THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER

2009

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00
CONTENT

01
LETTER TO SHAREHOLDERS

Dear Shareholders and Business Associates,

The automotive industry worldwide experienced a further sharp downturn at the beginning of 2009. This is underlined by all sector data and corporate statements.

The PWO Group’s revenue and output fell by 40% in the first three months of 2009 compared to the previous year. Earnings for the period came in at EUR -4.6 million despite extensive cost adjustments.

Standby orders picked up again in March compared to the average of the two previous months. However, this should not yet be interpreted as a trend reversal. We also anticipate significant declines in the second quarter compared to the previous year, albeit not quite as high as in the first quarter.
The 2009 financial year presents a major challenge for the international automotive industry. Measures undertaken in Germany and many other countries to boost car sales, such as scrapping incentives, tax relief on new purchases and direct subsidies for manufacturers, have only cushioned falling sales to a certain extent. They generally only have an impact with specific types of vehicle, in particular small cars, and therefore only benefit certain manufacturers.

For suppliers like PWO, focussing on safety and comfort, the prime sales segments are upmarket vehicle models with their wide range of high-end features and future-oriented new technology. In light of this, government measures to boost vehicle sales only benefit us to a limited extent.

This means that we will continue to focus fully on cutting costs, while at the same time systematically pursuing all development activities and series production preparation through various new projects. We will also continue with significant, future-oriented investments in Germany and abroad unrestrictedly. A number of new projects allow us to look optimistically to the future as they will enable us to achieve overall growth again over the coming years irrespective of the recovery of the markets.

To secure the jobs of our core workforce at the Oberkirch site and to retain our market-leading production and development expertise, we introduced short-time working at the beginning of February. The reduction of working hours is carried out on an individual job-specific basis and depends on the employment situation concerned. Our objective is to achieve maximum flexibility and rapid response capacity to bring costs into line with workload. Adjustments to staff levels at sites abroad are ongoing.

Ensuring the group’s liquidity is the top priority. In this respect, further agreements were concluded with existing and new financial partners in the first quarter of 2009.

Oberkirch, 5 May 2009
The Management Board

02
PWO SHARES

GRATIFYING SHARE PERFORMANCE IN CHALLENGING ENVIRONMENT

PWO stock outperformed the SDAX Index during the first three months of 2009. Whereas the index fell by 6% at 31 March 2009 compared with the closing price at the end of 2008, PWO stock rose slightly from EUR 16.48 to EUR 16.50. The Prime Automobile Index climbed by 3.7% over the same period.

Stock markets worldwide, including in Germany, have risen sharply since the end of March. This is essentially explained by the coordinated measures of governments and central banks to secure the financial system and to stimulate the global economy with national economic programmes.

Indications of more favourable business trends at leading banks in the first quarter of 2009 were met with relief on the market. Following the previous sharp falls since last autumn, the latest rally on the stock markets has had a major impact, also for technical reasons.

The PWO share price also recovered in April. It climbed by 8.6% between the end of March and 30 April, while the SDAX rose by 13.1%.

The performance of the Prime Automobile sector index improved again owing to exceptional factors with several highly capitalized values in the automotive sector. It climbed by 22.3% over this period.

The Management Board and Supervisory Board of Progress-Werk Oberkirch AG decided, at their balance sheet meeting on 1 April 2009, to propose a dividend per share of EUR 0.55 for the 2008 financial year to the Annual General Meeting on 26 May 2009. A dividend per share of EUR 1.30 was paid out for the 2007 financial year.

The Management Board and Supervisory Board proposal takes account of the huge slump on the international automotive markets and the great uncertainty surrounding business trends. At the same time, they also aim to pursue their strategy of positioning the PWO share on the capital market as an investment with attractive dividend yield. The 2008 Annual Report was presented on 16 April 2009.

Other Information	
Number of shares issued at end of reporting period	2,500,000
Number of treasury shares held as at 31/03/2009	0
Dividend per share (in EUR) for FY 2008 (Proposal to the Annual General Meeting)	0.55

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

03
THE COMPANY | PWO's innovative prowess

INNOVATIVE SOLUTIONS INCREASE COMFORT AND SAFETY IN THE NEW MERCEDES E-CLASS

The new Mercedes E-Class contains a whole host of innovative solutions from PWO.

Leading-edge heat shields no longer just keep out and deflect high temperatures. In the new E-Class, a multi-layer system made up of an aluminium support plate and melamine rigid foam, fixed between micro-perforated sheets, also ensures better acoustics. PWO developed this solution especially for the diesel vehicles of the new Mercedes E-Class.

We have been active as Daimler AG's development partner for heat shields for many years. We also supplied a complete solution for the new E-Class. The CAD model of the heat shields was initially produced on the basis of the installation space models for the entire vehicle. We also produced the remodelled technical design and protection of the installation in the vehicle including comprehensive data archiving. Our services portfolio also includes extensive testing, the fit-out of test vehicles, computer simulations and the optimization of components for series production.

As is usually the case with new vehicle models, more stringent requirements had to be met compared to previous models in terms of quality criteria, such as torsional rigidity, resonance behaviour and robustness when driving in wet conditions.

We integrated these additional requirements directly into the production process using innovative solutions to avoid duplication from the outset. The aluminium sheets are rolled directly before being fed into the press and equipped with a dimpled structure which provides significantly better protection for components against denting. Special treatment of sheet edges also provides additional strength and also facilitates assembly on the vehicle.

Special versions for various E-Class models also improve the flow behaviour of the warm air to be extrapolated.

Greater requirements for comfort and regulations on maximum permissible noise emissions require new solutions for diesel models with heat-resistant shields, which also provide high levels of acoustic absorption. PWO developed various designs with different levels of performance. The customer then decided to equip the E-Class with the highest possible sound-reducing heat shield.

High-precision components are required for smooth and jerk-free steering column adjustment. PWO has many years of experience of developing these modules and their manufacturing processes. This enables us to work on the individual components of these modules in ten places simultaneously thanks to process optimization. Precise tolerances and absolute track alignment are ensured thanks to a high degree of process reliability. Right down to the last detail, PWO's sheet-metal construction design meets significantly more demanding quality requirements as well as replacing the previously used die casting solution, which is more expensive, therefore achieving considerable cost savings.

PWO has supplied air suspension components for numerous Mercedes models for many years. We also supply a central compressed air accumulator with a volume of five litres for the new E-Class. Firstly, we designed this module including the vehicle mount on an IT application and then identified the various strain criteria through comprehensive testing – a further example of the successful implementation of our philosophy to precisely meet customer requirements with individual solutions at competitive prices.

04
INTERIM MANAGEMENT REPORT | Economic environment

GENERAL BUSINESS CLIMATE

For the first time since the Second World War, the International Monetary Fund's (IMF) April outlook forecasts a fall in real global GDP of 1.3%. While slight overall growth of 1.6% is anticipated for developing and emerging countries (including China +6.5% and Russia -6%), projections are much gloomier for industrial nations with an overall 3.8% decline forecasted.

A 2.8% decline is anticipated in the USA. There are particularly pessimistic forecasts for Japan (-6.2%) and Europe. The European Union's economy is expected to shrink by 4%, and the UK's by 4.1%. The IMF anticipates a downturn of 4.2% in the Euro zone and of 5.6% in Germany. The projections of the German research institutes and German federal government of a 6% drop are even more pessimistic.

The global economic crisis is hitting Germany particularly hard. As the leading exporter, the huge slump in global trade has had a major impact on Germany which is reflected by significant falls in exports, in particular in the automotive and engineering sectors. In contrast, consumer spending has so far remained strong. The low level of inflation, the reintroduction of the commuting allowance and key elements of federal government's economic programmes, in particular the scrapping incentives, are having a positive effect. This is helping the automotive industry to partly offset falling sales abroad through domestic sales increases.

Confidence among businesses has also increased according to the ifo business climate index. The experts believe the current situation has improved slightly compared to the previous month for the first time since October 2008, and projections are also up. The ifo institute believes there is a good chance of getting over the worst of the crisis in 2009.

SECTOR TRENDS

According to the German Automotive Industry Association (VDA) the global economic downturn and limited credit availability has had a negative impact on global car sales in the first quarter of 2009. In March, car sales in Europe were 9% lower than in the same month in the previous year. However, the decline in March would have been even sharper without the scrapping incentives in several countries. New registrations increased in France (+8%) as well as in Germany, and stable sales figures were achieved in Italy after 14 months of decline.

At 3.4 million vehicles, car sales in Europe in the first three months of 2009 were 17% down on the previous year's levels. Despite the significant rise in new registrations in Germany (+18%), sales in Western Europe fell by 16% to 3.2 million units. The UK (-30%), Spain (-43%) and Italy (-19%) experienced sharp falls. The decline was less acute in France (-4%). Demand in the new EU countries fell by 29% in the first quarter. Only Poland saw a slight increase in sales of 1%.

At 2.2 million vehicles, sales in the USA fell by 38% in the first quarter of 2009 compared to the previous year's levels. At just over 1 million vehicles, sales in Japan up to and including March dropped by 23% compared to the previous year's levels. Intensive negotiations are being held in both countries on the introduction of scrapping incentives.

There was a more positive trend in the emerging countries, and some 1.6 million vehicles were sold in China in the first quarter, representing a 4% rise on the previous year. Sales climbed by 10% in March thanks to the halving of purchase tax for small vehicles and subsidies for purchasing cars in rural areas.

04
INTERIM MANAGEMENT REPORT | Business environment

Car sales in Brazil rose by 4% in the first quarter. March was also the best month here with an 18% increase owing to economic stimulation subsidies for the purchase of cars. German manufacturers increased car sales by 9% in the first three months, extending their market share by 1% to 24%.

In contrast, new car registrations in Russia were 40% below the previous year's levels in the first three months.

In response, the Russian government is also providing subsidies and direct assistance. The German manufacturers performed comparatively well in a difficult market environment with their sales only falling by 22%. This increased their market share by 5% to over 19%.

04
INTERIM MANAGEMENT REPORT | Earnings report

Q1 – EARNINGS HIT BY DRASTIC FALLS IN REVENUE IN JANUARY AND FEBRUARY 2009

The slump in the international automotive industry on an unprecedented scale in the fourth quarter of 2008 worsened at the beginning of 2009.

The group's revenue fell by 38.2% to EUR 41.4 million in the first three months. Sales from series production decreased even more sharply, while revenue from tooling operations climbed to EUR 4.9 million (2008: EUR 2.7 million).

Owing to the downward trends, change of inventories was significantly lower than in the previous year with total output falling more sharply than revenue by 41.1% to EUR 43 million.

After the severe downturn at the beginning of 2009, an increase in revenue of over 20% compared to the average of the first two months was posted in series production in March. This signifies an improvement, but does not yet represent a return to break-even capacity utilization. The overall low capacity utilisation in the first quarter resulted in EBIT of EUR -5 million (2008: EUR 3.8 million).

Material input fell in line with total output, so the expense ratio remained steady at 55.6%, just under the previous year's level of 55.8%. However, other expense ratios increased considerably in some cases.

There was only a negligible reduction in staff costs – despite short-time working at the Oberkirch site since February – owing to the increase in headcount year-on-year (see details in the "Employees" section). The expense ratio therefore rose sharply from 25.5% in the previous year to 41.2%.

Despite the high level of investment in the previous year, depreciation and amortization was adjusted by EUR 0.4 million to EUR 3.8 million. However, the expense ratio increased by 3 percentage points to 8.8%.

Even the significant improvement in earnings through the reduction of other operating expenses by EUR 1.7 million to EUR 4.6 million – as a result of the reduction in temporary workers as well as cost reduction measures on the same scale in other areas – was not enough to offset the fall in revenue.

There was a considerable increase in other operating income in the quarter under review, in particular as a result of the sale of the interest in our Chinese joint venture. However, expenses on a similar level related to the sale meant it did not have a significant impact on quarterly earnings overall.

Interest expenses increased to EUR 1.3 million (2008: EUR 1.1 million) as a result of higher credit liabilities, with EBT coming in at EUR -6.3 million (2008: EUR 2.7 million). Net profit for the period attributable to PWO AG shareholders stood at EUR -4.6 million (2008: EUR 2 million) after tax credit of EUR 1.7 million (2008: a tax burden of EUR 0.8 million) owing to losses before taxes. Earnings per share of EUR -1.82 (2008: 0.79) were posted for the first quarter of 2009.

04
INTERIM MANAGEMENT REPORT | Segment reporting

THE AUTOMOTIVE CRISIS HITS ALL PRODUCTION SITES

There was a severe downturn in the automotive industry worldwide in the first quarter of 2009. None of our sites were able to avoid the slump.

There were higher-than-average declines in revenue and total output at the German site in Oberkirch, which makes up the Germany segment, falling by 40.5% to EUR 32.7 million (2008: EUR 55 million) and 43% to EUR 34.1 million (2008: EUR 59.8 million) respectively. This was only offset by cost-cutting measures to a limited extent, with EBIT coming in at EUR -4 million (2008: EUR 4.2 million).

In contrast, the performance of our Czech production site, which makes up the Rest of Europe segment, continued to improve as expected with revenue rising to EUR 3.9 million (2008: EUR 2.3 million) and total output climbing to EUR 4.6 million (2008: EUR 3.4 million). New series production ramp-ups are more than offsetting declines in standby orders of ongoing production at this recently established site.

The first 1,250 ton press went into operation here in 2008 and was ramped up in the course of the financial year. The second large press was commissioned at the beginning of the year as planned. However, it is already clear that the original plans for 2009 cannot be achieved here on account of declining market volumes.

EBIT still stood at EUR -0.5 million (2008: EUR -0.2 million) owing to the new ramp-ups. We are working intensively to drive these ramp-up losses down.

The production sites in Canada and Mexico together make up PWO's NAFTA region. Following the downturn in the North American market, Canada posted very low revenue and total output compared to the group average, which resulted in negative EBIT for the first time. The decline in Mexico was somewhat less acute. It nevertheless also posted negative EBIT on a similar level to Canada.

Overall, revenue and total output both fell to EUR 5.9 million in the NAFTA segment (2008: EUR 10.2 million and EUR 10.1 million respectively). EBIT came in at EUR -1.2 million (2008: EUR 0.0 million).

We did not achieve any revenues in Asia in the first quarter of 2009, since we withdrew from our joint venture, as explained in the 2008 Annual Report, and our own subsidiary only began production after the end of the quarter. As planned, the company posted moderate start-up expenses, which were offset by one-off earnings, bringing EBIT for the first quarter 2009 in at EUR 0.1 million (2008: EUR -0.1 million) overall.

04
INTERIM MANAGEMENT REPORT | Financial position and cash flows

2009 BORROWING REQUIREMENTS LARGELY MET
ADDITIONAL AGREEMENTS CONCLUDED WITH FINANCIAL PARTNERS

There was only a slight rise in the PWO Group's balance sheet total in the first quarter of 2009 from EUR 205.1 million at 31 December 2008 to EUR 207.4 million on the reporting date.

While the individual balance sheet items remained essentially unchanged on the asset side, on the liabilities side, equity fell, owing to the loss for the period, from EUR 68 million to EUR 63.9 million. The equity ratio decreased accordingly from 33.2% to 30.8%.

We also reduced trade payables from EUR 37.5 million at the beginning of the quarter to EUR 30.3 million. In contrast, there was an increase in interest bearing borrowings from EUR 69.4 million to EUR 83.5 million.

Gearing (net debt as a percentage of equity) climbed to 127% at the reporting date from 99% at the beginning of the quarter.

We were able to increase our credit liabilities in cooperation with our financial partners who are continuing to support us through the current crisis. An agreement on the financing of our international activities was also successfully concluded with an additional banking partner.

Cash flow from operating activities stood at EUR -8.2 million (2008: EUR 3.6 million) in the first quarter of 2009. The repayment of current liabilities (without financial loans) of EUR 7.9 million, which – as explained – was in particular the result of the reduction in trade payables, made a significant contribution to the negative balance. Excluding this reduction in current liabilities, cash flow would almost have evened out despite the loss for the period.

The borrowing requirements from operating activities, investments of EUR 5.2 million and interest paid of EUR 0.9 million (2008: EUR 0.7 million) were financed by credit liabilities, which increased by EUR 2.1 million overall, impacting on liquidity. Accordingly, cash and cash equivalents declined by EUR 12.2 million.

Investments of EUR 3.1 million were made at the Oberkirch production site. No investments were made in Canada in the period under review. Investments at both of these sites totalled EUR 1.7 million in the previous year. A total of EUR 2.1 million (2008: EUR 1.9 million) was invested in our newest international production sites. There was no internal financing in the first quarter of 2009.

PWO ACHIEVES FURTHER SUCCESS IN NEW BUSINESS

Planning for future models is being continued in the automotive industry despite difficult economic conditions. This represents new opportunities for us towards which we are working intensively and with total commitment. This enabled us to achieve further significant success in the quarter under review thanks to our high level of technical expertise and our globally competitive cost structures.

After a leading international automotive group selected PWO to develop and manufacture the European order volume of the module carrier for a new global vehicle production platform in 2007, we have now also won the order volume for North America. We also won an order from a German premium manufacturer for the development and production of module carriers for two of their high-volume production platforms.

In total, both large orders are worth around EUR 180 million and will ensure a high level of capacity utilization at both the European and North American PWO production sites in future. The series ramp-ups are scheduled for 2011.

STRICT BUDGETING OF INVESTMENTS IN 2009

The slump in the automotive industry has forced us to review all planned investments. We are cutting or postponing non-critical measures in an effort to conserve liquidity reserves. This applies to both Germany and abroad.

Additionally, no budgets have been approved for the full year. Instead, each measure will be assessed and authorized on an individual basis taking account of the current market situation. However, this does not cast doubt over the development of our international production sites, it is just a matter of adapting the timeframe for expansion to current market conditions.

We invested a total of EUR 5.2 million group-wide in the first quarter of 2009. This represents an increase compared to the low investment level of EUR 3.6 million, relating to the balance sheet date, in the same quarter of the previous year. However, this is the result of planned continuation of investment regarding individual measures and does not represent a trend for the full year.

EUR 3.1 million was invested in Oberkirch in the quarter under review, in particular in essential investments in machinery as part of operational or ramp-up series production. No investments were made in Canada.

A total of EUR 2.1 million was invested in our latest international sites. EUR 1.9 million of this was committed to buildings and machinery at our new production site in China which began production in April 2009.

There was little investment at our production sites in the Czech Republic and Mexico in the quarter under review. EUR 0.1 million was invested at each site.

04
INTERIM MANAGEMENT REPORT | Employees

A FALL IN HEADCOUNT IN THE COURSE OF THE FIRST QUARTER

At 1,958, the average headcount in the first quarter of 2009 was above the level of the previous year's quarter of 1,840 mainly on account of growth in the course of the 2008 financial year, in particular at the Czech site and the new subsidiary in China. At 128, the number of apprentices was 45 above the average of the previous year's quarter.

The adjustment measures implemented since the end of the 2008 financial year were nevertheless evident. At the end of December 2008, group headcount stood at 2,010.

The average headcount in Germany in the first quarter of 2009 was 1,156 (2008: 1,089). We reduced the headcount at our production site in Canada to 109 (2008: 120) owing to the difficult market environment.

There was strong growth at the site in the Czech Republic in the previous financial year owing to the ramp-up of production. A second large press was commissioned in the quarter under review for further ramp-ups in series production.

The average headcount at this site increased correspondingly in the first quarter of 2009 to 324 (2008: 250). Restructuring of the indirect units was carried out.

Earnings performance at the Mexico site remained below expectations in 2008. This site was also hit by an increasingly significant decline in standby orders. We therefore reduced its headcount considerably to 315 (2008: 372).

The average headcount at our subsidiary in China, which was established in 2008 and began production in April 2009, was 54 in the first three months. This company did not exist in the same period of the previous year. At that time, we were represented in China through a joint venture, in which we have since sold our interest, where 9 staff were employed based on our holding.

04
INTERIM MANAGEMENT REPORT | Forecast

OPPORTUNITIES AND RISKS

The performance of the PWO Group continues to be influenced by the same opportunities and risks set out in the 2008 Annual Report. This applies to the group as well as to our segments.

Following the dramatic slowdown in the fourth quarter of 2008 and production stops by our customers over the New Year period, capacity utilization was also very low at the beginning of 2009 and only recovered to an extent during March.

The outlook for the 2009 financial year remains uncertain. Experts expect the economic stimulation programmes launched by governments worldwide to have a positive effect and to mitigate the severity and duration of the recession. However, the crisis has not yet fully hit the labour market, in particular in Germany, which may have a further negative impact in the future.

Support for the automotive sector through the introduction of scrapping incentives in Germany has provided a boost for manufacturers and suppliers in the car segment. However, this scheme has only benefited the PWO Group to a small extent.

The sales crisis on the international automotive markets is making operational development more difficult at our latest production sites in the Czech Republic, China and Mexico, and means additional efforts are required to achieve break-even.

Potential further negative effects in the sector owing to the future performance of two leading US manufacturers, General Motors and Chrysler, cannot be ruled out.

We have direct customer relationships with both companies through our North American subsidiaries. However, these do not contribute a significant share of group revenue or earnings.

All efforts by the American government currently suggest it will aim to restrict a further downturn in the automotive sector as far as possible. This also applies to governments in Germany and the other European countries.

In view of trends in the overall economy and the automotive sector, the top priority is securing the liquidity of the PWO Group. PWO's management has taken significant steps since the beginning of the year towards securing liquidity and finance. These include intensive negotiations with financial partners as well as stringent evaluation of all investment plans. Initial agreements were successfully concluded with established and new banking partners, in particular to finance our new projects and international activities.

While price risks in our sales and purchasing markets and currency risks seem less significant in this environment, they nevertheless continue to exist.

ANTICIPATED EARNINGS PERFORMANCE IN 2009 FINANCIAL YEAR

The risks to business performance in 2009 are significant. In contrast, there are few opportunities. The start-up of new production series, which have now been ordered, are not yet typically having an effect on business performance in the current year and will be gradually ramped up in the following year at the earliest.

To cushion the impact of declines in revenue, business management will focus on extensive cost limitation in the current financial year. However, future-oriented projects and development activities will be continued without restriction.

However, continued uncertainty surrounding future trends means it is currently not possible to make well-founded projections about future performance of the business.

As our main customers are themselves unable to issue reliable projections for the 2009 financial year, it is currently extremely difficult for us to forecast performance for this financial year. In view of the fall in standby orders from our customers, we cannot rule out the possibility of posting a loss for the full 2009 financial year.

05
INTERIM FINANCIAL STATEMENTS | Group Income Statement

	1st Quarter 2009		1st Quarter 2008	
	EUR m	% share	EUR m	% share
Revenue	41.4	96.3	66.9	91.6
Changes in inventories/ Work performed by the enterprise	1.6	3.7	6.1	8.4
Total output	**43.0**	**100.0**	**73.0**	**100.0**
Other operating income	2.0	4.6	0.7	0.9
Cost of materials	23.9	55.6	40.8	55.8
Staff costs	17.7	41.2	18.6	25.5
Depreciation and amortisation	3.8	8.8	4.2	5.8
Other operating expenses	4.6	10.7	6.3	8.6
EBIT	**-5.0**	**-11.7**	**3.8**	**5.2**
Finance costs	1.3	3.0	1.1	1.5
EBT	**-6.3**	**-14.7**	**2.7**	**3.7**
Taxes on income	-1.7	-4.0	0.8	1.1
Net profit for the period	**-4.6**	**-10.7**	**1.9**	**2.6**
of which attributable to shareholders of PWO AG	-4.6		2.0	—
of which attributable to minority interest	0.0		-0.1	—
Earnings per share in EUR related to the earnings allocated to the shareholders of PWO AG	-1.82		0.79	—

05
INTERIM FINANCIAL STATEMENTS | Group Balance Sheet

ASSETS	31/03/2009	31/12/2008
	EUR m	EUR m
Property, plant and equipment	101.4	98.9
Intangible assets	11.9	12.0
Deferred tax assets	1.6	1.4
Non-current assets	**114.9**	**112.3**
Inventories	46.3	46.7
Receivables and other assets	44.0	42.5
Cash	2.2	2.3
Assets classified as for disposal	0.0	1.3
Current assets	**92.5**	**92.8**
Total assets	**207.4**	**205.1**

LIABILITIES	31/03/2009	31/12/2008
	EUR m	EUR m
Equity	**63.9**	**68.0**
Interest-bearing borrowings	34.4	32.5
Pension provisions	23.9	23.6
Other provisions	3.8	3.6
Deferred tax liabilities	0.7	0.8
Non-current liabilities	**62.8**	**60.5**
Current portion of pension provisions	1.3	1.3
Trade payables and other liabilities	30.3	37.5
Interest-bearing borrowings	49.1	36.9
Liabilities which are classified as for disposal	0.0	0.9
Current liabilities	**80.7**	**76.6**
Total equity and liabilities	**207.4**	**205.1**

05
INTERIM FINANCIAL STATEMENTS | Group Statement of Changes in Equity

	Equity attributable to shareholders of PWO AG						Minority shares	Total Group Equity
	Subscribed capital	Capital reserve	Revenue reserve	Currency translation	Cash flow hedge	**Total**		
	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000
as at January 1, 2009	6,391	17,155	47,727	-1,167	-2,126	**67,980**	0	**67,980**
Cash flow Hedge					-149	**-149**		**-149**
Currency translation				631		**631**		**631**
Net profit			-4,562			**-4,562**		**-4,562**
Total net profit	**6,391**	**17,155**	**43,165**	**-536**	**-2,275**	**63,900**	**0**	**63,900**
Minority interests						**0**		**0**
as at March 31, 2009	**6,391**	**17,155**	**43,165**	**-536**	**-2,275**	**63,900**	**0**	**63,900**

	Equity attributable to shareholders of PWO AG						Minority shares	Total Group Equity
	Subscribed capital	Capital reserve	Revenue reserve	Currency translation	Cash flow hedge	**Total**		
	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000	EUR ´000
as at January 1, 2008	6,391	17,312	49,537	755	383	**74,378**	2,411	**76,789**
Cash flow Hedge					-175	**-175**		**-175**
Currency translation				-1,239		**-1,239**	-163	**-1,402**
Net profit			1,977			**1,977**	-84	**1,893**
Total net profit	**6,391**	**17,312**	**51,514**	**-484**	**208**	**74,941**	**2,164**	**77,105**
Minority interests						**0**		**0**
as at March 31, 2008	**6,391**	**17,312**	**51,514**	**-484**	**208**	**74,941**	**2,164**	**77,105**

05
INTERIM FINANCIAL STATEMENTS | Group Cash Flow Statement

	31/03/2009	31/03/2008
	EUR m	EUR m
Net profit for year	-4.6	1.9
Depreciation/reversal of write-downs on property, plant and equipment	3.8	4.2
Income tax expense/refund	-1.7	0.8
Interest income and expense	1.3	1.1
Change in current assets	1.2	-6.5
Increase in non-current liabilities (excluding financial credits)	0.0	0.3
Change in current liabilities (excluding financial credits)	-7.9	3.7
Income taxes paid	-0.4	-1.5
Other non-cash expenses/income	0.1	-0.4
Cash flow from operating activities	**-8.2**	**3.6**
Payments for investments in property, plant and equipment	-4.9	-3.2
Payments for investments in intangible assets	-0.3	-0.4
Cash flow from investing activities	**-5.2**	**-3.6**
Interest paid	-0.9	-0.7
Proceeds from borrowings	7.7	7.8
Repayment of loans	-5.6	-3.3
Cash flow from financing activities	**1.2**	**3.8**
Net change in cash and cash equivalents	-12.2	3.8
Effect of exchange rate changes on cash and cash equivalents	0.0	-0.1
Cash and cash equivalents as of January 1	-0.6	-5.2
Cash and cash equivalents as of March 31	**-12.8**	**-1.5**
of which cash and cash equivalents	2.2	4.6
of which bank borrowings repayable on demand	-15.0	-6.1

06
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 (interim financial reporting). They do not contain all the information and disclosures required for the annual consolidated financial statements and should therefore be read in conjunction with the annual consolidated financial statements as at 31 December 2008. The consolidated interim financial statements and management reports are not subjected to external audit.

The accounting policies used in the preparation of these consolidated interim financial statements are the same as those used for the consolidated financial statements as at 31 December 2008. Detailed information is contained in the notes on the consolidated financial statements of the 2008 Annual Report (cf. Note no. 2).

SCOPE OF CONSOLIDATION

The consolidated interim financial statements as at 31 March 2009 include 6 foreign companies which are directly or indirectly controlled by PWO AG. In contrast to 31 December 2008, the companies PWO & BMC Holding Co. Ltd., Hongkong and PWO & BMC High-Tech Metal Components (Suzhou) Co. Ltd., China no longer come within the scope of consolidation.

CURRENCY TRANSLATION

The functional currency of the PWO Group is the euro.

The interim financial reports 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. All items contained in the financial statements of the companies concerned are evaluated using this functional currency. All balance sheet items of the foreign consolidated entity were translated to euros by applying the mean rate of exchange at the balance sheet date. Expenses and earnings in the group income statement were translated using the mean exchange rate. The net profit for the year from the translated income statement was taken into the balance sheet. Exchange differences are recognised directly in equity as a currency translation difference.

With PWO de México S.A. de C.V., the functional currency, the Mexican Peso, was retroactively translated into the US dollar from the 2007 financial year (cf. Note no. 6 in the consolidated financial statements at 31 December 2008). The previous year's figures were also adjusted accordingly in the interim financial statements for the first quarter of 2008.

On 1 January 2009, the functional currency of PWO UNITOOLS CZ was changed from the Czech koruna to the euro (IAS 21.54). This was a result of the increasing influence of the euro on materials and other costs.

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

	Closing rate		Average rate	
	31/03/2009	**31/03/2008**	1st Quarter **2009**	1st Quarter **2008**
CAD	1.67	1.62	1.62	1.50
CNY	9.05	11.08	8.90	10.74
HKD	10.33	12.31	10.10	11.69
USD	1.33	1.58	1.30	1.50

06
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

EARNING FROM THE DIVESTMENT OF NON-CURRENT ASSETS

The consolidated financial statements as at 31 December 2008 reported on the sale of the 50% interest in the Chinese joint venture to the joint venture partner TAE HWA Enterprise Co., Ltd. (cf. Note no. 20). The sale was concluded on 3 March 2009 with the payment of the purchase price. The sale generated earnings of EUR 0.8 million.

SEGMENT REPORTING

Segment information based on the location of assets, divided into the regions Germany, Rest of Europe, NAFTA and Asia:

	1st Quarter 2009		1st Quarter 2008	
Revenue by region	EUR m	%	EUR m	%
Germany	32.7	79.0	55.0	82.2
Rest of Europe	3.9	9.4	2.3	3.5
NAFTA	5.9	14.3	10.2	15.2
Asia	0.0	0.0	0.1	0.1
Consolidation	-1.1	-2.7	-0.7	-1.0
Group	**41.4**	**100.0**	**66.9**	**100.0**
Total output by region				
Germany	34.1	79.3	59.8	81.9
Rest of Europe	4.6	10.7	3.4	4.7
NAFTA	5.9	13.7	10.1	13.8
Asia	0.0	0.0	0.1	0.1
Consolidation	-1.6	-3.7	-0.4	-0.5
Group	**43.0**	**100.0**	**73.0**	**100.0**
EBIT by region				
Germany	-4.0	80.0	4.2	110.5
Rest of Europe	-0.5	10.0	-0.2	-5.3
NAFTA	-1.2	24.0	0.0	0.0
Asia	0.1	-2.0	-0.1	-2.6
Consolidation	0.6	-12.0	-0.1	-2.6
Group	**-5.0**	**100.0**	**3.8**	**100.0**

EVENTS AFTER THE REPORTING DATE

No significant events requiring inclusion in this report occurred after the reporting date, 31 March 2009.

07
REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter of the 2009 financial year was presented to the Supervisory Board's Audit Committee on 30 April 2009 and explained by the Management Board. The audit committee approved the interim financial report.

Oberkirch, 30 April 2009

Chair of the Audit Committee

Dr. jur. Klaus-Georg Hengstberger

08
FINANCIAL CALENDAR | BOARD MEMBERS | CONTACT

FINANCIAL CALENDAR

26 May 2009
Annual General Meeting 2009

5 August 2009
Interim financial report 1st half-year 2009

4 November 2009
Interim financial report – third quarter and nine months 2009

23 February 2010
Publication of provisional annual financial statements - 2009 analysts' and press conference

15 April 2010
Presentation of Annual Report 2009

5 August 2010
Interim financial report 1st quarter 2010

26 May 2010
Annual General Meeting 2010

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BOARD MEMBERS

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

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

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

* Employee representatives