exchange rate on the balance sheet date	
	2015	2014	Dec. 31, 2015	Dec. 31, 2014
CAD	1.4231	1.4620	1.5116	1.4063
GBP	0.7240	0.8027	0.7340	0.7789
CNY	6.9444	8.1766	7.0621	7.6336
TRY	3.0285	2.9044	3.1766	2.8305
HUF	309.5867	309.8308	315.9800	315.5400
USD	1.1041	1.3184	1.0887	1.2140
CZK	27.2480	27.5482	27.0230	27.7008

C. FAIR VALUE MEASUREMENT

The POLYTEC GROUP measures financial instruments at either amortised cost or fair value. Fair value is defined through the amount received in an orderly business transaction between market participants on the valuation date for the sale of an asset, or paid for the transfer of a debt. During the measurement of fair value it is assumed that the business transaction in the course of which the asset sale or debt transfer occurs takes place on the main market for the asset or the debt, or should a main market not exist, on the most advantageous market. The POLYTEC GROUP measures fair value using the assumptions employed by the market participants as a basis for pricing. It is assumed that the market participants act in their best business interests.

During the measurement of the fair value of a non-financial asset, the ability of the market participant to generate economic advantage through maximum and best asset use is accounted for.

Techniques are employed for the determination of fair value, which are appropriate under the respective conditions and provide sufficient data for fair value measurement, whereby if possible observable input factors are used.

Depending on the significance of the influential factors included in the valuation, a differentiation is made between three fair value levels, which clarify the extent to which observable market data is available for fair value measurement.

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

Level 1:
Listed market prices for identical assets or liabilities in active markets.

Level 2:
Information other than listed market prices, which are directly (e. g. prices) or indirectly (e. g. extrapolated from prices) observable.

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

D. ACCOUNTING AND EVALUATION PRINCIPLES

The principle of standardised accounting and evaluation is applied through directives that are valid throughout the entire Group. Insubstantial deviations with regard to the individual financial statements of international Group companies are retained. All financial statements are prepared based on the assumption that the Group is a going concern.

1. INTANGIBLE ASSETS

Intangible assets are valued at the cost of acquisition and subjected to scheduled amortisation and depreciation on a straight-line basis. The amortisation and depreciation rates range between 10.0% and 66.7%.

Expenses for research are shown as expenses in the year of their occurrence. Development costs also generally represent periodic expenses. These are capitalised when certain conditions can be proved and cumulatively fulfilled. Among other aspects, it must be verifiable that development activities are very likely to result in the future accrual of funds, which not only cover standard costs, but also the related development expense. Capitalised development costs for customer orders are amortised from the beginning of the serial deliveries on a straight-line basis during the entire life of the model. The Group's research and development expenses in the financial year under review amounted to approximately TEUR 9,803 (2014: TEUR 9,615).

2. GOODWILL

Goodwill results from the acquisition of subsidiaries or interests in associated companies and is subject to an impairment test at least once a year. When a subsidiary or an associated company is sold, the pro rata goodwill is included in the calculation of the capital gain or loss resulting from the disposal.

Goodwill is measured at the cost of acquisition less accumulated impairment losses (see also D. 10 "Impairment").

3. TANGIBLE ASSETS

Tangible assets are valued at the cost of acquisition or production less scheduled amortisation, or the lower achievable market price. Scheduled amortisation is determined using the straight-line method.

The following rates are used for the scheduled amortisation on depreciable tangible assets:

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

Substantial impairment beyond the scope of scheduled amortisation is taken into account by extraordinary amortisation. Should the reasons for extraordinary amortisation no longer apply, corresponding revaluations are performed.

If tangible assets are decommissioned, sold or surrendered, the profit or loss from the difference between the sales income and the residual carrying amount is reported as other operating income or expenses.

Maintenance expenses are reported as expenses in the financial year of their occurrence.

Interest on borrowed capital is not capitalised, as no substantial borrowing costs are incurred that are directly attributable to a qualifying asset.

4. ASSETS FROM RENTAL AND LEASING AGREEMENTS

Pursuant to IAS 17, leased assets for which basically all risks and chances resulting from ownership are transferred (financial leasing), are recognised at their current value or lower cash value. Scheduled amortisation is completed over the period of the leasing agreement. However, if up to the end of the leasing agreement period the transfer of legal ownership of the leased assets is sufficiently secure, amortisation takes place over the longer economic useful life. The payment obligations resulting from the future leasing rates are discounted and reported as liabilities.

5. INVENTORIES

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

6. TRADE ACCOUNTS RECEIVABLE

Receivables are capitalised at the cost of acquisition. Recognisable risks are taken into account through the formation of appropriate provisions.

7. CONSTRUCTION CONTRACTS

If the result of a construction contract can be estimated reliably, the related income and expenses are to be reported in accordance with the progress on the closing date of the financial statements. Progress is determined on the basis of the ratio of the order costs incurred on the balance sheet date to the estimated overall contract expense. Changes to the contractual work, the requirements and performance bonuses are included to the extent that their amount can be determined reliably and their receipt regarded as probable.

Should it not be possible to reliably determine the result of a construction contract, the related income is only reported to the amount of the incurred contractual costs that are probably recoverable. Contractual costs are recognised as an expense in the period in which they occur.

If it is probable that the entire contractual costs will exceed total contractual income, the anticipated loss is reported immediately as an expense.

If on the closing date the contractual costs plus recognised profits and minus recognised losses exceed the partial invoices, then the surplus from the construction contract is to be shown with a positive balance relating to the customer. In the case of contracts in which the partial invoices exceed the incurred contractual costs plus recognised profits and minus recognised losses, the surplus from the construction contract is to be shown with a negative balance relating to the customer. Amounts received prior to the provision of production performance are reported in the consolidated balance sheet as debts on the advance payments received. Settled amounts for already completed performance that have not yet been paid by the customer are included in the consolidated balance sheet under the item "Trade accounts receivable".

8. OTHER RECEIVABLES

Where existent, the reported other receivables include any derivative financial assets that show a positive market value and are classified as "held for trading".

Non-current receivables are recognised at cash value on the basis of an interest rate in line with the market.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, cheques, cash at banks and securities, which are used by the Group for liquidity management. They are measured at current values, which are established on the basis of sufficiently solvent markets and can therefore be reliably determined.

10. IMPAIRMENT

Goodwill and other intangible assets with an indefinite useful life are subject to an annual impairment test, which is performed shortly before each balance sheet date, or to an indication-related impairment test. All other intangible and tangible assets are tested if indications of impairment exist.

For the purpose of impairment testing, POLYTEC GROUP assets that generate independent cash flows are combined on the lowest level (cash-generating units). Goodwill is assigned to those cash-generating units, which are expected to benefit from synergies and represent the lowest Group level in managerial cash flow monitoring.

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

The value in use of the asset corresponds to the present value of the estimated future cash flows from its continuing use, subject to a standard market interest rate before taxes and adjusted to the specific risks of the asset. Cash flows derive from the current planning approved by the Board of Directors and the Supervisory Board. The estimation of the future cash flows is based on a three-year planning horizon. A perpetual annuity based on the third year estimates is assumed for the period beyond this planning horizon. The interest rate used for calculating the current value corresponds with the weighted average capital costs of the cash-generating unit and was defined for the 2015 financial year with 11.6% (2014: 10.1%).

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

Should the reasons for impairment cease to exist, corresponding write-ups are performed for tangible assets. Goodwill, which has been amortised due to impairment, is no longer written up.

11. OBLIGATIONS TO EMPLOYEES

PROVISIONS FOR SEVERANCE PAYMENTS

Due to statutory obligations, employees of domestic Group companies who joined the company prior to January 1, 2002 are entitled to a one-off severance payment in the event of the termination of their contract, or at the time of retirement. The payment amount depends upon the number of years of service and the relevant remuneration at the severance date. For all employment contracts concluded after December 31, 2002 payments are made to a company pension fund for employees and reported as an expense.

The provisions for severance payments are determined on the balance sheet date using the projected unit credit method, as well as by applying a discount rate of 1.90% (2014: 2.30%) and allowing for future remuneration increases of 2.00% (2014: 2.00%). A discount for employee turnover based on the years of service is included. The assumed uniform retirement age for men and women, taking into account certain temporary arrangements, is unchanged over the preceding year at 62. Service costs are divided over the entire period of service of employees from the date that they join the company until they reach the expected retirement age.

Pursuant to IAS 19 (amended 2011) actuarial gains/losses are recognised under other comprehensive income in the year in which they occur. Current and past service costs are reported as personnel expenses in the consolidated income statement, while the interest expense related to provisions for severance payments is reported in the financial result.

PENSION OBLIGATIONS

Pension obligations exist for certain German Group company employees. These obligations are reported in accordance with IAS 19. For this purpose, the current value of the defined benefit obligation (DBO) is determined. The pension provisions are calculated using the projected unit credit method, whereby depending on the distribution of the obligations to entitlements and liquid pensions, and owing to the specific regulations of the individual pension funds, a discount rate of 2.20% (2014: 2.30%), as well as an increase of 2.00% (2014: 2.00%) is applied. The 2005G – Dr. Klaus Heubeck tables are used for the actuarial calculations.

At the two Dutch companies, the entitlements of active pension scheme members are dealt with in the form of a defined contribution pension plan. The pension entitlements of former employees and beneficiaries are calculated as a percentage of the annual remuneration during each year of employment. These benefits are handled via an insurance company and are indexed on an ongoing basis in line with the specifications of the branch pension fund. Companies are obliged to make future contributions should the earnings of the insurer prove insufficient to finance the promised increases in benefits. The resultant provision for pensions is calculated in accordance with the projected unit credit method using a discount rate of 2.20% (2014: 2.00%) and an increment of 2.00% (2014: 2.00%). The AG2014 tables are employed for the actuarial calculations.

Pursuant to IAS 19 (amended 2011) actuarial gains/losses are recognised under other comprehensive income in the year in which they occur. Current and past service costs are reported as personnel expenses in the consolidated income statement, while the interest expense related to provisions for pensions is reported in the financial result.

OTHER LONG-TERM OBLIGATIONS TO EMPLOYEES

Owing to collective or other company agreements, employees are entitled to receive a certain bonus in line with their length of service. A provision has been formed for these obligations using the same amounts as those employed for pension obligations (with the exception of the discount for employee turnover).

12. TAXES

Tax receivables are reported as netted against tax liabilities when they relate to the same fiscal authority and a possibility for netting is available.

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

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

In particular, deferred taxes are recognised for temporary valuation differences between the IFRS and the tax balance of the individual companies, as well as for consolidation procedures. They are determined according to IAS 12 using the balance sheet liability method. Furthermore, the probable realisable tax advantage from existing loss carryforwards is included in the calculation. Deferred tax assets on loss carry-forwards are formed to the extent that their utilisation can be expected within a foreseeable period. The calculation of the deferred taxes is based on the standard national income tax rate.

13. OTHER NON-CURRENT AND CURRENT LIABILITIES

The value of trade accounts payable results from the fair value of the services received at the time of their occurrence. Subsequently, these liabilities are valued at amortised acquisition costs.

Other liabilities, especially accrued interest-bearing liabilities, are reported with their repayment amount unless there is no substantial difference to fair value. Subsequent valuations are based on amortised acquisition costs using the effective interest method.

14. PROVISIONS

Provisions are formed when as a result of past transactions or events, legal or de facto obligations to a third party exist, which are likely to lead to an outflow of assets that can be reliably determined. Provisions are reported at the anticipated settlement amount with due regard to all the identifiable risks attached. Within this context, the settlement amount with the highest possible likelihood of occurrence is used. Non-current provisions are discounted if the discount effect is material and the discounting period can be estimated reliably.

Provisions for contingent losses and potential risks consist of the provisions for contingent losses pursuant to IAS 37 and for disadvantageous contracts in accordance with IFRS 3.

During the measurement of the provisions for disadvantageous contracts pursuant to IFRS 3, the existing margins from current production projects are counterposed with a standard market margin. A negative deviation and hence the disadvantageous nature of the project are accounted for through the formation of a provision.

15. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the balance sheet should the Group become a contractual party in relation to a financial instrument.

Financial assets are derecognised when the contractual rights from the assets expire, or the assets are transferred with all material rights and obligations. Financial liabilities are derecognised if the contractual obligations have been settled, deleted or have expired. Purchases and sales of financial instruments subject to customary market conditions are generally reported with the settlement date.

Financial assets are categorised 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 categorised as follows:
a. Financial liabilities measured at the residual carrying amount.
b. Held for trading financial liabilities

Other possible categories pursuant to IAS 39 are not applied.

Financial derivatives are only concluded for the hedging of basic business. Financial derivatives that do not correspond with hedge accounting pursuant to IAS 39 are classified as held for trading financial assets or liabilities and recognised in the balance sheet at fair value. This corresponds with the current value, should one exist, or is determined using standard valuation methods employing the market data available on the valuation closing date. Fair value mirrors the estimated amount that the POLYTEC GROUP must pay or receive if this transaction were to be completed on the balance sheet date. Changes in value are immediately recognised in the consolidated income statement through profit and loss.

16. REALISATION OF INCOME AND EXPENSES

Revenues from the sale of products and goods are realised upon the transfer of the risks and opportunities to the buyer. Operating expenses are recognised through profit and loss when the service is rendered or the expenses are incurred.

17. FINANCIAL RESULT

Financing expenses include the interest and interest equivalent expenses arising from debt financing and financial leasing transactions, as well as the interest components of the change in obligations to employees.

Financial revenues include the interest, dividends and similar revenues realised from the investment of funds and investment in financial assets. Interest income is realised proportional to time and the effective interest rate of the asset is taken into account. Dividend income is reported with effect from the date of the legal claim.

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

18. GROUP CASH FLOW STATEMENT

The indirect method has been selected for the cash flow from operating activities shown in the presentation of the Group cash flow statement. The financial fund corresponds with the cash and cash equivalents and current funding.

19. UNCERTAINTIES WITH REGARD TO ASSESSMENTS AND ASSUMPTIONS

The preparation of the consolidated financial statements requires that the management make estimates and assumptions with regard to the application of accounting and evaluation principles, as well as potential future developments that might influence the reporting and value of the reported assets and liabilities, information regarding other obligations on the balance sheet date, and the recognition of income and expenses during the reporting period. The actual amounts to be realised in the future may deviate from these estimations.

In assessing the intrinsic value of goodwill (carrying amount: TEUR 19,180, 2014: TEUR 19,180), tangible assets (carrying amount: TEUR 217,054, 2014: TEUR 100,720), management makes estimates and future-related assumptions regarding the surplus inflows expected over the planning periods and the costs of capital of both the POLYTEC GROUP and individual cash-generating units. Such estimates are made in all good faith subject to the assumption that the Group is a going concern. They are also based upon experience and take any remaining uncertainty into due account. In order to demonstrate the impact of a change in the parameters used in the impairment test, a sensitivity analysis was carried out which is explained in greater detail under E. 8 "Intangible assets and goodwill".

The settlement of construction contracts, which are reported on the basis of the percentage of completion method, employs estimates of the contract costs, attainable earnings and contractual risks (including technical, political and financial risks). Although the estimates incorporate all the information available on the balance sheet date, subsequent changes are possible that can lead to asset value adjustments and exert a material influence upon the results from subsequent periods.

In assessing the recoverability of deferred tax assets, (carrying amount: TEUR 14,464, 2014: TEUR 17,434) the management evaluates the likelihood that all deferred tax assets will be realised. The final realisation of deferred tax assets is dependent upon the generation of future taxable income in those periods during which temporary differences become deductible. If the company is unable to generate sufficient future taxable income, no deferred tax assets from operating loss carryforwards can be recognised and their value has therefore to be adjusted correspondingly. A sensitivity analysis has shown that, as in the preceding year, in comparison to medium-term planning a 10% reduction in taxable income would not result in any additional value adjustment to the deferred tax assets from loss carryforwards.

Assumptions concerning future payment surpluses, as well as future taxable results are based on the medium-term planning of the Group. Should these prove to be incorrect, this may have considerable effects on the assets reported in subsequent years.

The determination of the useful life of tangible assets also involves estimates, which are based on experiences resulting from the operation of comparable equipment.

The actuarial assessment of provisions for severance payments and pension contributions carried out by independent actuaries is based on a method that employs parameters such as the expected discount rate, as well as increases in remuneration payments and pension contributions. In addition to the interest rate risk and the risk of a potential increase in remuneration payments and pension contributions, there is also a longevity risk. If the development of these relevant parameters differs significantly from the original expectations, this may have considerable effects upon the provisions and consequently on the Group's net expenses for severance payments and pension contributions. In order to present the impact of a change in the interest rate used to determine severance payment and pension obligations, a sensitivity analysis was carried out, which is explained in greater detail under E. 23 "Obligations to employees".

The measurement of provisions takes place using the most accurate possible estimate of the present value of the future outflow of economic benefit needed to meet obligations. Wherever feasible, reference is also made to past experience.

During purchase price allocations made in the course of company acquisitions, assumptions are made regarding the existence and valuation of assumed debts and possible debts. During the determination of fair value in the course of purchase price allocations, assumptions are also made, above all with regard to cash flows and discount rates.

20. REPORTING

As compared to the previous year, the reporting of assets and liabilities, expenses and income, equity items and the cash flows in the cash flow statement remained basically unaltered in the 2015 financial year.

In order to improve the informative value and legibility of the consolidated financial statements, the item "Trade and other receivables" was broken down into the items "Trade accounts receivable" and "Other current receivables". The items "Interests in affiliated companies" and "Other financial assets" reported in the 2014 financial year have been combined under "Other non-current assets". With regard to current liabilities, the balance sheet item "Current part of long-term loans" was included in the item "Current interest-bearing liabilities".

E. NOTES TO THE GROUP'S CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

1. SALES REVENUES AND SEGMENT REPORTING

Segment reporting in these consolidated financial statements reflects the internal management and reporting structure of the POLYTEC GROUP. The segmentation is technology-oriented, whereby the principal segment "plastics processing" incorporates all of the POLYTEC GROUP's plastics processing companies.

The remaining business segment "Other" mainly includes the business activities of the metal processing companies of within the POLYTEC GROUP, real estate assets and POLYTEC HOLDING AG, which administers the Group.

The segment "Other" does not include any business segments that would exceed the quantitative thresholds for segments subject to obligatory reporting.

in TEUR 2015 and Dec. 31, 2015	**Plastics pro-cessing**	**Other**	**Recon-ciliation**	**Group**
Sales from external customers	616,525	9,929	0	626,454
Internal sales	282	20,470	-20,752	0
Total sales	**616,807**	**30,399**	**-20,752**	**626,454**
EBIT	27,581	8,854	150	36,585
Amortisation and depreciation of intangible and tangible assets	-20,869	-2,431	150	-23,150
Segment assets	299,188	100,013	-575	398,626
Segment liabilities	116,270	9,302	-436	125,136

in TEUR 2014 and Dec. 31, 2014	**Plastics pro-cessing**	**Other**	**Recon-ciliation**	**Group**
Sales from external customers	482,474	8,804	0	491,278
Internal sales	245	11,643	-11,888	0
Total sales	**482,719**	**20,447**	**-11,888**	**491,278**
EBIT	18,098	2,550	0	20,648
Amortisation and depreciation of intangible and tangible assets	-15,304	-575	0	-15,880
Segment assets	274,022	7,662	-1,112	280,572
Segment liabilities	109,469	6,770	-371	115,868

The reconciliation from segment items to Group items consists entirely of consolidation effects.

Internal sales relate mainly to management fees and rental netting.

Segment assets consist primarily of intangible assets and tangible assets, inventories, trade accounts receivable, receivables from construction contracts and other receivables.

Segment liabilities relate mainly to trade accounts payable, liabilities for construction contracts, provisions and other liabilities.

Deliveries and services between segments are subject to arm's length conditions.

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

As an automotive industry subsupplier, the Group naturally depends upon a small number of major customers. In 2015 and 2014, two respective customer groups provided more than 10% of the Group's total sales. The VW Group accounted for TEUR 226,093 (2014: TEUR 197,510) of total sales, while sales to the Daimler Group amounted to TEUR 90,916 (2014: TEUR 52,050). All in all, three main customers provided roughly 58% of total sales in 2015 (2014: 59%). Due to the extensive range of models and marques of these major customers, which as a rule operate in both the passenger car and commercial vehicle sectors, in all three cases the customer-supplier relationship relates to each of the separately reported business areas, although to differing degrees.

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

in TEUR	2015	2014
Passenger cars	420,108	315,670
Commercial vehicles	148,067	123,110
Non-automotive	58,279	52,498
Total	**626,454**	**491,278**

The disclosures concerning geographical areas to be made at Group level (depending on the location of customers' business premises) on the balance sheet dates can be summarised as follows:

in TEUR	External sales		Intangible assets, goodwill and tangible assets	
	2015	2014	2015	2014
Austria	15,531	18,030	83,668	37,060
Germany	342,868	300,962	93,114	45,899
Rest of EU	220,260	141,509	43,990	32,769
Other countries	47,795	30,777	17,259	5,603
Group	**626,454**	**491,278**	**238,031**	**121,331**

Sales are divided according to categories as follows:

in TEUR	2015	2014
Part sales and other sales	556,344	421,138
Tooling and development sales	70,110	70,140
Total	**626,454**	**491,278**

2. OTHER OPERATING INCOME

in TEUR	2015	2014
Income from the sale of and additions to fixed assets excluding financial assets	141	814
Income from cost reimbursements	1,156	1,252
Release of badwill (IFRS 3)	351	877
Capital gains	164	201
Income from rents	690	852
Other income	2,315	3,082
Total	**4,817**	**7,078**

3. EXPENSES FOR MATERIALS AND OTHER SERVICES RECEIVED

in TEUR	2015	2014
Material expenses	231,922	191,345
Expenses for services received	75,888	56,831
Total	**307,810**	**248,176**

4. PERSONNEL EXPENSES

in TEUR	2015	2014
Wages and salaries	152,261	124,755
Statutory social expenses	29,514	25,820
Expenses for severance payments and pensions	7,207	2,506
Other personnel expenses	2,976	1,206
Total	**191,957**	**154,287**

The expenses for severance payments and pensions also include expenses for contribution-oriented plans. For the Austrian companies within the Group, these expenses amounted to TEUR 221 in the year under review (2014: TEUR 197).

The number of employees of the POLYTEC GROUP (including leasing personnel) was as follows:

	2015	2014
Average number of employees	4,247	3,581
As at December 31	4,223	4,162

The number of employees of the POLYTEC GROUP (excluding leasing personnel) was as follows:

	2015	2014
Average number of employees	3,882	3,333
As at December 31	3,928	3,826

The average numbers of POLYTEC HOLDING AG employees and of the Austrian subsidiaries of the POLYTEC GROUP were as follows:

	2015	2014
Blue-collar workers	340	326
White-collar employees	170	167
Total	**510**	**492**

5. OTHER OPERATING EXPENSES

in TEUR	2015	2014
Leasing personnel	16,587	10,686
Maintenance costs	15,932	11,831
Other operating costs	9,356	7,170
Other administrative costs	6,571	4,983
Outgoing freight	5,528	3,899
Rent for buildings	5,216	11,595
Other sales costs	4,914	3,327
Other rent and leasing costs	3,803	2,890
IT and communication costs	3,614	2,842
Legal and consulting fees	3,556	2,991
Taxes and fees other than income tax	652	408
Risk provisions and damages	232	-112
Losses on the disposal of fixed assets, excluding financial assets	10	23
Total	**75,971**	**62,533**

6. FINANCIAL RESULT

in TEUR	2015	2014
Interest income and income from securities	1,337	870
Interest component of pension commitments	-609	-746
Other interest expenses	-4,705	-2,002
Other financial income	25	85
Other financial expenses	-329	0
Total	**-4,281**	**-1,792**

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

7. INCOME TAXES

in TEUR	2015	2014
Expenses for current income taxes	5,224	2,428
thereof aperiodic	205	178
Changes in deferred income taxes	2,841	2,277
thereof aperiodic	0	0
Total	**8,066**	**4,705**
thereof aperiodic	205	178

The income tax expense for the 2015 financial year amounting to TEUR 8,066 is TEUR 10 lower than the calculated income tax expense totalling TEUR 8,076, which would have resulted from the application of a tax rate of 25% on the profit before income tax of TEUR 32,304.

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

in TEUR	2015	2014
Earnings before income tax	32,304	18,857
thereof 25% calculated income tax expense	8,076	4,714
Changes in value adjustments for deferred tax assets	0	-100
Permanent differences and other changes	378	-55
Differences from the discrepancy between the local and consolidated tax rates	-183	324
Income tax expense for the reporting period	8,271	4,883
Aperiodic income tax expense	-205	-178
Disclosed income tax expense	**8,066**	**4,705**

8. INTANGIBLE ASSETS AND GOODWILL

The classification of the intangible assets shown in the consolidated balance sheet and their development is as follows:

in TEUR	R&D costs	Rights	Goodwill	Total
Costs of acquisition				
As at January 1, 2014	**801**	**4,798**	**45,508**	**51,107**
Change in the scope of consolidation	0	1,439	0	1,439
Currency translation differences	0	9	0	9
Additions	0	787	0	787
Disposals	0	-7	0	-7
Transfers	0	0	0	0
As at December 31, 2014	**801**	**7,026**	**45,508**	**53,335**
As at January 1, 2015	**801**	**7,026**	**45,508**	**53,335**
Change in the scope of consolidation	0	5	0	5
Currency translation differences	0	0	0	0
Additions	0	999	0	999
Disposals	0	-81	0	-81
Transfers	0	14	0	14
As at December 31, 2015	**801**	**7,962**	**45,508**	**54,271**

in TEUR	R&D costs	Rights	Goodwill	Total
Accumulated depreciation				
As at January 1, 2014	**801**	**4,082**	**26,328**	**31,211**
Change in the scope of consolidation	0	1,130	0	1,130
Currency translation differences	0	10	0	10
Scheduled amortisations	0	381	0	381
Impairments	0	0	0	0
Disposals	0	-7	0	-7
Transfers	0	0	0	0
Revaluations	0	0	0	0
As at December 31, 2014	**801**	**5,595**	**26,328**	**32,724**
As at January 1, 2015	**801**	**5,595**	**26,328**	**32,724**
Change in the scope of consolidation	0	0	0	0
Currency translation differences	0	0	0	0
Scheduled amortisations	0	586	0	586
Impairments	0	0	0	0
Disposals	0	-15	0	-15
Transfers	0	0	0	0
Revaluations	0	0	0	0
As at December 31, 2015	**801**	**6,166**	**26,328**	**33,295**
Carrying amount as at December 31, 2014	**0**	**1,431**	**19,180**	**20,611**
Carrying amount as at December 31, 2015	**0**	**1,796**	**19,180**	**20,976**

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

As in the preceding year, no intangible assets were mortgaged or pledged as a surety for bank liabilities.

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

As in the previous year, no outstanding obligations relating to orders for the delivery of intangible assets were due for payment as at December 31, 2015.

IMPAIRMENTS

As in the preceding year, the impairment test showed no need for a goodwill impairment. This also applies to the other intangible assets.

GOODWILL

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

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Hörsching plant	9,148	9,148
Bromyard plant	3,495	3,495
Other	6,537	6,537
Total	**19,180**	**19,180**

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

The impairment tests were based on the following assumptions:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Cash flow planning period	3 years	3 years
Long-term perpetuity growth rate	0%	0%
Discount rate (WACC) before taxes	11.6%	10.1%

The estimates undertaken regarding the recoverable amount were deemed appropriate. However, changes to the assumptions or with regard to circumstances could necessitate corrections.

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

9. TANGIBLE ASSETS

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

in TEUR	Land and buildings	Technical equipment and machinery	Fixtures, fittings and equipment	Advanced payments made and assets under construction	Total
Costs of acquisition					
As at January 1, 2014	**13,700**	**152,275**	**37,773**	**4,302**	**208,051**
Change in the scope of consolidation	15,019	32,186	12,272	0	59,477
Currency translation differences	290	525	130	0	944
Additions	2,342	12,961	4,827	11,098	31,228
Disposals	0	-4,281	-917	-1,993	-7,192
Transfers	1,848	-2,173	4,379	-4,053	0
As at December 31, 2014	**33,199**	**191,492**	**58,463**	**9,354**	**292,508**
As at January 1, 2015	**33,199**	**191,492**	**58,463**	**9,354**	**292,508**
Change in the scope of consolidation	3,683	1,597	174	0	5,455
Currency translation differences	207	678	114	-88	911
Additions	89,574	14,084	4,991	25,769	134,419
Disposals	-112	-825	-2,118	-689	-3,743
Transfers	-13	6,877	57	-6,907	14
As at December 31, 2015	**126,537**	**213,904**	**61,681**	**27,440**	**429,563**

in TEUR	Land and buildings	Technical equipment and machinery	Fixtures, fittings and equipment	Advanced payments made and assets under construction	Total
Accumulated depreciation					
As at January 1, 2014	**5,851**	**108,917**	**27,158**	**0**	**141,927**
Change in the scope of consolidation	7,254	21,016	10,441	0	38,710
Currency translation differences	92	355	118	0	565
Scheduled amortisation	674	11,607	3,218	0	15,499
Disposals	0	-4,051	-862	0	-4,913
Reclassification	112	-4,377	4,265	0	0
As at December 31, 2014	**13,983**	**133,467**	**44,338**	**0**	**191,788**
As at January 1, 2015	**13,983**	**133,467**	**44,338**	**0**	**191,788**
Currency translation differences	116	491	102	0	709
Scheduled amortisation	3,244	15,252	4,068	0	22,564
Disposals	0	-682	-1,871	0	-2,553
Reclassification	0	33	-33	0	0
As at December 31, 2015	**17,342**	**148,561**	**46,605**	**0**	**212,508**
Carrying amount as at December 31, 2014	**19,216**	**58,025**	**14,125**	**9,354**	**100,720**
Carrying amount as at December 31, 2015	**109,195**	**65,343**	**15,077**	**27,440**	**217,054**

As at December 31, 2015, the obligations relating to unpaid orders for the delivery of tangible assets amounted to TEUR 11,555 (2014: TEUR 7,582).

As at December 31, 2015, the future expenses from non-terminable operating leasing agreements amounted to TEUR 17,272 (2014: TEUR 24,571) and are due as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Within one year	5,238	8,684
Longer than one year and within five years	12,034	15,877
Longer than five years	0	0

In the 2015 financial year, the corresponding rental costs amounted to TEUR 9,019 (2014: TEUR 6,649).

Tangible assets include capitalised finance lease goods (financial leasing) with a carrying amount of TEUR 9,125 (2014: TEUR 7,306). The most important financial leasing agreements relate to production plants. Following the expiry of the minimum lease period, purchase options are available for the vast majority of the financial leasing agreements.

Capitalised financial leasing goods result in leasing obligations towards third parties totalling TEUR 9,124 (2014: TEUR 7,302).

The reported leasing obligations (current values including redemption for residual value) are due as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Within one year	5,875	2,367
Longer than one year and within five years	3,249	4,935
Longer than five years	0	0

Leasing payments (without redemption for residual value) corresponding to present values amount to TEUR 7,997 (2014: TEUR 6,238) and are due as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Within one year	5,475	2,368
Longer than one year and within five years	2,522	3,870
Longer than five years	0	0

As in the previous year, in the 2015 financial year no tangible asset impairments or write-ups were undertaken.

Tangible assets with a carrying value of TEUR 93,390 (2014: TEUR 17,542) were mortgaged or pledged as a surety for bank liabilities totalling TEUR 31,157 (2014: TEUR 18,805).

10. INVESTMENTS IN AN ENTITY ACCOUNTED FOR AT EQUITY

The balance sheet recognition of Ratipur Autofelszereles Kft., Komlo (Hungary), which was initially accounted for at equity in 2015, showed the following development in the business year:

in TEUR	
Balance sheet recognition as at January 1, 2015	**0**
Reclassification	31
Accumulated result	696
After-tax profit	296
Other result	-9
Total result	286
Dividends	-78
Balance sheet recognition as at December 31, 2015	**936**

in TEUR	
Equity as at December 31, 2015	**3,901**
thereof Group investment quota (24%)	24%
Consolidation and other effects	0
Carrying value as at December 31, 2015 = pro rata net assets	**936**

Summarised financial information regarding Ratipur Autofelszereles Kft.:

in TEUR	2015	2014
Non-current assets	3,852	3,598
Current assets	2,101	1,748
Cash and cash equivalents	312	290
Non-current debts	510	780
Current debts	1,854	1,825
Net assets	**3,901**	**3,031**
Sales	9,182	6,442
EBIT	1,412	693
Financial result	-35	-48
Pre-tax profit	1,377	645
Tax result	-145	-59
Total result	**1,233**	**586**

11. OTHER LONG-TERM RECEIVABLES

The other receivables include capitalised minimum leasing payments derived from financial leasing arrangements. These relate to tooling projects with customers that are classified as special leasing.

The present value of the minimum leasing payments from financial leasing shows the following maturities:

in TEUR	Minimum leasing payments from financial leasing	Discounts from financial leasing	Current value of the minimum leasing payments
Dec. 31, 2015			
Within one year	500	-78	421
Longer than one year and within five years	1,087	-162	924
Total	**1,586**	**-241**	**1,346**
Dec. 31, 2014			
Within one year	1,885	-93	1,792
Longer than one year and within five years	2,579	-241	2,338
Total	**4,463**	**-333**	**4,130**

As at December 31, 2015, unrealised financial income amounted to TEUR 241 (2014: TEUR 333).

The financial leasing arrangements have a residual term of between one and four years.

12. DEFERRED TAXES

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

in TEUR	Dec. 31, 2015		Dec. 31, 2014	
	Assets	Liabil-ities	Assets	Liabil-ities
Tangible assets	1,341	-990	-81	575
Provisions for severance payments	962	0	813	-35
Provisions for pensions	2,377	24	3,275	0
Other provisions for personnel	113	-52	129	12
Tax losses carried forward	6,178	0	8,461	0
Leasing liabilities	1,425	0	1,597	-477
Other provisions	5,919	0	4,668	0
Other	-3,605	72	-1,468	223
Subtotal	**14,710**	**-946**	**17,394**	**297**
Consolidation	-146	27	40	120
Capitalisation/provision for deferred taxes	**14,564**	**-919**	**17,434**	**417**

In 2015, Group companies reported net deferred tax assets on temporary differences and loss carryforwards totalling TEUR 14,710 (2014: TEUR 17,394). These were regarded as realisable, as on the basis of current medium-term planning it is assumed that these companies will generate taxable profits in future.

As at December 31, 2015, total income tax loss carryforwards totalled TEUR 62,181 (previous year: TEUR 75,681) in the Group and showed the following structure:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Total	**62,181**	**75,681**
of which capitalised loss carryforwards	29,629	41,561
of which non-capitalised loss carryforwards	32,552	34,120

The majority of loss carryforwards can be carried forward without restrictions.

No deferred tax assets were recognised for deductible tax loss carryforwards amounting to TEUR 32,552 (2014: TEUR 34,120) and deductible temporary differences of TEUR 0 (2014: TEUR 0), since their effectiveness as definitive tax relief is not yet sufficiently guaranteed within the framework of medium-term planning. This equates to deferred tax assets of EUR 7,497 (2014: TEUR 7,659).

In accordance with IAS 12.39, no deferred taxes were created for temporary differences in connection with shares in subsidiaries amounting to TEUR 20,379 (2014: TEUR 2,682), as it could be assumed on December 31, 2015 that the differences between the valuation of investments for tax purposes and the pro rata equity of subsidiaries included in the consolidated financial statements would remain tax-free for the foreseeable future. The increase in temporary differences was due largely to the acquisition of the real estate group in 2015.

The deferred taxes contain deferred tax assets recognised in equity amounting to TEUR 1,569 (2014: TEUR 1,531) and deferred tax liabilities recognised in equity amounting to TEUR 0 (2014: TEUR 0).

13. INVENTORIES

Inventories are structured as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	27,245	23,192
Unfinished goods	17,804	16,300
Advance payments received	-245	-479
Finished goods and merchandise	13,499	13,444
Advance payments made	127	251
Total	**58,429**	**52,708**

The change (balance from formation and reversal) in the impairment losses on inventories recognised through profit and loss amounted to minus TEUR 301 in the year under review (2014: minus TEUR 211). Expenses for inventories are reported under material expenses. Inventories that were recognised as material expenses in the reporting period amounted to TEUR 216,856 (2014: TEUR 167,891).

As in the previous year, no inventories were transferred as collateral or pledged as a surety for financial liabilities.

14. TRADE ACCOUNTS RECEIVABLE

The existing provisions for accounts receivable developed as follows in the financial year under review:

in TEUR	Trade accounts receivable
As at January 1, 2015	2,605
Changes in the scope of consolidation	0
Use	-193
Release	-286
Allocation	950
Foreign exchange rate differences	18
As at December 31, 2015	**3,094**

in TEUR	Trade accounts receivable
As at January 1, 2014	2,115
Changes in the scope of consolidation	432
Use	-51
Release	-97
Allocation	202
Foreign exchange rate differences	4
As at December 31, 2014	**2,605**

For the determination of the recoverability of accounts receivable, not only the individual creditworthiness of the debtor, but above all the due dates must be taken into account. According to estimates made by the management, there are no substantial differences between the carrying amount and the current value of accounts receivable.

Within the scope of silent global assignments, trade accounts receivable with a carrying amount of TEUR 8,923 (2014: TEUR 8,923) were transferred to banks as a surety for bank liabilities totalling TEUR 8,923 (2014: TEUR 7,854).

15. CONSTRUCTION CONTRACTS

in TEUR	2015	2014
Sales revenues from construction contracts	70,110	70,140
Costs incurred up to the reporting date and allocated profits (less reported losses)	72,309	73,944
Advance payments received	-39,553	-44,875

The composition of the net amounts of construction contracts is as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Costs incurred up to the reporting date and allocated profits (less reported losses)	72,309	73,944
Less: advance payments received	-39,553	-44,875
	32,756	29,069
Recognised as receivables or liabilities in the financial statements		
Receivables from recognised sales revenues from construction contracts where they exceed the advance payments received	34,623	34,609
Advance payments received for construction contracts where they exceed the recognised sales revenues	-1,867	-5,540
	32,756	29,069
Retentions included therein	0	0

16. OTHER CURRENT RECEIVABLES

The other current receivables are comprised mainly of amortisation receivables, current savings, sales tax receivables and supplier bonuses. Neither in this, nor in the last financial year, are there any other receivables due from companies in which an interest exists and there are also no value adjustments.

17. OTHER CURRENT INTEREST-BEARING RECEIVABLES

The current interest-bearing receivables derive mainly from Boshoku Automotive and are the result of the sale of the interior systems business area. According to the best possible estimates based on the contractual arrangements contained in the purchasing agreement concluded with Toyota Boshoku Europe N.V., Zaventem, Belgium, on June 9, 2011, an incoming payment is expected within the twelve months following the balance sheet date.

18. CASH AND CASH EQUIVALENTS

On the balance sheet date, none of the amounts included in this item were subject to restrictions as to their use.

19. FINANCIAL ASSETS

in TEUR	Carrying amount in the balance sheet Dec. 31, 2015	Amortised acquisition costs	Market value recognised through equity	Market value recognised through profit or loss	Current value Dec. 31, 2015	Fair value hierarchy
Loans and receivables						
Trade accounts receivable	52,202	52,202	0	0	52,202	Level 3
Receivables on construction contracts	34,623	34,623	0	0	34,623	Level 3
Other receivables (excluding deferrals)	14,456	14,456	0	0	14,456	Level 3
Interest-bearing receivables	13,217	13,217	0	0	13,217	Level 3
Cash and cash equivalents	57,683	57,683	0	0	57,683	Level 3
Total	**172,181**	**172,181**	**0**	**0**	**172,181**	

in TEUR	Carrying amount in the balance sheet Dec. 31, 2014	Amortised acquisition costs	Market value recognised through equity	Market value recognised through profit or loss	Current value Dec. 31, 2014	Fair value hierarchy
Loans and receivables						
Trade accounts receivable	51,282	51,282	0	0	51,282	Level 3
Receivables on construction contracts	34,609	34,609	0	0	34,609	Level 3
Other receivables (excluding deferrals)	19,900	19,900	0	0	19,900	Level 3
Interest-bearing receivables	13,320	13,320	0	0	13,320	Level 3
Other non-current assets	728	728	0	0	728	Level 3
Cash and cash equivalents	111,951	111,951	0	0	111,951	Level 3
Total	**231,789**	**231,789**	**0**	**0**	**231,789**	

In the valuation categories contained in IAS 39 as at December 31, 2015 and December 31, 2014 respectively, the carrying amount of financial assets represents a reasonable approximate value for their current value.

Cash and cash equivalents, trade accounts receivable and other short-term financial assets mainly have short residual terms. Therefore, the carrying amounts of these assets correspond approximately to the fair value on the balance sheet date, taking into account the creditworthiness of the contractual parties. The default risk is accounted for by the formation of provisions.

20. GROUP SHARE CAPITAL

On the balance sheet date POLYTEC HOLDING AG share capital amounted to TEUR 22,330 (2014: TEUR 22,330) divided into 22,329,585 ordinary shares (2014: 22,329,585 ordinary shares) with a nominal value of EUR 1.00 each. The share capital is fully paid in.

At the Extraordinary Annual General Meeting held on August 7, 2013, a resolution regarding the creation of authorised capital was passed. Subject to prior approval by the Supervisory Board and for a maximum period of three years from the registration of the authorised capital, the Board of Directors is therewith entitled to increase share capital by up to EUR 6,698,875.00 through the issue of new shares with a minimum issue price of EUR 1.00 each. New shares can also be issued subject to the exclusion of shareholders' subscription rights.

The capital reserves include the premium deposited on the occasion of capital increases, less the costs of the initial POLYTEC HOLDING AG public offering in the 2006 financial year, which were allotted to the capital increase. On the basis of Austrian law, in the 2008 financial year capital reserves of TEUR 20,220 were written back in the individual financial statements of POLYTEC HOLDING AG to cover the loss for the year.

Other reserves amounting to minus TEUR 5,346 (2014: minus TEUR 5,262) contain all cumulative other income and consist of the reserve from currency translation, as well as actuarial gains/losses. The reserve from currency translation incorporates all the exchange rate differences resulting from the conversion of the annual financial statements of consolidated subsidiaries prepared in foreign currency into the euro, which is the Group currency. The actuarial gains/losses contain the effects of the valuation of pension obligations and similar obligations less deferred taxes recognised through equity.

The revenue reserves of TEUR 104,217 (2014: TEUR 85,998) are the result of the cumulative results generated in the Group according to the consolidated income statement less dividend payments.

The buyback of the 334,041 treasury shares held on the balance sheet date (equates to 1.5% of share capital) at an acquisition value of TEUR 1,855 and a market value on the reporting date of TEUR 2,559 took place in its entirety in accordance with the buyback programme approved at the Annual General Meetings held on May 16, 2012 and May 14, 2014.

	Shares	Treasury shares	Shares in circulation
December 31, 2014	**22,329,585**	**-334,041**	**21,995,544**
Inventory change of treasury shares	0	0	0
December 31, 2015	**22,329,585**	**-334,041**	**21,995,544**

NON-CONTROLLING INTERESTS

The following table shows summarised financial information regarding all non-controlling interests prior to intra-Group eliminations. For reasons of materiality, it is presented on an aggregate basis for all non-controlling interests.

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Non-current assets	16,045	15,933
Current assets	6,690	5,605
Non-current liabilities	-598	-509
Current liabilities	-2,085	-2,656
Net assets	**20,051**	**18,373**
Share of equity/voting rights non-controlling interests	30%	30%
Carrying amount of interests without controlling influence	6,015	5,520
Pro rata profit of interests without controlling interest	520	592
Pro rata other comprehensive income of interests without controlling interest	-25	0
Dividends in interests without controlling interest	0	600

in TEUR	2015	2014
Cash flow from operating activities	2,494	3,814
Cash flow from investing activities	-704	-461
Cash flow from financing activities	-610	-4,253

INFORMATION CONCERNING CAPITAL MANAGEMENT

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

POLYTEC HOLDING AG is subject to the statutory minimum capital requirements of Austrian corporation law. Statutory minimum capital requirements do not apply. Nonetheless, the Group considers a solid equity base as a key element in insolvency prevention. The relation between equity capital and total capital can be summarised as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Total equity	162,925	144,294
Balance sheet total	485,139	424,006
Equity ratio	**33.6%**	**34.0%**

For POLYTEC, the term capital management means the control of equity capital and net financial liabilities. The POLYTEC GROUP's net financial liabilities are centrally monitored and steered. The main objectives in this regard include securing long-term liquidity, the efficient use of debt financing and the adoption of appropriate measures for financial risk mitigation in tandem with the optimisation of both earnings and costs.

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

POLYTEC aims to maintain a sustainable equity ratio of more than 30%. A small deviation from this target equity ratio would only be acceptable temporarily in cases of strategically important M&A transactions.

Gearing is defined as the ratio of net financial liabilities (current and non-current financial liabilities less cash and cash equivalents and interest-bearing receivables) to equity capital. Appropriate control instruments consist primarily of the issuance and repayment of financial liabilities, as well as the consolidation of the equity base through the retention of earnings or the adjustment of dividend payments. Owing to the acquisition of the real estate assets, the gearing ratio targets have been altered. The POLYTEC GROUP management now regards a gearing ratio of 1.00 as being lastingly solid. Gearing developed as follows:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Financial liabilities[1]	170,043	137,092
- Cash and cash equivalents	57,683	111,951
- Interest-bearing receivables	13,217	13,320
Net financial liabilities (–)/assets (+)	**-99,143**	**-11,821**
/ Equity carrying amount	162,925	144,294
Gearing	**0.61**	**0.08**

[1] Long- and short-term interest-bearing liabilities

By and large, the financial liabilities increased due to the assumption of liabilities derived from the acquisition of the real estate group, which were reported at the end of the financial year with EUR 24 million. Consolidated cash flow from investing activities amounting to some EUR 69 million was the primary reason for the reduction in cash and cash equivalents of EUR 54 million. Consequently, the net financial liabilities increased markedly as compared to the very low level of the previous year. As a result, despite a sizeable improvement in equity capital from the retained earnings, the gearing ratio rose to a stable value of 0.6.

ROCE is defined as the ratio between EBIT and the average capital employed. The capital employed includes the operating assets (intangible and tangible assets and investments in companies consolidated at equity) less long-term operating provisions and net working capital.

In spite of the change in the financial structure owing to the real estate purchase, the POLYTEC GROUP continues to seek a ROCE of at least 15%. ROCE represents the most important calculation parameter for the vast majority of the POLYTEC GROUP's executive bonus plans. ROCE developed as follows:

in TEUR	2015	2014
Average capital employed	219,097	150,325
EBIT	36,585	20,648
Return on capital employed (in %)	**16.7**	**13.7**

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

21. EARNINGS PER SHARE AND DIVIDENDS

Pursuant to IAS 33 (Earnings per Share), basic earnings per share result from the division of the net income for the period due to the shareholders (annual net profit of the Group after income taxes and non-controlling interests) by the weighted average number of ordinary shares outstanding during the reporting period.

	Unit	2015	2014
Net income after income taxes and after non-controlling interests	TEUR	23,718	13,559
Weighted average number of ordinary shares issued	Shares	22,329,585	22,329,585
Average number of treasury shares	Shares	334,041	315,789
Average number of shares in circulation	Shares	21,995,544	22,013,796
Earnings per share	EUR/share	1.08	0.62

The diluted earnings per share equate to the non-diluted earnings per share, as no financial instruments with a dilutive effect are currently in circulation.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of POLYTEC HOLDING AG prepared in accordance with the Austrian accounting regulations as at December 31, 2015 provide the basis for the payment of a dividend.

At the Annual General Meeting held on May 13, 2015 a resolution was passed approving the payment of a dividend of EUR 0.25 per share for the 2014 financial year (dividend payment date: May 22, 2015).

The Board of Directors of POLYTEC HOLDING AG will propose to the Annual General Meeting the payment of a dividend of EUR 0.30 per share for the 2015 financial year.

In principle, dividends are subject to the deduction of a capital gains tax of 27.5% (2014: 25%). For individuals subject to unlimited tax liability, this means that their income tax is settled (final taxation). Corporations subject to unlimited corporate income tax liability, which hold at least 10% of share capital, are exempt from the capital gains tax. For individuals subject to limited tax liability, all relevant double taxation treaties must be taken into due account.

22. NON-CURRENT INTEREST-BEARING LIABILITIES

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

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Promissory note loans	99,696	99,603
thereof with a residual term > 5 years	32,482	32,482
Bank loans	38,198	16,981
thereof with a residual term > 5 years	5,604	2,915
thereof with collateral securities	28,824	15,381
Other interest bearing liabilities	554	295
thereof with a residual term > 5 years	0	0
Leasing liabilities	3,249	4,935
thereof with a residual term > 5 years	0	0
Total	**141,698**	**121,814**

The Group's expiring non-current and current interest-bearing liabilities to banks exist in the following currencies:

in TEUR	2015		2014	
	Proportion %	Average ordinary interest	Proportion %	Average ordinary interest
EUR	98.8	1.90	98.3	2.01
GBP	1.2	2.15	1.7	2.15

In the 2014 financial year, the POLYTEC GROUP issued a TEUR 100,000 promissory note loan with agreed terms of five and seven years and respective fixed and floating interest rates. The average residual terms amounts to roughly five years.

23. OBLIGATIONS TO EMPLOYEES

This position summarises all the non-current provisions for obligations to employees:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Provisions for severance payments	3,837	3,842
Provisions for pensions	19,187	19,854
Provisions for long-service payments	2,376	2,121
Other non-current provisions	716	518
Total	**26,115**	**26,335**

PROVISIONS FOR PENSIONS

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

in TEUR	2015			2014		
	Present value of pension obligations	Plan assets	Provision	Present value of pension obligations	Plan assets	Provision
As at January 1	**26,233**	**-6,379**	**19,854**	**16,677**	**0**	**16,677**
Change in the scope of consolidation	0	0	0	8,749	-6,379	2,370
Service costs	133	0	133	115	0	115
Interest expenses	488	-51	437	568	0	568
Pension payments	-1,694	403	-1,291	-1,057	0	-1,057
Actuarial gains and losses:						
due to demographic assumptions	3	0	3	0	0	0
due to financial assumptions	243	0	243	2,644	0	2,644
due to experience-based adjustments	31	0	31	-933	0	-993
Planned payments	-6,250	6,027	-223	-471	0	-471
As at December 31	**19,187**	**0**	**19,187**	**26,233**	**-6,379**	**19,854**

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

The pension expenses for the 2015 financial year consist mainly of defined benefit pension plans, whereby service costs are reported in the personnel expenses under the item "Expenses for severance payments and pensions", while interest costs are reported in the financial result under the item "Interest component defined benefit plans". The actuarial result comprises gains and losses resulting from the changes to demographic and financial assumptions.

The average duration of pension obligations amounts to between six and 26 years (previous year: six to 27 years).

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Service costs	133	115
Interest expenses	437	568
Total	**571**	**683**

The actuarial gains/losses recognised under other comprehensive income developed as follows (after taxes):

in TEUR	2015	2014
Actuarial gains (+)/losses (-) as at Jan. 1	**-2,963**	**-1,792**
Actuarial gains (+)/losses (-) in the financial year	-185	-1,171
Actuarial gains (+)/losses (-) as at Dec. 31	**-3,148**	**-2,963**

A change in interest rates of 25 basis points would have led to an increase in pension obligations of TEUR 662 (2014: TEUR 939), or to a decrease of TEUR 647 (2014: TEUR 888).

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

PROVISIONS FOR SEVERANCE PAYMENTS

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

in TEUR	2015	2014
Present value of severance payments (DBO) as at January 1	**3,842**	**3,162**
Change in the scope of consolidation	0	0
Service costs	216	190
Interest expenses	86	108
Severance payments	-67	-67
Actuarial gains and losses:		
due to demographic assumptions	-11	10
due to financial assumptions	152	434
due to experience-based adjustments	-381	5
Present value of severance payments (DBO) as at December 31	**3,837**	**3,842**

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

Total severance costs in the 2015 financial year are divided between defined contributions and defined benefit plans, whereby the service costs included in personnel expenses are reported under the item "Expenses for severance payments and pension provisions" and the interest expense are reported in the financial result under the item "Interest components defined benefit plans". The actuarial result comprises the gains and losses resulting from changes to the demographic and financial assumptions.

The average duration of severance payment obligations amounts to between four and 13 years (2014: nine and 14 years).

in TEUR	2015	2014
Defined contribution plans		
Expenses for defined contribution plans	**221**	**197**
Defined benefit plans		
Service costs	216	190
Interest expenses	86	108
Expenses for defined benefit plans	**302**	**298**
Severance costs	**523**	**495**

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

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Actuarial gains (+)/losses (-) as of January 1	**-780**	**-438**
Actuarial gains (+)/losses (-) in the financial year	180	-343
Actuarial gains (+)/losses (-) as of December 31	**-600**	**-780**

A change in interest rates of 25 basis points would have led to an increase in severance payment obligations of TEUR 96 (2014: TEUR 101), or to a decrease of TEUR 100 (2014: TEUR 97).

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

PROVISIONS FOR LONG-SERVICE PAYMENTS

The provisions for long-service payments developed as follows:

in TEUR	2015	2014
Present value of defined benefit obligations =		
Provision for long-service payments	**2,376**	**2,121**

Total expenses for long-service payments for the financial year amounted to TEUR 255 (previous year: TEUR 180).

24. OTHER LONG-TERM PROVISIONS

This position incorporates provisions for disadvantageous orders from company purchases.

25. CURRENT INTEREST-BEARING LIABILITIES

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Liabilities to banks	10,524	10,528
Bank loans with a residual term < 1 year	11,514	1,933
Leasing liabilities with a residual term < 1 year	5,872	2,367
Deferred interest promissory note loans	435	449
Total	**28,346**	**15,277**

26. LIABILITIES FROM INCOME TAXES

The liabilities from income taxes consist largely of liabilities from corporate and trade income taxes (or comparable taxes) in different states, where Group companies have their registered office. Liabilities developed as follows:

in TEUR	2015	2014
As at January 1 of the financial year	1,216	3,574
Change in the scope of consolidation	123	95
Exchange rate differences	10	5
Use for tax payments	-835	-3,417
Release	-51	-124
Addition in the financial year	2,799	1,082
As at December 31 of the financial year	**3,262**	**1,216**

27. TRADE ACCOUNTS PAYABLE

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Trade accounts payable	50,150	44,850
thereof Group	0	0
Prepayments received	47	2,894
Total	**50,197**	**47,743**

28. OTHER CURRENT LIABILITIES

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Liabilities to employees	3,385	3,076
Other liabilities	9,933	6,437
Other short-term financial liabilities	**13,318**	**9,513**
Accrual for unclaimed leave	5,325	5,422
Other tax liabilities	4,166	4,244
Social security liabilities	1,975	742
Government grants with a residual term of less than one year	0	0
Deferred charges	389	4
Total	**25,171**	**19,924**

29. CURRENT PROVISIONS

in TEUR	Balance as at Jan. 1, 2015	Change in the scope of consoli-dation	Currency translation	Reclassifi-cation	Utilisation	Release	Addition	Balance as of Dec. 31, 2015
Personnel-related accruals	6,020	44	2	0	4,273	919	7,361	8,236
Provisions for impending losses and risks	8,850	896	4	0	3,038	28	419	7,103
Guarantees and warranties	1,169	20	0	0	97	112	1,134	2,113
Other current provisions	10,257	-37	40	-107	2,528	2,292	5,856	11,190
Total	**26,296**	**922**	**46**	**-107**	**9,936**	**3,350**	**14,771**	**28,642**

in TEUR	Balance as at Jan. 1, 2014	Change in the scope of consoli-dation	Currency translation	Reclassifi-cation	Utilisation	Release	Addition	Balance as of Dec. 31, 2014
Personnel-related accruals	3,056	3,529	2	0	2,504	279	2,216	6,020
Provisions for impending losses and risks	1,644	8,233	4	0	448	833	251	8,850
Guarantees and warranties	834	494	0	0	126	314	282	1,168
Other current provisions	13,441	850	37	0	6,174	2,405	4,508	10,257
Total	**18,975**	**13,105**	**43**	**0**	**9,252**	**3,831**	**7,256**	**26,296**

The provisions are based on the most accurate estimate of the present value of the future outflow of economic benefit needed to meet obligations. The estimates may alter in future owing to fresh knowledge.

30. FINANCIAL LIABILITIES

The allocation of the financial liabilities to the categories pursuant to IAS 39 on the balance sheet date and as at the previous balance sheet date shows the following pattern:

in TEUR	Carrying amount in the balance sheet Dec. 31, 2015	Amortised acquisition costs	Market value recognised through equity	Market value recognised through profit or loss	Current value Dec. 31, 2015	Fair value hierarchy
Measured at residual carrying amount						
Non-current interest-bearing liabilities	138,449	138,449	0	0	139,143	Level 3
Current interest-bearing financial liabilities	22,471	22,471	0	0	24,070	Level 3
Trade accounts payable (without advance payments received)	50,150	50,150	0	0	50,150	Level 3
Other current liabilities	12,990	12,990	0	0	12,990	Level 3
	224,060	224,060	0	0	226,353	
Measured at fair value						
Currency futures	1	0	0	1	1	Level 2
Interest derivatives	327	0	0	327	327	Level 2
	328	0	0	328	328	
Not assignable in accordance with IAS 39 (financial leasing)						
Non-current interest-bearing liabilities	3,249					
Current interest-bearing liabilities	5,875					
	9,124					
Total	**233,512**	**224,060**	**0**	**328**	**226,681**	

in TEUR	Carrying amount in the balance sheet Dec. 31, 2014	Amortised acquisition costs	Market value recognised through equity	Market value recognised through profit or loss	Current value Dec. 31, 2014	Fair value hierarchy
Measured at residual carrying amount						
Non-current interest-bearing liabilities	116,879	116,879	0	0	118,330	Level 3
Current interest-bearing financial liabilities	12,911	12,911	0	0	14,057	Level 3
Trade accounts payable (without advance payments received)	44,850	44,850	0	0	44,850	Level 3
Other current liabilities	9,513	9,513	0	0	9,513	Level 3
	184,153	184,153	0	0	186,749	
Measured at fair value						
Currency futures	0	0	0	0	0	Level 2
Interest derivatives	0	0	0	0	0	Level 2
	0	0	0	0	0	
Not assignable in accordance with IAS 39 (financial leasing)						
Non-current interest-bearing liabilities	4,935					
Current interest-bearing liabilities	2,367					
	7,302					
Total	**191,455**	**184,153**	**0**	**0**	**186,749**	

Current interest-bearing liabilities include current interest-bearing liabilities recognised in the balance sheet, as well as the current part of non-current loans.

In the IAS 39 valuation categories as at December 31, 2015 and December 31, 2014 respectively, the carrying amounts of financial liabilities represent a reasonable approximation of their current value.

Trade accounts payable, other current liabilities and current interest-bearing liabilities mainly have short residual terms and, therefore, their carrying amounts approximate to the fair values.

The POLYTEC GROUP only determines the fair value for interest-bearing liabilities for disclosures in the notes to the consolidated financial statements. Fair value is established using recognised measurement methods based on the discounted cash flow method. The main input factor is the discount rate, which takes available market data (risk-free interest rates) into account. In the case of financial liabilities, the creditworthiness of the POLYTEC GROUP is considered. The fair values shown only constitute indicators for the values actually achievable in the market because of varying influential factors.

Reference should be made to the risk report with regard to the determination of the fair value of derivatives.

F. OTHER INFORMATION

1. CASH FLOW STATEMENT

NON-CASH BUSINESS TRANSACTIONS

During the financial year expired, the POLYTEC GROUP undertook the following non-cash investment and financial transactions that are not reported in the cash flow statement.

Within the scope of financial leasing arrangements, the POLYTEC GROUP obtained technical and/or business equipment, as well as real estate to a value of TEUR 4,270 (2014: TEUR 1,836).

In the course of the acquisition of real estate group, the POLYEC GROUP obtained a real estate portfolio with a value of TEUR 87,312, whereby only TEUR 29,595 represented the cash purchase price.

OTHER NON-CASH EXPENSES AND INCOME

The non-cash expenses and income consist largely of currency translation differences.

INTEREST PAYMENTS

Interest inflows and outflows are allocated to the consolidated cash flow from business activities. They comprise the following amounts:

in TEUR	2015	2014
Interest inflows	892	372
Interest outflows	-4,633	-1,509
Total	**-3,741**	**-1,138**

2. EVENTS AFTER THE BALANCE SHEET DATE

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

3. OTHER RISKS AND OBLIGATIONS AS WELL AS OFF-BALANCE SHEET TRANSACTIONS

FACTORING

Since the 2008 financial year, factoring agreements exist under which banks and factoring companies are obliged to purchase certain POLYTEC GROUP trade accounts receivable with a monthly rotating nominal volume. For the receivables sold, the default risk linked to the receivables (del credere risk) passes without recourse to the purchasing bank or factoring company following the purchase. In the case of receivables in foreign currency, the POLYTEC GROUP continues to bear the foreign currency risk and therefore in spite of the receivable sale this does not pass to the purchasing bank or the factoring company.

As at December 31, 2015, the factoring agreements had a maximum, usable nominal volume of TEUR 64,400 (2014: TEUR 39,400). On the closing date, receivables totalling TEUR 22,929 were sold (2014: TEUR 13,922) and in accordance with IAS 39 were eliminated from the consolidated financial statements.

As at December 31, 2015, the non-advanced sum of TEUR 2,307 (2014: TEUR 1,876) was reported as an other short-term asset (financial). The true value corresponds with the stated carrying value, as in particular the residual terms of the affected receivables are also short-term.

OTHER RISKS

Various legal actions and claims, among others in connection with the divestment of the interior systems business area, 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 result of any of these matters will have a materially adverse effect on the company's liquidity situation, results or financial position. Notwithstanding these cautious assumptions, other forms of residual risks remain.

No other risks and obligations exist that have not been mentioned in these consolidated financial statements or the notes.

4. RISK REPORTING

Within the scope of its business activities, the POLYTEC GROUP is subject to a variety of risks, which relate directly to corporate transactions. Risk management is an integral part of all Group business processes. The comprehensive certifications required by an automotive industry supplier (e. g. TS ISO/16949:2002) already specify appropriate regulations, which are also monitored via external audits. In line with the organisational structure of the POLYTEC GROUP, risks are locally managed and monitored close to the market, especially in the course of ongoing business processes. However, Group headquarters provides central financial risk management. The following major risk areas can be identified:

Sales market risks: The automotive subsupplier industry constitutes a market that is seen as highly competitive and is also currently undergoing a consolidation process. Sales volumes are primarily dependent upon the acquisition of new orders, which are usually placed two to three years prior to serial production. During this order acquisition phase, every supplier faces strong competition regarding the best conditions. Once serial production commences the supplier is also reliant upon the sales of the vehicle for which it may provide the components, but is unable to influence its success. Furthermore, OEMs subject suppliers to permanent benchmarking even after the start of serial production, which may result in price demands, or in an extreme case, the loss of an order. The POLYTEC GROUP seeks to keep its dependency upon individual delivery relationships to a minimum with the help of a balanced customer and order mix.

Procurement market risks: One substantial risk is represented by the fluctuations in raw material prices, which in the case of a plastics processor like the POLYTEC GROUP are due mainly to a long-term oil price shifts, but can also be caused by changes in refinery capacity. On the sourcing side, this risk is countered by means of long-term delivery agreements and on the sales side, by material fluctuation clauses in the disclosed calculations, to the extent that these are acceptable to the customer. To a certain extent, negotiations involving raw materials and purchased parts take place directly between the POLYTEC GROUP's customers and the suppliers. Where prices are only agreed with the customer on an annual basis, changes in raw material prices are an important parameter for the annual price renegotiations. Furthermore, increased research and development activities are aimed at the use of new raw materials (natural fibres).

FINANCIAL RISKS, THEIR MANAGEMENT AND SENSITIVITY

Credit risk: Due to its customer structure with roughly 90% of total turnover being generated with OEMs or major systems suppliers, the POLYTEC GROUP is subject to the automotive industry credit risk. However, accounts receivable are monitored meticulously on a permanent basis and the payment of accounts receivable as agreed is secured. In the 2015 financial year, approximately 58%[1)] (2014: 59%) of sales were obtained from the Group's three major customers. This results in a certain accumulated credit risk, which, however, has been assessed by the management as being uncritical with regard to potential non-payments. Dependency upon only a few customers is a basic characteristic of the automotive subsupplier industry. Within this context, the customer is defined as a group of affiliated companies, which can also produce several different automotive marques. In future, the management intends to seek greater diversification through the expansion of its customer base in the non-automotive business area.

The risk of non-payment with regard to cash and cash equivalents is deemed as low.

Despite a credit risk generally classified as low, the maximum theoretical risk of non-payment corresponds to the carrying amounts of the individual financial assets. In individual cases, credit insurance is used on the basis of the constant monitoring of accounts receivable. As at the reporting date, no material credit insurance agreements were in place.

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

Therefore, the theoretical risk of non-payment amounts to:

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Loans and receivables	172,181	197,180
At fair value through profit and loss	0	0
Held for trading	0	0
Available for sale	0	0
Total	**172,181**	**197,180**

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

in TEUR		Overdue but not impaired				
Dec. 31, 2015	Total	Neither overdue nor impaired	Up to 60 days	60 to 120 days	120 to 360 days	Longer than 360 days
Trade accounts receivable	52,201	36,954	12,102	750	1,055	1,340
Other accounts receivable	14,455	14,455	0	0	0	0

in TEUR		Overdue but not impaired				
Dec. 31, 2014	Total	Neither overdue nor impaired	Up to 60 days	60 to 120 days	120 to 360 days	Longer than 360 days
Trade accounts receivable	51,282	33,004	11,489	3,554	2,667	568
Other accounts receivable	20,650	20,650	0	0	0	0

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

Liquidity risk: The Group hedges its liquidity needs by means of contractually agreed credit lines and the maintenance of a cash reserve, which headquarters manages centrally.

On the basis of the agreements concluded, the Group's financial liabilities show the following expected cash flows (including interest payments made at the interest rate on the balance sheet date):

in TEUR	Carrying value as at Dec. 31, 2015	Total contractual cash flows	thereof within 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Promissory note loans	100,131	109,925	2,087	74,549	33,289
Bank loans	50,264	53,059	12,662	33,124	7,273
Bank borrowings on current account	10,523	10,607	10,607	0	0
Financial leasing	9,124	9,331	5,993	3,338	0
Trade accounts payable	50,150	50,150	50,150	0	0
Other financial liabilities	12,990	12,990	12,990	0	0
Total	**233,182**	**246,062**	**94,489**	**111,011**	**40,562**

in TEUR	Carrying value as at Dec. 31, 2014	Total contractual cash flows	thereof within 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Promissory note loans	100,052	112,293	2,138	76,053	34,102
Bank loans	19,209	20,268	2,297	14,746	3,225
Bank borrowings on current account	10,528	10,646	10,646	0	0
Financial leasing	7,302	7,654	2,485	5,169	0
Trade accounts payable	44,850	44,850	44,850	0	0
Other financial liabilities	9,513	9,513	9,513	0	0
Total	**191,454**	**205,224**	**71,929**	**95,968**	**37,327**

Bank borrowings on current accounts will continue to be made available to the Group until further notice and are therefore adjudged to be current. However, a short-term call-in on the part of the lender banks is not to be expected.

Foreign exchange risk: The bulk of POLYTEC GROUP sales revenues are invoiced in euros and consequently the foreign exchange risk only affects the Group to a limited degree. Moreover, the purchase of preliminary work takes place partially in the same currency as sales, which results in natural hedging. The Group is subject to higher foreign exchange risks in those countries in which invoices are written in euros, but preliminary work must be purchased in local currency. For example, such risks apply to the Czech crown. In many cases, these risks cannot be transferred to financial instruments, as they are mainly attributable to personnel costs.

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

in TEUR	Dec. 31, 2015		
	In Euro	In foreign currency	Total
Trade accounts receivable	40,579	11,622	52,201
Receivables from construction contracts	28,825	5,798	34,623
Other receivables	12,530	1,926	14,456
Interest-bearing receivables	13,217	0	13,217
Cash and cash equivalents	56,103	1,580	57,683
Total	**151,254**	**20,926**	**172,180**

in TEUR	Dec. 31, 2015		
	In Euro	In foreign currency	Total
Non-current interest-bearing liabilities	131,864	9,834	141,698
Current interest-bearing liabilities	24,826	3,520	28,346
Trade accounts payable (without advance payments)	43,833	6,317	50,150
Other current liabilities	11,679	1,639	13,318
Total	**212,202**	**21,310**	**233,512**

in TEUR	Dec. 31, 2014		
	In Euro	In foreign currency	Total
Other assets	729	0	729
Trade accounts receivable	44,192	7,089	51,281
Receivables from construction contracts	31,996	2,613	34,609
Other receivables	19,120	780	19,900
Interest-bearing receivables	13,320	0	13,320
Cash and cash equivalents	111,126	825	111,951
Total	**220,483**	**11,307**	**231,790**

in TEUR	Dec. 31, 2014		
	In Euro	In foreign currency	Total
Non-current interest-bearing liabilities	121,310	504	121,814
Current interest-bearing liabilities	13,612	1,665	15,277
Trade accounts payable (without advance payments)	40,198	4,651	44,849
Other current liabilities	8,818	695	9,513
Total	**183,938**	**7,515**	**191,453**

The distribution shows that the risk to which the Group is subject due to exchange rate fluctuations is very low, as both financial assets held in foreign currency totalling 12.2% (2014: 4.4%) and the corresponding liabilities totalling 9.1% (2014: 3.9%) account for only a minor part of the total volume. Furthermore, currency fluctuations would equally affect both assets and liabilities and therefore display 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 counteracted by the POLYTEC GROUP through a portfolio of variable and fixed forms of financing that corresponds with the long-term interest rate opinion. Long-term financing activities are predominantly subject to variable interest rates.

During the 2015 financial year, derivatives were used for interest hedging and the following table shows the fair values, the nominal amounts and the residual periods of the outstanding derivatives at the end of the reporting period.

in TEUR	Fair value pos.	Fair value neg.	Nominal	Residual period < 1 year	Residual period 1–5 years	Residual period > 5 years
Receive floating pay fixed swaps	0	327	39,000	0	30,500	8,500
Interest caps	0	0	2,500	0	2,500	0
Total	**0**	**327**	**41,500**	**0**	**33,000**	**8,500**

The current values stated in the table above correspond with the current values at the end of the reporting period. They were determined via banks using recognised financial mathematical and/or statistical measurement models, as well as current market parameters on the balance sheet date.

The interest swaps are offset quarterly. The variable interest rate of the interest swaps is based on the 6-month Euribor. The difference between fixed and variable interest is offset net.

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

in TEUR	Dec. 31, 2015	Dec. 31, 2014
Promissory note loans	100,131	100,052
thereof with fixed interest	63,618	63,560
thereof with variable interest	36,513	36,492
Liabilities to banks	60,227	29,438
thereof with fixed interest	37,003	25,669
thereof with variable interest	23,224	3,769
Financial leasing	9,124	7,302
thereof with fixed interest	9,124	7,302
thereof with variable interest	0	0
Other interest-bearing liabilities	560	300
thereof with fixed interest	560	300
thereof with variable interest	0	0
Total	**170,043**	**137,092**
thereof with fixed interest	110,306	96,831
thereof with variable interest	59,737	40,261

The bulk of the liabilities bearing variable interest are dependent upon the 6-month Euribor. An increase (reduction) in this reference interest rate of 100 basis points would result in an increase (decrease) of the interest expense by some TEUR 595 (2014: TEUR 403).

Interest-bearing receivables and current cash and cash equivalents contain variable interest-bearing financial assets totalling TEUR 50,629 (2014: TEUR 77,707). An increase (decrease) in 3-month Euribor of 100 basis points would increase (decrease) interest income by approximately TEUR 506 (previous year: TEUR 777).

5. NET INCOME BY EVALUATION CATEGORIES

in TEUR Dec. 31, 2015	Interests	Value adjustment	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	1,337	-471	0	0	0	0	**866**
Financial liabilities	-4,619	0	-229	0	0	0	**-4,848**
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	-329	**-329**

in TEUR Dec. 31, 2014	Interests	Value adjustment	Currency translation	Income from other securities	Income from other investments	Income from derivates	Net income
Loans and receivables	870	-54	0	0	85	0	**901**
Financial liabilities	-1,959	0	-132	0	0	0	**-2,091**
Financial investments available for sale	0	0	0	0	0	0	**0**
Financial investments held to maturity	0	0	0	0	0	0	**0**
At fair value through profit and loss	0	0	0	0	0	0	**0**

6. RELATED PARTIES

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

As at the December 31, 2015 balance sheet date, the company was informed about the following shares of voting rights, which are subject to notification pursuant to § 91 of the Stock Exchange Act:

Huemer Group: 29.0%
Delta Lloyd Asset Management NV: 11.5%
Capital Research and Management: 5.5%

The remaining shares are in free float.

In the financial year expired, the POLYTEC GROUP took over the POLYTEC Immobilien Group from the Huemer Group. A detailed description of this transaction is presented under "Acquisitions 2015".

OTHER BUSINESS RELATIONSHIPS

A work contract exists between the POLYTEC GROUP and IMC Verwaltungsgesellschaft mbH, Hörsching, regarding a member of the Board of Directors of the POLYTEC HOLDING AG, Hörsching.

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

A member of the Supervisory Board is also a member of the board of directors of a bank with which the Group has a business relationship in the form of deposit and lending operations.

As in the previous year, all the transactions carried out during the year under review were completed at arm's length. No provisions or expenses for doubtful or unrecoverable debts were reported in 2015 or in 2014 in connection with transactions with related parties.

7. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Total remuneration of the members of the Board of Directors in the 2015 financial year amounted to TEUR 2,498 (2014: TEUR 1,691). TEUR 2,498 (2014: TEUR 1,691) are attributable to short-term benefits, TEUR 314 (2014: TEUR 67) of which relate to the remuneration of a former Board member. As in the preceding year, no payments were made after the termination of the working relationship.

As yet unpaid variable salary components affecting the 2015 business year are reported in the current personnel provisions.

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

Total expenses for the emoluments to Supervisory Board members in the 2015 financial year amounted to TEUR 99 (2014: TEUR 99).

There are no loans or advance payments relating to current or former members of company bodies. No former members of the governing bodies of the company receive any kind of salary from the Group or one of its affiliated companies.

8. EXPENSES FOR THE GROUP AUDITORS

Expenses for the services provided by the Group auditors in 2015 consist of the following:

in TEUR	2015	2014
Annual financial audit	134	112
Other services	32	71
	166	**183**

9. POLYTEC HOLDING AG GOVERNING BODIES

During the year under review and at the time of the preparation of the consolidated financial statements, the **members of the Board of Directors** were as follows:

Friedrich Huemer, Wallern
(Chairman of the Board of Directors)
Markus Huemer, Buchkirchen
(Deputy Chairman of the Board of Directors)
Alice Godderidge, Piberbach
Peter Haidenek, Velden a. W.

During the year under review and at the time of the preparation of the consolidated financial statements, the **members of the Supervisory Board** were as follows:

Fred Duswald, Thalheim
(Chairman)
Manfred Helmut Trauth, Knittelsheim, Germany
(Deputy 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 31, 2016 and authorised its submission to the Supervisory Board. The Supervisory Board is entitled to initiate changes to the consolidated financial statements within the framework of its supervisory duty.

10. GROUP COMPANIES

Company	Location	Country	Parent company	2015 Direct and indirect share %	2015 Type of consolidation[1)]	2014 Direct and indirect share %	2014 Type of consolidation[1)]
POLYTEC Invest GmbH i.L.	Lohne	GER	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC Anlagenfinanzierung GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC CAR STYLING Hörsching GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC Car Styling Bromyard Ltd.	Bromyard	GBR	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC FOHA CORPORATION	Markham	CAN	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Foha Inc.	Warren	USA	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC Car Styling Schoten N.V.	Schoten	BEL	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Netherlands Holding B.V.	Roosendaal	NED	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Composites NL B.V.	Roosendaal	NED	Polytec Netherlands Holding B.V.	100.0	KV	100.0	KV
Polytec Plastics NL B.V.	Putte	NED	Polytec Netherlands Holding B.V.	100.0	KV	100.0	KV
Ratipur Autófelszerelés Kft.	Komló	HUN	POLYTEC Holding AG	24.0	KE	24.0	KOE
Polytec Holding Deutschland GmbH	Lohne	GER	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Automotive GmbH & Co KG [2)]	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV	100.0	KV
Polytec Automotive Verwaltungs GmbH	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KO	100.0	KO
Polytec Deutschland Verwaltungs GmbH	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KO	100.0	KO
Polytec Plastics Germany GmbH & Co KG [2)]	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV	100.0	KV
Polytec Plastics Idstein GmbH & Co KG [2)]	Idstein	GER	Polytec Holding Deutschland GmbH	100.0	KV	100.0	KV
POLYTEC Plastics Ebensee GmbH	Ebensee	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Interior Zaragoza S.L. i.L.	Zaragoza	ESP	POLYTEC Holding AG	100.0	KO	100.0	KO
POLYTEC Tooling GmbH & Co KG	Thannhausen	GER	Polytec Holding Deutschland GmbH	100.0	KV		
POLYTEC AUTO PARTS Tianjin Co.. Ltd	Tianjin	CHN	POLYTEC Holding AG	100.0	KV		
PT Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KO
POLYTEC Composites Beteiligungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Composites Verwaltungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KO	100.0	KO
POLYTEC Composites Germany GmbH & Co KG [2)]	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Compounds GmbH & Co. KG [2)]	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Compounds Verwaltungs GmbH	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KO	100.0	KO
POLYTEC Industrielackierungen GmbH & Co. KG [2)]	Rastatt	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Industrielackierungen Verwaltungs GmbH	Rastatt	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KO	100.0	KO
POLYTEC Composites Slovakia s.r.o.	Sladkovicovo	SVK	PT Beteiligungs GmbH	100.0	KV	100.0	KV
PT Plastik Ürünleri Sanayi ve Ticaret A.S.	Aksaray	TUR	PT Beteiligungs GmbH	100.0	KV	100.0	KV
Polytec Composites Bohemia s.r.o.	Chodova Plana	CZE	PT Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Composites Weiden GmbH	Weiden	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
INAPAL PLASTICOS. S.A.	Leca do Balio	POR	POLYTEC Composites Germany GmbH & Co KG	2.0	KOE	2.0	KOE
Ljungby Komposit AB	Ljungby	SWE	PT Beteiligungs GmbH	25.0	KOE	25.0	KOE
POLYTEC Industrielackierung Weiden GmbH	Waldnaab	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV		
POLYTEC Industrial Plastics GmbH	Bochum	GER	POLYTEC Holding AG	70.0	KV	70.0	KV
POLYTEC Elastoform GmbH	Marchtrenk	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV	70.0	KV
POLYTEC EMC Engineering GmbH	Hörsching	AUT	POLYTEC Industrial Plastics GmbH	70.0	KV	70.0	KV
POLYTEC THELEN GmbH	Bochum	GER	POLYTEC Industrial Plastics GmbH	70.0	KV	70.0	KV

Company	Location	Country	Parent company	2015 Direct and indirect share %	2015 Type of consoli-dation[1]	2014 Direct and indirect share %	2014 Type of consoli-dation[1]
POLYTEC Immobilien Holding GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV		
PT Immobilien GmbH	Hörsching	AUT	POLYTEC Immobilien Holding GmbH	100.0	KV		
POLYTEC Immobilien GmbH	Hörsching	AUT	PT Immobilien GmbH	94.5	KV		
POLYTEC Composites Immobilien GmbH	Kraichtal	GER	POLYTEC Immobilien Holding GmbH	94.5	KV		
PPI Immobilien GmbH	Ebensee	AUT	POLYTEC Immobilien Holding GmbH	95.0	KV		
POLYTEC Immobilien Deutschland GmbH	Lohne	GER	POLYTEC Immobilien Holding GmbH	94.5	KV		
POLYTEC Real Estate Gayrimenkul Limited Sirteki	Aksaray	TUR	POLYTEC Immobilien Holding GmbH	100.0	KV		
POLYTEC Estates Slovakia s.r.o.	Sladkovicovo	SVK	POLYTEC Immobilien Holding GmbH	100.0	KV		
POLYTEC Estates Belgium N.V.	Schoten	BEL	POLYTEC Immobilien Holding GmbH	100.0	KV		

[1] KV = Fully consolidated
KE = Consolidated at equity
KO = Not consolidated due to subordinated importance
KOE = No valuation at equity due to subordinated importance
[2] According to Section 264 b of the German Commercial Code these companies are relieved from the duty of reporting. auditing and publishing annual financial statements and a management report in accordance with the applicable regulations for capital companies.

Hörsching, March 31, 2016

The Board of Directors

Friedrich Huemer m. p.
Chairman – CEO

Markus Huemer m. p.
Deputy Chairman – COO

Alice Godderidge m. p.
Member of the Board – CSO

Peter Haidenek m. p.
Member of the Board – CFO

STATEMENT OF ALL LEGAL REPRESENTATIVES

PURSUANT 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 31, 2016

The Board of Directors of POLYTEC HOLDING AG

Friedrich Huemer m. p.
Chairman of the Board of Directors – CEO
Responsibilities: M&A, Investment Management, Strategy, Corporate Communications, HR, Law

Markus Huemer m. p.
Deputy Chairman of the Board of Directors – COO
Responsibilities: Business Development, Plants, Production, Procurement

Alice Godderidge m. p.
Member of the Board of Directors – CSO
Responsibilities: Sales and Engineering (Sales, Marketing and Development)

Peter Haidenek m. p.
Member of the Board of Directors – CFO
Responsibilities: Finance, IT, Controlling, Accounting, Investor Relations, Internal Audit

AUDITORS' REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of POLYTEC Holding AG, Hörsching, comprising of the consolidated statement of financial position as of December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2015, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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. These principles require the application of International Standards on Auditing (ISAs). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

Our audit did not give rise to any objections. In our opinion 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, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under section 245a UGB.

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 Group'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 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 are appropriate.

Linz, March 31, 2016

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

Nikolaus Schaffer m. p.	p. p. Martin Feige m. p.
Certified Public Accountant	Certified Public Accountant

SERVICE

SERVICE

CORPORATE CALENDAR 2016

April 5, 2016	Tuesday	Publication of the financial statements and annual report for 2015
May 4, 2016	Wednesday	Publication of the interim report for Q1 2016
May 9, 2016	Monday	Record date "Annual General Meeting"
May 19, 2016	Thursday	16th Annual General Meeting for the 2015 financial year, Hörsching, 10:00 a. m.
May 24, 2016	Tuesday	Ex-dividend date
May 25, 2016	Wednesday	Record date "Dividends"
May 27, 2016	Friday	Dividend payment date
August 3, 2016	Wednesday	Publication of the report for HY1 2016
November 3, 2016	Thursday	Publication of the interim report for Q3 2016

INVESTOR RELATIONS

Paul Rettenbacher
Phone: +43 7221 701 292
Fax: +43 7221 701 392
paul.rettenbacher@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. This Annual Report is published in German and English. In cases of doubt, the German version shall take precedence.

Editorial closing date: March 31, 2016

IMPRINT

Editor: POLYTEC HOLDING AG
Polytec-Straße 1, 4063 Hörsching, Austria
Commercial register: FN 197646g, Commercial Court Linz
VAT identification number: ATU49796207
Phone: +43 7221 701 0, Fax: +43 7221 701 35
paul.rettenbacher@polytec-group.com
www.polytec-group.com

Corporate Marketing: Karin Weilch
karin.weilch@polytec-group.com
Consulting, text and general coordination: be.public
Corporate & Financial Communications, Vienna
Concept and graphic design: studio bleifrei, Graz
Print: Friedrich VDV, Linz
Photos: POLYTEC GROUP, Bildstadt, Porsche, BMW, Jaguar Land Rover, Mercedes-Benz, shutterstock.com, MAN, IFCO, Kässbohrer, iStockphoto

PEFC/06-39-16
PEFC certified: Printed on paper from sustainably managed forests and controlled sources, www.pefc.at.

GLOSSARY

Company and technology	
AWD	All Wheel Drive
Blow Moulding	A process for the production of hollow, thermoplastic parts (lightweight construction technology)
Carbon SMC	SMC with cut carbon fibres
CEO	Chief Executive Officer
CF	Carbon fibre
CFO	Chief Finance Officer
COO	Chief Operations Officer
CRP	Carbon-fibre-reinforced plastic
CSO	Chief Sales Officer
GMT	Glass mat thermoplastics
HR	Human Resources
IMC	Injection moulding compounding (heavy layer): Technology to process long fibre-reinforced thermoplastics in the injection-moulding process. High design freedom and high output for tailored HOUSING solutions
IMC	In-mould coating: Technology for integrated surface refinement. No surface pre-treatment or post-painting necessary
IMD	In-mould decoration: Technology for decorating plastic surfaces with colour and an abrasion resistant coat within the one-shot-injection-moulding-process
JIS	Just-in-sequence: Parts arrive at a production line right in time as scheduled before they get assembled
JIT	Just-in-time: Parts arrive at the production line right in time
LFT	Long fibre reinforced thermoplastics: Increased toughness for parts
LWRT	Low weight reinforced thermoplastics: Glass-reinforced thermoplastic mixed-fibre fleeces for lightweight construction that absorb noise excellently.
MBT	Mercedes-Benz Türk
One-shot process	Production in one single step
Organosheets	Fibre-reinforced composites (either with glass fibres or carbon fibres)
PA	Polyamide: Thermoplastic material with high strength, stiffness and toughness
PISA	POLYTEC In-moulded Sound Absorber
PP	Polypropylene: Thermoplastic material
PPS	POLYTEC Performance System: Lean Management Programme of POLYTEC GROUP
PUR	Polyurethane: Material used by business units CAR STYLING and INDUSTRIAL
PUR RRIM	Polyurethane Reinforced Reaction Injection Moulding
SMC	Sheet moulding compound: Ready to mould glass-fibre reinforced polyester material primarily used in compression moulding
SOP	Start of Production
VICS	Variable In-moulded Composite Sandwich. Please find details on page 44.

Financials	
ACEA	European Automotive Manufacturers Association
CAD	Canadian Dollar
Capital Employeed	Net working capital plus intangible assets and fixed assets minus short-term liabilities
CNY	Chinese Renminbi Yuan
CZK	Czech Krona
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBIT-Marge	Earnings before interest and taxes/sales, in %
Equity ratio	Equity/balance sheet total, in %
Free cash flow	Cash flow from operating activities less cash flow in investing activities
FTE	Full-time equivalents of employees
GBP	Great Britain Pound
Gearing	Net debt (+)/net cash (-)/equity
IAS	International Accounting Standards (IAS)
IFRS	International Financial Reporting Standards, including International Accounting Standards (IAS)
Investments	Additions to intangible assets, property, plant and equipment
IPO	Initial Public Offering
ISIN AT0000A00XX9	International Securities Identification Number of POLYTEC share
KPI	Key Performance Indicator
Deferred taxes	Balance sheet item to show fiscal valuation differences. In the case of temporary discrepancies between the group balance sheet and the fiscal balance sheet, both deferred tax assets and deferred tax liabilities are recognized in order to report the tax expenses in accordance with the group financial result.
Market capitalisation	Value of Enterprise; number of issued shares multiplied with certain share price
Net financial liabilities/assets	Interest-bearing debt capital less cash and cash equivalents and securities of the working capital as well as interest-bearing receivables
Net working capital	Current assets (excluding cash, cash equivalents and interest-bearing receivables) less short-term liabilities (excluding financial liabilities)
OEM	Original Equipment Manufacturer
OTC	„Over-the-Counter" market, transactions with shares outside Exchange, directly dealt between parties
ROCE	Return on Capital Employed (EBIT/average capital employed)
TEUR	Euro thousands
TRY	Turk Lira
USD	United States Dollar
VDA	German Automotive Industry Association

POLYTEC GROUP

www.polytec-group.com

PASSION
CREATES
INNOVATION