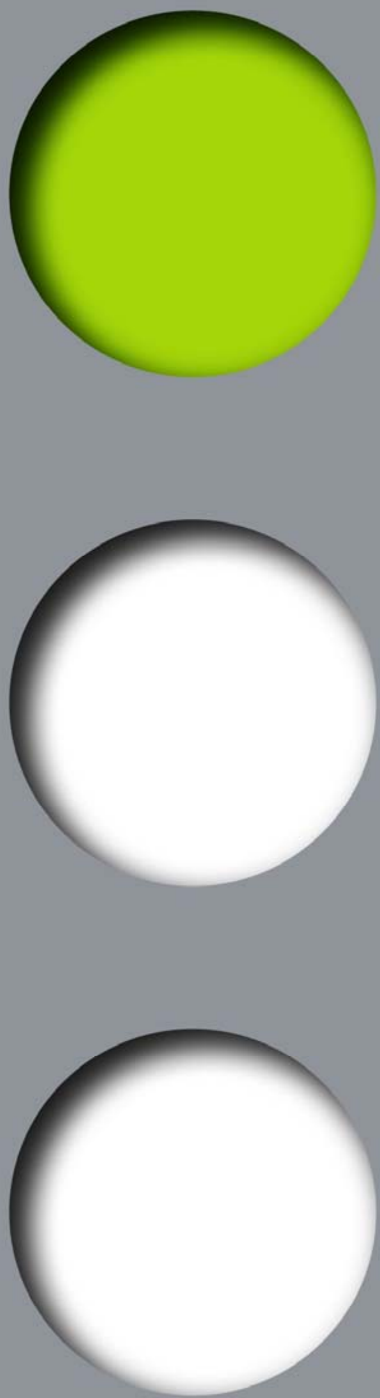
THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

INTERIM FINANCIAL REPORT 1ST QUARTER 2011



PWO

LETTER TO SHAREHOLDERS

Dear shareholders and business associates,

It gives us pleasure to report on a strong first quarter. We exceeded our budgets, generating around 25 percent growth in terms of revenue and total output, and an EBIT margin of 7.2 percent before currency effects. We are well on our path to achieve our 2011 forecast as a consequence. Customer call orders for the second quarter also point to a continued good trend.

We should nevertheless not allow ourselves to simply extrapolate current optimism for the overall economy and our sales markets without a second thought.

Our own efforts to generate revenue and earnings growth are even more significant. The first-quarter trend arises particularly from the continued good sector economy and from various series start-ups whose revenue contributions will become even stronger over the further course of the year.

On the earnings side, the development of our German location shows what is possible when good capacity utilisation, a high degree of cost awareness, and stable processes converge. Here, our ongoing efforts to optimise processes and boost profitability are becoming clearly evident.

We are also satisfied with the development of our Czech site, which highlighted its sustainable profitability in the quarter under review. We are meanwhile also efficiently implementing series start-ups and ramp-ups there. The same also applies for our Canadian site, which is currently working on managing an extensive start-up, which will stabilise over the further course of the year. In China, we are proceeding to schedule with the expansion of our new plant.

Our location in Mexico remains a focus for us, and boasts numerous new projects that are replacing series runs that are currently expiring. Above and beyond this, we are being called upon to manage both high growth rates and further technological development, which continue to pose a burden.

Further risks to earnings trends also arise on the materials price side, and from currency exchange rate trends, where volatility is currently rising significantly.

In overall terms, we are confirming our forecast of annual revenue of approximately EUR 300 million, and an operating EBIT margin before currency effects of around 6.5 percent.

With a view to the Group's medium-term development, we again won extensive new orders in the first quarter of 2011, which will make a significant contribution to revenue from 2013/2014. These included orders from a renowned Tier 1 supplier to deliver for various global platforms and vehicle models of various manufacturers with lifetime revenue in the mid-double-digit range in millions of euros.

Oberkirch, May 2011
The Management Board

PWO SHARES

SHARE REACHES HIGHEST LEVELS FOR SEVERAL YEARS

In the first quarter of 2011, the PWO share reached its highest levels for some years. Prices above EUR 38 were recorded in the second half of February - a level last achieved in February 2007, in other words, before the international financial market crisis.

After a sideways movement around EUR 35 since the start of the year, the PWO share initially appreciated by almost 10 percent following the unscheduled publication of preliminary figures on February 14.

Although the natural and reactor catastrophe in Japan then resulted in the share performing in line with the general market trend, and registering a marked short-term setback, it reached the low point of this correction on March 15, the day when our final 2010 figures were published. It recovered significantly over subsequent days, and re-attained its previous level of around EUR 38 in the second week of April. The share closed the first quarter at EUR 34.60 (XETRA).

This represented a 2.5 percent shortfall compared with the 2010 closing price of EUR 35.50. This represents a 0.8 percent underperformance relative to the SDAX index over the course of the quarter, and a 1.8 percent underperformance relative to the DAXsector Automotive sector index.

The PWO share has risen by 134 percent over the timeframe between the low of the financial market crisis on March 13, 2009 (at EUR 14.77) and the end of the first quarter of 2011. Over the same period, the DAXsector Automotive improved by 107 percent, and the SDAX index appreciated by 119 percent.

The marked increase in our shares' liquidity is particularly gratifying. With 1,754 shares traded every day on average on German stock exchanges in the first quarter of 2010, volume turnover is more than twice as high as in the previous year's quarter. The mandating of two new Designated Sponsors in September and October 2010, and the addition of one further stock analyst to cover Progress-Werk Oberkirch AG, have consequently proved worthwhile given the targeted improvement in daily trading volumes.

Our intensive investor relations work has also made a significant contribution in this context. We continued these activities during the new business year and, in addition to the normal ongoing discussions with investors and analysts, we also made detailed presentations of PWO's strategy and prospects at an investor conference in Frankfurt, as well as presenting in detail the 2010 results at the analyst and press conference.

Other information	
Number of shares issued at the end of the reporting period	2,500,000
Number of treasury shares held as at 31/03/2011	0
Dividend per share (in EUR) for FY 2010 [1]	1.00

Shareholder structure [2]	
Consult Invest Beteiligungsberatungs-GmbH, Böblingen	55.28%
Free float	44.72%
of which < 10% | Delta Lloyd, Amsterdam	

[1] Proposal to 88th AGM
[2] Sources: Announcements pursuant to the German Securities Trading Act (WpHG); own analyses

THE COMPANY

INTERNATIONAL SITES READY FOR A GROWTH LEAP

Our aim is to grow both this and next year by up to 15 percent per year, to around EUR 340 million. These growth rates will arise primarily from the start-up and ramp-up of new series production runs, which will generate revenue shares at between 35 and 40 percent in 2012. As a consequence, we are targeting growth above the sector average, including beyond 2012: the strength of our new business shows that we are continuously winning market shares. This is due to the fact that we offer a high degree of customer benefits through our great innovative strength, cost-leadership, and our well-known delivery reliability accompanied by zero-error quality.

The Group's internationalisation, which we have pushed ahead with over recent years, has made this high growth possible in the first place. In this context, our German site will continue to grow in the mid-single-digit percentage range over the next few years. This international positioning has meanwhile allowed us to successfully pursue orders for global platform projects.

Our site in the Czech Republic, for example, will realise a very strong sales boost this year. Whereas its initial focus over recent years was on seat components production, current growth is meanwhile also coming from orders for components in the steering, airbag and brakes areas. Although this location's sales will be less strong in 2012, it will still grow by a good double-digit rate in percentage terms, thereby allowing the EUR 40 million sales level to be exceeded in this year.

At our two NAFTA region sites (Kitchener in Canada, and Puebla in Mexico), we are planning a total increase in sales to about EUR 70 million in 2012, whereby we are assuming very constant growth in both 2011 and 2012. In Canada, this results particularly from the current start-up of a cross-member production run as its largest individual order, which will be fully ramped up next year.

In Mexico, we have not only replaced this site's business stream with its former major customer, which predates our takeover, and which will soon reach its end, but we have also acquired attractive new business entailing significantly higher volumes through the strengthening of the location's technological expertise.

At our site in China, which is still being developed, we are assuming that revenue will double to around EUR 10 million by 2012. Here, several orders from new customers from the Tier 1 supplier sector will be ramped up, accompanied by stable business trends in 2011.

In overall terms, the international locations' share of PWO Group revenue will consequently increase from around 25 percent in 2010 to above 35 percent in 2012.

The likelihood of this growth forecast being realised is very high due to the fact that the orders for the above mentioned series are already on our order books. And what is more: our assumptions of the volumes that customers will call down over this timeframe are based on cautious sales expectations, and do not extrapolate the recent strong recovery following the end of the international financial market crisis.

At the same time, our aim is to expand the operating EBIT margin before currency effects from 5.9 percent in 2010 to around 8.0 percent by 2012. Although our main Group site at Oberkirch will remain the Group's high-margin and high-tech centre in the future, the foreign locations will increasingly make growing earnings contributions: Canada and the Czech Republic through the strong volume growth that they are experiencing and the related economies of scale, and China and Mexico due to their approaching breakeven. We are planning to report figures in the black in 2012 in Mexico, and in 2013 in China.

INTERIM MANAGEMENT REPORT

GENERAL BUSINESS CLIMATE

Economic optimism in Germany has recently grown significantly. Both the federal government and German economic research institutes upgraded their 2011 and 2012 GDP growth rates in their recent spring forecasts. While the federal government upgraded its 2011 expectation to 2.6 percent, the institutes, in their joint forecast, are even more optimistic, at 2.8 percent.

Both forecasts assume a further increase in domestic growth-drivers: stimulated by rising employment, private consumption growth of 1.2 percent (institutes) and 1.3 percent (federal government) in 2011 will contribute three times as much growth as in the previous year, and capital equipment spending is set to continue its robust double-digit growth unabated at 10.5 percent and 10.7 percent respectively. Although export trade, which is still very strong, is set to report a slowdown in 2010, it will nevertheless remain high at 9.8 percent and 7.5 percent respectively.

The International Monetary Fund (IMF) also lists numerous risks for the global economy in 2011: the economic consequences of the natural and nuclear catastrophe in Japan, overheating risks in numerous emerging economies, particularly China, the continued global debt problem, global imbalances, and, in particular, the sharp rise in commodity prices, and its related inflationary risks.

The IMF nevertheless anticipates only a slight decline in global economic growth from 5.0 percent in 2010 to 4.4 percent this year. As already in the previous year, developing and emerging economies (+6.5 percent) will grow significantly faster than industrial nations (+2.4 percent).

While the IMF is also optimistic with regard to Germany (+2.5 percent), it anticipates significantly lower growth of +1.6 percent for the Eurozone, particularly due to the continued high debt levels of some European countries, and the fiscal saving programs that these necessitate. The USA will report a constant economic growth rate of +2.8 percent in 2011, according to the IMF, while Japan will grow by only 1.4 percent, compared with +3.9 percent in the previous year, however.

SECTOR TRENDS

In overall terms, global economic prospects suggest that the good automotive sector trends will continue in 2011. German manufacturers should also benefit from growing domestic demand, particularly since this year's 64th Frankfurt Motor Show will provide an additional stimulus. The German Automotive Manufacturers Association expects a veritable "fireworks of new models and products" to be unveiled that will include all important manufacturers and suppliers. Numerous companies will also be present again for the first time since their absence in the 2009 crisis year.

With regard to current market trends, the VDA identifies a better outlook for the first quarter of 2011 than it did at the start of the year. The German automotive industry continues to benefit from highly dynamic trends on important international markets, and the domestic market is gathering further momentum. For example, the domestic car market increased by 14 percent to around 764,000 units in the first quarter. In this context, new orders from Germany were significantly more buoyant with a 25 percent increase - a good omen for further trends.

German car manufacturers' exports increased by 11 percent to almost 1.2 million units. In overall terms, German manufacturers' domestic plants produced 1.5 million cars in the first quarter. This represents an increase of around 8 percent compared with the prior-year quarter. As a consequence, the German automotive industry has almost re-attained its previous record level from 2007 - with regard to the first quarter.

German automotive manufacturers continue to report above-average growth rates on important foreign markets. Car sales in China were up by 12 percent to reach 3.1 million vehicles in the first quarter of 2011. German group brands even increased their sales by 30 percent to around 637,800 new vehicles. As a result, they boosted their market share in China to 20 percent. Their market share still amounted to just 18 percent in the previous year's quarter.

The following comparison highlights the importance of the Chinese market for German manufacturers: in the first quarter of 2010, German group brands sold more than 112,000 new vehicles, or 21 percent more units than on the German domestic market in the comparable period. Since 2008, German manufacturers have more than doubled their car production in China, to reach 1.8 million vehicles. As a consequence, China has become the by far the most important foreign location, and lies well ahead of Brazil (765,000 units).

German manufacturers and their suppliers operate around 190 production and assembly sites in China; 180 of these are suppliers' locations. Car exports to China have risen at the same rate as local production: from 218,000 units in 2008 to 462,486 last year.

The automotive market in the USA is in a robust condition. In the first three months of 2011, car sales were up by 17.9 percent, while sales of light-duty trucks rose by 22.6 percent.

According to figures that are currently available for the remaining sales markets, which comprise only January and February, the Russian automotive market reported the highest growth rates: sales of cars and light commercial vehicles rose by 77 percent to 293,500 units. In Brazil, 18 percent more new vehicles were sold.

In western European countries, almost 2.0 million new vehicles were sold in the first two months of the year. This is approximately at the previous year's level. EU registrations fell by 0.3 percent in this period. February, however, reported a rising trend with a 0.9 percent improvement.

Although registrations rose in most countries, particularly on the important markets of France and Germany, some countries reported sharp declines: Spain and Italy were down by 26 and 21 percent, and Portugal and Greece by 11 and 59 percent. In the United Kingdom, too, 10 percent fewer new vehicles were registered.

In the new EU countries, by contrast, car sales rose significantly, by 10 percent, with February signalling a rising trend with a 13 percent increase.

OPERATING EBIT MARGIN OF 7.2 PERCENT SIGNIFICANTLY AHEAD OF BUDGET

The revenue and total output of the PWO Group reported very strong first-quarter growth rates of 25.6 percent to EUR 77.1 million (previous year: EUR 61.4 million) and of 24.2 percent to EUR 80.5 million (previous year: EUR 64.8 million).

This is mainly the result of the continued excellent sector economy, and the start-up of new series production runs, whose ramp-up will intensify even further over the continued course of the year. As a consequence, our growth is ahead of our budget, which is based on cautious market estimates.

The operating EBIT margin of the quarter under review (before currency effects) also improved significantly to 7.2 percent (previous year: 6.0 percent). Currency effects nevertheless placed a EUR 1.3 million burden on EBIT (previous year: EUR 0.4 million gain).

We largely hedge our operating business, as well as capital flows arising from intragroup relations, against currency risks. By contrast, we do not hedge, for example, the carrying amounts of loans extended to our foreign production locations, since we have not to date regarded the related expenses as making economic sense.

The currency effects that are presented arise particularly from the measurement of these loans as of the reporting date. They relate to other operating income and expenses, as reported in the notes to the financial statements of this quarterly report.

The first-quarter materials expense ratio underwent a slight temporary compared with the previous year, ahead of series start-ups abroad. The personnel expense ratio moderated in line with the high growth rate.

There was a marked increase in the other operating expenses ratio – above and beyond with the charges arising from currency effects, which have already been mentioned, and particularly due to the growth-related increase in the employment of temporary help. In overall terms, however, there was a slight net decrease in the expenditure for both permanent employees and temporary help staff relative to total output.

Total consolidated EBIT amounted to EUR 4.5 million in the first quarter of 2011 (previous year: EUR 4.2 million), and EBT totalled EUR 2.9 million (previous year: EUR 2.5 million). Due to a temporarily high tax rate, quarterly net income remained at the previous year's level of EUR 1.6 million. This high tax rate results particularly from the fact that our site in the Czech Republic is still reporting a low earnings contribution in the quarter under review, and from the fact that losses in Mexico and China cannot be offset. We nevertheless anticipate a reduction in the Group tax rate over the course of the year.

GERMAN SITE REPORTS HIGH PROFITABILITY, CZECH PLANT ON POSITIVE TREND

Our Group headquarters site at Oberkirch, which forms our German segment, reported highly pleasing trends in the quarter under review. With revenue up 20.1 percent to EUR 56.7 million (previous year: EUR 47.2 million), and total output up by 15.5 percent to EUR 60.2 million (previous year: EUR 52.1 million), EBIT rose at a disproportionately rapid rate to EUR 6.1 million (previous year: EUR 4.4 million); there were no significant currency effects in this context. Quarterly net income increased to EUR 3.8 million (previous year: EUR 2.3 million).

As a consequence, this site's EBIT margin exceeded the 10 percent level for the first time in its recent history. Although this is only the result of a three-month period, and cannot be extrapolated blindly into the future, it nevertheless reflects the competitive strength of our German site, and the potentials offered by our business when good capacity utilisation, a high degree of cost-awareness, and stable processes converge.

Although our Czech site, which forms the Rest of Europe segment, is still far from this level, high growth in first-quarter revenue to EUR 8.0 million (previous year: EUR 5.3 million), and of first-quarter total output to EUR 10.0 million (previous year: EUR 5.7 million), were reflected in strong earnings expansion.

EBIT, before currency losses of EUR 0.2 million (previous year: EUR 0.4 million), improved to EUR 0.6 million (previous year: EUR 0.1 million). Net income for the quarter rose to EUR 0.2 million (previous year: EUR -0.6 million). As a consequence, the location has confirmed the sustainability of the turnaround it achieved over the course of the last business year, and the stability in its business processes that it has meanwhile established. Above and beyond the current positive sector trends, we will benefit here particularly this business year from new series production runs that are already in the ramp-up stage.

We report our sites in Canada and Mexico within our NAFTA segment. Here, very extensive series start-ups are due this year, which incurred significant charges in the first quarter. This resulted in a widening of the EBIT loss in the quarter under review, despite revenue growing to EUR 10.9 million (previous year: EUR 8.2 million), and an increase in total output to EUR 10.9 million (previous year: EUR 9.0 million). Before currency losses of EUR 0.1 million (previous year: currency gains of EUR 0.2 million), EBIT amounted to EUR -0.7 million (previous year: EUR -0.2 million). Net income for the quarter fell to EUR -0.1 million (previous year: EUR -0.2 million).

Both locations still face great efforts in terms of start-up management over the coming months, and will consequently continue to report fluctuating revenue and earnings trends.

While we are confident in Canada that stable series ramp-up processes can be achieved in the near future, the requirements to attain stable processes at the Mexican site are significantly greater still. The current replacement of the greater proportion of existing orders by new series production runs remains challenging, and is requiring considerable support from Oberkirch.

Our Chinese location, which forms our Asia segment, is gradually ramping up its production. Revenues and total output advanced to EUR 1.5 million in the quarter under review (previous year: EUR 0.8 million). Before currency losses of EUR 0.6 million (previous year: currency gains of EUR 0.5 million), EBIT improved to EUR -0.2 million (previous year: EUR -0.5 million). The net result for the period worsened to EUR -1.0 million (previous year: EUR -0.1 million).

The site is currently being continuously expanded. Further tangible revenue growth cannot be anticipated before 2012 due to the long lead times of orders in our business. Sustainable breakeven should be achieved in the following year.

SLIGHT INCREASE IN TOTAL ASSETS - STABLE FINANCING RATIOS

Over the course of the quarter under review, total assets underwent a slight increase from EUR 223.5 million as of December 31, 2010 to EUR 231.5 million as of the reporting date. This effect was even greater in the quarter under review due to the Group's high growth. With an 11.2 percent expansion from EUR 64.5 million as of December 31, 2010 to EUR 71.7 million in the quarter under review, working capital grew significantly slower than the almost 25 percent increase in total output.

Correspondingly, inventories, which were up from EUR 50.1 million at the start of the quarter to EUR 53.2 million at the end of the quarter, grew equally more slowly than the expansion of our business, such as receivables and other assets, which were up from EUR 49.6 million to EUR 60.2 million. There were no significant changes in our customers' payment behaviour or targets.

The increase in current assets was financed firstly by cash, which fell from EUR 7.3 million to EUR 4.1 million over the course of the quarter. Secondly, trade and other payables increased from EUR 35.2 million to EUR 41.7 million, which also reflects a below-average increase compared with our business expansion.

Key balance sheet ratios were consequently unchanged in overall terms over the course of the first quarter of 2011, despite the Group's high growth. As at the end of the 2010 financial year, the equity ratio stood at 31 percent, and gearing (net debt expressed as a percentage of equity) amounted to 116 percent.

Cash flow from operating activities amounted to EUR 1.5 million in the quarter under review, compared with EUR 8.7 million in the previous year. This marked decline resulted mainly from the expansion of inventories and receivables, as presented above, which was accompanied by a lesser increase in trade payables. Capital employed in current assets increased by EUR 13.5 million in the quarter under review, compared with a EUR 4.6 million increase in the previous year.

For this reason, cash flow from operating activities failed to cover the slight increase in investments to EUR 3.8 million in the quarter under review (previous year: EUR 3.5 million). Accordingly, free cash flow after interest paid and received amounted to EUR -3.5 million (previous year: EUR 3.9 million). This was covered by cash and cash equivalents, as a consequence of which loans were reduced by a net EUR 0.2 million (previous year: EUR 0.3 million).

The expansion of current assets will be significantly lower over the further course of the year, and will also be financed to a greater extent by rising profits. As a result, we anticipate overall positive free cash flow for 2011, and an improvement in gearing as part of a rising level of contributions to revenue reserves, accompanied by stable or slightly declining net debt.

EXTENSIVE NEW ORDERS WON

We reported pleasing new business across the entire spectrum of our product solutions in the first quarter of 2011. In addition to a large number of small individual orders, we also again received some larger order volumes.

Our strategy of providing our customers with global service is consequently proving increasingly worthwhile. Among other orders, in the first quarter a well-known Tier 1 supplier awarded us platform orders for the series production of steering components with a lifetime revenue in the mid-double-digit range in millions of euros.

The components will be produced prospectively at our sites in Oberkirch, Mexico, the Czech Republic, and later also in China. The orders relate to various platforms and vehicle models of several manufacturers, in line with our strategy of remaining largely independent of the market success of individual vehicle models.

Our Canadian site also won various new orders from renowned Tier 1 suppliers in the first three months of the new business year.

The series start-up for the new projects in the first quarter is planned for early 2013 due to the long lead times in our business, which also entail a high degree of planning security at the same time. As a consequence, significant revenue effects from the series ramp-ups will not arise until 2014.

CAPITAL EXPENDITURES STILL LOW AT THE START OF THE YEAR

Capital expenditures amounted to EUR 3.8 million in the first quarter, compared with EUR 3.5 million in the previous year. The first quarter is traditionally a quarter entailing a comparatively low investment level. A budget of around EUR 20 million is earmarked for the full financial year.

Investments in the first three months were concentrated on Germany and Canada. At Oberkirch, our largest site, we invested EUR 2.6 million (previous year: EUR 1.1 million), particularly for production systems for a cross-member project. Besides this, construction measures, including primarily our new development centre, continued to advance.

Investments in Canada in the first quarter focused in an amount of EUR 0.7 million (previous year: EUR 0.5 million) on production systems for the cross-member order that is starting up this year.

Investments at our Mexican location amounted to EUR 0.4 million (previous year: EUR 0.4 million).

Projects are currently being ramped up to schedule at our Czech and Chinese sites; preparations for new start-ups were not required in the first quarter, as a consequence of which there were no notable investments. In the previous year, EUR 1.6 million was invested in the Czech Republic, and only a small amount was invested in China.

In China, the first phase of the construction investments was concluded at our site. The preparations for further new project start-ups will start over the course of the year. Consequently, production and construction is progressing further at this location, and the available areas are being gradually filled.

SIGNIFICANT EXPANSION IN EMPLOYEE NUMBERS

With a view to the continued high growth in 2011 and beyond, we implemented a significant expansion in our workforce numbers in the quarter under review, and in the first three months we have already achieved almost the growth of the entire 2010 business year. As a consequence, we have already employed a significant portion of the additional staff that we planned for 2011, in order to train them early for their future tasks, and thereby provide support for the most efficient possible management of the coming series start-ups.

The total number of individuals employed within the Group increased to 2,172 as of the reporting date (previous year: 1,960). This figure includes 132 trainees (previous year: 130). We also remain strongly committed to training young people - out of a sense of obligation to the next generation, and to secure our future basis of specialist staff.

We have taken on additional employees at almost all sites, in line with our growth. In Oberkirch, the number of employees increased to 1,173 as of March 31, 2011 (previous year: 1,160), in Canada to 193 (previous year: 112), in Mexico to 312 (previous year: 283), and in the Czech Republic to 360 (previous year: 303). A total of 134 staff were employed at our Chinese site (previous year: 102).

OPPORTUNITIES AND RISKS

The performance of the PWO Group continues to be generally influenced by the same opportunities and risks set out in the 2010 annual report. This applies to both the Group and our segments.

Opportunities for both the overall economy and the German automotive industry currently appear to outweigh related risks. We identified only a temporary disruption to our industry's supply chain arising from the catastrophe in Japan, both currently and for the future, and if at all. We are assuming that global capacities for individual components that have been supplied to date from Japan are sufficiently high to allow Japanese production shortfalls to be compensated elsewhere.

From our perspective, however, the very strong cyclical upturn of recent quarters should not result in a temptation to excessive optimism. Rather, we anticipate that the growth dynamism will diminish gradually.

At the same time, risks on the materials price side remain high. For example, steel suppliers are currently refraining from offering any further annual agreements. Not least, speculative price increases due to the greater involvement of financial investors and banks in physical commodities trading could feed through to significant additional volatility.

We have been successful to date in reaching amicable solutions with our customers concerning the passing on of increases in materials prices. Although we anticipate that this will continue to be the case in the future, burdens on a quarterly basis cannot be excluded.

There are also earnings risks emanating from the establishment of our foreign locations, and risks remain that are arising from the start-up management of new series production runs, particularly at our sites in Mexico and China.

2011 REVENUE AND EBIT FORECAST CONFIRMED

The 2011 financial year has started with a strong first quarter. We are significantly ahead of our revenue and EBIT budgets. The series call orders that our customers have notified for the second quarter also stand at a pleasing level.

Our outlook is confident as a consequence. In our business, the second half of the year is nevertheless a traditionally weaker period due to summer and Christmas holidays. Most tool sales, which traditionally generate low margins, are also incurred in the second half of the year due to invoicing factors. Here, we expect total 2011 revenue of around EUR 25 million, of which only EUR 2.2 million was realised in the quarter under review.

Besides this, we are anticipating a gradual plateauing of the cyclical upturn in the second half of 2011 - despite many more optimistic expert assessments -, as a consequence of which our volume growth will again be based to a greater extent on our series start-ups and ramp-ups, less series expirations. Furthermore, we identify certain cost risks, particularly from commodity price trends, as well as from the extensive series start-ups.

In overall terms, we are confirming our forecast of annual revenue of approximately EUR 300 million, and an operating EBIT margin before currency effects of around 6.5 percent, in other words, EBIT of around EUR 19 million.

INTERIM FINANCIAL STATEMENTS

	1st Quarter 2011		1st Quarter 2010	
	EUR '000	% share	EUR '000	% share
Revenue	77,070	95.7	61,439	94.8
Change in inventories / work performed by the enterprise and capitalised	3,429	4.3	3,353	5.2
Total output	**80,499**	**100.0**	**64,792**	**100.0**
Other operating income	847	1.1	1,227	1.9
Cost of materials	42,101	52.3	33,096	51.1
Staff costs	22,450	27.9	18,864	29.1
Depreciation and amortisation	4,190	5.2	4,263	6.6
Other operating expenses	8,093	10.1	5,556	8.6
EBIT	**4,512**	**5.6**	**4,240**	**6.5**
Finance costs	1,631	2.0	1,721	2.6
EBT	**2,881**	**3.6**	**2,519**	**3.9**
Taxes on income	1,279	1.6	940	1.5
Net result for the period	**1,602**	2.0	**1,579**	**2.4**
Earnings per share in EUR	0.64	—	0.63	—

	1st Quarter 2011	1st Quarter 2010
	EUR '000	EUR '000
Net result for the period	**1,602**	**1,579**
Other comprehensive income		
Derivative financial instruments		
Net gains (- losses) from cash flow hedging	1,089	-103
Tax effect	-319	37
Unrealised gains / losses from derivative financial instruments	**770**	**-66**
Currency translation	-509	1,099
Other comprehensive income after tax	**261**	**1,033**
Total comprehensive income after tax	**1,863**	**2,612**

ASSETS	31/03/2011	31/12/2010
	EUR '000	EUR '000
Property, plant and equipment	100,151	102,406
Intangible assets	11,556	11,825
Deferred tax assets	2,310	2,191
Non-current assets	**114,017**	**116,422**
Inventories	53,206	50,133
Receivables and other assets	60,159	49,614
Cash and cash equivalents	4,108	7,290
Current assets	**117,473**	**107,037**
Total assets	**231,490**	**223,459**

EQUITY AND LIABILITIES	31/03/2011	31/12/2010
	EUR '000	EUR '000
Equity	**70,834**	**68,971**
Interest-bearing loans	55,290	58,821
Pension provisions	25,809	25,488
Other provisions	4,691	4,714
Deferred tax liabilities	814	559
Non-current liabilities	**86,604**	**89,582**
Current portion of pension provisions	1,360	1,360
Trade payables and other liabilities	41,682	35,220
Interest-bearing loans	31,010	28,326
Current liabilities	**74,052**	**64,906**
Total equity and liabilities	**231,490**	**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			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 31/03/2011	**7,500**	**17,155**	**44,355**	**960**	**864**	**70,834**
As at 01/01/2010	**6,391**	**17,155**	**37,403**	**146**	**370**	**61,465**
Net result for the period			1,579			1,579
Other comprehensive income				1,099	-66	1,033
Total comprehensive income	**6,391**	**17,155**	**38,982**	**1,245**	**304**	**64,077**
As at 31/03/2010	**6,391**	**17,155**	**38,982**	**1,245**	**304**	**64,077**

	31/03/2011 EUR '000	31/03/2010 EUR '000
Net result for the period	1,602	1,579
Depreciation/reversal of write-downs on property, plant and equipment	4,190	4,263
Income tax expense/refund	1,279	940
Interest income and expenses	1,631	1,721
Change in current assets	-13,535	-4,640
Change in non-current liabilities (excluding financial loans)	-92	-85
Change in current liabilities (excluding financial loans)	5,404	5,244
Income tax paid	-510	-72
Other non-cash expenses/income	1,548	-271
Gains/losses from disposal of property, plant and equipment	0	9
Cash flow from operating activities	**1,517**	**8,688**
Cash inflow from disposal of property, plant and equipment	0	14
Cash outflow for investments in property, plant and equipment	-3,138	-3,021
Cash outflow for investments in intangible assets	-660	-511
Cash flow from investing activities	**-3,798**	**-3,518**
Interest paid	-1,204	-1,290
Interest received	5	34
Cash inflow from drawing down of loans	3,246	1,165
Cash outflow for redemption of loans	-3,409	-1,440
Cash flow from financing activities	**-1,362**	**-1,531**
Net change in cash and cash equivalents	-3,643	3,639
Exchange-rate-related changes in cash and cash equivalents	49	67
Cash and cash equivalents as of January 1	4,305	3,491
Cash and cash equivalents as of March 31	**711**	**7,197**
of which cash and cash equivalents	4,108	8,593
of which bank borrowings repayable on demand	-3,397	-1,396

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Basis for the preparation of the financial statements

These condensed interim consolidated financial statements as of March 31, 2011 were prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all the information and disclosures 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 neither subjected to an external audit nor to an auditor's review.

Scope of consolidation

The interim consolidated financial statements as of March 31, 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, financing 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, financing 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, financing 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	
	31/03/2011	31/03/2010	**1st Quarter 2011**	1st Quarter 2010
CAD	1.38	1.37	1.35	1.44
CNY	9.29	9.24	9.00	9.45
HKD	11.05	10.51	10.65	10.75
USD	1.42	1.35	1.37	1.38

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 2,209 thousand in the quarter under review (previous year: EUR 3,009 thousand).

Work performed by the enterprise and capitalised

Of the work performed by the enterprise and capitalised, EUR 224 thousand (previous year: EUR 223 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 items:

EUR '000	**Q1 2011**	Q1 2010
Currency gains	286	943
Income from fair value measurement of derivatives without hedging relationship	257	63

Other operating expenses

Other operating expenses primarily comprise the following items:

EUR '000	**Q1 2011**	Q1 2010
Currency losses	1,722	424
Temporary help costs	1,662	888
Maintenance costs	1,163	1,018
Outgoing freight costs	728	543

Income taxes

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

EUR '000	**Q1 2011**	Q1 2010
Actual tax	1,447	537
Deferred tax	-168	403
Taxes on income	**1,279**	**940**
Income taxes reported in other comprehensive income	-319	37
Total	**960**	**977**

NOTES TO THE BALANCE SHEET

Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement as of March 31, 2011 of EUR 4,108 thousand (previous year: EUR 8,593 thousand) is 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 March 31, 2011 (previous year: EUR 6,391 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 Supervisory Board’s assent, 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 March 31, 2011, consolidated equity reflects income/expenses arising from the currency translation of foreign subsidiaries of EUR 960 thousand (previous year: EUR -1,245 thousand), and income/expenses from cash flow hedges of EUR 864 thousand (previous year: EUR 304 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 according:

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 March 31, 2011/March 31, 2010:

March 31, 2011

EUR '000	Level 1	Level 2	Level 3	Total
ASSETS				
Other financial assets	**0**	**1,954**	**0**	**1,954**
of which derivatives with hedging relationships	0	1,954	0	1,954
of which derivatives without hedging relationships	0	0	0	0
LIABILITIES				
Other financial liabilities	**0**	**1,270**	**0**	**1,270**
of which derivatives with hedging relationships	0	804	0	804
of which derivatives without hedging relationships	0	466	0	466

March 31, 2010

EUR '000	Level 1	Level 2	Level 3	Total
ASSETS				
Other financial assets	**0**	**1,566**	**0**	**1,566**
of which derivatives with hedging relationships	0	1,566	0	1,566
of which derivatives without hedging relationships	0	0	0	0
LIABILITIES				
Other financial liabilities	**0**	**1,795**	**0**	**1,795**
of which derivatives with hedging relationships	0	1,045	0	1,045
of which derivatives without hedging relationships	0	750	0	750

As of March 31, 2011/March 31, 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 first quarter of 2011. There were no supply and service relationships with related parties.

Additional information about the cash flow statement

Cash flows are presented based on IAS 7 in the cash flow statement. Cash as presented in the cash flow statement comprises cash and bank borrowings due on demand. Bank borrowings due on demand of EUR 3,397 thousand (previous year: EUR 1,396 thousand) are included in the "interest-bearing loans" balance sheet item.

Segment reporting

In line with the Group's internal management, the production locations formed 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 March 31, 2011 and March 31, 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
Q1 2011	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Total revenue	58,519	8,053	11,014	1,546	0	79,132
Internal 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**
Key income	779	141	207	62	-342	847
Key expenses	52,237	9,128	11,117	2,260	-2,098	72,644
Depreciation/amortisation	2,617	607	787	176	3	4,190
Earnings before interest and tax (EBIT)	**6,136**	**394**	**-845**	**-873**	**-300**	**4,512**
Interest income	173	0	0	1	-169	5
Interest expense	979	371	307	148	-169	1,636
Earnings before tax (EBT)	**5,330**	**23**	**-1,152**	**-1,020**	**-300**	**2,881**
Taxes on income	1,557	-173	-111	0	6	1,279
Net result 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 nun-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

Segment information by locations	Germany	Rest of Europe	NAFTA	Asia	Consoli-dation	Group
Q1 2010	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Total revenue	48,699	6,054	8,674	759	0	64,186
Internal revenue	-1,451	-783	-513	0	0	-2,747
External revenue	**47,248**	**5,271**	**8,161**	**759**	**0**	**61,439**
Total output	**52,106**	**5,742**	**9,039**	**817**	**-2,912**	**64,792**
Key income	290	30	488	533	-114	1,227
Key expenses	45,229	5,545	8,716	1,172	-3,146	57,516
Depreciation/amortisation	2,768	503	834	155	3	4,263
Earnings before interest and tax (EBIT)	**4,399**	**-276**	**-23**	**23**	**117**	**4,240**
Interest income	34	0	0	1	0	35
Interest expense	1,042	407	182	125	0	1,756
Earnings before tax (EBT)	**3,391**	**-683**	**-205**	**-101**	**117**	**2,519**
Taxes on income	1,057	-130	-18	0	31	940
Net result for the period	**2,334**	**-553**	**-187**	**-101**	**86**	**1,579**
Assets	122,621	39,544	37,652	17,096	-5,207	211,706
of which nun-current assets	49,035	25,271	22,931	12,953	-188	110,002
Liabilities	20,070	5,948	9,341	12,114	100,156	147,629
Investments	1,088	1,560	852	32	0	3,532

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 differ from the estimated amounts.

Events after the balance sheet date

No significant events occurred after the March 31, 2011 balance sheet date that require reporting.

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter of 2011 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 26, 2011

Audit Committee Chair

Dr. jur. Klaus-Georg Hengstberger

FINANCIAL CALENDAR | BOARD MEMBERS | CONTACT

FINANCIAL CALENDAR

May 25, 2011
2011 AGM, Oberkirch

August 2, 2011
Interim financial report for Q2 and H1 2011

November 3, 2011
Interim financial report for Q3 and 9M 2011

March 14, 2012
Analysts' conference

April 12, 2012
Presentation of the 2011 annual report

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 Hertwig *
Herbert König *
Ulrich Ruetz
Dr. Gerhard Wirth

* Employee representatives

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