**THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY**

# INTERIM FINANCIAL REPORT 3RD QUARTER / 9 MONTHS 2011

PWO

# LETTER TO SHAREHOLDERS

Dear shareholders and business associates,

We continue to report high growth in our business for the third quarter, and consequently for the 2011 nine-month period. We raised revenue by 25.6 percent to EUR 241.0 million in the first nine months of the current financial year, while total output was up by 23.3 percent to EUR 242.7 million.

Although some of the growth derived from passing on higher materials prices, call order figures in the quarter under review remain significantly ahead of the previous year. We expect this trend to continue in the remaining weeks of the current financial year.

The strong growth in revenue and total output fed through to a 14.7 percent increase in EBIT to EUR 13.0 million in the nine-month period (before currency effects). In overall terms, currency effects have had only a minor impact on EBIT trends at Group level during the reporting year to date. They amounted to EUR 0.1 million in the previous year. Pre-tax earnings rose even faster given unchanged interest expenses. Because currency effects played no role, there was a considerable reduction in the reported tax rate, allowing net income for the first nine months of 2011 to report very strong growth of 44.0 percent to EUR 5.2 million, and reflecting the PWO Group's actual operating strength.

The moderate growth in EBIT relative to revenue growth reflects, firstly, the passing on of materials prices – these represent revenue without additional earnings contributions – and, secondly, continued burdens from start-up costs and from additional expenses that arise when a company is obliged to work at, or above, its actual capacity limit over a longer timeframe.

Along with the continued strength in new business in the quarter under review, positive trends at all four foreign sites were much more important for the Group in the third quarter of 2011, by contrast.

We are currently experiencing that new series are being ramped up on schedule, allowing us to achieve high growth. We registered gratifying earnings trends at our two locations in Canada and the Czech Republic. In Mexico, we reported strong growth that was above the average in the quarter under review, which we brought to a conclusion with slightly positive EBIT operating earnings for the first time in 2011. The development of our sites in China is still somewhat more volatile, although this location reported a reduced loss on a quarterly basis.

As a consequence, we have passed the high point of losses from our international expansion in overall terms. We expect our foreign locations to deliver gradual growth in earnings contributions over the coming years, when disregarding quarterly fluctuations. We anticipate that the fourth quarter of 2011 will report an overall stable trend, and a further improvement in revenue on the basis of call orders already on hand.

In summary, we are assuming that we will slightly exceed our estimate to date envisaging revenue of approximately EUR 300 million. Including the passing on of materials price increases, we expect revenue of around EUR 330 million in the 2011 financial year. We confirm our forecast of operating EBIT of around EUR 19 million before currency effects.

Oberkirch, November 2011
The Management Board

# PWO SHARES

## STRONG OUTPERFORMANCE DURING THE CURRENT MARKET TURBULENCE

During the first nine months of 2011, the PWO share fell by 5.9 percent from its year-opening price of EUR 35.50 to EUR 33.39. Over the same period, the SDAX share index was down by 19.4 percent, and the DAX index corrected by even as much as 23.8 percent. During the first five months of the year, the share initially climbed to new multi-year record levels, even marking a new historic peak price of EUR 46.95 on May 3.

The re-emergence of turbulence on the financial markets as part of the international debt crisis wiped out this positive performance over the subsequent months. On balance, however, it should be noted that the PWO share has performed significantly better than German blue chips and SDAX small caps. The DAXsector Automotive segment index also underwent a significantly stronger correction during the first nine months of 2011, dropping by 17.7 percent.

The increase in the share's average daily liquidity is also gratifying. At 1,995 shares, the average daily turnover on German exchanges during the nine-month period represents a significantly higher volume than in the prior-year period. Average daily turnover of 1,779 shares was somewhat lower during the third quarter, in other words, during the phase when the market suffered a sharp correction.

Our intensive investor relations work makes a significant contribution to the share's higher turnover, and to the building of confidence on the market. We continued this work on a strengthened basis in 2011, and, in addition to the usual ongoing conversations with investors and analysts, we gave detailed presentations of PWO's strategy and prospects at two investor conferences for small & mid caps in Frankfurt on February 2 and in London on May 19, at the analyst and press conference for the 2010 results on March 15, and at a total of three roadshows held to date for investors and analysts in Düsseldorf, Geneva, Cologne and Stuttgart.

Our meanwhile third Capital Market Day represented a high point of this year's investor relations work. In parallel timing with the International Motor Show in Frankfurt, PWO invited visitors to Oberkirch on September 19, 2011. The response was strong: Management Board members welcomed numerous analysts, institutional investors and banking representatives. Along with the current situation in the supply sector in general, and PWO's specific competitive position, this event offered particular scope to discuss the topics of e-mobility and automotive lightweight engineering.

CEO Karl M. Schmidhuber presented the current status of the PWO Group's international expansion strategy, and its innovative technological strengths. COO Dr. Winfried Blümel explained the PWO Production System, its global implementation across the Group, and the considerable productivity and quality progress that has been achieved to date. During the subsequent plant tour, all participants had the opportunity to convince themselves of PWO's operating efficiency.

| Other information | |
|---|---|
| Number of shares issued at the end of the reporting period | 2,500,000 |
| Number of treasury shares held as at 30/09/2011 | 0 |
| Dividend per share (in EUR) for FY 2010 | 1.00 |

| Shareholder structure *) | |
|---|---|
| Consult Invest Beteiligungsberatungs-GmbH, Böblingen | 55.28% |
| Free Float | 44.72% |
| of which < 10% \| Delta Lloyd, Amsterdam | |

*) Sources: Announcements pursuant to the German Securities Trading Act (WpHG); own analyses

# THE COMPANY

## PWO BENEFITS FROM TREND TOWARD LIGHTWEIGHT CONSTRUCTION METHODS

Along with the current situation of the supply sector in general, and PWO's competitive position in particular, the primary topics of PWO's third Capital Market Day were e-mobility and automotive lightweight engineering.

Particularly in this context, CEO Karl M. Schmidhuber emphasised that PWO was optimally positioned with its know-how, its broad presence encompassing its own plants on three continents, and its co-operation ventures in numerous countries.

He went on to note that lightweight construction methods are encountering ever growing demand, and are resulting in the shift of production processes in many areas such as casting, forging, sintering and extrusion, and all the way through to sheet metal forming. PWO is benefiting from this trend. We are achieving considerable cost benefits and weight savings with such solutions.

The cold forming of steel sheet also continues to offer the best results across the entire volume spectrum. Deep drawing remains the process of choice, particularly for high-volume components entailing significant leaps in height and bore. High-quality steel-joining techniques also facilitate lightweight construction utilising load-optimised individual components.

In this context, the trend among numerous components is clearly towards the utilisation of higher- and high-strength steel grades that necessitate special processing know-how. At an early stage, PWO identified the opportunities offered by high-strength steels, integrated their potentials into its development work, and commands corresponding expertise. In this way, we are developing optimal solutions together with our customers.

Innovative high-strength steels that offer greater forming opportunities are currently in the industrialisation phase. PWO is correspondingly involved in the development of these new steel grades, and is conducting extensive tests to expand the related application spectrum.

Deep-drawn components consisting of steel or aluminium are also being increasingly deployed in the e-mobility area, for both battery housings and electric motor components.

Future technologies such as carbon-fibre-reinforced polymers (CFRPs or CRPs), which are currently the focus of major debate, will also fail to change the trend towards the utilisation of lightweight construction components made of sheet steel in large-scale series production. CFRPs cannot be deployed in many areas for technical reasons, to say nothing of their extremely high costs compared to steel or aluminium.

The summary as far as PWO is concerned is that automobiles in large volume numbers entailing a significant share of formed steel sheet parts will continue to characterise the global market for the next decades. There is not only no identifiable and notable technology shift away from sheet steel for many years to come in PWO's current product areas, but there are even manifold additional development potentials in numerous areas. We will exploit these in order to further expand our market shares, and strengthen the Group.

# INTERIM MANAGEMENT REPORT

## GENERAL BUSINESS CLIMATE

The International Monetary Fund (IMF) believes that the global economy is in a "dangerous new phase". Following a first quarter that was still positive, global economic activities have meanwhile weakened considerably, and confidence among participants has dwindled.

Unsolved structural instabilities were added to this year by external shocks such as the natural catastrophe in Japan, and political upsets in numerous oil-producing countries. Commodity prices have also risen sharply, the Eurozone is exposed to major financial turbulence, and the US domestic economy is stagnating. Japanese industrial production dropped by 15 percent as a result of the natural catastrophe, and supply chains – such as in the automotive industry – were interrupted, which led to tangible production losses in other locations.

Given these circumstances, there was a recent dip in sentiment in Germany, too: the GfK consumer climate index fell by 0.1 points to 5.2 points in September, the Markit purchasing managers' index registered 50.8 in August, compared with 51.3 points in the previous month, touching its lowest level since July 2009, and the ifo business climate index was down in September, its third consecutive monthly fall. In particular, companies' expectations for the coming six months have meanwhile worsened considerably.

By contrast, the fact that companies continue to adopt a good assessment of the current situation shows that the German economy has been able to decouple from global turbulence to date. The Deutsche Bundesbank also points to the last available sets of hard economic data such as industrial and construction production in July, and assumes that the economic upturn has continued in Germany in the third quarter of 2011. In particular, it believes that there was a tangible resumption of growth in private consumption following the previous quarter's decline, consequently contributing to a reinvigoration of economic output in the third quarter, following the near-stagnation reported in the second quarter.

In the Eurozone, the Markit purchasing managers' index for September underwent a significantly sharper decline than in Germany, falling to 49.2 points, compared with 50.7 in August. As a consequence, it again marked a level below 50 points, the recession threshold, for the first time since July 2009. Industry, in particular, is suffering from a definite weakening in demand: it registered a fall in orders for the fourth consecutive month. Eurostat's index of industrial orders in the Eurozone (Eurozone 17) for July fell for the second consecutive time, receding by -2.1 percent, compared with -1.2 percent in June. New orders received in the Eurozone were nevertheless still up by 8.4 percent compared with July 2010, and up by 6.8 percent year-on-year in the Eurozone 27.

## SECTOR TRENDS

The German car market experienced further significant growth in September 2011, according to information provided by the VDA German Automotive Manufacturers Association. September reported 8 percent growth year-on-year, with 280,800 newly registered units. With 2.4 million units, 11 percent more cars were sold on the German market than in the prior-year period. The German market is in excellent condition as a consequence, despite the difficult situation on financial markets, according to the VDA.

Car exports experienced further growth in September. Some 426,600 units represent a 6 percent gain in automobiles exported over the prior year month, which already comprised a very strong month. Exports reported 8 percent growth in the first three quarters, thereby remaining an important pillar of the German automotive industry as a consequence; in September, more than three of every four cars produced in Germany were sold abroad.

New orders received from abroad reported further growth of 11 percent in September. Foreign orders have grown by almost 13 percent overall since the start of the year. Although growth is slowing somewhat, the sector at the nine-month stage 2011 is already considerably above the level of 2007, which is the record year to date. The VDA anticipates that a new export record will be set in 2011.

German production reported further growth in September, and is meanwhile operating close to its capacity limit. With 560,100 cars produced, the previous year's very high level was outstripped by 4 percent. A total of 4.4 million cars were produced in Germany in the first nine months of 2011 – representing 7 percent growth. Compared with the previous record from 2007, production in the first three quarters of 2011 increased by almost 3 percent.

Global automotive markets reported differing trends in September, although they were up slightly in overall terms, according to information provided by the VDA. In Western Europe, the number of new car registrations increased by 1 percent to reach 1.2 million units in September. This trend is nevertheless attributable only to the good automotive economy in Germany. Other major European automotive markets were down slightly. Western Europe overall reports a slight decline of -0.8 percent after the nine-month stage. For example, new registrations in Italy fell by 6 percent, and France, the United Kingdom and Spain all reported a 1 percent decline.

Car demand in the new EU countries was up slightly in September, reporting almost 1 percent growth. Trends in individual countries nevertheless differ greatly. At almost 560,000 units sold in the new EU countries since the start of the year, 1 percent more cars have been registered than in the previous year.

The US light vehicles market (cars and light trucks) has been very robust recently: in September, it increased by 10 percent compared with the previous year's month to reach 1.05 million units. In this context, German automotive manufacturers, which reported 88,600 vehicles sold, and growth of 19 percent, fared considerably better than the overall market. German brands boosted their sales by 17 percent in the car segment, which reported significantly more modest growth of 3 percent. In the light trucks area (SUVs, CUVs, vans and pick-ups), German brands also gained market shares with 27 percent growth, since the overall market increased by "only" 17 percent. German manufacturers sold a total of 547,000 cars (+10 percent) and 202,000 light trucks (+34 percent) since the start of the year. Their market share grew to 7.9 percent as a consequence (p/y: 7.5 percent).

In Brazil, there was a slight increase of 1 percent in light vehicles sales in September, comprising 293,600 units. At 2.5 million vehicles in the first nine months of 2011, 7 percent more cars and light trucks were sold on the Brazilian market than in the previous year.

In China, by contrast, September car sales were down by 7 percent, although the previous year's month was very strong. With 947,200 units sold, sales volumes were approximately at the previous month's level – supported by various purchasing incentives offered by automotive manufacturers. With almost 8.7 million cars sold, demand on the Chinese market has risen by almost 8 percent since the start of the year.

Car sales in India grew by around 1 percent to reach 218,200 vehicles sold. Indian car sales have increased by more than 1.9 million vehicles since the start of the year, representing growth of 9 percent.

The car market in Japan showed signs of recovery in September. At 392,100 units, sales are now only slightly below the previous year's level (-2 percent). Third-quarter car sales (978,000 vehicles) were already 50 percent higher than in the second quarter of 2011, which was strongly impacted by Fukushima and its consequences. At almost 2.6 million units, car sales since the start of the year in Japan are down by one quarter compared with the prior-year period.

## CONTINUED HIGH GROWTH – NET INCOME UP BY 44.0 PERCENT IN THE FIRST NINE MONTHS

Consolidated revenue in the third quarter of 2011 remained at the second quarter's high level, with total output even reporting a further slight increase. Year-on-year revenue growth has meanwhile abated slightly due to a basis effect, as expected. With 20.8 percent growth to EUR 80.9 million (p/y: EUR 67.0 million), and a 23.8 percent expansion in total output to EUR82.7 million (p/y: EUR 66.8 million), 2011 nevertheless remains a year with a historically extraordinarily high expansion rate.

Over the nine-month period of 2011, revenue was up by 25.6 percent to EUR 241.0 million (p/y: EUR 191.8 million), and total output grew 23.3 percent to reach EUR 242.7 million (p/y: EUR 196.9 million).

The series business continues to report strong growth, and the tools business is running in line with planning. We are generating additional revenue contributions from successfully passing on materials price increases. These revenue components nevertheless generate no EBIT contributions, of course, which incur an impact on expense ratios and EBIT margins.

The currency exchange rates that are relevant for us changed to our benefit in the third quarter of 2011. In particular, this generated net positive effects arising from the reporting-date-related measurement of intragroup loans whose carrying amounts are unhedged. The currency effects relate to other operating income and expenses, as reported in the notes to the financial statements of this interim financial report. We also generated EUR 0.8 million of income from hedging our current business. Overall, we reported a positive EUR 1.4 million effect in the third quarter, which offsets the charges incurred to date.

This allowed operating EBIT, before currency effects of EUR 0.0 million (p/y: EUR 0.1 million), to be increased to EUR 13.0 million in the first nine months of 2011 (p/y: EUR 11.4 million before currency effects of EUR 0.1 million).

The moderate increase in EBIT compared with growth in revenue and total output arises from a temporary weakening at the Oberkirch site, which is due to start-up effects, while some other international locations reported significant growth. It should nevertheless also be noted that the third quarter of 2010 was the Group's by far strongest quarter in the 2010 financial year. In terms of the quarterly development over 2011, we even increased third-quarter operating EBIT before currency effects by as much as 9.2 percent compared with the second quarter.

Both in the quarter under review, and over the nine-month period, financing expenses remained at essentially the previous year's level, allowing EBT for the first nine months of 2011 to report a sharp increase to EUR 8.3 million (p/y: EUR 6.6 million).

There was a considerable fall in the reported tax rate, since there were no further currency-related charges that cannot be offset for tax purposes. Our Czech site also reported a positive trend, allowing us to benefit from tax reliefs there.

Net income for the nine-month period underwent a sharp increase of 44.0 percent to reach EUR 5.2 million (p/y: EUR 3.6 million).

## INTERNATIONAL LOCATIONS ACHIEVE TURNAROUND

Our Group headquarters site at Oberkirch, which represents our Germany segment, reported revenue in the third quarter of 2011 that was below the level of the second quarter, due to lower tools revenues. Total output was unchanged, by contrast.

Compared with the second quarter, there was a moderation in operating EBIT before currency effects in the quarter under review. This quarterly trend over the course of 2011 reflects a temporary fluctuation due to start-up effects. We achieved growth in operating EBIT in the 2011 nine-month period, despite the fact that we were again required to play full vacation and Christmas compensation for the first time following the 2008 recession. For this reason, we continue to expect a further good earnings trend for our German location on a full-year basis.

At the Oberkirch location, we achieved a sharp increase in revenue of 19.6 percent to EUR 171.5 million in the first nine months of 2011 (p/y: EUR 143.4 million), and a 17.4 percent increase in total output to EUR 176.9 million (p/y: EUR 150.7 million). Before EUR 0.0 million of currency effects (p/y: EUR 0.2 million), EBIT reported growth of 8.7 percent to EUR 14.1 million (p/y: EUR 13.0 million). Net income for the first nine months amounted to EUR 8.4 million (p/y: EUR 7.5 million).

Our Czech site, which forms our Rest of Europe segment, continued to report a pleasing trend in the third quarter. Revenue was below that of the second quarter due to a decline in previously uncommonly high tools sales, whereas total output was essentially unchanged.

There was a considerable improvement in operating EBIT before currency effects in the quarter under review following the discontinuation of charges incurred from the tools business with third parties in the previous quarter. This makes the stable profitability of this site's series business that it has meanwhile achieved increasingly visible.

In overall terms, the site reported a very strong increase in revenue of 63.4 percent to EUR 28.3 million in the first nine months of 2011 (p/y: EUR 17.3 million), and a 40.0 percent increase in total output to reach EUR 28.7 million (p/y: EUR 20.5 million). Operating EBIT before currency effects of EUR 0.0 million (p/y: EUR -0.9 million) was unchanged at EUR 1.1 million compared with the same 2010 period. The downturn in operating EBIT in the second quarter of 2011 has already been fully compensated in the third quarter as a consequence. Net income for the quarter reported a considerable increase to EUR 0.5 million (p/y: EUR -0.8 million). This arises from the sustainable tax reliefs enjoyed by this location.

Our NAFTA segment combines our two sites in Canada and Mexico. Extensive new series are currently starting up, or are being ramped up, there. In Mexico, this entails largely replacing the current production programme with new series orders.

In Canada, revenue in the quarter under review was essentially at the level of the second quarter of 2011, whereas total output was lower than in the previous quarter due to a lower increase in inventories. This site achieved a positive operating EBIT result again.

A new series was ramped up successfully in Mexico. Revenue and total output grew from the previous level from less than EUR 5 million in each case in both the previous quarter and the previous year's quarter to more than EUR 8 million in the third quarter of 2011. After having continued to report considerable losses at the operating EBIT level to date, this site achieved slightly positive figures in the quarter under review, thereby realising the announced earnings improvement.

Overall, the NAFTA segment reported 35.6 percent revenue growth to EUR 37.6 million in the nine-month period (p/y: EUR 27.7 million), and 32.5 percent growth in total output to reach EUR 39.5 million (p/y: EUR 29.8 million). Before currency effects of EUR +0.4 million (p/y: EUR +0.3 million), operating EBIT amounted to EUR -1.0 million (p/y: EUR -1.3 million), and net income for the period stood at EUR -1.6 million (p/y: EUR -1.7 million).

Our Chinese location, which forms our Asia segment, is gradually ramping up its production. Due to this site's still minor dimension, its quarterly revenues and earnings generally fluctuate to a greater extent than the Group's other sites. Revenue in the quarter under review was below the second-quarter level, while total output was stable. We are nevertheless continuing to implement stringent cost discipline during this site's start-up phase, allowing the loss at the level of operating EBIT before currency effects in the third quarter of 2011 to be reduced compared with the second quarter.

In the nine-month period of 2011, revenue increased slightly by 5.4 percent to EUR 3.6 million due to basis effects (p/y: EUR 3.4 million), whereas total output reported a significant rise of 20.5 percent to EUR 4.1 million (p/y: EUR 3.4 million). Before currency effects of EUR -0.1 million (p/y: EUR 0.3 million), operating EBIT amounted to EUR -1.1 million (p/y: EUR -1.5 million), and net income for the period stood at EUR -1.7 million (p/y: EUR -1.6 million).

The Chinese site is currently undergoing continuous expansion. Due to the long lead-times for orders in our business, we anticipate high growth in percentage terms in 2012, although moderate growth in terms of absolute amounts. Sustainable breakeven is set to be achieved in 2013, as reported on many occasions.

As reported in the "New business" chapter of his interim financial report, it might well be likely that additional new orders accelerate growth to an even greater extent from 2013 than the orders currently on hand.

## STRONG BUSINESS GROWTH, LESSER INCREASE IN TIED-UP FUNDS

Despite the high growth rate, we succeeded in the first nine months of 2011 in limiting the expansion of total assets to 7.2 percent compared with December 31, 2010. Total assets grew by 4.0 percent in the quarter under review.

With a 5.5 percent increase compared with December 31, 2010, capital employed in non-current assets expanded at only a below-average rate. The fact that we have continued to largely realise growth to date with our existing plants – although we have meanwhile almost reached our capacity limit – made a significant contribution in this context.

In light of the high rate of growth in total output, the 8.9 percent expansion in current assets was also contained to a significant extent. While inventories reported an even lower expansion rate of 6.4 percent, receivables and other assets were up by 21.9 percent, in line with our business growth.

A higher level of receivables was offset on the liabilities side by a somewhat stronger increase in trade accounts payable and other liabilities. Equity was 2.5 percent higher as of the reporting date due to the earnings impact, after standing at the 2010 financial year-end level at the mid-year stage, mainly due to the dividend distribution to shareholders. The equity ratio fluctuates only a little in overall terms. It stood at 30 percent after the nine-month stage, compared with 31 percent at the end of 2010.

Given an expansion in net debt to EUR 89.1 million, compared with EUR 79.9 million as of the 2010 balance sheet date, gearing (net debt expressed as a percentage of equity) amounted to 126 percent at the end of September 2011, compared with 116 percent at the end of the 2010 financial year.

Cash flow from operating activities stood at EUR 15.6 million for the nine-month period, compared with EUR 17.4 million in the previous year. The decline resulted mainly from higher income tax payments of EUR 2.9 million, compared with EUR 0.5 million in the prior-year period. The nine-month earnings, and the depreciation/amortisation attributable to this period, enabled the 54 percent year-on-year higher cash outflow from investing activities to be financed almost fully from internal resources.

Free cash flow after interest paid and received amounted to EUR -6.0 million in the nine-month period, compared with EUR -2.1 million after the first six months year, and EUR 2.2 million in the prior-year period.

The funding requirements made of the free cash flow for the nine-month period, the distribution of the dividend of EUR 2.5 million (p/y: EUR 0.0 million), and the net balance of inflows and outflows for loans of EUR 0.1 million (p/y: EUR -5.1 million), fed through to an overall net change in cash and cash equivalents of EUR -8.3 million (p/y: EUR -2.9 million).

## CONTINUATION OF STRONG NEW BUSINESS TREND

Having already won new orders with a lifetime volume of more than EUR 150 million in the first six months, we remained very successful in the third quarter, raising volumes to a total of around EUR 240 million.

These new orders in the current year relate to various platforms and vehicle models for several manufacturers, which means that we will continue to remain largely independent of the market success of individual models in the future. They cover our entire product range, so that we will continue to retain our balanced portfolio, and all PWO Group locations will benefit from the orders, allowing us to continue to grow in all regions.

These new orders again have series durations of between five and eight years. Due to the long lead times in our business, which also represent a high degree of planning security, the new orders will start up and ramp up in the financial years from 2013.

Our site in China, which is also still our smallest, also benefited from the new orders. Most of the sales volume in China is still attributable to electric motor housings. Seat locking systems as well as components for airbags, chassis and transmissions, among other products, are also being produced there, however. Future orders will strengthen this product range. The manufacturing of cross-members will also be added.

The customer base in China is to be expanded significantly by 2013 on the basis of orders already on hand today, and the sales volume is to be raised to above the EUR 10 million level. We are holding intensive discussions concerning further orders, as a consequence of which stronger growth could be possible.

In this context, our customers mostly issue us orders for their entire requirement for a component. This reflects a high degree of confidence in our ability to deliver, and underscores the reputation that the Group has meanwhile established.

## INVESTMENTS GROW

Investments continued to grow in the third quarter of the current financial year, as covered in the segment reporting in the notes to the financial statements. We invested a total of EUR 19.2 million in the nine-month period (p/y: EUR 11.8 million).

At EUR 13.8 million, most of this investment, and most of the year-on-year increase, is attributable to our largest site at Oberkirch (p/y: EUR 4.6 million). In particular, we continued our investments in production plants for cross-members in the third quarter, and in a hall for their dispatch.

We also continue to expand our new development centre, and we started to convert an existing hall in order to create space for further production areas. Other significant investments related to the modernisation of a 540-tonne multiple die press, which allowed us to avoid a new purchase, as well as further project-related production plants.

Currently, growth at our Czech side does not necessitate substantial additional investments. Here, the volume fell to EUR 0.7 million in the nine-month period of 2011 (p/y: EUR 2.0 million). In particular, an investment was made in a CNC milling machine in the quarter under review, which comprised the largest individual investment measure. We also reduced investments in the NAFTA region in the first nine months, which fell to EUR 2.9 million (p/y: EUR 5.1 million). In China, by contrast, we invested in the further expansion of our site in the nine-month period, to the tune of EUR 1.9 million (p/y: EUR 0.2 million).

## HEADCOUNT GROWTH LEVELS OUT

In the first nine months of 2011, we implemented a further tangible addition to the number of our employees compared with the previous year. After taking on employees at an early stage ahead of the current growth in order to train them, and familiarise them with their work, we are currently concentrating at all locations – with the exception of Mexico, where, particularly at the moment, very extensive new series are being ramped up – on the targeted strengthening of selected functions.

The total number of individuals employed within the Group increased to 2,318 as of the reporting date (p/y: 2,029). This figure includes 146 trainees (p/y: 125). Over the course of the third quarter of 2011, we took on an additional 65 employees within the Group, 34 of whom were attributable to the Mexico site alone.

At Oberkirch, the number of employees increased to only 1,207 as of September 30, 2011, despite the high revenue growth rate (p/y: 1,166). We expanded our headcount to 368 at our Czech site (previously: 321).

At our Canadian location, which is generally very streamlined, and which implemented a particularly sharp headcount reduction in the 2008/2009 recession, we implemented a significant workforce expansion to 203 employees as of the reporting date (p/y: 148).

The number of employees in Mexico was boosted to 391 given the current and planned further growth (p/y: 286), and the headcount in China was raised to 149 (p/y: 108).

## OPPORTUNITIES AND RISKS

The opportunities and risks depicted in the 2010 annual report continue to be relevant for the trends of the PWO Group and its segments.

Macroeconomic risks have recently risen again significantly. After the real economy's growth and success underwent massive disruption in 2008 as a result of the financial market crisis, economic researchers currently fear a renewed recession – this time precipitated by the state debt crisis.

Nevertheless, we do not anticipate significant additional burdens on the last weeks of the 2011 financial year to arise from this. Automotive manufacturers continue to produce at a high level of capacity utilisation that is significantly above the long-run average. At the same time, supply times for new vehicles are still relatively long.

For this reason, we anticipate that our customers will generate high call order figures until at least the end of 2011. The market's growth rates will in any case decline in 2012 due to a basis effect. A potential recession would also prove burdensome. This means that additional volumes arising from the start-up and ramping up of our new series production runs, which we have already announced on a number of occasions, will form an increasing focus.

We also assume no substantial additional risks to arise from the materials pricing side over the coming weeks. In overall terms, we again reached amicable solutions with our customers in 2011 concerning the passing on of charges arising from materials pricing increases.

Not least, the earnings risks emanating from the establishment of our foreign locations, and risks from start-up costs for new series production runs, continue to exist. The quarter under review nevertheless shows that the locations overall have passed the high point of their start-up and expansion losses. We expect no significant negative effects outside our budgets to arise before the end of the current financial year.

As a consequence, the continued very high level of volatility on currency markets remains a significant risk for reported EBIT and net income in 2011. These effects result particularly from the measurement as of the reporting date of intragroup loans whose carrying amounts are unhedged against exchange rates. These valuation changes have no economic effects for the Group, but they can have a significant impact on reported earnings – particularly also because these exchange-rate effects are not tax-effective.

## 2011 REVENUE AND EBIT FORECAST CONFIRMED

We will exceed our forecast of revenue of around EUR 300 million from current business.

Unit figures in the series business, and tool sales, will be in line with our forecast, in this context. We expect total consolidated revenue of approximately EUR 330 million including the passing on of materials price increases. Since we pass on expense increases, no additional EBIT contributions are achieved from these revenue components, as a consequence of which the EBIT margin is depressed slightly in percentage terms. From a commercial perspective, however, the passing on of raw materials cost increases represents a success for the company.

We confirm our forecast of operating EBIT around EUR 19 million before currency effects.

# INTERIM FINANCIAL STATEMENTS

| | 3rd Quarter 2011 | | 3rd Quarter 2010 | |
|---|---|---|---|---|
| | EUR '000 | % share | EUR '000 | % share |
| Revenue | 80,945 | 97.9 | 67,003 | 100.3 |
| Change in inventories / work performed by the enterprise and capitalised | 1,770 | 2.1 | -215 | -0.3 |
| **Total output** | **82,715** | **100.0** | **66,788** | **100.0** |
| | | | | |
| Other operating income | 1,692 | 2.1 | -291 | -0.4 |
| Cost of materials | 45,720 | 55.3 | 34,613 | 51.8 |
| Staff costs | 21,661 | 26.2 | 18,946 | 28.4 |
| Depreciation and amortisation | 4,230 | 5.1 | 4,058 | 6.1 |
| Other operating expenses | 7,575 | 9.2 | 6,124 | 9.2 |
| **EBIT** | **5,221** | **6.3** | **2,756** | **4.1** |
| | | | | |
| Finance costs | 1,613 | 1.9 | 1,642 | 2.4 |
| **EBT** | **3,608** | **4.4** | **1,114** | **1.7** |
| | | | | |
| Taxes on income | 859 | 1.1 | 1,109 | 1.7 |
| **Net income for the period** | **2,749** | **3.3** | **5** | — |
| | | | | |
| Earnings per share in EUR | 1.10 | — | 0.00 | — |

| | 9 Months 2011 | | 9 Months 2010 | |
|---|---|---|---|---|
| | EUR '000 | % share | EUR '000 | % share |
| Revenue | 240,996 | 99.3 | 191,846 | 97.4 |
| Change in inventories / work performed by the enterprise and capitalised | 1,675 | 0.7 | 5,042 | 2.6 |
| **Total output** | **242,671** | **100.0** | **196,888** | **100.0** |
| Other operating income | 3,449 | 1.4 | 3,330 | 1.7 |
| Cost of materials | 131,286 | 54.1 | 102,132 | 51.9 |
| Staff costs | 65,828 | 27.1 | 56,438 | 28.7 |
| Depreciation and amortisation | 12,466 | 5.1 | 12,591 | 6.4 |
| Other operating expenses | 23,475 | 9.7 | 17,567 | 8.9 |
| **EBIT** | **13,065** | **5.4** | **11,490** | **5.8** |
| Finance costs | 4,797 | 2.0 | 4,886 | 2.5 |
| **EBT** | **8,268** | **3.4** | **6,604** | **3.3** |
| Taxes on income | 3,048 | 1.2 | 2,980 | 1.5 |
| **Net income for the period** | **5,220** | **2.2** | **3,624** | **1.8** |
| Earnings per share in EUR | 2.09 | — | 1.45 | — |

| | **30/09/2011** | 30/09/2010 |
|---|---|---|
| | EUR '000 | EUR '000 |
| **Net result for the period** | **5,220** | **3,624** |
| | | |
| **Other comprehensive income** | | |
| Derivative financial instruments | | |
| Net gains (- losses) from cash flow hedging | -601 | 176 |
| Tax effect | 195 | 3 |
| **Unrealised gains/losses from derivative financial instruments** | **-406** | **179** |
| | | |
| Currency translation | -558 | 521 |
| **Other comprehensive income after tax** | **-964** | **700** |
| | | |
| **Total comprehensive income after tax** | **4,256** | **4,324** |

| ASSETS | 30/09/2011<br>EUR '000 | 30/09/2010<br>EUR '000 |
|---|---|---|
| Property, plant and equipment | 108,675 | 102,406 |
| Intangible assets | 11,435 | 11,825 |
| Deferred tax assets | 2,763 | 2,191 |
| **Non-current assets** | **122,873** | **116,422** |
| Inventories | 53,317 | 50,133 |
| Receivables and other assets | 60,470 | 49,614 |
| Cash and cash equivalents | 2,778 | 7,290 |
| **Current assets** | **116,565** | **107,037** |
| **Total assets** | **239,438** | **223,459** |

| EQUITY AND LIABILITIES | 30/09/2011<br>EUR '000 | 30/09/2010<br>EUR '000 |
|---|---|---|
| **Equity** | **70,727** | **68,971** |
| Interest-bearing loans | 48,616 | 58,821 |
| Pension provisions | 26,238 | 25,488 |
| Other provisions | 4,601 | 4,714 |
| Deferred tax liabilities | 424 | 559 |
| **Non-current liabilities** | **79,879** | **89,582** |
| Current portion of pension provisions | 1,360 | 1,360 |
| Trade payables and other liabilities | 44,214 | 35,220 |
| Interest-bearing loans | 43,258 | 28,326 |
| **Current liabilities** | **88,832** | **64,906** |
| **Total equity and liabilities** | **239,438** | **223,459** |

| | Equity attributable to PWO AG shareholders | | | | | |
|---|---|---|---|---|---|---|
| | | | | Cumulative income and expenses reported directly in equity | | |
| EUR '000 | Subscribed capital | Capital reserves | Revenue reserves | Currency differences | Cash flow hedge | **Total equity** |
| **As at 01/01/2011** | **7,500** | **17,155** | **42,753** | **1,469** | **94** | **68,971** |
| Net result for the period | | | 5,220 | | | 5,220 |
| Other comprehensive income | | | | -558 | -406 | -964 |
| **Total comprehensive income** | **7,500** | **17,155** | **47,973** | **911** | **-312** | **73,227** |
| Dividend payment | | | -2,500 | | | -2,500 |
| **As at 30/09/2011** | **7,500** | **17,155** | **45,473** | **911** | **-312** | **70,727** |
| | | | | | | |
| **As at 01/01/2010** | **6,391** | **17,155** | **37,403** | **146** | **370** | **61,465** |
| Net result for the period | | | 3,624 | | | 3,624 |
| Other comprehensive income | | | | 521 | 179 | 700 |
| **Total comprehensive income** | **6,391** | **17,155** | **41,027** | **667** | **549** | **65,789** |
| Dividend payment | | | | | | 0 |
| Capital increase from company funds | 1,109 | | -1,109 | | | 0 |
| **As at 30/09/2010** | **7,500** | **17,155** | **39,918** | **667** | **549** | **65,789** |

| | **30/09/2011** EUR '000 | 30/09/2010 EUR '000 |
|---|---|---|
| Net result for the period | 5,220 | 3,624 |
| Depreciation/reversal of write-downs on property, plant and equipment | 12,466 | 12,591 |
| Income tax expense/refund | 3,048 | 2,980 |
| Interest income and expenses | 4,798 | 4,886 |
| Change in current assets | -14,164 | -12,011 |
| Change in non-current liabilities (excluding financial loans) | -557 | -316 |
| Change in current liabilities (excluding financial loans) | 8,531 | 6,953 |
| Income tax paid | -2,924 | -523 |
| Other non-cash expenses/income | -814 | -641 |
| Gains/losses from disposal of property, plant and equipment | -16 | -134 |
| **Cash flow from operating activities** | **15,588** | **17,409** |
| Cash inflow from disposal of property, plant and equipment | 338 | 148 |
| Cash outflow for investments in property, plant and equipment | -17,403 | -10,359 |
| Cash outflow for investments in intangible assets | -925 | -1,436 |
| **Cash flow from investing activities** | **-17,990** | **-11,647** |
| Dividends paid | -2,500 | 0 |
| Interest paid | -3,571 | -3,641 |
| Interest received | 8 | 51 |
| Cash inflow from drawing down of loans | 9,475 | 10,692 |
| Cash outflow for redemption of loans | -9,356 | -15,762 |
| **Cash flow from financing activities** | **-5,944** | **-8,660** |
| Net change in cash and cash equivalents | -8,346 | -2,898 |
| Exchange-rate-related changes in cash and cash equivalents | 48 | -57 |
| Cash and cash equivalents as of January 1 | 4,305 | 3,491 |
| **Cash and cash equivalents as of September 30** | **-3,993** | **536** |
| of which cash and cash equivalents | 2,778 | 6,514 |
| of which bank borrowings due on demand | -6,771 | -5,978 |

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### Basis for the preparation of the financial statements

The condensed interim consolidated financial statements as of September 30, 2011 were prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all the information and discloses required for consolidated financial statements as of the financial year-end, and for this reason should be read in conjunction with the annual consolidated financial statements as of December 31, 2010. The interim consolidated financial statements and management report are subjected to neither an external audit nor an auditor's review.

### Scope of consolidation

The interim consolidated financial statements as of September 30, 2011 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, 2010.

### Significant accounting methods

**New and amended standards and interpretations**

The same accounting methods that were applied for the preparation of the consolidated financial statements as of December 31, 2010 were used for the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2011 form an exception to this basic principle:

IAS 24 | Related Party Disclosures (revised)

This amendment clarifies the definition of related parties in order to simplify the definition of such relationships, and to eliminate inconsistencies in application. The revised standard introduces a partial exemption from disclosure requirements for companies related to a government entity. This revision has no effect on the Group's net assets, financial position and results of operations.

IAS 32 | Financial Instruments: Presentation – Classification of Rights Issues (revised)

The definition of a financial liability was modified so that subscription rights (and certain options or warrants) are to be classified as equity instruments if such rights grant entitlement to the acquisition of a fixed number of equity instruments of a company at a fixed price in a given currency, and the company offers them proportionally to all current owners of the same class of its non-derivative equity instruments. This revision has no effects on the Group.

IFRIC 14 | Prepayments of a Minimum Funding Requirement (revised)

This revision contains guidelines to determine the recoverable amount of a net pension asset. The amendment allows companies to treat prepayments as part of a minimum funding requirement as an asset. This revision gives rise to no effect on the Group's net assets, financial position and results of operations.

IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments

This interpretation clarifies that equity instruments issued to a creditor in order to extinguish a financial liability are to be classified as consideration paid. The equity instruments that are issued are measured at fair value. If fair value cannot be determined reliably, measurement is to be based on the fair value of the extinguished liability. Gains and losses are then taken directly through profit or loss. The application of this interpretation has no effect on the Group's net assets, financial position and results of operations.

The Group has not made early application of further standards, interpretations and revisions that have been published, but which do not yet require mandatory application.

### Foreign currency translation

The interim consolidated financial statements are prepared in euros, the parent company's functional currency. The interim financial statements of the companies within the consolidated Group prepared using foreign currencies 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 concerned are measured using this functional currency. All balance sheet items of the foreign consolidated Group entities were translated to euros by applying the mid currency exchange rate prevailing on the balance sheet date. Expense and income items in the consolidated income statement are translated using the average exchange rate. The net gain/loss arising from the translated income statement was transferred to the balance sheet. Exchange differences are recognised directly in equity.

The interim consolidated financial statements are based on currency conversion rates according to the following table.

### Financial instruments

Currency-related derivatives in the form of interest-rate swaps, currency swaps, options and forward currency transactions are initially recognised and subsequently measured at fair value. In the case of derivative financial instruments that fail to satisfy hedge accounting criteria, gains or losses from fair value changes are recognised immediately through profit or loss. The effective portion of market value changes of derivative financial instruments used to hedge future cash flows (cash flow hedges) is recognised directly in equity, while the ineffective portion is immediately recognised through profit or loss. The item is booked out of equity and through profit or loss when the hedged transaction occurs. The fair value of listed derivatives corresponds to positive or negative market value. If no market values exist, these are calculated using recognised finance-mathematical models such as discounted cash flow models or option pricing models.

| | Closing rate | | Average rate | |
|---|---|---|---|---|
| | **30/09/2011** | 30/09/2010 | **9 Months 2011** | 9 Months 2010 |
| CAD | 1.40 | 1.40 | 1.37 | 1.36 |
| CNY | 8.57 | 9.13 | 9.14 | 8.96 |
| HKD | 10.45 | 10.60 | 10.95 | 10.23 |
| USD | 1.34 | 1.37 | 1.41 | 1.32 |

## NOTES TO THE INCOME STATEMENT

### Revenue

A breakdown of Group revenue by region and product area is presented as part of segment reporting.

Tool sales amounted to EUR 18,328 thousand in the nine-month period (p/y: EUR 13,168 thousand).

### Work performed by the enterprise and capitalised

Of the work performed by the enterprise and capitalised, EUR 596 thousand (p/y: EUR 719 thousand) relates to development costs that require capitalisation pursuant to IAS 38. These particularly relate to investments in the development of a cross-member.

### Other operating income

Other operating income primarily comprises the following key items:

| EUR '000 | **9 Months 2011** | 9 Months 2010 |
|---|---|---|
| Currency gains | 1,808 | 2,161 |
| Licence income | 75 | 100 |

### Other operating expenses

Other operating expenses primarily comprise the following key items:

| EUR '000 | **9 Months 2011** | 9 Months 2010 |
|---|---|---|
| Temporary help costs | 5,432 | 2,967 |
| Maintenance costs | 3,512 | 3,417 |
| Currency losses | 2,584 | 1,790 |
| Outgoing freight costs | 2,368 | 2,009 |

### Income taxes

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

| EUR '000 | **9 Months 2011** | 9 Months 2010 |
|---|---|---|
| Actual tax | 3,558 | 2,416 |
| Deferred tax | -510 | 564 |
| **Taxes on income** | **3,048** | **2,980** |
| Income taxes reported in other comprehensive income | -195 | -3 |
| **Total** | **2,853** | **2,977** |

## NOTES TO THE BALANCE SHEET

### Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement as of September 30, 2011 of EUR 2,778 thousand (p/y: EUR 6,514 thousand) are composed of cash holdings and bank accounts in credit.

### Equity

#### Subscribed capital

The fully paid in subscribed share capital amounted to EUR 7,500 thousand as of September 30, 2011 (p/y: EUR 7,500 thousand), which is split into 2,500,000 ordinary shares.

#### Approved capital

As the result of an AGM resolution of May 26, 2010, the Management Board was authorised, with the Supervisory Board's assent, to increase the company's share capital by May 25, 2015, once or on several occasions, by up to EUR 3,000,000.00 in exchange for cash contributions (Approved Capital I/2010).

As the result of an AGM resolution of May 26, 2010, the Management Board was authorised, with the assent of the Supervisory Board, to increase the company's share capital by May 25, 2015, once or on several occasions, by up to EUR 750,000.00 in exchange for cash contributions (Approved Capital II/2010).

The AGM of May 26, 2010 passed a resolution to approve the conditional capital increase by up to EUR 3,000,000.00 (Conditional Capital 2010).

#### Revenue reserve and other equity

As of September 30, 2011, consolidated equity reflects income/expenses arising from the currency translation of foreign subsidiaries of EUR 911 thousand (p/y: EUR 667 thousand), and income/expenses from cash flow hedges of EUR -312 thousand (p/y: EUR 549 thousand).

### Liabilities

#### Provisions for pensions

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 of December 31, 2011.

#### Other provisions

The reported provisions relate exclusively to personnel provisions (obligations for age-related part-time working and anniversary bonuses).

**Financial instruments**

The Group applies the following hierarchy of measurement procedures to determine and report the fair values of financial instruments:

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

Level 2 | Procedures where all input parameters that have a key effect on the reported fair value are either directly or indirectly observable.

Level 3 | Procedures to utilise input parameters that have a key effect on the reported fair value, and which are not based on observable market data.

The following table shows the financial instruments measured at fair value as of September 30, 2011/ September 30, 2010:

**September 30, 2011**

| EUR '000 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Other financial assets | **0** | **835** | **0** | **835** |
| of which derivatives with hedging relationships | 0 | 835 | 0 | 835 |
| of which derivatives without hedging relationships | 0 | 0 | 0 | 0 |
| **LIABILITIES** | | | | |
| Other financial liabilities | **0** | **1,689** | **0** | **1,689** |
| of which derivatives with hedging relationships | 0 | 1,152 | 0 | 1,152 |
| of which derivatives without hedging relationships | 0 | 537 | 0 | 537 |

**September 30, 2010**

| EUR '000 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Other financial assets | **0** | **1,537** | **0** | **1,537** |
| of which derivatives with hedging relationships | 0 | 1,537 | 0 | 1,537 |
| of which derivatives without hedging relationships | 0 | 0 | 0 | 0 |
| **LIABILITIES** | | | | |
| Other financial liabilities | **0** | **1,416** | **0** | **1,416** |
| of which derivatives with hedging relationships | 0 | 694 | 0 | 694 |
| of which derivatives without hedging relationships | 0 | 722 | 0 | 722 |

As of September 30, 2011/ September 30, 2010, there were no reclassifications between Level 1 and Level 2 fair value measurements, and no reclassifications into or out of Level 3 fair value measurements.

## OTHER NOTES

### Related parties

The Group's related parties comprise the ultimate parent company, as well as the Management and Supervisory boards. There were no business relationships between the Group and the ultimate parent company in the nine-month period of 2011. There were no supply and service relationships with related parties.

### Additional information about the cash flow statement

Cash flows are presented in the cash flow statement based on IAS 7. Cash as presented in the cash flow statement comprises cash and bank borrowings due on demand. Bank borrowings due on demand of EUR 6,771 thousand (p/y: EUR 5,978 thousand) are included in the "interest-bearing loans" balance sheet item.

### Segment reporting

In line with the Group's internal management, the production locations form the basis for segment reporting. The Group's main decision-maker is defined as the Management Board of PWO AG. The segments are determined according to the location of Group assets. These segments' revenues are correspondingly allocated according to the assets' locations. The segments comprise the regions of Germany, Rest of Europe, the NAFTA region, and Asia. The NAFTA region comprises the sites in Canada and Mexico.

Net results, assets, liabilities and depreciation/amortisation between individual segments are eliminated in the "consolidation" column. This column also includes items unattributable to individual segments. Segment data are calculated in accordance with the accounting methods applied in the interim financial statements. Segment assets and liabilities correspond to the values derived from the individual Group companies' financial statements.

As of September 30, 2011 and September 30, 2010, there were no customers identified with whom the Group generated at least 10 percent of its revenue.

| Segment information by locations | Germany | Rest of Europe | NAFTA | Asia | Consoli-dation | Group |
|---|---|---|---|---|---|---|
| **9M 2011** | EUR '000 | EUR '000 | EUR '000 | EUR '000 | EUR '000 | EUR '000 |
| Total revenue | 176,507 | 29,075 | 38,250 | 3,603 | 0 | 247,435 |
| Internal revenue | -5,006 | -751 | -682 | 0 | 0 | -6,439 |
| **External revenue** | **171,501** | **28,324** | **37,568** | **3,603** | **0** | **240,996** |
| | | | | | | |
| **Total output** | **176,943** | **28,693** | **39,487** | **4,079** | **-6,531** | **242,671** |
| Key income | 2,015 | 478 | 1,313 | 719 | -1,076 | 3,449 |
| Key expenses | 157,061 | 26,266 | 39,005 | 5,473 | -7,216 | 220,589 |
| Depreciation/amortisation | 7,786 | 1,769 | 2,393 | 524 | -6 | 12,466 |
| **Earnings before interest and tax (EBIT)** | **14,111** | **1,136** | **-598** | **-1,199** | **-385** | **13,065** |
| | | | | | | |
| Interest income | 567 | 0 | 0 | 3 | -562 | 8 |
| Interest expense | 2,876 | 1,038 | 932 | 521 | -562 | 4,805 |
| **Earnings before tax (EBT)** | **11,802** | **98** | **-1,530** | **-1,717** | **-385** | **8,268** |
| | | | | | | |
| Taxes on income | 3,424 | -422 | 65 | 1 | -20 | 3,048 |
| **Net income for the period** | **8,378** | **520** | **-1,595** | **-1,718** | **-365** | **5,220** |
| | | | | | | |
| Assets | 126,023 | 42,737 | 52,965 | 22,042 | -4,329 | 239,438 |
| of which non-current assets | 54,522 | 23,319 | 27,234 | 15,204 | -169 | 120,110 |
| Liabilities | 26,313 | 7,098 | 16,619 | 18,550 | 100,131 | 168,711 |
| Investments | 13,752 | 716 | 2,866 | 1,904 | 0 | 19,238 |

| Segment information by locations | Germany | Rest of Europe | NAFTA | Asia | Consoli-dation | Group |
|---|---|---|---|---|---|---|
| 9M 2010 | EUR '000 | EUR '000 | EUR '000 | EUR '000 | EUR '000 | EUR '000 |
| Total revenue | 147,266 | 18,963 | 29,895 | 3,417 | 0 | 199,541 |
| Internal revenue | -3,871 | -1,633 | -2,191 | 0 | 0 | -7,695 |
| **External revenue** | **143,395** | **17,330** | **27,704** | **3,417** | **0** | **191,846** |
| | | | | | | |
| **Total output** | **150,710** | **20,488** | **29,793** | **3,384** | **-7,487** | **196,888** |
| Key income | 2,039 | 163 | 1,608 | 517 | -997 | 3,330 |
| Key expenses | 131,481 | 18,948 | 29,871 | 4,565 | -8,728 | 176,137 |
| Depreciation/amortisation | 8,042 | 1,525 | 2,514 | 499 | 11 | 12,591 |
| **Earnings before interest and tax (EBIT)** | **13,226** | **178** | **-984** | **-1,163** | **233** | **11,490** |
| | | | | | | |
| Interest income | 463 | 0 | 0 | 2 | -414 | 51 |
| Interest expense | 3,030 | 1,150 | 762 | 409 | -414 | 4,937 |
| **Earnings before tax (EBT)** | **10,659** | **-972** | **-1,746** | **-1,570** | **233** | **6,604** |
| | | | | | | |
| Taxes on income | 3,186 | -185 | -43 | 0 | 22 | 2,980 |
| **Net income for the period** | **7,473** | **-787** | **-1,703** | **-1,570** | **211** | **3,624** |
| | | | | | | |
| Assets | 118,636 | 41,773 | 43,695 | 16,953 | -4,449 | 216,608 |
| of which non-current assets | 47,140 | 24,721 | 25,289 | 12,930 | -196 | 109,884 |
| Liabilities | 19,907 | 7,205 | 12,072 | 13,648 | 97,987 | 150,819 |
| Investments | 4,618 | 2,032 | 5,111 | 192 | -158 | 11,795 |

Assets were composed as follows as of December 31, 2010/December 31, 2009:

| | Germany | Rest of Europe | NAFTA | Asia | Consoli-dation | Group |
|---|---|---|---|---|---|---|
| Segment assets as of 31/12/2010 | 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 |
| Segment assets as of 31/12/2009 | 121,720 | 38,666 | 33,419 | 17,322 | -6,463 | 204,664 |
| of which non-current assets | 50,737 | 24,214 | 21,312 | 12,372 | -185 | 108,450 |

### Discretionary decisions, estimates and assumptions

In preparing the interim financial statements, the Management Board must perform a number of assessments, apply estimates, and make 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 not coincide with the estimated amounts.

### Events after the balance sheet date

No significant events occurred after the September 30, 2011 balance sheet date that require reporting.

## REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the third quarter of 2011 and the first nine months of 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, October 25, 2011

Audit Committee Chair

Dr. jur. Klaus-Georg Hengstberger

# FINANCIAL CALENDAR | BOARD MEMBERS | CONTACT

## FINANCIAL CALENDAR

**21/11/2011**
German Equity Forum, Frankfurt

**14/03/2012**
Analysts conference, Frankfurt

**12/04/2012**
Presentation of the 2011 annual report

**03/05/2012**
Interim financial report for Q1 2012

**24/05/2012**
2012 AGM, Oberkirch

## BOARD MEMBERS

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

**Management Board members**
Karl M. Schmidhuber (Chairman)
Bernd Bartmann
Dr. Winfried Blümel

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

* Employee representatives**

## CONTACT

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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 future-oriented statements, and to adjust them to future events or developments.