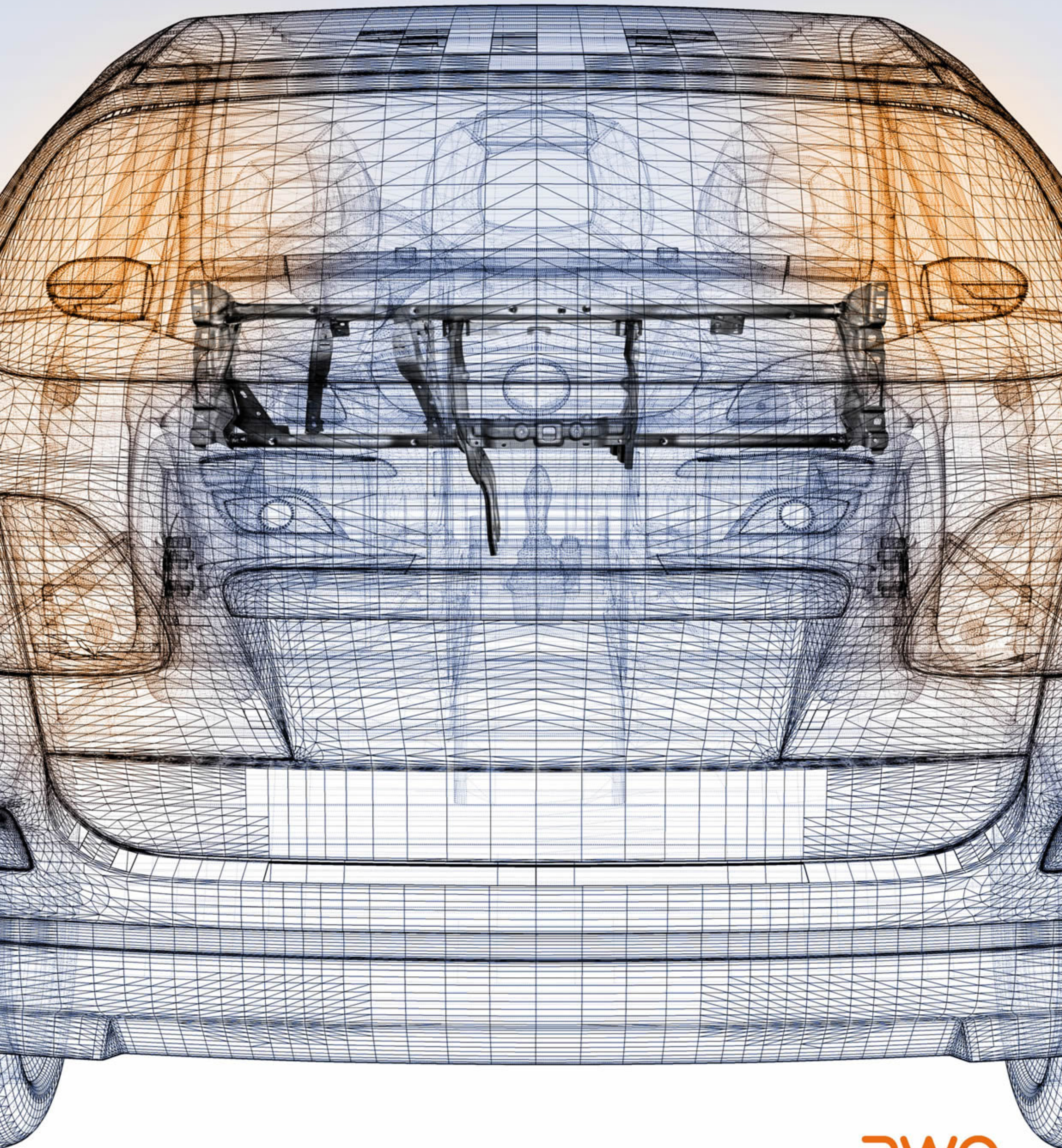
THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

INTERIM FINANCIAL REPORT

1ST QUARTER 2012



PWO

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LETTER OF THE BOARD OF MANAGEMENT

Dear shareholders and business associates,

In the past financial year, PWO has continued its long-term strategy of sustainable and profitable growth driven by high innovation combined with targeted international expansion. The first quarter of 2012 witnessed a seamless continuation of this strategy.

In the reporting quarter, the PWO Group posted an increase in revenue of 18.2 percent to EUR 91.1 million (p/y: EUR 77.1 million). Total output increased by 14.5 percent to EUR 92.1 million (p/y: EUR 80.5 million). Our series production business is still experiencing very dynamic development. Currently, our locations in the NAFTA Area are profiting from this in particular since a number of new series productions were started or ramped-up in that region in 2011. The total output in Canada rose by around one third and in Mexico it almost doubled. This performance has reconfirmed our growth target for fiscal year 2012.

The Group EBIT rose 34.4 percent to EUR 6.1 million (p/y: EUR 4.5 million). Reflected here is the favourable development in the results of the Czech site and also in Mexico. In the first case, the positive development in profitability is emphasised by the nearly doubling of the results. In Mexico, the positive EBIT contribution confirms the success of our improvement measures over the last several years. This highlights our growing international earnings strength.

The tax rate also developed as expected and decreased further to 27.9 percent. In the same quarter of the previous year, it was still 44.4 percent and in fiscal year 2011 it was 30.0 percent. Consequently, at EUR 3.2 million (p/y: EUR 1.6 million), the net income for the period soared well above average and earnings per share almost doubled rising to EUR 1.27 (p/y: EUR 0.64).

We were very successful during the quarter in acquiring new orders. This allowed us to build on the success of the previous fiscal year and accelerate the pace of growth even further. In fiscal year 2011, we recorded new orders with a lifetime volume of more than EUR 300 million spread across our entire product range. In the most recent quarter alone, we acquired an additional lifetime volume of approximately EUR 170 million.

Hence, in the period under review, new business volume had exceeded the same quarter's level in the previous year by 75 percent. By mid-April, the total had increased to EUR 210 million. This represents 70 percent of the total new volume in the previous year.

All of our sites will benefit from the new series productions so that utilisation and growth are already mapped out for the foreseeable future. Particularly gratifying is that our customers are increasingly entrusting us to supply a product for their local production sites from several of our locations.

The recently acquired high volume of new business requires additional investment in production capacity. In addition, the global nature of our industry requires a further broadening of our international presence. We want to meet this requirement as well through additional new assembly facilities in other countries.

These investments would be possible without new equity but only with the assumption of higher net debt. A solid financial basis poses an essential prerequisite for maintaining our competitive strength.

For this reason, at the end of April 2012, the Management Board and the Supervisory Board had offered the shareholders of Progress-Werk Oberkirch AG participation in the future growth of their company within the scope of a capital increase.

Oberkirch, May 2012
The Management Board

PWO SHARES

STARTING THE YEAR WITH STRONG OUTPERFORMANCE

In the first three months of 2012, PWO shares climbed by 32.9 percent from their level of EUR 31.60 on Xetra at the beginning of the year to EUR 42.00. Hence, the shares have considerably outperformed the industry and the overall market. Over the same period of time, the SDAX price index and the DAX price index rose by 16.5 percent and 13.9 percent, respectively. The DAX Automotive sector index increased by 23.5 percent. This performance demonstrates the general outperformance of automotive stocks.

The rise in the share price over the first three months of 2012 has compensated for the share price correction that had occurred in the second half of 2011. This correction had affected both PWO shares and the overall market and had resulted from renewed turbulence on the financial market.

Whereas the consolidation phase was accompanied by very little trading volume in the shares and thus limited selling pressure, the recent rally brought a doubling of the average daily trading volume. In the first three months of 2012, the average daily trading volume was 2,661 shares on all German exchanges. This also represents a significant increase over the previous year's level of 1,712 shares on average.

Our thorough investor relations activities make an essential contribution to the building of the market's trust. We have further intensified our activities in financial year 2011 and have continued our activities at these high levels. In addition to the routine and ongoing meetings with investors and analysts, we have presented PWO's strategy and perspectives in detail at an investor conference for small and mid-caps in Frankfurt on February 1 and at the analyst and press conference for the results of fiscal year 2011 on March 14, 2012. Both conferences enjoyed avid participation.

Other information

Number of shares issued at the end of the reporting period	2,500,000
Number of treasury shares held as at March 31, 2012	0
Dividend per share (in EUR) for FY 2011 [1]	1.40

SHAREHOLDER STRUCTURE [2]	
Consult Invest Beteiligungsberatungs-GmbH, Böblingen	55.282%
Free Float Of which < 10% | Delta Lloyd, Amsterdam	44.718%

[1] Proposal to the 89th Annual General Meeting
[2] Sources: WpHG notifications; own analysis

THE COMPANY

PWO PREPARES FOR THE GROWTH TO COME IN THE SECOND HALF OF THE DECADE

The competitive position of a company in our industry today is largely measured on its international presence and on the globally important themes of e-mobility and weight reduction. It is here that PWO believes it is well positioned with not only its know-how but also through the presence of its own facilities on three continents and its collaborations in numerous countries.

The ever stronger demand for lightweight construction often leads to the substitution of production processes such as casting, forging, sintering, or extrusion through our domain of sheet metal formation. Therefore, we are benefiting from this trend in particular. With our solutions, we can offer significant price advantages as well as reductions in weight.

Most importantly, the cold forming of steel sheets offers high-quality results regardless of the size of the order volume. Furthermore, especially with high volumes, deep drawing is the first choice when it comes to components with large height and diameter changes. In addition, high-quality steel joining techniques substantially broaden the range of applications in lightweight construction with load-optimised components.

With input materials, the clear trend towards high-strength steel qualities is also in our favour because they require a special processing know-how. Since we were able to recognise the opportunities and potential in high-strength steels early on and have included them in our development work, we have this know-how.

Furthermore, even in the field of e-mobility, deep-drawn parts made of steel or aluminium are used for both battery housings as well as for components used in electric motors.

PWO's conclusion: Steel formation is a growth market in the international automotive industry. There are a number of fields offering additional potential. We want to use these opportunities to further expand our market share and to strengthen the Group.

The higher volume of new orders gained in the first quarter of this fiscal year – 75 percent over the same period in the previous year and 70 percent of the total volume of orders in fiscal year 2011 – are an impressive confirmation of our success.

Given the long lead times in our business, our previous backlog had already underpinned our planning for the current and the next fiscal year. The most recent orders will help to secure growth beyond 2014.

The financing of our previous order volume and thus of our operating business in the current and the next fiscal year is secured. From today's perspective and based on this planning, the Group's financing situation would even improve when measured in terms of equity base, indebtness, and gearing.

The recently acquired high volume of new orders requires investments in additional production capacity at our existing sites. In addition, the global nature of our industry necessitates the further broadening of our international presence. We want to meet this requirement as well through additional new assembly facilities.

INTERIM GROUP MANAGEMENT REPORT

THE ECONOMIC ENVIRONMENT

In the reporting quarter, the global economy remained fragile although it showed signs of stabilisation following the setback in mid-2011. This was mainly due to the relatively positive development in the USA over the course of the second half of 2011. Also, the measures undertaken to stabilise the economy in Europe and to prevent a further escalation of the European debt crisis had made a positive impact. However, the large imbalances still persisted on a global scale, particularly within Europe. Thus, the uncertainty on the capital markets resulting from the global debt crisis had continued. From the perspective of the European Central Bank (ECB), economic growth is still being held back by structural barriers despite the brightening of the short-term global outlook.

According to the ECB, the real GDP of the eurozone contracted 0.3 percent in the last quarter of 2011. The ECB believes that at the beginning of 2012 the economy had stabilised at this lower level. The European economy is benefiting from foreign demand, the eurozone's extremely low short-term interest rates, and the measures implemented to promote an effective functioning of the eurozone's economy.

According to the German Bundesbank, in the first quarter of 2012, the German economy had temporarily experienced a sideways trend. Following January's recovery from the low level in December, the unusually harsh weather conditions in February had an adverse impact. However, in the opinion of the Bundesbank, the sentiment indicators point to a stable overall mood and an economic upswing in spring. According to the latest reading of the ifo business climate index for March, the assessments of companies in the manufacturing industry have slightly deteriorated following two months of higher readings. However, the companies' assessment of their business outlook has improved. They expect positive impulses - especially from the export business.

SECTOR TRENDS

Despite the slow economic development overall, the international automotive industry continued to experience robust sector trends in the first quarter of 2012. A positive development was seen particularly in those regions that are relevant to PWO. According to the German Automobile Industry Association (VDA), key automotive markets are still enjoying growth. In March, markets such as the USA, Russia, India, and especially Japan, reported double-digit growth rates. The Chinese market, which is of vital importance to the German manufacturers, grew by 5 percent. At 3.13 million units sold in the first quarter, the Chinese market remained at the very high level of the same quarter in the prior year.

The US automotive market benefited from an improvement in the overall economic situation and experienced very dynamic growth. In the first quarter, sale of light vehicles increased by 13 percent to 3.5 million units. At 1.4 million units, March showed the highest level of sales since 2007. The passenger car segment enjoyed above average growth with an increase of more than 16 percent. The German manufacturers outperformed the overall market by increasing their unit sale by 23 percent year-to-date. Accordingly, their market share had climbed by 0.6 percentage points to 7.9 percent.

Despite the high basis of last year, the Russian light vehicles market continued its favourable trend. In the first quarter of 2012, unit sales rose by 19 percent. The sale of light vehicles from German manufacturers rose by 56 percent, and grew three times faster than the market. The market share of German brands soared considerably and reached 20.6 percent in March as compared to 15.7 percent in the previous year.

The Western European market remained sluggish in the first quarter of 2012. Unit sales dropped by 8 percent year-over-year to 3.23 million. If one excludes the robust German market, the decline would have been even more pronounced.

In March, the Western European market declined by 7 percent to 1.43 million units. In the same period, unit sales in Germany increased by 3 percent, which proved to be a support factor for the European market. In the first quarter, new vehicle registrations in Germany totalled 773,700 passenger cars. This was an increase of slightly more than 1 percent as compared to the relatively high level of the first quarter of 2011.

German passenger car exports in March remained at the favourable level of the prior year. The reported decline in March of 5 percent was primarily due to a change in the statistical coverage. For some models, the share of the local value added in the target country China had increased. Statistically, these cars are now considered foreign production although a large part of the production chain still takes place domestically.

Incoming orders from abroad rose again by 4 percent in March. Since July 2009, incoming orders from abroad have continuously increased. In contrast, at 542,500 units, the production volume of the German plants in March was 7 percent below the record level of the previous year. Once again, the decline was primarily due to a change in the statistical coverage rather than weaker demand. In the first quarter of 2012, a total of 1.5 million passenger cars were manufactured in Germany which was in line with the previous year's high level.

Of the volume markets, the British market, next to Germany, reported an increase of 2 percent for March. However, the other volume markets were characterised by a high level of uncertainty among consumers. Demand in France dropped by 23 percent which was also a result of incentives given in the prior year. In Italy, passenger car sales even declined by 27 percent.

In the new EU countries, passenger car sales in March increased by 3 percent. In total, new vehicle registrations had amounted to 73,900 units. In Hungary (+7 percent), Poland (+9 percent), and Romania (+29 percent), passenger car sales developed particularly well. In contrast, the markets in the Czech Republic (-2 percent) and Bulgaria (-7 percent) reported declining sales in March. In the first three months, new vehicle registrations in the new EU countries in total increased by 9 percent compared to the previous year.

STRONG GROWTH CONTINUED IN THE CURRENT YEAR – IN THE FIRST THREE MONTHS OF 2012 NET INCOME FOR THE PERIOD ALMOST DOUBLED

In the first quarter of the financial year 2012, the Group's revenue increased by 18.2 percent over the previous year's level to EUR 91.1 million (p/y: EUR 77.1 million). Hence, the unusually high growth rate experienced in financial year 2011 continued into the reporting quarter. Total output rose by 14.5 percent to EUR 92.1 million (p/y: EUR 80.5 million). Whereas the change in finished goods and work-in-progress had amounted to EUR 3.1 million in the prior year's period, it had amounted to only EUR 0.8 million in the reporting quarter.

The series business has continued its dynamic growth. In line with the overall business development, tool sales had also shown an improvement over last year.

Currency effects in the context of valuation differences at the reporting date and exchange rate differences and currency effects from hedge accounting, which had negatively impacted the previous year's results, had no material impact in the first quarter of 2012.

Cost of materials as a percentage of total output increased from 52.3 percent in the prior year to 53.8 percent. In contrast, staff costs as a percentage of total output declined slightly. In the first quarter of 2012, EBIT grew 34.4 percent from EUR 4.5 million in the previous year to EUR 6.1 million. The EBIT margin based on total performance had increased from 5.6 percent to 6.6 percent. EBT soared by 52.4 percent from EUR 2.9 million to EUR 4.4 million due to almost unchanged financial expenses.

Net income for the period had also benefited from the significantly lower tax rate of 27.9 percent in the reporting period as compared to 44.4 percent in the previous year's quarter. The positive earnings performance at the Czech location had allowed us to utilise past tax-loss carryforwards from that location stemming from the build-up of the site. In addition, non-taxable exchange rate effects were immaterial.

Accordingly, in the quarter under review, the net income for the period grew far above average to EUR 3.2 million (p/y: EUR 1.6 million).

INTERNATIONAL SITES CONFIRM TURNAROUND

In the first quarter of 2012, our home base in Oberkirch, which forms the Germany segment, had realised revenue growth of 12.6 percent to EUR 63.8 million (p/y: EUR 56.7 million). Total output had increased by 10.5 percent to EUR 66.5 million (p/y: EUR 60.2 million). The prior year's quarter had included the effects of an increase in finished goods and work-in-progress. In the reporting quarter, there were no material changes.

EBIT amounted to EUR 5.6 million in the reporting quarter after EUR 6.1 million in the prior year. The EBIT margin measured against total output was 8.4 percent compared to 10.2 percent in the previous year's quarter. This slight decrease in EBIT was solely due to positive extraordinary effects in costs of materials at the reporting date in the previous year which subsequently reversed again over the course of 2011. Therefore, for the year as a whole, we continue to expect positive earnings development at the German location.

Our Czech site, which forms the segment Rest of Europe, had developed very favourably in the reporting quarter, as expected. Revenue rose 16.8 percent to EUR 9.3 million (p/y: EUR 8.0 million) and total output increased to EUR 10.2 million (p/y: EUR 10.0 million). Here again, the change in finished goods and work-in-progress was immaterial as compared to the prior year quarter.

In the quarter under review, EBIT doubled to EUR 0.8 million (p/y: EUR 0.4 million). The EBIT margin measured against total output reached 7.3 percent (p/y: 3.9 percent). This underlines the stable level of profitability that this site has reached in the meantime.

The segment NAFTA Area comprises our locations in Canada and Mexico. In this segment, extensive new series orders were started-up or ramped-up in the second half of 2011. As reported earlier, the existing production programme in Mexico has been largely replaced by new series production orders. In the reporting quarter, the on-going ramp-up of these new series orders has resulted in strong revenue growth of 51.5 percent to EUR 16.5 million (p/y: EUR 10.9 million).

In Canada, revenue rose 25.7 percent to EUR 8.1 million and total output rose 30.4 percent to EUR 8.3 million in the quarter under review as a result of the higher increase in finished goods and work-in-progress.

In Mexico, revenue and total output grew 86.2 percent and 91.6 percent respectively to EUR 8.5 million each as against the prior year quarter.

In total, the EBIT of the segment NAFTA Area had achieved breakeven (p/y: EUR -0.8 million).

Our Chinese site, which forms the Asia segment, continued to gradually ramp-up production. Quarterly revenue and earnings tend to experience above average fluctuation due to the currently limited size of the site. At EUR 1.5 million in the reporting quarter, the revenue remained at the previous year's level. Total output amounted to EUR 1.9 million (p/y: EUR 1.5 million). Thanks to the strict control of costs, even during the development phase of this location, the loss at the EBIT level had decreased significantly to EUR -0.3 million (p/y: EUR -0.9 million). The prior year's result had also included currency losses.

We continue to expect high growth in percentage terms for our Chinese site in 2012 due to the low comparable basis. However, in absolute terms, we expect only moderate growth. As we have mentioned several times before, we expect this site to reach a sustainable break-even level in 2013.

ONLY A MINOR INCREASE IN INVESTED CAPITAL DESPITE STRONG BUSINESS EXPANSION

Despite our strong growth in the reporting quarter, we were once again able to limit the increase in total assets to 5.2 percent when compared to December 31, 2011.

At 1.2 percent, the increase in non-current assets since December 31, 2011 was even noticeably lower. The fact that we could achieve the growth predominantly with our existing facilities was a key reason for this development.

At 9.8 percent, the increase in current assets was also kept under control. Whereas the level of inventories and cash and cash equivalents remained little changed, receivables and other assets rose by 18.2 percent in line with revenues. Compared to the growth in business, the increase in the financing requirements for the working capital was still clearly below average.

The higher level of receivables compares with a slightly stronger increase in trade payables and other liabilities. As at the reporting date, equity saw an earnings-related increase of 5.3 percent when compared to the level at December 31, 2011. At 31.1 percent, the equity ratio was almost unchanged.

Interest-bearing borrowings declined slightly. With a minor increase in net debt to EUR 90.8 million (year-end 2011: EUR 90.3 million), gearing (net debt as a percentage of equity) was 115 percent at the end of March 2012 as against 121 percent at the end of fiscal year 2011.

In the reporting quarter, cash flow from operating activities was EUR 6.6 million (p/y: EUR 1.5 million). Thus, investments of EUR 6.8 million were essentially financed internally.

In the first quarter of 2012, free cash flow after interest paid and received amounted to EUR -1.2 million (p/y: EUR -3.5 million).

The funding requirements for the free cash flow as well as the net balance of EUR -1.1 million (p/y: EUR -0.2 million) from proceeds of and repayments of borrowings, resulted in a net change in cash and cash equivalents of EUR -2.3 million (p/y: EUR -3.6 million).

STRONG GROWTH IN NEW BUSINESS

The strong dynamics in new business in the first three months of 2012 have led to our continued expectations of vigorous growth in the future. In the opening quarter, we had already received contracts for new series productions with a lifetime volume of around EUR 170 million. By mid-April 2012, new orders totalled EUR 210 million. This represents approximately 70 percent of the total new orders received for the full year in 2011.

The strength in new business underlines our competitive advantage resulting from our high innovative power in product and process development. The long lead times in our business – which simultaneously give us high planning security – mean that the start-up and ramp-up of the new contracts will occur in fiscal years 2013/14. These contracts form the foundation that is essential for our expectations of rapid growth beyond 2014.

The new contracts have a series production run of five to eight years. Production will take place primarily at our locations in Germany and the Czech Republic but will also include volumes for our locations in North America and Asia.

The source of this new business demonstrate our ability to win contracts in established markets as well as in growth markets because our product solutions satisfy our customers on a world-wide scale. This also shows that we are on the right track towards achieving above-average growth in relation to the development of the automotive market.

The contracts are spread across our entire product range and concern various vehicle models and platforms involving several car manufacturers. This means that we can expect to continue to remain independent of the success of individual car models in the future.

Following the award of several major contracts for vehicle body and running gear components (particularly cross members) we have showed renewed success in other product areas, especially components for seats, steering, brakes, and air suspension systems. Our strategy of maintaining a balanced product portfolio has been underpinned by the contracts acquired thus far in 2012.

INVESTMENTS

In the first quarter of the current fiscal year, we had further increased the level of investment as described in the segment reporting in the notes to the consolidated financial statements. Investments totalled EUR 6.9 million (p/y: EUR 3.8 million).

At EUR 3.9 million (p/y: EUR 2.6 million), most of this investment, and most of the year-on-year increase was attributed to our largest site at Oberkirch. Here in particular, we continued with the investments we had begun in the second half of 2011. This had included investments in manufacturing facilities for cross-members and the modernisation of the presses.

The growth at our Czech site has not required any substantial additional investments for some quarters. This has continued to be the case in this reporting quarter. However, over the course of 2012, investments are expected to increase in line with the site's on-going growth.

At our two locations in the NAFTA Area, we have boosted investments to EUR 1.7 million (p/y: EUR 1.1 million) in the first three months of this year. The focus of the investments was on those series orders that had started-up or were ramped-up in the previous year. In addition, investments were made in maintenance and for the purchase of a press in Mexico. In China, we had invested EUR 1.1 million (p/y: EUR 0.0 million) in the on-going expansion of the site. Prepayments for investments in machinery were at the focal point of this investment.

SLIGHT INCREASE IN THE NUMBER OF EMPLOYEES SINCE YEAR-END 2011

In fiscal year 2011, and in line with our strong growth, we had expanded the number of employees in the Group by almost 400. An increase in staff was particularly apparent in the NAFTA Area. In the reporting quarter, this trend persisted as we continued to ramp-up a large number of series orders. Overall, we have hired 80 employees in the NAFTA Area bringing the total in this region to 682 employees by the end of the quarter.

Our Chinese site is in the development phase and will expand analogous to the trend in new orders. Here, the workforce has had very little change since the end of 2011. At the end of the quarter, we had 187 employees in China.

The addition of a large number of new employees in the Czech Republic gave us a level of employment at the end of last year that could already support the development currently planned at that location. Accordingly, the number of employees has remained virtually unchanged in the first quarter of 2012, having declined slightly from 411 to 401.

At our highly efficient and largely automated German site, the expansion in workforce is generally lower than at our international sites. At the end of the reporting quarter, we had 1,469 employees in Germany, which was slightly higher than the 1,456 employees at the end of 2011.

Including part-timers, the Group employed a total staff of 2,739 at the end of the first quarter. This compares to a total of 2,664 at the end of 2011, or an increase of 2.8 percent.

OPPORTUNITIES AND RISKS

The opportunities and risks depicted in the 2011 annual report continue to apply for the development of the PWO group and its segments.

The macroeconomic risks must still be considered to be above average. This refers in particular to the risk in those countries suffering from a pronounced debt crisis. However, signs of improvement can also be observed in some important countries. The latest sentiment indicators for the German manufacturing industry show positive signs for the German economy. Consequently, growth expectations have recently been cautiously adjusted upwards. For the current year, leading economic research institutes have raised the growth expectations slightly to 0.9 percent in their spring report.

Driven by the strong momentum in exports, the German automotive manufacturers continue to produce at a high level of capacity utilisation which is significantly above the long-term average. At the same time, supply times for new vehicles are still relatively long. Furthermore, the US automotive market is still in a robust condition.

Therefore, in the months to come, we expect call orders from our customers to remain at a high level despite the anticipated deceleration in the market growth in 2012 due to the high basis of the previous year. Independent of the overall market trend, we continue to benefit from the additional volumes from the start-ups and ramp-ups of our new series productions.

With regard to material prices, we do not expect any additional risks of a substantial magnitude in the months to come.

The earnings risk from the expansion of our international locations and the risks related to start-up costs for new series productions have narrowed. This has been underpinned by the development in the reporting quarter. Any material negative effects beyond our forecasts are not expected.

2012 REVENUE AND EBIT EXPECTATIONS HAVE BEEN CONFIRMED

We maintain our expectations for financial year 2012 stated in the 2011 annual report. Currently, we expect revenues of around EUR 360 million. In the previous year, we had achieved revenues of EUR 331.1 million. This amount had included approximately EUR 20 million in material price increases. In 2012, the effect of material price changes is expected to be noticeably lower. In line with the trend experienced in the first quarter, we expect revenue growth to stem primarily from our international locations. At our Oberkirch site, we expect a relatively flat growth curve.

With regard to earnings development, we expect the Oberkirch site to continue to have stable profitability in the years to come. The international locations will continue to visibly improve their results, after having had a positive EBIT contribution for the first time in 2011. We expect currency effects to no longer have a material impact on earnings in the current year. For the Group, we are aiming at an EBIT in the range of EUR 25 million for fiscal year 2012.

The net income for the period should see an above-average increase due to the persistently positive effect from the use of tax credits from our Czech site. In addition, we will be able to use our local tax-loss carryforwards at our Mexican site as we reach sustainably positive numbers there.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	1st Quarter 2012		1st Quarter 2011	
	EURk	% share	EURk	% share
Revenue	91,123	98.9	77,070	95.7
Change in finished goods and work-in-progress / other own work capitalised	1,021	1.1	3,429	4.3
Total output	**92,144**	**100.0**	**80,499**	**100.0**
Other operating income	1,460	1.6	847	1.1
Cost of materials	49,531	53.8	42,101	52.3
Staff costs	25,098	27.2	22,450	27.9
Depreciation and amortisation	4,154	4.5	4,190	5.2
Other operating expenses	8,758	9.5	8,093	10.1
EBIT	**6,063**	**6.6**	**4,512**	**5.6**
Financial expenses	1,672	1.8	1,631	2.0
EBT	**4,391**	**4.8**	**2,881**	**3.6**
Income taxes	1,224	1.4	1,279	1.6
Net income for the period	**3,167**	**3.4**	**1,602**	2.0
Earnings per share in EUR	1.27	—	0.64	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Quarter 2012	1st Quarter 2011
	EURk	EURk
Net income for the period	**3,167**	**1,602**
Other comprehensive income		
Derivative financial instruments		
Net gains from cash flow hedges	1,595	1,089
Tax effect	-294	-319
Unrealised gains/losses from derivative financial instruments	**1,301**	**770**
Currency translation	-525	-509
Other comprehensive income after tax	**776**	**261**
Total comprehensive income after tax	**3,943**	**1,863**

CONSOLIDATED BALANCE SHEET

ASSETS	March 31, 2012	Dec. 31, 2011
	EURk	EURk
Property, plant, and equipment	116,341	114,456
Intangible assets	11,805	11,971
Deferred tax assets	2,908	3,011
Non-current assets	**131,054**	**129,438**
Inventories	48,940	47,744
Receivables and other assets	69,721	58,973
Cash and cash equivalents	3,499	4,580
Current assets	**122,160**	**111,297**
Total assets	**253,214**	**240,735**

EQUITY AND LIABILITIES	March 31, 2012	Dec. 31, 2011
	EURk	EURk
Equity	**78,727**	**74,784**
Interest-bearing borrowings	35,525	37,088
Provisions for pensions	26,626	26,373
Other provisions	3,467	3,509
Deferred tax liabilities	533	435
Non-current liabilities	**66,151**	**67,405**
Current portion of provisions for pensions	1,410	1,410
Current portion of other provisions	1,437	1,439
Trade payables and other liabilities	46,669	37,955
Interest-bearing borrowings	58,820	57,742
Current liabilities	**108,336**	**98,546**
Total equity and liabilities	**253,214**	**240,735**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to PWO AG shareholders					
				Cumulative income and expenses recognised directly in equity		
EURk	Subscribed capital	Capital reserves	Retained earnings	Currency translation differences	Cash flow hedges	**Total equity**
As at January 1, 2012	7,500	17,155	49,269	1,739	-879	74,784
Net income for the period			3,167			3,167
Other comprehensive income				-525	1,301	776
Total comprehensive income	**7,500**	**17,155**	**52,436**	**1,214**	**422**	**78,727**
As at March 31, 2012	**7,500**	**17,155**	**52,436**	**1,214**	**422**	**78,727**
As at January 1, 2011	7,500	17,155	42,753	1,469	94	68,971
Net income for the period			1,602			1,602
Other comprehensive income				-509	770	261
Total comprehensive income	**7,500**	**17,155**	**44,355**	**960**	**864**	**70,834**
As at March 31, 2011	**7,500**	**17,155**	**44,355**	**960**	**864**	**70,834**

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

	March 31, 2012	March 31, 2011
	EURk	EURk
Net income for the period	3,167	1,602
Depreciation of property, plant, and equipment, net of write-ups	4,154	4,190
Income tax expense/refund	1,224	1,279
Interest income and expenses	1,672	1,631
Change in current assets	-11,883	-13,535
Change in non-current liabilities (excluding interest-bearing borrowings)	-379	-92
Change in current liabilities (excluding interest-bearing borrowings)	8,035	5,404
Income taxes paid	-825	-510
Other non-cash expenses/income	1,464	1,548
Gain/loss on disposal of property, plant and equipment	-5	0
Cash flow from operating activities	**6,624**	**1,517**
Proceeds from disposal of property, plant, and equipment	5	0
Payments for investments in property, plant, and equipment	-6,478	-3,138
Payments for investments in intangible assets	-334	-660
Cash flow from investing activities	**-6,807**	**-3,798**
Interest paid	-985	-1,204
Interest received	1	5
Proceeds from borrowings	5,857	3,246
Repayment of borrowings	-6,979	-3,409
Cash flow from financing activities	**-2,106**	**-1,362**
Net change in cash and cash equivalents	-2,289	-3,643
Effect of exchange rates on cash and cash equivalents	82	49
Cash and cash equivalents as at January 1	-2,560	4,305
Cash and cash equivalents as at March 31	**-4,767**	**711**
of which cash and cash equivalents	3,499	4,108
of which bank borrowings due on demand	-8,266	-3,397

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements as of March 31, 2012 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, 2011. The interim consolidated financial statements and the interim Group management report are neither subjected to an external audit nor to an auditor's review.

Scope of consolidation

The interim consolidated financial statements as of March 31, 2012 include six foreign companies that PWO AG controls either directly or indirectly. No changes have occurred to the scope of consolidation compared with December 31, 2011.

SIGNIFICANT ACCOUNTING POLICIES

Currency translation

The interim consolidated financial statements are presented in euros, 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 euros 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 recognised 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 exchange rate	
	31/03/2012	31/03/2011	Q1 2012	Q1 2011
CAD	1.33	1.38	1.31	1.35
CNY	8.39	9.29	8.27	9.00
USD	1.33	1.42	1.31	1.37

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 fulfil 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 recognised directly in equity in the amount of the effective share of equity, while the ineffective share is immediately recognised 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 recognised 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, 2011 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2012 form an exception to this basic principle:

IAS 1 | Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (amended)

The amendment to IAS 1 was published in June 2011 and applies for the first time in fiscal years beginning on or after July 1, 2012. The amendment to IAS 1 affects the presentation of the components included in other comprehensive income. These components, for which a future reclassification through profit or loss is expected (known as recycling), will be presented separately from the components that will remain in equity. This change had no impact since there are currently no amounts present that are to remain in equity.

IAS 12 | Deferred Taxes: Recovery of Underlying Assets (amended)

The amendment to IAS 12 was published in December 2010 and applies for the first time in fiscal years beginning on or after January 1, 2012. With the amendment to IAS 12, a simplified scheme will be introduced. Accordingly, it is presumed (refutable), that for the calculation of deferred taxes on real estate, which are measured at fair value, recognition of the carrying amount through sale is generally to be assumed. A sale of the asset should always be assumed for fixed assets which are not subject to depreciation and that are measured using the revaluation model. The adoption of this amendment had no impact on the Group's net assets, financial position, or results of operations.

NOTES TO THE INCOME STATEMENT

Revenue

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

In the first quarter of 2012, tool sales amounted to EURk 7,298 (p/y: EURk 2,209).

Other own work capitalised

Own work capitalised comprises an amount of EURk 234 (p/y: EURk 224) of development costs subject to mandatory capitalisation according to IAS 38. These development costs are related, in particular, to the development of a cross-member.

Other operating income

Other operating income primarily comprises the following items:

EURk	Q1 2012	Q1 2011
Currency gains	982	286
License income	23	50

Other operating expenses

Other operating expenses primarily comprise the following items:

EURk	Q1 2012	Q1 2011
Cost for part-timers	2,549	1,722
Maintenance costs	1,410	1,662
Currency losses	1,171	1,163
Outgoing freight	727	728

Income taxes

The income tax reported in the consolidated income statement is composed as follows:

EURk	Q1 2012	Q1 2011
Actual taxes	11,342	1,447
Deferred taxes	-118	-168
Total	**1,224**	**1,279**

NOTES TO THE BALANCE SHEET

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows as of March 31, 2012 of EURk 3,499 (p/y: EURk 4,108) is composed of cash on hand and short-term bank deposits.

Equity

SUBSCRIBED CAPITAL

At March 31, 2012, the fully subscribed and paid-up capital amounted to EURk 7,500 (p/y: EURk 7,500), and was divided into 2,500,000 bearer shares.

AUTHORISED 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 authorised, until May 25, 2015, to increase the Company's share capital once or several times by up to EUR 3,000,000.00 against payment in cash (Authorised Capital I/2010).

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorised, until May 25, 2015, to increase the Company's share capital once or several times by up to EUR 750,000.00 against a cash payment (Authorised Capital II/2010).

The Annual General Meeting of May 26, 2010 has approved a conditional increase in share capital by up to EUR 3,000,000.00 (Contingent Capital 2010).

RETAINED EARNINGS AND OTHER EQUITY

As at March 31, 2012, Group equity included income/expenses arising from the currency translation of foreign subsidiaries of EURk 1,214 (p/y: EURk 960) and income/expenses from cash flow hedges of EURk 422 (p/y: EURk 864).

Liabilities

PENSION PROVISIONS

Pension provisions are measured for the consolidated financial statements on an annual basis by independent appraisers. A revaluation will be performed for the consolidated financial statements as at December 31, 2012.

OTHER PROVISIONS

The provisions reported relate to provisions for employees (obligations for age-related part-time working and anniversary bonuses) and provisions for contingent losses.

Provisions for contingent losses are reported as of fiscal year 2011 under other provisions. The prior year figures have been reclassified accordingly.

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 recognised fair value, are either directly or indirectly observable.

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

The following table lists the financial instruments carried at fair value as at March 31, 2012:

	Level 1		Level 2		Level 3		Total	
EURk	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
ASSETS								
Other financial assets	0	0	1,301	1,954	0	0	**1,301**	**1,954**
of which derivatives with hedge relationship	0	0	1,255	1,954	0	0	1,255	1,954
of which derivatives without hedge relationship	0	0	46	0	0	0	46	0
LIABILITIES								
Other financial liabilities	0	0	1,478	1,270	0	0	**1,478**	**1,270**
of which derivatives with hedge relationship	0	0	874	804	0	0	874	804
of which derivatives without hedge relationship	0	0	604	466	0	0	604	466

As at March 31, 2012 and as at March 31, 2011, 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.

ADDITIONAL INFORMATION

Related party disclosures

Related parties include the Group's ultimate parent company as well as the members of the Management Board and Supervisory Board. In the first quarter of 2012, there were no transactions between the Group and the ultimate 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 8,266 (p/y: EURk 3,397) 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 categorised 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 amortisation among th e 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, 2012, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

Segment information by location 1st Quarter 2012	Germany EURk	Rest of Europe EURk	NAFTA Area EURk	Asia EURk	Consoli-dation effects EURk	Group 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 amortisation	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	135,648	40,425	57,258	24,984	-5,101	253,214
of which non-current assets	57,977	22,888	29,983	17,554	-256	128,146
Liabilities	30,020	6,181	15,341	22,951	99,994	174,487
Investments	3,929	82	1,736	1,143	0	6,890

Segment information by location	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
1st Quarter 2011	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	58,519	8,053	11,014	1,546	0	79,132
Inter-segment revenue	-1,855	-52	-155	0	0	-2,062
External revenue	**56,664**	**8,001**	**10,859**	**1,546**	**0**	**77,070**
Total output	**60,211**	**9,988**	**10,852**	**1,501**	**-2,053**	**80,499**
Other income	779	141	207	62	-342	847
Other expenses (aggregated)	52,237	9,128	11,117	2,260	-2,098	72,644
Depreciation and amortisation	2,617	607	787	176	3	4,190
Earnings before interest and taxes (EBIT)	**6,136**	**394**	**-845**	**-873**	**-300**	**4,512**
Financial income	173	0	0	1	-169	5
Financial expenses	979	371	307	148	-169	1,636
Earnings before taxes (EBT)	**5,330**	**23**	**-1,152**	**-1,020**	**-300**	**2,881**
Income taxes	1,557	-173	-111	0	6	1,279
Net income for the period	**3,773**	**196**	**-1,041**	**-1,020**	**-306**	**1,602**
Assets	125,771	45,929	47,696	19,314	-7,220	231,490
of which non-current assets	48,637	24,073	26,559	12,640	-202	111,707
Liabilities	25,132	10,596	12,742	16,208	95,978	160,656
Investments	2,649	36	1,081	32	0	3,798

As at December 31, 2011 and as at December 31, 2010 respectively, assets were composed as follows:

	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
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
Segment assets as at December 31, 2010	120,101	44,644	45,416	19,916	-6,618	223,459
of which non-current assets	48,606	24,644	27,641	13,540	-200	114,231

Key judgments, estimates and assumptions

In compiling the interim consolidated 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

On April 23, 2012, PWO AG Oberkirch had announced it would make partial use of the existing authorised capital to increase the company's nominal share capital of EUR 7,500,000.00 by up to EUR 1,875,000.00 to up to EUR 9,375,000.00 for contribution in cash by issuing up to 625,000 new no-par value bearer shares each corresponding to EUR 3.00 of the nominal capital. The new shares will carry full dividend entitlement as of January 1, 2012. The purpose of the capital increase is to finance future growth and increased order volume as well as to build up assembly facilities.

No other events have occurred after the balance sheet date that require reporting.

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter of 2012 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 27, 2012

The Chairman of the Audit Committee

Dr. jur. Klaus-Georg Hengstberger

FINANCIAL CALENDAR | GOVERNING BODIES | CONTACTS

FINANCIAL CALENDAR

May 24, 2012
Annual General Meeting 2012, Oberkirch

August 2, 2012
Interim financial report Q2 and 1st half 2012

October 31, 2012
Interim financial report Q3 and 9 months 2012

March 14, 2013
Analyst conference

April 10, 2013
Presentation of the 2012 annual report

May 6, 2013
Interim financial report Q1 2013

May 22, 2013
Annual General Meeting 2013, Oberkirch

CONTACTS

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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 (née Hertwig) *
Dr. Gerhard Wirth

* Employee representatives

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.