THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

Interim Financial Report
1st Quarter **2013**

PWO

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LETTER OF THE BOARD OF MANAGEMENT

Dear shareholders and business associates,

The PWO Group got off to a good start in the 2013 fiscal year: Revenues climbed 3.4 percent in the first quarter and total output rose 6.5 percent. EBIT and net income for the period continued at a high level similar to that of the previous year. We are compensating for the market weakness in Europe with the ramp-up of new series productions and strong growth in North America and Asia.

The results exceeded our internal budget. In 2013 we expect a much steadier development in our quarterly results than was experienced in 2012 where the strong first quarter was followed by three considerably weaker quarters.

Thus, we are pleased with the year's start and remain cautiously optimistic despite the increase in market uncertainty in Europe. We confirm our revenue and EBIT outlook for fiscal year 2013.

Our German location is still being burdened by the disproportional increase in staff costs. Measures to improve productivity and to lower costs have been initiated. We are diligently working on largely offsetting the higher costs in the course of the year and raising the profitability of the Oberkirch location.

Our international locations are developing in a particularly positive manner. In the reporting quarter they managed to more than triple their contribution to Group EBIT and have provided a total of EUR 1.7 million. This trend is expected to continue.

The Canadian location is profiting greatly from the current ramp-ups of large series orders and from the continued favorable market environment.

In the meantime, our Czech site has achieved such a level of stable processes in both tool production and series production that this site is developing into an actual benchmark location.

The progress in Mexico and China is also going in the right direction. The processes at our Mexican location are continually becoming more stable. In China, new series productions are now starting which had been previously delayed by customers in the prior fiscal year. This will lead to a noticeable rise in revenues. We want to exceed the EUR 10 million mark in revenues for the first time in 2013. Thus, this location is on its way to further increasing its capacity and reducing start-up losses.

Our consistent and global focus of having our own production locations in Europe, North America, and Asia, as well as our long list of partners is increasingly coming to fruition. This greatly reduces the Group's dependence on the success in the German and European markets and provides the best basis for the further development of the Company.

Oberkirch, May 2013
The Management Board

PWO SHARES

PWO shares in the first quarter - Better than the market and the sector

In the first three months of 2013, the PWO shares on balance performed considerably better than their benchmark index, the SDAX price index. While the SDAX index rose 8.4 percent, PWO shares saw a rise of 13.1 percent from a year-end closing price of EUR 28.20 to a price of EUR 31.90 by the end of the first quarter. Over the same period, the Prime Automotive Sector Index fell 2.6 percent and the sub-index of the automotive suppliers rose 6.5 percent.

The shares experienced a considerable boost from the publication on February 14, 2013 of the preliminary results for fiscal year 2012 which were well received. The shares rose 9.6 percent on this day alone to EUR 34.10.

The shares reached their highest price year-to-date of EUR 34.87 on February 25 and their low point of EUR 28.68 at the start of the year on January 2.

We continue to partake in a high number of meetings and conferences with capital market participants and in the first quarter we successfully completed a roadshow in Frankfurt.

Directors' Dealings

No notifiable stock transactions pursuant to Section 15a WpHG (German Securities Trading Act) were carried out in the first quarter of 2013. Any notifications received are published on the Company's website under www.progress-werk.de in the section Investor Relations/PWO shares/Directors' Dealings.

Other information

Number of shares issued as at March 31, 2013
3,125,000

Treasury shares held as at March 31, 2013
None

Dividend per share for fiscal year 2012
(proposal to the Annual General Meeting on May 22, 2013)
EUR 1.60

Current shareholder structure

Consult Invest Beteiligungsberatungs-GmbH, Böblingen:
46.55 %

Free Float:
53.45 %

Of which
Delta Lloyd N.V., Amsterdam, the Netherlands:
16.49 %

Sparkasse Offenburg/Ortenau, Offenburg:
5.88 %

Source: WpHG notifications

THE COMPANY

A new state-of-the-art servo press was brought into operation at the Oberkirch location

On March 15, 2013 we brought a new 1,250 ton servo press into operation at our location in Oberkirch. This investment was mainly in consideration of the upcoming start-ups and ramp-ups of new series orders in the course of the current year and in subsequent years. The investment volume amounted to nearly EUR 5 million.

PWO had already expanded its capacity in fiscal year 2012 at the Czech Republic and China locations with two forming presses of the same type.

This new press not only count among the largest machines within the PWO Group but they also allow very complex forming of high strength steels among others.

One of the most important characteristics of the new press is its enormous flexibility. They are freely programmable for example when it comes to the variability of the speed of the drive. Thus, lifting speed and height can be varied within an operation as much as desired. Additional production steps can also be more flexibly integrated in the forming process.

This allows for the development and production of new types of components which were not possible thus far with the conventional press technology and its rigid timing. This opens up additional business opportunities for PWO.

With the modern servo drive technology, the new press can also achieve a much higher output than the conventional presses. The result is a noticeable increase in productivity. On average, a productivity improvement in the order of around 20 percent can be expected and up to 50 percent in single cases.

The accompanying capacity expansion is necessary after the high volume of new business received in the past years. Seat components, engine brackets, and engine housings among others are currently produced on this new equipment.

INTERIM CONSOLIDATED MANAGEMENT REPORT

The economic environment

After the slump in the final quarter of 2012, the economic situation in Germany improved again in the spring of 2013 and the global economy has seen an overall slight improvement. This is the conclusion arrived at by the German economic research institutes in their joint spring report. The situation in the financial markets has calmed and also the global economic headwinds have subsided for Germany since outside of the eurozone there are signs pointing to an acceleration of growth.

On a global level, the expectations of businesses and consumers have already been improving since the fall of 2012 and global industrial production and world trade have started to rebound in recent months. This was supported by the perception that the risk of a break-up of the eurozone was abating following the intervention of the ECB.

Nevertheless, the swing in the sentiment in Germany has not yet been made visible in new order or industrial production figures. Therefore, according to the institutes, the hard indicators do not signal that production has already strongly recovered in the first quarter of this year. Weather conditions have also played a role and this has slowed down activity in both February and March.

The institutes point to the residual burdens. Private households in many developed countries continue to adjust their debt levels to the lower long-term income expectations which have resulted from the global financial crisis. This restraint in expenditure should continue to slow down the global economy even now that these burdens appear to have abated in the USA.

The condition of public budgets in advanced economies has not noticeably improved. The reduction of high budget deficits in many countries is progressing very slowly in view of the mostly weak and in some cases recessionary economic development. Therefore, fiscal policy is likely to remain restrictive, particularly in the eurozone.

Until recently however, monetary policy in the advanced economies remained strongly expansive and this should also continue in the future: The central banks of the US and Japan have announced their intention to leave interest rates at current low levels and to continue with quantitative easing measures until the economy has visibly recovered.

Sector trends

According to statements by the German Automobile Association (VDA), in the first quarter of 2013, global automotive sales were mixed.

In the USA, sales of light vehicles rose a good 6 percent to nearly 3.7 million new vehicles in comparison with the same period in the previous year. German manufacturers increased their light vehicle sales in this region in the first three months by 8 percent, i.e. more than the market in total. As a result, the market share of the German brands has continued its rise and recently amounted to 8.1 percent (p/y: 7.9 percent).

The Chinese passenger car market demonstrated extraordinary robust performance in the first quarter of 2013. Passenger vehicle sales were more than 25 percent higher than the level of the comparable period of last year and in total 3.9 million new vehicles were sold. The German brands, which currently hold a 22 percent market share in the Chinese passenger car market, also profited from the increase in demand.

In contrast, the Indian passenger car market in the first quarter of 2013 ended with a decline of nearly 12 percent. The market for light vehicles in Russia in the first three months of 2013 managed to slightly outperform the high level of the previous year. Sales rose 0.3 percent. In Brazil, light vehicle sales increased 2 percent in the first quarter of 2013. New passenger vehicle registrations in Japan dropped 9 percent to 1.3 million vehicles in the first quarter in comparison to the same period of the prior year.

New passenger vehicle registrations in Western Europe (EU15 + EFTA) dropped to a good 2.9 million in the first quarter, a decline of 9.8 percent versus the level of the previous year. In Europe as a whole (EU27 + EFTA), registrations fell 9.7 percent and in the new EU countries (EU11) they dropped 8.6 percent.

In general, the traditionally important month for registrations in Europe, March, showed a noticeably strong decline which in some cases amounted to more than 10 percent. In addition to the overall high level of uncertainty in the Western European countries, the low number of working days in March also had a generally negative effect on the level of new registrations.

According to the European Automobile Manufacturers Association (ACEA), March 2013 marked the eighteenth consecutive monthly decline in European registration figures.

The British passenger vehicle market turned out to be a positive exception. In March, passenger vehicle sales in this region rose 6 percent. Germany (–17 percent), France (–16 percent) and Spain (–14 percent) on the other hand, recorded significant double-digit declines in March. In Italy, the negative trend of the past months subsided somewhat and had a decline of just 5 percent.

In the new EU countries, the demand for passenger cars in March fell nearly 15 percent and amounted to 63,000 units. Positive developments in passenger car registrations were seen in Estonia (+3 percent) and Hungary (+6 percent). In the current year thus far, passenger vehicle sales have declined 9 percent (179,800 units).

In Germany, the Federal Motor Transport Authority showed a decline in new registrations of 12.9 percent for the first quarter of 2013. German manufacturers were only slightly better with –12.7 percent. Japanese, French, and Swedish manufacturers experienced particularly strong declines of over 20 percent.

Within the single vehicle segments, particularly above-average declines were seen in small cars (–21.1 percent), in the medium class (–15.5 percent), the upper medium class (–25.2 percent), and in vans (–17.8 percent). SUVs (–3.3 percent) and off-road vehicles (–5.3 percent) experienced below-average declines in registrations. Minis, which fall under the small car category, were the only segment to see growth of 7.5 percent.

Group EBIT slightly below previous year but visibly above plan

We were able to generate a 3.4 percent increase in revenues in the reporting quarter to EUR 94.2 million (p/y: EUR 91.1 million). Total output, which reflects the complete output volume in one period, had a significantly stronger rise of 6.5 percent to EUR 98.1 million (p/y: EUR 92.1 million). Thus, we are fully in line with our budget.

The EBIT almost matched the performance of the previous year and at EUR 5.8 million (p/y: EUR 6.1 million) exceeded our internal budget. As a consequence of the market weakness in Europe and the comparatively higher staff costs at the location in Germany, we had expected a weaker start in the year at that location.

In addition, when making a comparison with the previous year it must be taken into consideration that the first three months of 2012 recorded the highest EBIT of the year and the following quarters were weaker. In 2013 however, we expect the quarters to show a more steady development.

EBIT in the reporting quarter was negatively affected by a rise in depreciation and amortization as a result of high investments in the previous year.

Positively offsetting this was the only minimal rise in other operating expenses. As a percentage of total output, operating expenses fell from 9.5 percent in the previous year to 9.2 percent. This was due to the positive effects of our various cost reduction programs across the entire Group rather than the result of any particular developments in individual positions. Therefore, these effects will have sustainable effects.

Net of a slight decline in financing expenses and after considering a reduced tax rate, the net income for the period was at the previous year's level and amounted to EUR 3.2 million.

Earnings per share amounted to EUR 1.03 and remained below last year's level of EUR 1.27 since the capital increase in May 2012 had resulted in a higher number of shares versus the prior year.

Very favorable performance of international locations

At our home location Oberkirch, which forms the Germany segment, revenues in the reporting quarter fell EUR 3.5 million or 5.3 percent to EUR 62.8 million (p/y: EUR 66.3 million). Total output amounted to EUR 64.5 million (p/y: EUR 66.5 million). The slump in the automotive market in Europe of approximately 10 percent could be effectively absorbed by the new start-ups of series productions.

EBIT declined to EUR 3.8 million (p/y: EUR 5.6 million). This meant that the result was above our plan. Currently, the Oberkirch location is suffering from a disproportional increase in staff costs.

The higher staff costs should be offset by productivity increases and cost reduction measures during the further course of the year. We expect this to lead to an overall better EBIT margin for fiscal year 2013 than was achieved in the first quarter.

The revenues of our Czech location which forms the Rest of Europe segment remained largely unchanged in the first three months of the year at EUR 10.2 million (p/y: EUR 10.1 million). Total output rose to EUR 10.9 million (p/y: EUR 10.2 million).

The development of the EBIT was particularly favorable and was able to rise to EUR 1.1 million (p/y: EUR 0.8 million). The Czech site is currently operating with very stable processes and high efficiency in both the series business as well as the tool business. Although we do not expect the margin level of the first quarter to be the average for the 2013 fiscal year, we do expect the Czech location to have a very good result once again.

The NAFTA segment combines our two locations, Canada and Mexico. The start-ups and ramp-ups of new series continue to show the expected growth. Revenue in the NAFTA segment climbed strongly in the reporting period by around 32 percent to EUR 22.0 million (p/y: EUR 16.6 million), total output rose to EUR 22.9 million (p/y: EUR 16.9 million). EBIT increased to EUR 1.1 million (p/y: EUR 0.0 million).

Our Chinese location which forms the Asia segment continues to successively ramp up production but is still loss making, as expected. In the first three months revenues advanced to EUR 3.5 million (p/y: EUR 1.5 million) and total output rose to EUR 4.0 million (p/y: EUR 1.9 million). EBIT amounted to EUR –0.5 million (p/y: EUR –0.3 million).

Substantial increase in total assets

The following statements compare the development of total assets as at March 31, 2013 to the restated figures from December 31, 2012. As was already described and quantified in our 2012 annual report, the pension provisions, deferred taxes, and consequently equity were retroactively restated in the 2013 opening balance sheet due to the revision of IAS 19. The accompanying restatements are described in the notes of this quarterly report.

In the reporting quarter, total assets of the PWO Group grew to EUR 299.7 million after EUR 279.3 million as at the end of the 2012 fiscal year. This was primarily the result of higher property, plant, and equipment, inventories, and receivables. It is typical to the business that the working capital needs tend to fluctuate significantly during the year. Thus, the development in the first three months will not continue in the same manner for the remainder of the fiscal year.

On the liability side of the balance sheet, the rise in total assets is reflected in the higher level of trade payables and in the increase in interest-bearing borrowings.

The equity ratio as at the reporting date amounted to 33.0 percent after 38.0 percent at the end of the 2012 fiscal year. As at January 1, 2013, the equity ratio was 34.1 percent as a result of the application of the revised IAS 19 (see also page 23). Net debt amounted to EUR 101.5 million after EUR 90.5 million in the previous year. Gearing (net debt in percentage of equity) rose to 103 percent after 95 percent at the end of the prior fiscal year.

The expansion in current assets and hence total assets not only burdened the equity ratio but also the cash flow from operating activities which fell to EUR –1.7 million (p/y: EUR 6.6 million) mainly due to this reason. Cash outflows for current assets in the amount of EUR 17.9 million were only partly offset by proceeds of EUR 7.2 million from the expansion of current liabilities.

Cash flow from investing activities totaled EUR –6.3 million (p/y: EUR –6.8 million). The investments made in this reporting period are described in a separate section of this interim financial report. Consequently, in the first three months of 2013, free cash flow after interest paid and received amounted to EUR –9.0 million (p/y: EUR –1.2 million).

Additionally, net repayments of borrowings amounted to EUR 1.4 million (p/y: EUR –1.1 million). Thus, the changes in cash and cash equivalents amounted to EUR –10.5 million (p/y: EUR –2.3 million).

During the year we expect the working capital needs to decline which would minimize the burden on cash flow. Generally, we aim to generate the necessary funds for our planned growth and fiscal year 2013 investment largely from the current year's cash flow in order to limit the increase of net debt.

High rate of success in new business

In the reporting quarter we were successful once again in acquiring new series production contracts. Compared to the year-ago period when customers were awarding very extensive orders, the current number and volume of contracts awarded which are relevant to us was much lower.

In total we were able to win contracts for new series productions with a lifetime volume of EUR 72 million. The corresponding tool sales amounted to an additional EUR 13 million.

The recent new orders will mainly be executed at our locations in Germany, the Czech Republic, and China. These orders concern structural components for seats, steering, and chassis.

The new contracts have a lifetime of five to eight years. The will largely begin in 2014/2015 and will support our growth accordingly in the upcoming years.

We are confident that we will again win a high volume of new orders in the current fiscal year. In 2012 we received series orders of EUR 350 million and tool sales orders of EUR 25 million.

Investments

As presented in the segment reporting in the notes, investments in the first quarter of 2013 increased to EUR 7.8 million (p/y: EUR 6.9 million).

Of this amount, a volume of EUR 4.7 million (p/y: EUR 3.9 million) could be attributed to our German location where our new 1,250-ton press was put into operation. In addition, project-related investment was made in laser welding machines.

The investment at our Czech Republic location amounted to EUR 0.5 million (p/y: EUR 0.1 million) and was primarily made in milling machines.

At both of the NAFTA area locations investment remained at last year's level and totaled EUR 1.7 million. Next to various smaller measures, a particular focus was on the continued investment in a 1,200-ton transfer press in Mexico. We are successively improving the machinery at that location in accordance with the requirements of the current orders on hand and thus are also improving the performance of the location.

In China, investment of EUR 0.9 million (p/y: EUR 1.2 million) was carried out for among others an investment in a 600-ton press which was triggered last year. This location is on the verge of launching further series productions which should result in a continuous improvement in the capacity utilization of this location.

After the high level of investment in property, plant, and equipment in fiscal year 2012 of EUR 38.5 million, the current year's budget plans for around EUR 35 million in investment. Especially at our locations in China and Mexico, the key preparations have already been made for the currently planned new start-ups so that there can be a reduction in the current year's investment volume.

Number of employees grew moderately

We increased the number of employees in our locations by only a slight margin overall in the reporting quarter. Additional employees were mainly recruited in Mexico.

The number of employees in the PWO Group, including temporary employees, rose to 3,037 by the end of the first quarter after amounting to 2,916 as at December 31, 2012. The number of trainees included in this figure was 147, which was below the number of 167 trainees at the end of 2012 due to the end of trainee programs. In the current fiscal year we will once again provide 45 young people with trainee positions in Oberkirch alone.

At the German location, the number of employees at the end of March 2013 rose to 1,540 after 1,510 at the end of fiscal year 2012. In the Czech Republic, the number rose from 381 employees to 410 employees. In Canada and China the employee numbers were adjusted to 250 after 253 and 211 after 204 respectively.

In order to ensure the process stability and performance of the Mexican location, the number of employees rose from 568 at the beginning of the year to 626 at the end of this reporting quarter.

At our German site, we are well-positioned with our current personnel resources for the planned development of the current year. Therefore, we will concentrate on selective adjustments and can compensate for any production fluctuations through our existing flexibility.

In contrast, in view of the growth planned in the course of the year, we will successively hire additional employees at several of our international locations. Mexico is the only location where the necessary expansion for further development has already taken place in the reporting quarter. Here the employee numbers can now be optimized according to the employees' existing qualifications.

Opportunities and risks

The opportunities and risks described in the 2012 annual report continue to apply for the development of the PWO Group and its segments. No new risks have arisen.

Overall macroeconomic risks are still classified as high, especially given the continued weak demand and the restrictive fiscal policies in numerous European countries. However, one positive aspect in recent months has been the brightening of the global economic developments.

Accordingly, the German economic research institutes expect that the global economy will recover some momentum in this year and the next. The eurozone is also expected to see a slow revival in its economy. The increase in global production in 2013 should be around 2.5 percent and a good 3 percent in the year 2014.

Nevertheless, the institutes point to considerable downside risks, especially for Europe. A key assumption is that the crisis in the eurozone will not intensify once again. A vigorous continuation and the success of the reform efforts in the crisis countries are still not assured. Should a noticeable slowdown or even a failure in the structural adjustment process take place in the crisis states of the eurozone, one should expect a marked decline in confidence which would also weigh heavily on the economy.

With regard to the development of the global automotive market, the VDA expects growth of 2 percent to 70.7 million units in 2013. As in the years before, the Chinese market is expected to perform better than average and grow 6 percent to 14 million units. Encouraging growth rates are also expected in the USA where the growth of light vehicle sales is expected to be 5 percent at nearly 15.2 million units. The German manufacturers command a strong market position especially in these markets and can therefore cushion themselves from the market risks in Europe.

The European passenger car market continues to be assessed with caution and the downside risk is substantial. As a result of the weakness of Western Europe – especially in Spain, Italy, and France – particularly those manufacturers and their suppliers are suffering whose main sales markets are in Europe and who have little or no presence in the growth regions of the USA or China. Over the past five years, the Western European passenger car market receded by three million units.

According to the VDA, a recovery in Western Europe will need considerable time even though over the mid-term a recurrence of significantly higher market volumes can be expected. The VDA expects a further decline in production of 3 percent to 11.5 million new vehicles for the year 2013 in Western Europe.

For the German passenger vehicle manufacturers, the VDA expects an overall export volume of nearly 4.2 million units in 2013 – a similar level to last year – due to the improved development of those overseas markets which are important to the German manufacturers.

Forecasts for 2013 confirmed

We have exceeding our own expectations in the reporting quarter and have thus created a favorable basis for fiscal year 2013. We continue to be cautiously optimistic. Despite the higher level of uncertainty in the market, we expect an approximately 8 percent increase in revenues to around EUR 390 million resulting from further series start-ups and ramp-ups. The EBIT should be in the order of EUR 23 million.

Growth will stem from our international locations. In view of the factors described in the segment reporting, we expect our German location to develop steadily and to attain an EBIT slightly below the prior year.

We expect higher revenues at our Czech location and especially at our Canadian location. The volume in China should nearly double in comparison with the low volume of the prior year. Following the prior year's jump in revenues at our Mexican location, the volumes at this location are expected to essentially consolidate.

For our international locations, we expect a total increase in EBIT in the order of EUR 6 million, after EUR 3.7 million in 2012. Thus, we will continue to successively increase the profitability of these locations.

CONSOLIDATED INCOME STATEMENT

	1st Quarter 2013		1st Quarter 2012	
	EURk	% share	EURk	% share
Revenue	94,191	96.0	91,123	98.9
Change in finished goods and work-in-progress / other own work capitalized	3,912	4.0	1,021	1.1
Total output	**98,103**	**100.0**	**92,144**	**100 .0**
Other operating income	1,372	1.4	1,460	1.6
Cost of materials	52,748	53.8	49,531	53.8
Staff costs	26,851	27.4	25,098	27.2
Depreciation and amortization	5,052	5.1	4,154	4.5
Other operating expenses	9,004	9.2	8,758	9.5
EBIT	**5,820**	**5.9**	**6,063**	**6.6**
Financial expenses	1,482	1.5	1,672	1.8
EBT	**4,338**	**4.4**	**4,391**	**4.8**
Income taxes	1,131	1.1	1,224	1.4
Net income for the period	**3,207**	**3.3**	**3,167**	**3.4**
Earnings per share in EUR [1)]	1.03	—	1.27	—

[1)] The calculation of earnings per share is discussed on page 22.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	March 31, 2013	March 31, 2012
	EURk	EURk
Net income for the period	**3,207**	**3,167**
Other comprehensive income		
Derivative financial instruments		
Net losses / gains from cash flow hedges	-805	1,595
Tax effect	194	-294
Unrealized losses / gains from derivative financial instruments	**-611**	**1,301**
Currency translation	1,066	-525
Actuarial losses from defined benefit pension plans [1)]	0	-1,596
Other comprehensive income after tax	**455**	**-820**
Total comprehensive income after tax	**3,662**	**2,347**

[1)] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 23.

CONSOLIDATED BALANCE SHEET

ASSETS	March 31, 2013	Dec. 31, 2012
	EURk	EURk
Property, plant, and equipment	140,374	136,279
Intangible assets	11,799	12,028
Deferred tax assets [1)]	6,851	6,611
Non-current assets	**159,024**	**154,918**
Inventories	58,995	55,790
Receivables and other assets	74,971	59,559
Other financial assets	891	1,226
Cash and cash equivalents	5,849	7,810
Current assets	**140,706**	**124,385**
Total assets	**299,730**	**279,303**

EQUITY AND LIABILITIES	March 31, 2013	Dec. 31, 2012
	EURk	EURk
Equity [1)]	**98,810**	**95,148**
Interest-bearing borrowings	47,397	48,275
Provisions for pensions [1)]	41,480	40,974
Other provisions	3,123	3,203
Deferred tax liabilities	754	868
Non-current liabilities	**92,754**	**93,320**
Current portion of provisions for pensions	1,495	1,495
Current portion of other provisions	1,745	1,743
Trade payables and other liabilities	42,981	36,185
Other financial liabilities	1,955	1,424
Interest-bearing borrowings	59,990	49,988
Current liabilities	**108,166**	**90,835**
Total equity and liabilities	**299,730**	**279,303**

[1)] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 23.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to PWO AG shareholders						
				Cumulative income and expenses recognized directly in equity			
EURk	Subscribed capital	Capital reserves	Retained earnings	Currency translation differences	Cash flow hedges	Pension obligations [1]	**Total equity**
As at Jan. 1, 2013	9,375	37,494	55,928	1,741	264	-9,654	95,148
Net income for the period			3,207				3,207
Other comprehensive income				1,066	-611		455
Total comprehensive income	**9,375**	**37,494**	**59,135**	**2,807**	**-347**	**-9,654**	**98,810**
As at March 31, 2013	**9,375**	**37,494**	**59,135**	**2,807**	**-347**	**-9,654**	**98,810**
As at Jan. 1, 2012	7,500	17,155	49,269	1,739	-879	-4,666	70,118
Net income for the period			3,167				3,167
Other comprehensive income				-525	1,301	-1,596	-820
Total comprehensive income	**7,500**	**17,155**	**52,436**	**1,214**	**422**	**-6,262**	**72,465**
As at March 31, 2012	**7,500**	**17,155**	**52,436**	**1,214**	**422**	**-6,262**	**72,465**

[1] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 23.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Mar 31, 2013	Mar 31, 2012
	EURk	EURk
Net income for the period	3,207	3,167
Depreciation of property, plant, and equipment, net of write-ups	5,052	4,154
Income tax expense/refund	1,131	1,224
Interest income and expenses	1,482	1,672
Change in current assets	-17,884	-11,883
Change in non-current liabilities (excluding interest-bearing borrowings)	52	-379
Change in current liabilities (excluding interest-bearing borrowings)	7,249	8,035
Income taxes paid	-1,063	-825
Other non-cash expenses/income	-956	1,464
Gain/loss on disposal of property, plant, and equipment	59	-5
Cash flow from operating activities	**-1,671**	**6,624**
Proceeds from disposal of property, plant, and equipment	160	5
Payments for investments in property, plant, and equipment	-6,145	-6,478
Payments for investments in intangible assets	-346	-334
Cash flow from investing activities	**-6,331**	**-6,807**
Interest paid	-1,027	-985
Interest received	1	1
Proceeds from borrowings	2,511	5,857
Repayment of borrowings	-3,949	-6,979
Cash flow from financing activities	**-2,464**	**-2,106**
Net change in cash and cash equivalents	-10,466	-2,289
Effect of exchange rates on cash and cash equivalents	-87	82
Cash and cash equivalents as at January 1	2,664	-2,560
Cash and cash equivalents as at March 31	**-7,889**	**-4,767**
of which cash and cash equivalents	5,849	3,499
of which bank borrowings due on demand	-13,738	-8,266

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

Basis of presentation

These condensed interim consolidated financial statements as at March 31, 2013 were prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all of the information and disclosures required for consolidated financial statements at the end of the financial year, and should therefore be read in conjunction with the annual consolidated financial statements as of December 31, 2012. The interim consolidated financial statements and the interim management report are neither subject to an external audit nor to an auditor's review.

Scope of consolidation

The interim consolidated financial statements as at March 31, 2013 include six foreign companies that PWO AG controls either directly or indirectly. No changes have occurred to the scope of consolidation compared to December 31, 2012.

Currency translation

The interim consolidated financial statements are presented in euro, the functional currency of the parent company. The financial statements of the companies within the consolidated Group are prepared using foreign currencies which are translated according to the functional currency concept (IAS 21). Each company within the Group determines its own functional currency.

The items contained in the financial statements of the companies are measured using this functional currency. All balance sheet items of the foreign consolidated entity were translated into euro by applying the relevant mean rate of exchange at the balance sheet date. Expenses and income in the consolidated income statement were translated using the average exchange rate. The net income for the period from the translated income statement was transferred to the balance sheet. Differences are recognized directly in equity as a currency translation difference.

As of January 1, 2012, PWO Holding Co., Ltd., Hong Kong, China changed its functional currency from HKD to EUR as the underlying transactions have since predominantly been invoiced and paid in EUR.

The following exchange rates were used for currency translation purposes within the interim consolidated financial statements:

	Closing rate		Average rate	
	31/03/2013	31/03/2012	Q1/2013	Q1/2012
CAD	1.30	1.33	1.33	1.31
CNY	7.96	8.39	8.22	8.27
USD	1.28	1.33	1.32	1.31

Financial instruments

Currency-related derivatives in the form of interest-rate swaps, foreign exchange swaps, options, and foreign exchange forward contracts are carried at fair value both at the time of purchase and as part of subsequent measurement. In the case of derivative financial instruments which do not fulfill the criteria of a hedging transaction, gains or losses from changes in the fair value are reported immediately in profit or loss. Market value changes of derivative financial instruments used to hedge future cash flows (cash flow hedges) are recognized directly in equity in the amount of the effective share of equity, while the ineffective share is immediately recognized in profit or loss. When the hedged transaction takes place, the derivative is transferred from equity to profit and loss. The fair value of exchange listed derivatives corresponds to the positive or negative market value. If no market values are available, these are calculated using recognized actuarial valuation models, e.g. discounted cash flow model or option price model.

New and amended standards and interpretations

The same accounting methods that were applied in the preparation of the consolidated financial statements as at December 31, 2012 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2013 form an exception to this basic principle:

Amendment of IAS 1 | Presentation of Components of Other Comprehensive Income
The amendment of IAS 1 results in a change in the classification of components presented in the other comprehensive income. Components, which will be reclassified in the future to net income for the period (among others gains from the hedging of a net investment; differences from currency translation of foreign entities; gains/losses from cash flow hedges; and gains/losses from available-for-sale financial assets) are to be presented separately from the components that will not be reclassified (among others actuarial gains and losses from defined benefit pension plans and effects from the revaluation of land and buildings). The amendment only relates to the presentation and has no impact on the Group's net assets, financial position, or results of operations. The amendment must be applied for the first time to fiscal years beginning on or after July 1, 2012 and will be applied by the Group upon the first annual reporting following its entry into force.

Amendment of IAS 12 | Income Taxes – Deferred Taxes: Realization of Underlying Assets
The amendment includes a clarification with regards to the assessment of deferred taxes for real estate measured at fair value. The amendment introduces the refutable assumption that the realization of the carrying amount through a sale is generally decisive for the assessment of deferred taxes for real estate measured at fair value in accordance with IAS 40. For assets with an indefinite useful life, which are measured using the revaluation model according to IAS 16, the assessment of deferred taxes is generally to be assumed through sale. The amendment must be applied for the first time to fiscal years beginning on or after January 1, 2013. It has no impact on the Group's net assets, financial position, results of operations or on the Group's disclosures in the notes.

IAS 19 | Employee Benefits (amended)
The IASB has comprehensively revised IAS 19. The adjustments range from fundamental changes, such as those concerning the determination of expected returns on plan assets and the abolition of the corridor method, to mere clarifications and reformulations. The amended standard will have an impact on the amount of the provision, which will in the future fully reflect the obligation. The actuarial gains and losses will no longer be recognized on a pro-rata basis through profit or loss, but fully recognized in the period incurred within other comprehensive income. As the cumulative unrecognized actuarial losses amounted to EURk 13,404 (p/y: EURk 6,320) as at December 31, 2012, the legislative amendment had a material impact on the amount of the revaluation reserves, the amount of pension provisions, and consequently on the amount of the total comprehensive income. The amendment had to be applied for the first time to fiscal years beginning on or after January 1, 2013. For reasons of comparability and in contrast to the consolidated financial statements of December 31, 2012, in this interim report the previous year's figures are presented as if the Group had already applied the IAS 19 amendments as of January 1, 2012.

IFRS 1 | First-time Application of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amended)
The amendment of IFRS 1 was issued in December 2010 and is to be applied for the first time to fiscal years beginning on or after January 1, 2013. The amendment removes the fixed date of application for the derecognition of financial assets and liabilities and also removes the provisions regarding the recognition of gains and losses upon acquisition pursuant to IFRS 1 and replaces them with the date of transition to IFRS. The amendment further gives guidance as to how an entity should resume presenting financial statements in accordance with IFRS after a period of severe hyperinflation in its functional currency during which it had been unable to fully comply with IFRS. This amendment has no impact on the consolidated financial statements.

Amendment of IFRS 7 | Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 and IFRS 7 were published in December 2011 and will apply for the first time to fiscal years beginning on or after January 1, 2014 and January 1, 2013, respectively. An addition to this amendment's application guidelines should eliminate existing inconsistencies. However, the existing basic provisions for the netting of financial instruments have been maintained. The amendment also defines supplemental disclosures.

IFRS 13 | Determination of Fair Value
IFRS 13 was published in May 2011, and should be applied for the first time to fiscal years beginning on or after January 1, 2013. This standard establishes guidelines for the determination of fair value and imposes extensive quantitative and qualitative disclosures regarding the measurement at fair value. However, the standard does not cover the question of when assets and liabilities must or can be measured at fair value. IFRS 13 defines fair value as the price at the measurement date received by a party in a regular transaction between market participants for the sale of an asset or the price necessary to transfer a liability.

Notes to the income statement

Revenue
The breakdown of Group revenue by location is shown in the segment reporting.

In the first quarter of 2013, tool sales amounted to EURk 6,550 (p/y: EURk 7,298).

Other own work capitalized
Own work capitalized is comprised of EURk 211 (p/y: EURk 234) of development costs subject to mandatory capitalization according to IAS 38. These costs are related particularly to the development of steering components.

Other operating income
Other operating income primarily comprises the following items:

EURk	**Q1/2013**	Q1/2012
Currency gains	1,023	982
License income	0	23

Other operating expenses
Other operating expenses primarily comprise the following items:

EUR	**Q1/2013**	Q1/2012
Costs for temporary employees	2,569	2,549
Maintenance costs	1,539	1,410
Outgoing freight	808	727
Currency losses	681	1.171

Income taxes
The income tax reported in the consolidated income statement is comprised as follows:

EURk	**Q1/2013**	Q1/2012
Actual taxes	1,273	1,342
Deferred taxes	-142	-118
Total	**1,131**	**1,224**

Earnings per share
Earnings per share is computed by dividing net income for the period attributable to the shareholders of PWO AG by the weighted average number of shares outstanding. Actions resulting in dilution effects did not occur.

EURk	**Q1/2013**	Q1/2012
Net income for the period	3,207	3,167
Average number of shares	3,125,000	2,500,000
Earnings per share in EUR	1.03	1.27

Notes to the balance sheet

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows as of March 31, 2013 of EURk 5,849 (p/y: EURk 3,499) is composed of cash on hand and short-term bank deposits.

Equity

SUBSCRIBED CAPITAL

On May 26, 2010, the Annual General Meeting had resolved to create new authorized and contingent capital.

By issuing 625,000 new shares by way of the capital increase in May 2012, EURk 1,875 of the total Authorized Capital I/2010 in an amount of EURk 3,000 was utilized. As at March 31, 2013, the fully subscribed and paid-up capital amounted to EURk 9,375 (p/y: EURk 7,500), and was divided into 3,125,000 bearer shares (p/y: 2,500,000 bearer shares).

REMAINING AUTHORIZED CAPITAL

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorized to increase the Company's share capital once or several times by up to EURk 1,125 against payment in cash (Authorized Capital I/2010) until May 25, 2015.

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorized, until May 25, 2015, to increase the Company's share capital once or several times by up to EURk 750 against a cash payment (Authorized Capital II/2010).

The Annual General Meeting of May 26, 2010 has approved a conditional increase in share capital by up to EURk 3,000 (Contingent Capital 2010).

RETAINED EARNINGS AND OTHER EQUITY

As at March 31, 2013, Group equity included income and expenses arising from the currency translation of foreign subsidiaries of EURk 2,807 (p/y: EURk 1,214) and income and expenses from cash flow hedges of EURk -347 (p/y: EURk 422).

NOTIFICATIONS PURSUANT TO SECTION 21 (1) WPHG

In a release on May 21, 2012, Sparkasse Offenburg/Ortenau, Offenburg, gave notification that it held an interest of 5.88 percent.

In a release on May 23, 2012, Consult Invest Beteiligungsberatungs-GmbH, Böblingen, gave notification that it held an interest of 46.65 percent.

In a release on May 24, 2012, Delta Lloyd N.V., Amsterdam, The Netherlands, gave notification that it held an interest of 16.49 percent.

Liabilities

PENSION PROVISIONS

Provisions for pensions and similar obligations are formed on the basis of pension plan entitlements for retirement, invalidity, and survivor dependent's benefits. The retirement benefits are based on salary and length of service. The direct and indirect obligations include those arising from current pensions as well as benefits for pensions and retirement allowances payable in the future.

The provisions for defined benefit plans, of which the vast majority concern PWO AG, are calculated in accordance with IAS 19 using the projected unit credit method. The pension obligations are recognized at the present value of the defined benefit obligations at the measurement date, and take into account likely future increases in pensions and salaries.

Due to the amendments made to IAS 19 (revised 2011) which are mandatory as of January 1, 2013, a revaluation of the pension obligations was conducted. In the interim report, the figures are presented as if the Group had applied IAS 19 (revised 2011) in advance on January 1, 2012. For reasons of comparability, the previous year's figures were restated.

The core of the IAS 19 amendment (revised 2011) is the abolition of the ten percent corridor method previously applied in the consolidated financial statements and the immediate recognition of actuarial gains and losses in net income for the period in the income statement. According to the new regulations, actuarial gains and losses are to be recognized immediately in other comprehensive income as they are incurred.

Changes for the year 2012 have been made in the statement of comprehensive income, balance sheet, statement of changes in equity, and in the segment reporting while taking deferred taxes into account.

Since the PWO Group does not have plan assets, the impact on the income statement and the statement of cash flows was not material. Therefore, restatements were not made.

The expenses arising from pension obligations are reported under staff costs and the interest expense is recognized under financial expenses.

Defined benefit obligations have been measured on the basis of the following actuarial assumptions:

	31/03/2013	31/03/2012
Interest rate	3.3 %	4.1 %
Employee turnover rate	2.5 %	2.5 %
Future salary trend < 40 years	3.5 %	3.5 %
Future salary trend > 40 years	2.5 %	2.5 %
Future pension adjustments	2.0 %	2.0 %

OTHER PROVISIONS

The provisions reported in the balance sheet relate to provisions for employees (obligations for age-related part-time working and anniversary bonuses) and provisions for contingent losses. It is expected that the total amount of obligations for age-related part-time working will accrue within 5 years after the reporting date.

Due to the amendments made to IAS 19 (revised 2011) which are mandatory as of January 1, 2013, a revaluation of the provisions was conducted. In the interim report, the figures are presented as if the Group had applied IAS 19 (revised 2011) in advance on January 1, 2012. For reasons of materiality, the previous year's figures were not restated.

Financial instruments

The Group applies the following hierarchy in determining and disclosing the fair value of financial instruments according to valuation procedures:

Level 1 | Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2 | Procedures in which all input parameters, that materially affect the recognized fair value, are either directly or indirectly observable.

Level 3 | Procedures using input parameters, that materially affect the recognized fair value, and are not based on observable market data.

As at March 31, 2013 and as at March 31, 2012, there were no reclassifications between assessments at fair value of Level 1 and Level 2 and no reclassifications into or from values at fair value of Level 3.

The following table lists the financial instruments carried at fair value.

Financial instruments	Level 1		Level 2		Level 3		Total	
EURk	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
ASSETS								
Financial instruments included in other financial assets:								
Derivatives with hedge relationship	**0**	0	**891**	1,255	**0**	0	**891**	1,255
Derivatives without hedge relationship	**0**	0	**0**	46	**0**	0	**0**	46
LIABILITIES								
Financial instruments included in other financial liabilities:								
Derivatives with hedge relationship	**0**	0	**1,427**	874	**0**	0	**1,427**	874
Derivatives without hedge relationship	**0**	0	**528**	604	**0**	0	**528**	604

Additional information

Related party disclosures

Related parties include the Group's parent company as well as the members of the Management Board and Supervisory Board. In the first quarter of 2013, there were no transactions between the Group and the parent company. There were no relationships with related parties with regard to the supply of goods or the rendering of services.

Additional information on the statement of cash flows

In the statement of cash flows, cash flows are presented on the basis of IAS 7. Cash funds reported in the cash flow statement comprise cash and cash equivalents as well as bank borrowings due on demand. The bank borrowings payable on demand, amounting to EURk 13,738 (p/y: EURk 8,266) have been included in the balance sheet as "interest-bearing borrowings".

Segment reporting

In line with the Group's internal management system, the individual production sites provide the basis for the segment reporting. The Group's main decision-making body is defined as the Management Board of PWO AG. The segments are determined on the basis of the location of the Group's assets. Accordingly, the revenues of these segments are also allocated according to the location of assets. The regions are categorized as Germany, Rest of Europe, NAFTA Area, and Asia. The NAFTA Area is comprised of the locations in Canada and Mexico.

Earnings, assets, liabilities, depreciation and amortization among the individual segments are eliminated in the column "consolidation effects". This column also contains items that cannot be allocated to individual segments. Segment data is calculated in accordance with the accounting policies applied in the consolidated financial statement. The segment assets and segment liabilities correspond to the values from the financial statements of the single Group companies.

As at March 31, 2013 and as at March 31, 2012, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

Segment information by location 1st Quarter 2013	Germany	Rest of Europe	NAFTA Area	Asia	Consoli-dation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	62,757	10,230	21,957	3,496	0	98,440
Inter-segment revenue	-3,148	-954	-147	0	0	-4,249
External revenue	**59,609**	**9,276**	**21,810**	**3,496**	**0**	**94,191**
Total output	**64,456**	**10,865**	**22,886**	**4,000**	**-4,104**	**98,103**
Other income	1,153	139	274	302	-496	1,372
Other expenses (aggregated)	58,947	9,266	20,702	4,555	-4,867	88,603
Depreciation and amortization	2,854	610	1,362	245	-19	5,052
Earnings before interest and taxes (EBIT)	**3,808**	**1,128**	**1,096**	**-498**	**286**	**5,820**
Financial income	131	0	0	0	-131	0
Financial expenses	799	321	288	205	-131	1,482
Earnings before taxes (EBT)	**3,140**	**807**	**808**	**-703**	**286**	**4,338**
Income taxes	903	-81	257	0	52	1,131
Net income for the period	**2,237**	**888**	**551**	**-703**	**234**	**3,207**
Assets	161,700	48,625	65,997	38,190	-14,782	299,730
of which non-current assets	66,293	26,001	35,564	24,535	-220	152,173
Liabilities	27,701	7,070	18,435	38,302	109,412	200,920
Investments	4,722	488	1,722	829	0	7,761

Segment information by location 1st Quarter 2012	Germany	Rest of Europe	NAFTA Area	Asia	Consoli-dation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	66,290	10,090	16,598	1,535	0	94,513
Inter-segment revenue	-2,501	-745	-144	0	0	-3,390
External revenue	**63,789**	**9,345**	**16,454**	**1,535**	**0**	**91,123**
Total output	**66,544**	**10,234**	**16,872**	**1,897**	**-3,403**	**92,144**
Other income	820	349	320	435	-464	1,460
Other expenses (aggregated)	59,343	9,262	16,258	2,377	-3,853	83,387
Depreciation and amortization	2,409	571	976	212	-14	4,154
Earnings before interest and taxes (EBIT)	**5,612**	**750**	**-42**	**-257**	**0**	**6,063**
Financial income	164	0	0	1	-164	1
Financial expenses	977	326	322	212	-164	1,673
Earnings before taxes (EBT)	**4,799**	**424**	**-364**	**-468**	**0**	**4,391**
Income taxes	1,391	-121	-62	3	13	1,224
Net income for the period	**3,408**	**545**	**-302**	**-471**	**-13**	**3,167**
Assets [1)]	138,093	40,425	57,258	24,984	-5,101	255,659
of which non-current assets	57,977	22,888	29,983	17,554	-256	128,146
Liabilities [1)]	30,020	6,181	15,341	22,951	108,701	183,194
Investments	3,929	82	1,736	1,143	0	6,890

As at December 31, 2012 and as at December 31, 2011 respectively, assets were composed as follows:

	Germany	Rest of Europe	NAFTA Area	Asia	Consoli-dation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Segment assets as at December 31, 2012 [1)]	151,055	46,761	59,265	34,436	-12,214	279,303
of which non-current assets	64,614	26,133	34,573	23,225	-238	148,307
Segment assets as at December 31, 2011	124,998	40,655	57,192	23,950	-6,060	240,735
of which non-current assets	56,457	23,376	29,757	17,108	-271	126,427

[1)] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 23.

Key judgments, estimates, and assumptions

In compiling the interim financial statements, the Management Board must perform judgments, estimates, and assumptions that affect the application of accounting policies within the Group, and influence the recognition of assets and liabilities as well as income and expenses. The actual amounts may differ from the estimated amounts.

Events subsequent to the balance sheet date

Beyond the events discussed in this report, no further significant events have occurred after the balance sheet date of March 31, 2013 that require reporting.

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter 2013 was presented to the Supervisory Board's Audit Committee, and explained by the Management Board. The Audit Committee concurred with the interim financial report.

Oberkirch, April 29, 2013

The Chairman of the Audit Committee

Dr. jur. Klaus-Georg Hengstberger

FINANCIAL CALENDAR | GOVERNING BODIES | CONTACTS

Financial calendar

May 22, 2013
Annual General Meeting 2013

July 31, 2013
Interim financial report Q2/1st Half Year 2013

November 4, 2013
Interim financial report Q3/9 Months 2013

November 2013
German Equity Forum, Frankfurt

Governing bodies

There were no changes to the Management Board or Supervisory Board during the period under review.

Members of the Management Board
Karl M. Schmidhuber (Chairman)
Bernd Bartmann
Dr. Winfried Blümel

Members of the Supervisory Board
Dieter Maier (Chairman)
Dr. jur. Klaus-Georg Hengstberger (Deputy Chairman)
Herbert König *
Ulrich Ruetz
Katja Ullrich *
Dr. Gerhard Wirth

* Employee representatives

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Forward-looking statements and forecasts

This interim financial report contains forward-looking statements that are based on current assumptions, expectations, estimates, forecasts and other information currently available to the PWO Management Board, and on assumptions, expectations, estimates, forecasts and budgets that are derived from these. The forward-looking statements should not be understood as guarantees of future developments and results that are mentioned therein. Various known and unknown risks and uncertainties as well as other factors may result in actual developments and results diverging significantly from estimates that are mentioned here explicitly or are contained implicitly. These factors include those that PWO has described in published reports, and which are available on the PWO website at www.progress-werk.de. Irrespective of statutory regulations, PWO accepts no obligation to update such forward-looking statements, and to adjust them to future events or developments.