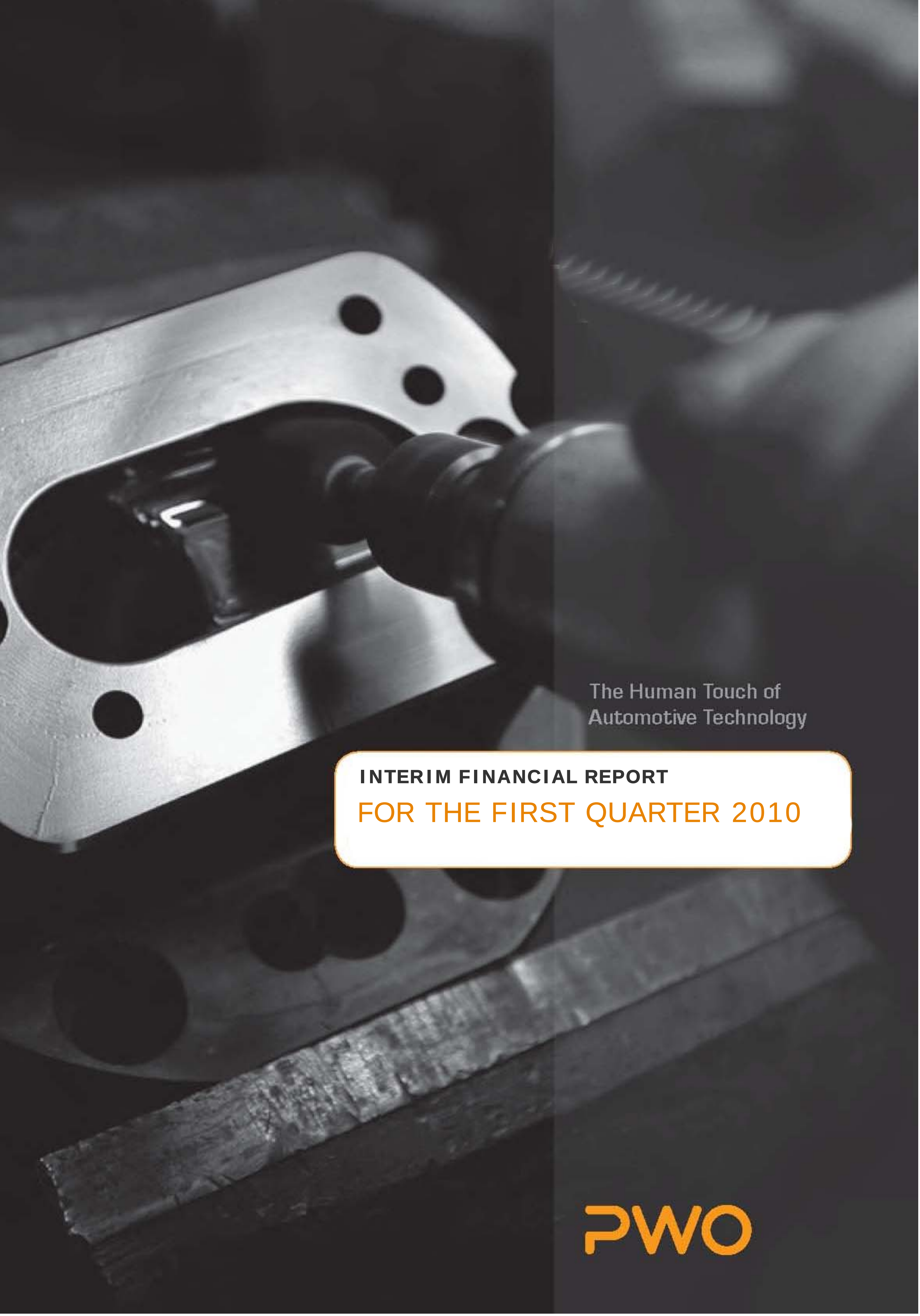

The Human Touch of
Automotive Technology

INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER 2010

PWO

00 CONTENT

01 LETTER TO SHAREHOLDERS 3

02 PWO SHARES 4

03 THE COMPANY 5

04 INTERIM MANAGEMENT REPORT 6

05 INTERIM FINANCIAL STATEMENTS 15

06 NOTES TO THE INTERIM FINANCIAL STATEMENTS 20

07 REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE 24

08 FINANCIAL CALENDAR | BOARD MEMBERS | CONTACT 25

01 LETTER TO SHAREHOLDERS

Dear shareholders and business associates,

The recovery process of the international automotive industry continued in the first quarter of 2010, particularly in the premium segment. Especially in Germany, the negative effects on the domestic market resulting from the discontinuation of the environmental premium were more than compensated by the export successes of German manufacturers. At the start of the year, German manufacturers gained further market shares on foreign automotive markets that were undergoing a pronounced recovery, particularly China and North America. The consequence was a 47 percent rise in German exports in the first quarter, and a 27 percent increase in domestic production. Total international vehicle production is again experiencing tangible growth in 2010.

The PWO Group has already benefited from this global recovery in the first quarter. Compared to the previous quarter, revenue and total output were up by 48.4 percent to EUR 61.4 million, and by 50.7 percent to EUR 64.8 million respectively. Compared with the corresponding pre-crisis quarter, the first quarter of 2008, we are now down by just under 10 percent.

The growth in business volume, and, with it, capacity utilisation, fed through to a significant improvement in our net result. We also benefited from the far-reaching cost-reduction measures that we implemented last year. EBIT reached EUR 4.2 million in the reporting quarter. As a consequence, it has almost doubled compared with the previous quarter, in other words, the fourth quarter of 2009. The earnings improvement amounts to EUR 9.2 million compared with the first quarter of 2009 when we reported a negative EBIT result of EUR -5.0 million. Consolidated net income turned around from a loss of EUR 4.6 million in the previous year to a profit of EUR 1.6 million.

The fact that all our locations contributed to growth was a particularly pleasing outcome. Our German site at Oberkirch again generated the key earnings contribution, but also our foreign subsidiaries achieving good progress.

The extremely good trend of the first quarter should nevertheless not be extrapolated without further question over the remainder of this financial year. For instance, a factor not to be neglected will lose significance over the further course of the year: the normalisation of stocks has meanwhile largely been completed, in other words, the re-accumulation of inventories along the value-creation chain, from individual suppliers all the way through to automotive manufacturers. And despite all optimism, we believe that the very high growth rates that are typical at the inception of an upturn will moderate somewhat again over the course of time. In addition, macroeconomic risks remain high — state indebtedness is the keyword in this context.

For this reason, the PWO Group will also continue to ascribe an elevated priority to preserving liquidity, and to strengthening our balance sheet. We have already achieved good progress with regard to the strengthening of our financial power: our equity ratio is again above 30 percent, net debt has been tangibly reduced, and its ratio to equity has been correspondingly reduced. Both here, and in terms of earnings, we have not yet returned our pre-crisis level, but we have meanwhile caught up again very considerably.

Our intention is to consistently advance these positive trends. The first quarter has brought us a good deal further along this path, and solidly underpins our expectation of a clearly positive consolidated net result for 2010.

Oberkirch, May 2010
The Management Board

02 PWO SHARES

THE PWO SHARE HAS OUTPERFORMED THE MARKET TO DATE THIS YEAR

The PWO share has significantly outperformed its DAXsector Automobile sector index during the first three months of 2010. It also outperformed the SDAX Performance Index, the Deutsche Börse's index for medium-sized companies. The PWO share has appreciated by 29 percent between its 2009 year-closing price of EUR 20.00 and its price of EUR 25.80 as of March 31, 2010. The sector index fell by 1.5 percent over the same period. The SDAX index rose by 9.5 percent in the first quarter of 2010.

Over the last 12 months, in other words, compared to 2009 quarter-end, the PWO share has appreciated by 87.1 percent and by 96.3 percent since its low on March 13, 2009. Automobile stocks reached their lows in March 2009 during the global sales crisis on automotive markets. At its low on March 3, 2009, the DAXsector Automobile was quoting 40 percent lower than on March 31, 2010.

At the start of 2010, we significantly expanded our investor relations activities to present our company's prospects at various events, roadshows, and in the context of personal meetings, and we encountered very positive feedback. Roadshows are planned both in Germany and abroad for the further course of the year.

Other information	
Number of shares issued at the end of reporting period	2,500,000
Number of Treasury shares held as at 31/03/2010	0
Dividend per share (in EUR) for FY 2009 (Proposal to AGM)	0,00

Shareholder structure	
Consult Invest Beteiligungsberatungs-GmbH, Böblingen	55.282%
Free float	44.718%
— of which Delta Lloyd, Amsterdam	5.120%

IN BOTH THE CRISIS AND THE UPTURN: OUR FLEXIBILITY PROVES TO BE A DECISIVE SUCCESS FACTOR

The ability to respond rapidly to massive demand shortfalls proved of vital significance for securing the continued existence of companies during the crisis quarters around the 2008/2009 turn of the year, particularly for automotive industry suppliers.

We responded immediately and comprehensively. We rapidly reduced temporary employment and limited employment contracts, and we consistently utilised short-time working options in order to preserve liquidity, and to avoid inventory accumulation that tied up capital. Making cuts into our workforce's rich store of experience, by contrast, was not a topic of discussion.

We also made no delay in consistently implementing further liquidity-safeguarding measures across the entire Group, such as the interim restriction of investments to the absolute minimum. Cost-saving potentials were also identified at the same time, and rapidly implemented with the support of our entire PWO staff base. All Group areas were included in this process.

In parallel, we intensified communication with our banking partners. On the basis of many years of cooperation, these discussions were characterised by a high degree of mutual trust. In particular, we persuaded our lenders of the necessity of continuing the PWO Group's international expansion strategy. In this context, our extensive new order volumes for future series productions decisively supported the persuasiveness of our strategy.

We mastered the crisis with this wide-ranging bundle of measures, reduced our long-term cost base, secured liquidity and financing, and held the strain on our balance sheet to within narrow boundaries. Above all, however, we maintained our future growth prospects without the need for cuts.

As a consequence, we are proceeding with greater strength into the international automotive market's current recovery phase, and we can rapidly and consistently exploit the potentials it offers.

Particularly business trends in the first quarter of the current business year have proved our high degree of flexibility also through the upturn. Inasmuch as we were required to change course at the end of 2008 as rapidly as possible towards efficient crisis management, the challenge during the quarter under review was to meet production that required equally rapid ramp-up — while maintaining all standards with respect to extensive quality and supplier loyalty. This also includes the ability to secure financing at any time for such an extremely short-notice growth wave.

As a consequence, the PWO Group has impressively proved its ability to respond flexibly and successfully to the challenges posed by a highly volatile sector economy. Our position as one of the world's leading providers of innovative solutions in metal forming for the global automobile industry has been strengthened by the fact that we have realised this success with a positioning that has meanwhile expanded significantly on international levels.

GENERAL BUSINESS CLIMATE

Leading economic research institutes are assuming that the German economy will continue to recover, although risks will remain. In their 2010 spring report, they are anticipating real GDP growth of 1.5 percent. Export growth should initially prove the strongest growth driver before the economy also benefits from domestic demand. The labour market will also remain robust in their assessment.

Following weak growth in the winter 2009/2010 half-year due to weather and other special effects, the economy should prove stronger in the spring, before being followed by moderate recovery. The key growth drivers in this respect are the global economy's recovery, and expansively oriented monetary and fiscal policy.

Eurozone economic prospects remain mixed according to the German ifo, French INSEE and Italian ISAE institutes. Their joint report assumes that Eurozone GDP will grow by only 0.2 percent in the first quarter, 0.3 percent in the second quarter, and 0.2 percent in the third quarter of this year. They assume that the discontinuation of fiscal policy impulses, continued restrictive lending policies, and high Eurozone unemployment levels will continue to place major burdens on the economy.

In its spring forecast, the International Monetary Fund (IMF) upgraded its 2010 growth forecasts for the global economy by 0.3 percentage points to 4.2 percent. This reflects a significantly more rapid recovery in the US economy than in Germany and the Eurozone. The IMF is forecasting growth of 3.1 percent for the USA, 0.4 percentage points more than in its previous forecast. For Germany, by contrast, it downgraded its forecast by 0.3 percentage points to 1.2 percent. The IMF continues to expect 1.0 percentage point growth for the Eurozone overall.

The growth drivers of the global economy are nevertheless the emerging economies: while the IMF expects industrial states to grow by only 2.3 percent in 2010, it envisages 6.3 percent growth for emerging economies.

SECTOR TRENDS

Although the German domestic car market is clearly feeling the discontinuation of last year's state purchase incentives, exports are reporting strong growth rates at the same time. At 670,410 cars, 23 percent fewer new cars were registered in the first quarter of 2010 than in the prior-year period, according to the Federal Office for Motor Vehicles (KBA). In particular, the mini-segment fell by 45 percent, with the small car segment down by 42 percent and the medium-car segment down by 21 percent.

While there was little demand for premium vehicles in 2009, demand is meanwhile rising again with the upper medium segment up by 7 percent, and the upper segment up by 1 percent. Off-road vehicles are slightly above the previous year's level (+1 percent). The largest increases were for sports cars (+16 percent) and camper vans (+15 percent). There was a sharp decline in private new car registrations, while most new car registrations in the first quarter were commercial (58 percent).

The German Automobile Industry Association (VDA) reports that German manufacturers are benefiting particularly from the global recovery of automobile markets thanks to their export strengths. Exports have risen by 47 percent to 1.1 million units since the start of the year. Exports were even up by as much as 51 percent in March, with a total of 419,400 exported cars.

The VDA went on to note that the recovery in export markets, particularly outside Europe, has continued for the sixth consecutive month. New orders from abroad have already been on a growth trend since August 2009. In March alone, German manufacturers have booked just under 28 percent more foreign orders. This fed through to a renewed production increase in Germany in March. A total of 555,300 cars rolled off domestic production lines, representing a 27 percent year-on-year increase. German plant production was up by 32 percent overall in the first quarter.

In Western Europe, March 2010 new car registrations rose by 12 percent year-on-year to a good 1.6 million vehicles. The French market increased by 18 percent, and car demand grew by almost one fifth in Italy.

Great Britain registered a 27 percent sales decline for new car registrations. The Spanish market booked growth of 63 percent. Just under 3.6 million vehicles were sold in Western Europe in the first quarter of the current year, with car demand up by 11 percent compared with the first three months of 2009. The VDA nevertheless anticipates that the market will cool over the further course of the year due to the discontinuation of economic programmes in many European countries.

With the exception of the Czech Republic (+41 percent) and Slovenia (+10 percent), sales weakness continues in many EU countries — with a total decline of 10 percent, however, the fall is not as strong as in February. At 172,100 units, new car registrations in the new EU countries were still down by 18 percent year-on-year in the whole of the first quarter of the current year.

Particularly on the US market, German automobile manufacturers raised light vehicle sales (cars and light trucks) by more than one fifth (+20.4 percent) to just under 192,000 units in the first quarter of 2010. As a consequence, they again grew significantly faster than the overall market, which was up by 15.6 percent. As a result, the German brands' market share in the first three months of this year was up by 0.3 percentage points to 7.6 percent.

In terms of cars, US sales of German brands in the first quarter outstripped the previous year's level by just under 18 percent, rising to around 147,000 vehicles. Consequently, US sales of German brands grew as fast as the overall car market, which rose to 1.3 million units. In overall terms, the US market is growing faster than expected, from the VDA's perspective: in March alone, light vehicles' sales figures rose by 24.4 percent in total.

Car sales in China reported further strong growth in March (+63 percent). Over the course of the year to date, the Chinese car market (excluding minibuses) has risen by a good 77 percent to almost 2.8 million vehicles. As a consequence, more than 9 percent more units have been sold on the Chinese market in the first quarter than in the USA. With a market share of just under 8 percent, German manufacturers were again strongly represented on the Chinese market in the first quarter of this year.

STRONG FIRST QUARTER:
EBIT DOUBLED COMPARED TO FINAL QUARTER OF 2009

The PWO Group reported gratifying business progress in the first quarter of the current 2010 financial year: after a somewhat restrained January, production has risen significantly in the two following months, due to strong growth in call-off volumes in the series business. In overall terms, in the first quarter of 2010 we almost achieved the level that we attained in the first quarter of 2008, in other words, before the outbreak of the global automobile industry sales crisis.

Although consolidated revenue of EUR 61.4 million was 8.2 percent lower than the previous year's level of EUR 66.9 million, it nevertheless reflected very strong growth of 48.4 percent compared with the first quarter of 2009, which marked the trough of the recent sector recession with revenue of EUR 41.4 million.

Total output reported a similarly positive trend to that of revenue: it rose to EUR 64.8 million in the quarter under review. This represents a 50.7 percent increase compared with the previous year's comparable quarter (EUR 43.0 million). Compared with the Q1/2008 pre-crisis quarter (EUR 73.0 million), total output in the reporting quarter was still down by 11.2 percent.

Revenue and total output growth fed through to marked profitability improvement in the quarter under review. Earnings before interest and tax (EBIT) almost doubled compared with the final quarter of 2009, and reached EUR 4.2 million. A loss of EUR 5.0 million was still incurred in the comparable prior-year quarter. The EBIT margin on total output rose to 6.5 percent.

The cost-saving measures that we implemented last year already also contributed to this positive result. In particular, the rise in personnel costs, including temporary help costs included in other operating expenditure was significantly contained at 10.6 percent. In overall terms, other operating expenses at 20.2 percent also appreciated at only a disproportionately low rate.

At 38.7 percent, the increase compared with the comparable prior-year quarter in expenditure for materials and procured services was also below average. This effect mainly results from lower tool revenues, which naturally require higher material input. As a consequence, all operating expense ratios again declined significantly in percentage terms.

After interest and similar expenses of EUR 1.7 million (previous year: EUR 1.3 million), EBT amounted to EUR 2.5 million in the reporting quarter (previous year: EUR -6.3 million). Less tax of EUR 0.9 million, consolidated net profit amounted to EUR 1.6 million (previous year: EUR -4.6 million). After a loss per share of EUR 1.82 was incurred in the comparable prior-year quarter, earnings per share of EUR 0.63 were generated in the first quarter of the current 2010 financial year.

ALL SITES CONTRIBUTE TO GROWTH

All our sites contributed to the marked first-quarter revenue and earnings improvement, with some locations making considerable sales growth contributions.

In absolute terms, our German site at Oberkirch, which comprises the Germany segment, delivered the most significant earnings contribution. As previously in the second half of 2009, it continued to show earnings improvements in the first quarter of this financial year.

At EUR 48.7 million (previous year: EUR 32.7 million) and EUR 52.1 million (previous year: 34.1 million), revenue and total output grew at a disproportionately fast rate of 48.9 percent and 53.0 percent respectively. EBIT improved to EUR 4.4 million (previous year: EUR -4.0 million), and the net result for the period reached EUR 2.3 million in the first quarter after interest and similar expenses of EUR 1.0 million and EUR 1.1 million of tax, following a loss of EUR 3.4 million that was still incurred in the previous year's quarter.

Our Czech site, which comprises the European segment, increased revenue by 54.3 percent to EUR 6.1 million (previous year: EUR 3.9 million). While tool sales were only slightly higher, series production revenues almost doubled. Due to inventory-cutting — we were still adding to inventories in the previous year — total output was up by only 25.0 percent to EUR 5.7 million (previous year: EUR 4.6 million). There was a tangible improvement in EBIT, but, at EUR -0.3 million (previous year: EUR -0.5 million), it remained slightly below breakeven, not least due to unfavourable currency effects. The net result for the period amounted to EUR -0.6 million (previous year: EUR -0.7 million). We anticipate significantly positive EBIT over the course of the year.

In the NAFTA region, our two sites in Canada and Mexico were combined. Canada also substantially expanded revenue and total output in the first quarter. Here, too, growth was almost entirely driven by higher call orders in our series business. This fed through to a significant improvement in our result, which amounted to a breakeven figure in the black at the EBIT level, following a loss in the previous year. Here, there were negative currency effects due to the current strength of the Canadian dollar.

Revenue and total output were up in Mexico, mainly due to higher tools sales, although growth was somewhat less dynamic. The cost-reduction measures implemented in the previous financial year nevertheless fed through to a marked earnings improvement compared with the previous year's quarter. This allowed EBIT breakeven to be just achieved.

In overall terms in the NAFTA segment, revenue and total output grew by 48.6 percent and 52.6 percent respectively in the reporting quarter to EUR 8.7 million (previous year: EUR 5.8 million) and EUR 9.0 million (previous year: EUR 5.9 million) respectively. EBIT improved by EUR 1.2 million to breakeven in the reporting quarter, and the net result for the period improved to EUR -0.2 million (previous year: EUR -1.2 million). There will still be tangible start-up costs in 2010 due to numerous new projects that are currently in the series preparation phase, and which will go into production over the further course of the year.

At our subsidiary in Asia, we achieved revenue of EUR 0.8 million from series start-ups in the first quarter of 2010. We had still not yet generated revenues in the previous year's quarter. EBIT was at breakeven in the reporting quarter. The net result for the period amounted to EUR -0.1 million. Positive currency effects contributed to the EBIT breakeven in the reporting period. The Chinese company, which is still in the build-up phase, continues to incur losses at the operating level, as planned.

FURTHER SIGNIFICANT FINANCING STRUCTURE IMPROVEMENT

The total assets of the PWO Group rose only slightly, by 3.4 percent to EUR 211.7 million, during the first quarter of 2010, compared with the 2009 balance sheet date.

The balance sheet structure on the assets side was essentially unchanged, with a slight increase in the share of current assets due to the business expansion. On the equity and liabilities side, by contrast, the financing structure was improved significantly due to the unchanged restrictive management of investments, and a further increase in cash flow during the reporting quarter.

The equity ratio rose only slightly during the quarter under review to 30.3 percent, compared with 30.0 percent as of the 2009 balance sheet date. Net debt was reduced tangibly to EUR 76.2 million. At the end of the third quarter of 2009, net debt was still at EUR 84.9 million, and the equity ratio was 28.3 percent. As a consequence, our balance sheet ratios have again improved markedly in overall terms.

Cash flow from investing activities of EUR -3.5 million was financed entirely from operating activities during the quarter under review. Operating cash flow amounted to EUR 8.7 million, whereas it had still amounted to EUR -8.2 million in the previous year's comparable quarter. Cash flow from financing activities amounted to EUR -1.5 million. This reflects interest paid and a slight net reduction in the borrowing position.

In line with first-quarter 2010 business trends, cash and cash equivalents rose significantly by EUR 3.6 million, whereas the crisis in the first quarter of last year had still resulted in an outflow of EUR 12.2 million.

HIGH NUMBERS OF SERIES PRODUCTION START-UPS AND RAMP-UPS OVER NEXT TWO YEARS

Revenue growth in the first quarter of 2010 resulted predominantly from higher call order figures for ongoing series productions. As of the end of this financial year, extensive start-ups are planned at several sites with a lifetime volume totalling around EUR 350 million, for which the series ramp-ups will occur over subsequent years.

New orders were at a pleasing level in the reporting quarter, and relate to all product areas. These meanwhile also include initial noteworthy volumes for vehicle electro-drive components. As a consequence, we have also already successfully positioned ourselves in the area of this future technology.

Besides this, we continue to win additional supply scopes to supplement our existing platform orders, thereby benefiting from our broad and global positioning.

Our Mexican site is also currently reporting highly positive progress. We won further substantial new orders for this business in the first quarter. Consequently, growth forecasts are also fully underpinned by existing orders there, as in the overall Group.

LIMITED INVESTMENTS TO PRESERVE LIQUIDITY

Due to the undiminished economic and sector risks resulting from the international financial crisis, we continued in the first quarter of 2010 to pursue our existing policy of restricting investments largely to planned investments required for current series start-ups.

An amount of EUR 3.3 million was invested within the Group for this purpose (previous year: EUR 5.2 million). In addition to the business recovery, this also allowed funds to continue to be released to relieve Group liquidity.

With a volume of EUR 1.6 million (previous year: EUR 0.1 million), first-quarter investments were largely implemented at our Czech site. A volume of around EUR 0.9 million was attributable to both our German site (previous year: EUR 3.1 million) and the NAFTA region (previous year: EUR 0.2 million).

The creation of our site in China is required no significant investments in the current quarter. Investments in machinery and buildings had reached a volume of EUR 1.9 million in the previous year's quarter in China.

STABLE EMPLOYEE FIGURES

The strong expansion of our revenue in the first quarter of 2010 required a high degree of flexibility and commitment on the part of our staff. Within a very brief period, we adjusted shift plans in such a way that we could process customers' higher call order levels. We also resumed employment of temporary help staff, along with the discontinuation of short-time working in our operating areas.

In the overall Group, our average staff numbers rose slightly to 1,952 during the reporting quarter, following 1,965 as of December 31, 2009.

Staff numbers, excluding trainees, at our individual sites changed only slightly as part of normal fluctuations. For instance, compared with the 2009 year end, there were an average of 1,045 staff employed at Oberkirch (-7), Canada was unchanged at 106, there were 301 staff in the Czech Republic (+2), 82 in China (+2), and 282 in Mexico (+3).

OPPORTUNITIES AND RISKS

The performance of the PWO Group continues to be influenced by the same opportunities and risks set out in the 2009 annual report. This applies to both the Group and our segments.

As a consequence of the global economic downturn, general risks of cost increases initially weakened somewhat. A trend turnaround is meanwhile assumed, however. Price rises cannot be excluded this year, particularly where steel is concerned.

This year's earnings trends also remain under pressure from current exchange rates shifts due to many Eurozone countries' indebtedness problems. This particularly affects the US dollar exchange rate, and that of the Czech kroner to the Euro.

The sector has meanwhile clearly bottomed out, by contrast. Despite all the remaining macroeconomic risks, the new year has even started on an extremely promising footing for the German automobile sector. With the demand recovery on important foreign markets, particularly China and the USA, and the satisfactory trend in the premium segment in Germany, the situation on markets relevant to PWO is consequently significantly better than just one year ago.

Particularly given the circumstances, our decision of retaining our core workforce through the crisis, with its many years of experience, has fully confirmed its worth.

Global macroeconomic data are pointing towards a continuing recovery, and even an accelerating recovery in some sub-segments, and thereby a further reduction of previous risks. In particular, China, some other Asian countries, and the USA, are recovering more rapidly than Europe. Our activities nevertheless remain at the build-up stage in Asia, as a consequence of which we will not yet benefit from this area in 2010.

The discontinuation of the environmental premium in various European countries will be a particular burden for the automobile sector in 2010, and this negative factor will continue to make itself felt in Germany, where the premium had already expired in the previous year. This nevertheless continues to affect us to only a limited extent since, as mentioned, we generate a high proportion of our revenue with series productions for the middle and upper segments. The environmental premium, by contrast, had particularly targeted the small car segment, thereby resulting in higher sales in this area.

It can also continue to be assumed that the overall automotive sector will prove unable to re-achieve its 2007 sales level on a short- to medium-term view. As a consequence, it is assumed that marked structural overcapacities will continue into the near future, and that the recently observable consolidation process will continue, along with trends towards cooperation agreements among manufacturers.

From today's perspective, PWO Group's strategic development will not be negatively affected by sector trends. It is rather the case that these give rise to additional positive prospects, since our cost-efficiency, supplier loyalty and zero-error philosophy represent a strategic competitive advantage particularly during such periods. For this reason, we have not reigned back on our national and international expansion strategy.

The PWO Group itself has had no structural overcapacities to date, and we also aim to have none in the future. Last, but not least, the broad positioning of our series productions makes it easier to improve our capacity utilisation through new orders.

EXPECTED EARNINGS TRENDS IN THE 2010 FINANCIAL YEAR: CLEARLY POSITIVE CONSOLIDATED NET RESULT

Irrespective of the detectably brighter national and international sector environment, and the general global economic recovery, macroeconomic risks remain high — not least given many countries' high national indebtedness levels. We will correspondingly continue in the current year with our cautious corporate policy of last year, which is particularly oriented to preserving liquidity.

Our investments in the consistent pursuit of our strategic expansion are nevertheless unaffected by this. Since our investment planning is based on the trend in our new series production start-ups, which are affected by a lower degree of uncertainty, rather than general expectations for the sector, our expansion strategy is well secured by the numerous new orders within the Group, which are based on an average future timeframe of five to seven years.

In the current financial year, extensive series productions, particularly for cross beams, as well as car body and seat components, with an estimated lifetime volume of approximately EUR 350 million will enter the production start-up phase. As a consequence, this year's approximately EUR 19 million of investments — primarily in such series start-ups — will significantly exceed last year's reduced level.

In the first quarter of 2010, our processes' high flexibility allowed us to respond without time loss to the unexpected scope in the recovery of our customers' call order behaviour, but our financial flexibility also enabled us to again finance our investments partly with internally generated cash flow, following previous months where we had been confronted with the burdens presented by the crisis.

Given these circumstances, the 2010 financial year again stands clearly under the sign of significant growth. We anticipate revenue growth of around 15 percent for the current year. Our medium-term target envisages exceeding the EUR 300 million mark in 2012.

As part of this, we aim to again sustainably stabilise Group profitability this year. Above and beyond the gearing effects resulting from a demand-led increase in capacity utilisation, the reduction in our breakeven threshold that we implemented during the sector recession will have an earnings-boosting effect in this respect, along with the far advanced stage of the creation and expansion of our foreign sites, and their growing earnings contributions. The first quarter has brought us a good deal further along this path, and this solidly underpins our expectation of a clearly positive consolidated net result for 2010.

	1st Quarter 2010		1st Quarter 2009	
	EUR '000	% share	EUR '000	% share
Revenue	61,439	94.8	41,399	96.3
Changes in inventories / work performed by the enterprise and capitalised	3,353	5.2	1,607	3.7
Total output	**64,792**	**100.0**	**43,006**	**100.0**
Other operating income	1,227	1.9	2,001	4.6
Cost of materials	33,096	51.1	23,858	55.5
Staff costs	18,864	29.1	17,647	41.0
Depreciation and amortisation	4,263	6.6	3,843	8.9
Other operating expenses	5,556	8.6	4,622	10.7
EBIT	**4,240**	**6.5**	**-4,963**	**-11.5**
Finance costs	1,721	2.6	1,301	3.0
EBT	**2,519**	**3.9**	**-6,264**	**-14.5**
Taxes on income	940	1.5	-1,702	-3.9
Net result for the period	**1,579**	**2.4**	**-4,562**	**-10.6**
Earnings per share in EUR	0.63	—	-1.82	—

Consolidated statement of comprehensive income

	1st Quarter 2010	1st Quarter 2009
	EUR '000	EUR '000
Net result for the period	**1,579**	**-4,562**
Other comprehensive income		
Derivative financial instruments		
Net gains (- losses) from cash flow hedging	-103	-220
Tax effect	37	71
Unrealised gains / losses from derivative financial instruments	**-66**	**-149**
Currency translation	1,099	631
Other comprehensive income after tax	**1,033**	**482**
Total comprehensive income after tax	**2,612**	**-4,080**

ASSETS	31/03/2010	31/12/2009
	EUR '000	EUR '000
Property, plant and equipment	98,725	97,161
Intangible assets	11,277	11,289
Deferred tax assets	1,727	1,765
Non-current assets	**111,729**	**110,215**
Inventories	45,317	42,312
Receivables and other assets	46,067	44,433
Cash and cash equivalents	8,593	7,704
Current assets	**99,977**	**94,449**
Total assets	**211,706**	**204,664**

EQUITY AND LIABILITIES	31/03/2010	31/12/2009
	EUR '000	EUR '000
Equity	**64,077**	**61,465**
Interest-bearing loans	52,769	51,844
Pension provisions	24,811	24,580
Other provisions	4,665	4,565
Deferred tax liabilities	1,042	754
Non-current liabilities	**83,287**	**81,743**
Current portion of pension provisions	1,350	1,350
Trade payables and other liabilities	31,006	25,158
Interest-bearing loans	31,986	34,948
Current liabilities	**64,342**	**61,456**
Total equity and liabilities	**211,706**	**204,664**

Consolidated statement of changes in equity

	Equity attributable to PWO AG shareholders					
				Cumulative income and expenses reported directly in equity		
EUR '000	Subscribed capital	Capital reserves	Revenue reserve	Currency differences	Cash flow hedge	**Total equity**
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 for the period	**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**
As at 01/01/2009	6,391	17,155	47,727	-1,167	-2,126	**67,980**
Net result for the period			-4,562			**-4,562**
Other comprehensive income				631	-149	**482**
Total comprehensive income for the period	**6,391**	**17,155**	**43,165**	**-536**	**-2,275**	**63,900**
As at 31/03/2009	**6.391**	**17.155**	**43.165**	**-536**	**-2.275**	**63.900**

	31/03/2010	31/03/2009
	EUR '000	EUR '000
Net result for the period	1,579	-4,562
Depreciation/reversal of write-downs on property, plant and equipment	4,263	3,843
Income tax expense/refund	940	-1,702
Interest income and expenses	1,721	1,301
Change in current assets	-4,640	1,219
Change in non-current liabilities (excluding financial loans)	-85	38
Change in current liabilities (excluding financial loans)	5,244	-7,882
Income tax paid	-72	-403
Other non-cash expenses/income	-271	-56
Gain/loss from disposal of property, plant and equipment	9	0
Cash flow from operating activities	**8,688**	**-8,204**
Cash inflow from disposal property, plant and equipment	14	0
Cash outflow for investments in property, plant and equipment	-3,021	-4,869
Cash outflow for investments in intangible assets	-511	-295
Cash flow from investing activities	**-3,518**	**-5,164**
Interest paid	-1,256	-859
Cash inflow from drawing down of loans	1,165	7,713
Cash outflow for redemption of loans	-1,440	-5,615
Cash flow from financing activities	**-1,531**	**1,239**
Cash-effective changes in cash and cash equivalents	3,639	-12,183
Exchange-rate-related changes in cash and cash equivalents	67	27
Cash and cash equivalents as of January 1	3,491	-621
Cash and cash equivalents as of March 31	**7,197**	**-12,777**
of which cash and cash equivalents	*8,593*	*2,215*
of which bank borrowings repayable on demand	*-1,396*	*-14,992*

ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reporting). They do not contain all the information and discloses required for annual consolidated financial statements, and for this reason should be read in conjunction with the annual consolidated financial statements as of December 31, 2009. The consolidated interim financial statements and management reports are not subjected to external audit.

The accounting methods applied in the interim consolidated financial statements correspond to those of the last set of consolidated financial statements as of December 31. A detailed description is published in the notes to the consolidated financial statements for the 2009 annual report (please refer to notes 1 to 3).

Scope of consolidation

The interim consolidated financial statements as of March 31, 2010 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, 2009.

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 result 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:

	Closing rate		Average rate	
	31/03/2010	31/03/2009	**1st Quarter 2010**	1st Quarter 2009
CAD	1.37	1.67	1.44	1.62
CNY	9.24	9.05	9.45	8.90
HKD	10.51	10.33	10.75	10.10
USD	1.35	1.33	1.38	1.30

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) are 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.

NOTES TO THE INCOME STATEMENT

Revenue

The Group generates revenue from series productions and tools. Tool sales amounted to EUR 3,009 thousand in the first quarter (previous year: EUR 4,904 thousand).

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

Work performed by the enterprise and capitalised

Of the work performed by the enterprise and capitalise, EUR 223 thousand (previous year: EUR 210 thousand) relates to development costs that require capitalisation pursuant to IAS 38. These particularly relate to investments in the development of a crossmember. The series order for this project has existed since 2008.

Other operating income

Other operating income primarily consists of currency effects.

Other operating expenses

Other operating expenses primarily consist of expenses for maintenance, temporary help, outward freight charges, rental and lease fees, as well as expenses for legal, auditing and consultancy costs, insurance premiums and travel expenses.

NOTES TO THE BALANCE SHEET

Equity

Approved capital

As the result of a resolution of the AGM of May 26, 2009, the Management Board was authorised, with the consent of the Supervisory Board, to increase the issued share capital by May 26, 2014 through the issue of new ordinary bearer shares in return for cash, either once or on several occasions, and by a total of up to EUR 3,196 thousand. The fully paid in subscribed capital amounted to EUR 6,391 thousand as of the balance sheet date (previous year: EUR 6,391 thousand), which is split into 2,500,000 ordinary shares, each with an arithmetic nominal value of EUR 2.56 per share.

Revenue reserve and other equity

As of March 31, 2010, consolidated equity reflects income/expenses arising from the currency translation of foreign subsidiaries of EUR 1,245 thousand (previous year: EUR -536 thousand), and income/expenses from cash flow hedges of EUR 304 thousand (previous year: EUR -2,275 thousand).

Liabilities

Pension provisions

Pension provisions are measured on an annual basis by independent appraisers for the consolidated financial statements. A revaluation will be performed for the consolidated financial statements as of December 31, 2010.

Other provisions

Other provisions contain the requisite amounts for personnel area expenses, and other identifiable obligations and risks. The reported provisions relate exclusively to personnel provisions (obligations for age-related part-time working and anniversary bonuses).

OTHER NOTES

Segment reporting

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 accounting methods applied in the interim financial statements.

As of March 31, 2010 and March 31, 2009, there were no customers identified with whom the Group generated at least 10% of its revenue.

Segment assets and liabilities correspond to the values derived from the individual Group companies' financial statements.

Segment information by locations	Germany	Rest of Europe	NAFTA	Asia	Consoli-dation	Group
1st Quarter 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**
Assets	122,621	39,544	37,652	17,096	-5,207	**211,706**
of which non-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	865	1,560	852	32	0	**3,309**

Segment information by locations	Germany	Rest of Europe	NAFTA	Asia	Consoli-dation	Group
1st Quarter 2009	EUR ‘000	EUR ‘000	EUR ‘000	EUR ‘000	EUR ‘000	**EUR ‘000**
Total revenue	32,743	3,924	5,836	0	0	**42,503**
Internal revenue	-588	-221	-295	0	0	**-1,104**
External revenue	**32,155**	**3,703**	**5,541**	**0**	**0**	**41,399**
Total output	**34,060**	**4,593**	**5,923**	**0**	**-1,570**	**43,006**
Key income	538	55	379	1,312	-283	**2,001**
Key expenses	36,005	4,682	6,712	407	-1,679	**46,127**
Depreciation/amortisation	2,598	420	805	15	5	**3,843**
Earnings before interest and tax (EBIT)	**-4,005**	**-454**	**-1,215**	**890**	**-179**	**-4,963**
Interest income	0	1	0	0	0	**1**
Interest expense	713	365	141	83	0	**1,302**
Earnings before tax (EBT)	**-4,718**	**-818**	**-1,356**	**807**	**-179**	**-6,264**
Taxes on income	1,334	-164	-185	0	-19	**-1,702**
Assets	123,367	40,108	36,229	13,688	-5,947	**207,445**
of which non-current assets	*53,622*	*24,554*	*23,447*	*11,782*	*-58*	*113,347*
Liabilities	17,772	8,372	10,373	7,558	99,471	**143,546**
Investments	3,122	95	167	1,898	-118	**5,164**

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 March 31, 2010 balance sheet date that require reporting.

07 REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter of 2010 was presented to the Supervisory Board's Audit Committee on April 29, 2010, and explained by the Management Board. The Audit Committee concurred with the interim financial report.

Oberkirch, April 29, 2010

Audit Committee Chair

Dr. jur. Klaus-Georg Hengstberger

08 FINANCIAL CALENDAR | BOARD MEMBERS | CONTACT

FINANCIAL CALENDAR

May 26, 2010
2010 AGM

August 3, 2010
Interim financial report for Q2 and H1 2010

November 2, 2010
Interim financial report for Q3 and 9M 2010

April 14, 2011
Presentation of 2010 annual report

May 4, 2011
Interim financial report for Q1 2011

May 25, 2011
2011 AGM

CONTACT

Bernd Bartmann
Chief Financial Officer (CFO)
Telephone: +49 (0) 7802 / 84-347
E-mail: ir@progress-werk.de

Charlotte Frenzel
Investor Relations
Telephone: +49 (0) 7802 / 84-844
E-mail: ir@progress-werk.de

Progress-Werk Oberkirch AG
Industriestrasse 8
77704 Oberkirch
www.progress-werk.de

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