

A detailed wireframe illustration of a car's interior, showing the dashboard, steering wheel, and seats. The lines are rendered in a light blue and orange color scheme, creating a technical and futuristic aesthetic. The perspective is from the driver's side, looking towards the front of the car.

THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

INTERIM FINANCIAL REPORT

3RD QUARTER
9 MONTHS 2012

PWO

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LETTER OF THE BOARD OF MANAGEMENT

Dear shareholders and business associates,

The PWO Group will continue to grow revenues and earnings in the current fiscal year. We expect revenues to climb by around 10 percent and EBIT to have an above-average rise of 15-20 percent. Thus, we are on course to achieve the highest revenues and earnings in the Company's history. Given the current market trends, we believe these to be very encouraging prospects.

We had previously even higher earnings targets. We have worked hard in order to avoid revising our targets. However, the third quarter, which we are reporting on today, fell short of our expectations. At the same time, we are currently experiencing successively declining call orders from our customers for the fourth quarter. Therefore, we will not achieve our previous targets for fiscal year 2012 despite an expected clear improvement in EBIT in the fourth quarter.

What were the reasons for the weaker-than-expected earnings in the third quarter of 2012? First, high margin series sales were below expectations. In addition, we incurred several extraordinary charges for providing series capacity in the premium segment, especially at our Oberkirch site. At the same time, we reduced volumes in the area of standard components. This had resulted in a strong temporary burden on earnings. Furthermore, in the reporting quarter, the Group experienced a marked increase in maintenance and repair expenses following the high capacity utilisation experienced in the prior months.

At our Mexican site, we are facing costs which had accompanied the extremely strong growth experienced here. Also, the ramp-up of our Chinese site is still proving to be a challenge.

Our Canadian subsidiary confirmed the expected positive earnings trend and our site in the Czech Republic is also developing very favourably. In the nine month period, EBIT here more than doubled to EUR 2.4 million (p/y: EUR 1.1 million).

Thus, our Czech location has successfully completed the transformation from a previously regionally oriented company with a limited scope of services to a high-performance, high-tech site for tooling and production within the PWO Group with its global delivery capability.

This transformation had taken a period of around six years. This long period of time was a result of the extraordinarily high technological level of our product solutions and production processes. It was also a result of the long lead times for the start-up and ramp-up of new orders which are typical for our business.

Canada, which meanwhile has become an established location, will also improve its profitability in the course of the ramp-up of current series productions.

In China, we started our own series production in mid-2009, and in Mexico, a local company was acquired in 2007. Both sites are well on track for a more mature phase and are simultaneously reducing losses and achieving successively positive earnings contributions.

This, as well as the growth prospects of our successful new business, form the foundation for the considerable earnings growth of the PWO Group in the future. This has not changed.

Oberkirch, October 2012
The Management Board

PWO SHARES

PWO SHARES PERFORM LARGELY IN LINE WITH THE MARKET IN THE THIRD QUARTER

In the first nine months of 2012, PWO shares performed broadly in line with its benchmark indices: the SDAX price index and the DAXSector Automotive index. From its XETRA price of EUR 30.93 per share at the beginning of the year, the shares had risen 3.6 percent to a level of EUR 32.05 on September 28. SDAX and DAXSector Automotive had increased 8.3 percent and 12.4 percent, respectively. In the first half of the year, PWO shares had still outperformed the sector and the overall market.

The shares reached their year-to-date high of EUR 43.50 on February 24 and their low of EUR 30.60 on January 9. Following the capital increase, the shares traded in a narrow range of between EUR 31.45 and EUR 34.50 during the third quarter.

With around 2,200 shares, the average daily turnover on all of the German exchanges in the nine month

period of 2012 reached a new high for the third consecutive year.

We continue to conduct very frequent meetings and conferences with capital market participants. Following an investor conference for small and mid-caps in Frankfurt and an analyst and press conference held in the first quarter regarding the results of fiscal year 2011, we introduced the Group's strategy in the second quarter through numerous road shows, both in Germany and abroad, ahead of the capital increase on May 15.

A highlight of the third quarter was the DVFA Small Cap Conference in Frankfurt on August 28. All events were largely attended and showed a great interest in PWO's investment case. In addition to these activities, we maintain close contact with analysts and investors through regular discussions on a bilateral basis.

Directors' Dealings

No notifiable stock transactions pursuant to Section 15a WpHG (German Securities Trading Act) were carried out in the third quarter of 2012. Notifications received in the nine month period are published on the Company's website under www.progress-werk.de in the section Investor Relations/PWO shares/Directors' Dealings

Current shareholder structure

(Source: WpHG notifications)

Consult Invest Beteiligungsberatungs-GmbH,
Böblingen:

46.55%

Free Float:

53.45%

of which

Delta Lloyd N.V., Amsterdam, The Netherlands:

16.49%

Sparkasse Offenburg/Ortenau, Offenburg:

5.88 %

Other Information

Number of shares issued as at 30/09/2012

3,125,000

Weighted Ø number of shares as at 30/09/2012

2,807,870

Treasury shares held as at 30/09/2012

none

Dividend per share for fiscal year 2011

EUR 1.40

Events subsequent to the balance sheet date

Following a detailed analysis of the development of the third quarter as well as market trends at the beginning of the fourth quarter, at October 19 management adjusted earnings expectations for 2012 to the changed market environment. This was reported via an ad-hoc announcement.

Although we continue to expect an above-average earnings increase compared to the previous year, the share price declined temporarily by more than 15 percent.

THE COMPANY

EXPANSION IN THE TECHNOLOGICAL LEADERSHIP OF THE GROUP'S SITE IN OBERKIRCH

In this quarterly report, we would like to use our newly built technical centre for metal forming in Oberkirch as an example to demonstrate one of a variety of investments being made in order to continually improve our locations' performance and competitiveness.

The newly constructed technical centre was inaugurated on July 18, 2012. This day represented an expansion and a consolidation of our capacity for prototype construction, including small series. EUR 1.7 million was invested in the technical centre and the construction phase lasted a good six months. The result was a 700 square metre complex for production and 220 square metres of office space.

The employees of the technical centre are in charge of the planning, production preparations, the production and quality testing of prototypes and small series. These employees work closely with the areas of development, tool design, and production. Significant progress in the sense of "Lean Management" is being demonstrated by aligning all of the technical centre's work places along the value chain.

The technical centre's machinery was enhanced by the addition of two new presses and one refurbished press. As a result, five presses are now available for the production of components. This has also resulted in a desired acceleration in processing times by up to 50 percent for complexly-shaped parts.

Along with simulation, the building of prototypes is still standard in the automotive industry. Before components go into series production their functionality is thoroughly tested. The technical centre allows us to further improve our performance in this area. This is how we reduce the risks and costs of later series tool design, the ramp-up of production, and series production.

We not only accept development orders from our customers but we also develop our own products. Every year, 60 to 80 projects should be carried out in this way for the development of new components in the technical centre. We currently achieve an annual revenue volume of around EUR 4.0 million with prototypes and this will be further expanded.

PWO serves all of the premium segment manufacturers. In order to continue doing so, investments such as those made in the technical centre, the investment in lightweight construction, and in the development of high technology for the automobiles of the future, will remain at the forefront.

What appears theoretically unfeasible to material scientists, in this way becomes reality in PWO's technical centre. This is how we push the limits of technology in practice.

INTERIM CONSOLIDATED MANAGEMENT REPORT

THE ECONOMIC ENVIRONMENT

In the third quarter of 2012, uncertainties increased regarding the economic development of the world economy and the eurozone in particular. The expectations for the current year and next year have been reduced across the board, most recently by the International Monetary Fund (IMF) and leading German economic research institutes.

In the view of the IMF, the problems of the world economy lie primarily in the eurozone. Demand in this region is having an impact on exporters worldwide. As a result of the significantly more pessimistic evaluation of recent developments – particularly for the Mediterranean areas of France, Italy, and Spain – the recession in the eurozone in 2012 is expected to be more pronounced than initially expected with a decrease in GDP of 0.4 percent. The main cause of this development is weaker than expected consumer demand due to the higher unemployment figures, and also a decline in investment.

Great Britain has also slid into a recession and is one of the EU countries that has been suffering from very weak domestic demand. In Germany, the IMF continues to expect growth of 0.9 percent. The IMF points to the fact that the production in the eurozone and in Great Britain has been declining since the fall of 2011 and the economic recovery in the U.S has seen a slow down since the beginning of 2012.

In Japan, the economy has been cooling off since spring following a temporary strong acceleration. In the large emerging countries such as China, the rate of expansion has also slowed in the course of the last year.

The central banks have continued to provide the highly nervous capital markets with an extraordinary amount of liquidity by maintaining their partly extreme policy of low interest rates. This combined with statements by the ECB made to support the Euro at any price led to interest rates remaining at historically low levels in countries such as Germany. The interest rate situation in the European crisis countries also calmed down.

SECTOR TRENDS

According to the German Automobile Association (VDA), the major automotive markets remained in good shape until the end of August with the exception of Western Europe.

Passenger car sales in China increased 13 percent in August and in Russia sales rose 15 percent. The U.S. market even achieved a one fifth increase. In September, the U.S. market for light vehicles (cars and light trucks) rose 13 percent. The German manufacturers even reported an increase of 25 percent.

In the first nine months of this year, German car manufacturers sold 20 percent more light vehicles whereas the U.S. market overall grew 15 percent. In the passenger car segment, German manufacturers were able to slightly increase their market share to 12 percent. The entire passenger car market rose 20 percent. According to the VDA, the German manufacturers' two-pillar strategy – to export from Germany and produce locally – has been an essential component of their success in the market. Domestically produced premium vehicles in particular account for a large portion of the exports to the U.S.

According to the European Association of Automobile Manufacturers (ACEA), the EU's passenger car market declined 7.6 percent in the nine month period compared with the same period in the prior year to 9.4 million units and thus under the ten million mark. At –10.8 percent, September marked the twelfth consecutive monthly decline. However, the strength of this decrease was also impacted by calendar effects since that month in 2012 had two fewer working days than the same month in the prior year. With 1.1 million new registrations, the number in September was more than 20 percent below the pre-crisis peak levels of more than 1.4 million. The losses in Spain (–36.8 percent), France (–17.9 percent), and Italy (–25.7 percent) were particularly strong.

With an increase of 8.2 percent, the U.K. was the only volume market that stood out. Many countries outside of the EU were also weak, such as Switzerland with –20.1 percent. The volume manufacturers particularly suffered from this trend while the declines in the premium segment were below-average declines and in some cases even showed growth.

The on-going sovereign debt crisis in parts of Western Europe poses not only a burden for those regional markets but the effects are increasingly radiating to the exports of the German brands in those regions.

In September 2012, 250,000 passenger cars were newly registered in the German market. The 11 percent decline as compared to the same month in the prior year is due to calendar effects. Adjusted for working days, the decline is just 2 percent. In addition to being influenced by the general market trend, sales were also limited as a result of on-going major model changes in the high-volume compact segment. In the first nine months of 2012, the volume of new German registrations, at 2.4 million units, was also two percent below the previous year's level.

Domestic orders in September were slightly weaker at –2 percent. New orders from abroad remained still relatively stable:

In September, orders from abroad increased by slightly more than 1 percent which then amounted to growth of nearly 7 percent for the first nine months. Overall, passenger car exports in the first nine months amounted to 3.15 million units and at –1 percent, were slightly below last year's level. The production of passenger cars in September fell 16 percent to 450,600 new cars; adjusted for working days, it had fallen 12 percent. By September, 4.1 million new cars were manufactured in Germany which is a decline of 2 percent compared with the same period in the prior year.

EARNINGS INCREASE IN THE NINE MONTH PERIOD EARNINGS DECLINE IN THE THIRD QUARTER

In the nine month period, PWO's Group revenues and total output continued to grow. Revenues increased 11.8 percent to EUR 269.4 million (p/y: EUR 241.0 million) and total output rose 13.9 percent to EUR 276.5 million (p/y: EUR 242.7 million). Tool sales amounted to EUR 19.3 million (p/y: EUR 18.3 million).

EBIT in the nine month period improved favourably by 16.0 percent to EUR 15.2 million (p/y: EUR 13.1 million). The EBIT margin advanced to 5.5 percent (p/y: 5.4 percent). This was the result of lower staff costs and lower depreciation as a percentage of total output while cost of materials to total output increased slightly.

Financial expenses remained virtually unchanged at EUR 4.9 million (p/y: EUR 4.8 million). Thus, EBT soared 24.4 percent to EUR 10.3 million (p/y: EUR 8.3 million).

Net income for the period continued to benefit from a lower tax rate. Here, the tax credits from our Czech site had a positive effect. Consequently, net income for the period rose by 34.1 percent to EUR 7.0 million (p/y: EUR 5.2 million) in the nine month period of 2012.

Earnings per share rose to EUR 2.49 (p/y: EUR 2.09).

Growth in the nine month period was primarily due to the strong results in the first half year of 2012 whereas earnings in the third quarter were markedly lower.

In the third quarter, revenues and total output rose 12.1 percent to EUR 90.7 million (p/y: EUR 80.9 million) and 13.8 percent to EUR 94.1 million (p/y: EUR 82.7 million), respectively.

EBIT and net income for the period declined to EUR 4.4 million (p/y: EUR 5.2 million) and to EUR 1.7 million (p/y: EUR 2.7 million), respectively. Earnings per share dropped to EUR 0.55 (p/y: EUR 1.10). To some extent, the earnings decline can be attributed to the significant decline in other operating income which fell to EUR 0.9 million (p/y: EUR 1.7 million). These were largely the result of currency gains which were offset by currency losses in the same amount.

In contrast, other operating expenses saw a disproportionate increase. This was primarily the result of additional maintenance and repair expenses in the reporting quarter following the high capacity utilisation in the first half of 2012.

SIGNIFICANTLY DIVERGENT TRENDS OF THE INDIVIDUAL SITES

Our site in Oberkirch, which constitutes the Germany segment, achieved revenue of EUR 179.1 million (p/y: EUR 171.5 million) in the nine month period. Total output grew to EUR 191.0 million (p/y: EUR 176.9 million).

In the nine month period, EBIT amounted to EUR 13.5 million (p/y: EUR 14.1 million). The decline was primarily the result of significant additional costs in order to secure the delivery capability in the premium segment.

Our Czech site, that constitutes the Rest of Europe segment, reported revenues of EUR 26.3 million for the nine month period of 2012, which was below last year's level of EUR 28.3 million. The decline was the result of sharply lower revenues with structural components in the volume segment. Total output increased to EUR 29.9 million (p/y: 28.7 million) due to a high volume of tool sales.

Despite the decline in revenues over the previous year, the site developed very favourably. In the nine month period, EBIT more than doubled compared to the prior year to EUR 2.4 million (p/y: EUR 1.1 million). The EBIT margin was 8.1 percent.

Our NAFTA segment consists of the locations in Canada and Mexico. The start-up and ramp-up of new series productions at those locations continue to yield

the growth which had been expected. In the nine month period, revenues in the NAFTA segment soared nearly 60 percent to EUR 59.9 million (p/y: EUR 37.6 million). Total output climbed to EUR 61.3 million (p/y: EUR 39.5 million).

At EUR 1.1 million (p/y: EUR –0.6 million), the EBIT was clearly positive after the nine month period.

Whereas our Canadian site continued its stable development, we have been facing extraordinary charges at our Mexican site in Puebla in 2012 in order to secure quality and our delivery capability following the extremely strong growth.

Our Chinese site, that constitutes the Asia segment, continues to successively ramp-up production. Revenue in the nine month period amounted to EUR 4.2 million (p/y: EUR 3.6 million) and EBIT was EUR –1.8 million (p/y: EUR –1.2 million). In the third quarter, the series production of the BMW cross member started successfully but still posed a burden to earnings.

Given the long lead times in our business, it will still take some time before the location in China reaches a level of revenue that will allow it to achieve profits.

HIGHER CURRENT ASSETS AS PER REPORTING DATE

Following the successful capital increase in the second quarter, the equity ratio significantly improved. As at the end of September 2012, the equity ratio stood at 36.2 percent compared with 31.1 percent at the end of fiscal year 2011.

Net debt amounted to EUR 96.4 million after EUR 90.3 million. Gearing (net debt as a percentage of equity) was reduced to 94 percent following 121 percent at the end of the last fiscal year.

The increase in net debt as per the end of September 2012 was primarily the result of significantly higher inventories as well as trade accounts receivable and other assets which rose to EUR 127.2 million after EUR 106.2 million at the end of fiscal year 2011. In contrast, trade payables only increased from EUR 35.5 million to EUR 42.8 million over the same period.

We expect that this considerably increase in current assets will be significantly reversed in the fourth quarter which will then bring some relief to the balance sheet.

The described expansion of current assets also adversely affected the cash flow from operating activities. In the nine month period of 2012, cash flow from operating activities declined to EUR 8.8 million (p/y: EUR 15.6 million). The cash outflow related to the expansion of current assets increased EUR 9.7 million over the previous year.

Cash flow from investing activities amounted to EUR –23.5 million (p/y: –18.0 million). Investments undertaken in the period under review are described in a separate section of this interim financial report. In the nine months of 2012, free cash flow after interest paid and received amounted to EUR –18.0 million (p/y: EUR –6.0 million).

Funding requirements were met by the proceeds from the capital increase. Furthermore, there was an outflow of EUR 3.5 million for the dividend payment and a net amount of EUR 7.8 million in loans were repaid. In total, cash flow from financing activities was EUR 7.3 million (p/y: EUR –5.9 million). The net change in cash and cash equivalents amounted to EUR –7.4 million (p/y: EUR –8.3 million).

Also in the third quarter, the proceeds from the capital increase continued to be primarily used for the financing of the expansion of current assets and for significantly higher investments. In view of the inflows from higher net income in the future, we will continue to optimise the Group's financing structure.

NEW BUSINESS IN THE NINE MONTH PERIOD OF 2012 ALREADY EQUAL TO TOTAL VOLUME OF FISCAL YEAR 2011

In the quarter under review, we have continued to win new orders for series productions. In line with the typical seasonality, overall order activity was less dynamic than in the first two quarters. Furthermore, large new orders fluctuate over the course of the year and are dependent upon the customers' decision making process.

Meanwhile, the volume of new business in fiscal year 2012 has amounted to more than EUR 300 million and thus, after only nine months, has reached the volume of EUR 300 million achieved for the entire fiscal year 2011.

We were able to continue with our strategy of having a balanced product portfolio and a high degree of

independence from single large orders. All of our locations will benefit from the current new business.

In addition to further volume for our rapidly growing international locations, we were able to win substantial new orders for our Oberkirch site. This underscores our continued high level of competitiveness in our domestic market.

Given the long lead times in our business, which also allow a high degree of planning security, new orders will begin to start-up and ramp-up as of fiscal year 2014. These will have a series production run of five to eight years. Consequently, this high level of new business is the material basis for our positive expectations for revenue growth beyond 2014.

INVESTMENTS

In the nine month period, and as described in the segment reporting in the notes, we have significantly increased our investments to EUR 29.9 million (p/y: EUR 19.2 million).

At EUR 9.6 million, a third of this investment occurred in the third quarter of 2012. For the current fiscal year, total investments of around EUR 40 million are planned.

This high volume of investment is due to the fact that all of our five Group locations are planning to undertake substantial measures to expand their capacity and increase productivity.

At our German site in Oberkirch we have invested EUR 14.4 million (p/y: EUR 13.8 million) in the first nine months of the year. The lack of a noticeable increase in investment was due to the high basis of the previous year's period. For the full year of 2012, investment volume is planned to increase substantially over the prior year's level.

The investments made in the first nine months were mainly used for our cross-member production. For further new orders, we have also made project-related investments in welding, assembly, and testing equipment. Finally, we are

also carrying out construction investments in order to expand our production. This accounted for EUR 2.8 million of the investment volume in the nine month period of 2012.

The investment of EUR 4.7 million (p/y: EUR 0.7 million) in the first nine months of 2012 at our location in the Czech Republic was almost entirely related to a new 1,250-tonne press to expand production. This press increases our capacity and enables us to relieve two other presses which have been permanently running at full capacity.

At the two locations in the NAFTA area, we have raised our investment in the first nine months of 2012 to EUR 5.4 million (p/y: EUR 2.9 million). Whereas mainly smaller measures were carried out in Canada for the beginning of cross-member production, our site in Mexico received around two thirds of the investment volume. There we have expanded production capacity with a 600-tonne press and an additional 800-tonne press. Furthermore, we have carried out other various rationalisation and maintenance investments. In China, we are also currently expanding our production capacity with an additional 1,250-tonne press and also a 600-tonne press. In the first nine months of 2012, a total of EUR 5.5 million (p/y: EUR 1.9 million) was invested at that location.

TARGETED INCREASE IN THE NUMBER OF EMPLOYEES

We have continued to increase the number of employees in the third quarter of 2012 due to our continued high growth and the strategic expansion of the Group.

As at September 30, 2012, the number of PWO Group employees, including part-timers, amounted to 2,918. This represents an increase of 9.5 percent when compared to the 2,664 employees at the end of the prior year.

This number includes a total of 156 trainees as per the reporting date which compares to 150 trainees at the end of the prior year. The new training year started in the third quarter. On this occasion, an additional 23 young people joined the Group in the course of the quarter.

The increase in employment continued, especially in our strongly growing foreign locations. The number of employees at our German location rose 3.7 percent to 1,510 employees as at the end of September after 1,456 employees at the end of last year. The increase in the third quarter was primarily due to the start of the new training year.

At the Canadian site employees increased significantly to 247 employees after 204 employees at the end of last year. In the course of the third quarter, the number of employees declined slightly. At the Canadian site, a ramp-up in cross-member production for a new car model is currently underway and will require substantial welding and assembly work.

In Mexico, the number of employees also increased significantly to 546 employees (p/y: 398 employees) in the wake of the ramp-up in new series productions.

In China, the increase to 224 employees (p/y: 195 employees) was comparably flat. Here we are well positioned for the current volume of production. Therefore, we are focusing on filling selected positions in the course of the site's strategic expansion.

At our site in the Czech Republic, the number of employees was adjusted in the course of the year in line with the revised revenue target. As at the reporting date, the number of employees amounted to 391 compared to 411 at the end of the prior year. There were no significant changes in the reporting quarter.

OPPORTUNITIES AND RISKS

The opportunities and risks depicted in the 2011 annual report continue to apply for the development of the PWO Group and its segments. No new risks have arisen.

Macroeconomic risks should continue to be classified as high and have recently increased even more as a result of the weak demand in several of the European countries. Meanwhile, the IMF expects a somewhat steeper recession in the eurozone (–0.4 percent after –0.3 percent previously).

Expectations for 2013 were also reduced further particularly since unemployment in the European crisis countries continues to rise and dampen consumer sentiment. With growth expected at just 0.2 percent after 0.7 percent previously, the eurozone is expected to stagnate in 2013.

The German economy, which is largely supported by exports, is also increasingly affected by the economic slowdown in Europe. Consequently, the IMF cut its German growth forecast for next year from the prior +1.4 percent to +0.9 percent.

Well into the third quarter, VW and the German premium automotive manufacturers continued to produce at a capacity utilisation far above the long-term average. This was driven by solid overall exports and comparably robust domestic demand. Nevertheless, a number of production cuts were recently announced. At the same time, the delivery periods for new vehicles continue to be relatively long. This has been supported by the Chinese and U.S. auto markets which continue to be dynamic, where we do not expect a short-term reversal.

Against this background we expect a reduction in call orders from our customers and increased volatility in the months to come. Regardless of the general market trends, we continue to benefit from additional start-up and ramp-up volumes from our series productions. With regard to material prices, we do not expect any additional risks of a substantial magnitude in the months to come.

In the first nine months of 2012, the earnings risk stemming from the expansion of our international locations and the risks related to start-up costs for new series productions have diminished.

OUTLOOK FOR EBIT IN 2012 ADJUSTED TO MARKET DEVELOPMENT

As reported in an ad hoc announcement on October 19, 2012, we have reviewed our planning and adjusted our earnings outlook for fiscal year 2012 as a result of the trend in call orders from our customers. The previously expected disproportionate increase in earnings in the second half of 2012 compared to the first half will not be achieved due to the current market conditions.

Revenue guidance remains unchanged at EUR 360 million (p/y: EUR 331.1 million). However, from today's perspective it appears that this will include around EUR 5 million sales from currency translation effects and around EUR 3 million in additional tool sales from outsourced orders. Neither of which will contribute positively to earnings.

The currency translation effects relate primarily to the NAFTA area and thus the corresponding segment. The higher-than-expected tool sales can be largely attributed to the German location. The additional costs incurred due to a temporary increase in capacity have mainly affected this location. Therefore, the earnings of the Germany segment will be below previous expectations.

Due to current market trends Group EBIT is now expected to see a still above-average increase of 15-20 percent. This compares to the previous guidance of a 30 percent increase over 2011 to EUR 25 million (p/y: EUR 19.2 million).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	3rd Quarter 2012		3rd Quarter 2011	
	EURk	% share	EURk	% share
Revenue	90,723	96.4	80,945	97.9
Change in finished goods and work-in-progress / other own work capitalised	3,418	3.6	1,770	2.1
Total output	94,141	100.0	82,715	100.0
Other operating income	884	0.9	1,692	2.1
Cost of materials	52,086	55.3	45,720	55.3
Staff costs	24,494	26.0	21,661	26.2
Depreciation and amortisation	4,718	5.0	4,230	5.1
Other operating expenses	9,374	10.0	7,575	9.2
EBIT	4,353	4.6	5,221	6.3
Financial expenses	1,593	1.7	1,613	1.9
EBT	2,760	2.9	3,608	4.4
Income taxes	1,030	1.1	859	1.1
Net income for the period	1,730	1.8	2,749	3.3
Earnings per share in EUR ¹⁾	0.55	—	1.10	—

¹⁾ The calculation of earnings per share is discussed on page 23.

CONSOLIDATED INCOME STATEMENT

	9 Months 2012		9 Months 2011	
	EURk	% share	EURk	% share
Revenue	269,445	97.5	240,996	99.3
Change in finished goods and work-in-progress / other own work capitalised	7,019	2.5	1,675	0.7
Total output	276,464	100.0	242,671	100.0
Other operating income	3,473	1.2	3,449	1.4
Cost of materials	151,028	54.6	131,286	54.1
Staff costs	74,136	26.8	65,828	27.1
Depreciation and amortisation	13,066	4.7	12,466	5.1
Other operating expenses	26,549	9.6	23,475	9.7
EBIT	15,158	5.5	13,065	5.4
Financial expenses	4,873	1.8	4,797	2.0
EBT	10,285	3.7	8,268	3.4
Income taxes	3,285	1.2	3,048	1.2
Net income for the period	7,000	2.5	5,220	2.2
Earnings per share in EUR ¹⁾	2.49	—	2.09	—

¹⁾ The calculation of earnings per share is discussed on page 23.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Sep. 30, 2012	Sep. 30, 2011
	EURk	EURk
Net income for the period	7,000	5,220
Other comprehensive income		
Derivative financial instruments		
Net gains / losses from cash flow hedges	872	-601
Tax effect	-168	195
Unrealised gains/losses from derivative financial instruments	704	-406
Currency translation	974	-558
Other comprehensive income after tax	1,678	-964
Total comprehensive income after tax	8,678	4,256

CONSOLIDATED BALANCE SHEET

ASSETS	Sep. 30, 2012	Dec. 31, 2011
	EURk	EURk
Property, plant, and equipment	132,464	114,456
Intangible assets	11,464	11,971
Deferred tax assets	3,151	3,011
Non-current assets	147,079	129,438
Inventories	56,386	47,744
Receivables and other assets	70,841	58,418
Other financial assets	3,335	555
Cash and cash equivalents	4,726	4,580
Current assets	135,288	111,297
Total assets	282,367	240,735

EQUITY AND LIABILITIES	Sep. 30, 2012	Dec. 31, 2011
	EURk	EURk
Equity	102,176	74,784
Interest-bearing borrowings	51,025	37,088
Provisions for pensions	27,280	26,373
Other provisions	3,393	3,509
Deferred tax liabilities	453	435
Non-current liabilities	82,151	67,405
Current portion of provisions for pensions	1,410	1,410
Current portion of other provisions	1,425	1,439
Trade payables and other liabilities	42,785	35,463
Other financial liabilities	2,320	2,492
Interest-bearing borrowings	50,100	57,742
Current liabilities	98,040	98,546
Total equity and liabilities	282,367	240,735

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	Equity attributable to PWO AG shareholders					Total equity
	Subscribed capital	Capital reserves	Retained earnings	Cumulative income and expenses recognised directly in equity	Cash flow hedges	
				Currency translation differences		
As at Jan. 1, 2012	7,500	17,155	49,269	1,739	-879	74,784
Net income for the period			7,000			7,000
Other comprehensive income				974	704	1,678
Total comprehensive income	7,500	17,155	56,269	2,713	-175	83,462
Capital increase	1,875	20,339				22,214
Dividend payment			-3,500			-3,500
As at Sep. 30, 2012	9,375	37,494	52,769	2,713	-175	102,176
As at Jan. 1, 2011	7,500	17,155	42,753	1,469	94	68,971
Net income for the period			5,220			5,220
Other comprehensive income				-558	-406	-964
Total comprehensive income	7,500	17,155	47,973	911	-312	73,227
Dividend payment			-2,500			-2,500
As at Sep 30, 2011	7,500	17,155	45,473	911	-312	70,727

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

	Sep. 30, 2012	Sep. 30, 2011
	EURk	EURk
Net income for the period	7,000	5,220
Depreciation of property, plant, and equipment, net of write-ups	13,066	12,466
Income tax expense/refund	3,285	3,048
Interest income and expenses	4,873	4,798
Change in current assets	-23,851	-14,164
Change in non-current liabilities (excluding interest-bearing borrowings)	-406	-557
Change in current liabilities (excluding interest-bearing borrowings)	6,908	8,531
Income taxes paid	-3,031	-2,924
Other non-cash expenses/income	1,045	-814
Gain/loss on disposal of property, plant and equipment	-50	-16
Cash flow from operating activities	8,839	15,588
Proceeds from disposal of property, plant, and equipment	220	338
Payments for investments in property, plant, and equipment	-22,646	-17,403
Payments for investments in intangible assets	-1,078	-925
Cash flow from investing activities	-23,504	-17,990
Dividends paid	-3,500	-2,500
Proceeds from capital increase	22,813	0
Transaction costs related to the capital increase	-832	0
Interest paid	-3,365	-3,571
Interest received	8	8
Proceeds from borrowings	20,885	9,475
Repayment of borrowings	-28,716	-9,356
Cash flow from financing activities	7,293	-5,944
Net change in cash and cash equivalents	-7,372	-8,346
Effect of exchange rates on cash and cash equivalents	-29	48
Cash and cash equivalents as at January 1	-2,560	4,305
Cash and cash equivalents as at September 30	-9,961	-3,993
of which cash and cash equivalents	4,726	2,778
of which bank borrowings due on demand	-14,687	-6,771

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements as of September 30, 2012 were prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all of the information and disclosures required for consolidated financial statements at the end of the financial year, and should therefore be read in conjunction with the annual consolidated financial statements as of December 31, 2011. The interim consolidated financial statements and the interim management report are neither subject to an external audit nor to an auditor's review.

Scope of consolidation

The interim consolidated financial statements as of September 30, 2012 include six foreign companies that PWO AG controls either directly or indirectly. No changes have occurred to the scope of consolidation compared to December 31, 2011.

Currency translation

The interim consolidated financial statements are presented in euros, the functional currency of the parent company. The financial statements of the companies within the consolidated Group are prepared using foreign currencies which are translated according to the functional currency concept (IAS 21). Each company within the Group determines its own functional currency.

The items contained in the financial statements of the companies are measured using this functional currency. All balance sheet items of the foreign consolidated entity were translated into euros by applying the relevant mean rate of exchange at the balance sheet date. Expenses and income in the consolidated income statement were translated using the average exchange rate. The net income for the period from the translated income statement was transferred to the balance sheet. Differences are recognised directly in equity as a currency translation difference.

As of January 1, 2012, PWO Holding Co., Ltd., Hong Kong, China changed its functional currency from HKD to EUR as the underlying transactions have since predominantly been invoiced and paid in EUR.

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

	Closing rate		Average rate	
	30/09/2012	30/09/2011	9M 2012	9M 2011
CAD	1.27	1.40	1.28	1.37
CNY	8.09	8.57	8.11	9.14
HKD	9.98	10.45	9.94	10.95
USD	1.29	1.34	1.28	1.41

Financial instruments

Currency-related derivatives in the form of interest-rate swaps, foreign exchange swaps, options, and foreign exchange forward contracts are carried at fair value both at the time of purchase and as part of subsequent measurement. In the case of derivative financial instruments which do not fulfil the criteria of a hedging transaction, gains or losses from changes in the fair value are reported immediately in profit or loss. Market value changes of derivative financial instruments used to hedge future cash flows (cash flow hedges) are recognised directly in equity in the amount of the effective share of equity, while the ineffective share is immediately recognised in profit or loss. When the hedged transaction takes place, the derivative is transferred from equity to profit and loss. The fair value of exchange listed derivatives corresponds to the positive or negative market value. If no market values are available, these are calculated using recognised actuarial valuation models, e.g. discounted cash flow model or option price model.

New and amended standards and interpretations

The same accounting methods that were applied in the preparation of the consolidated financial statements as at December 31, 2011 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2012 form an exception to this basic principle:

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

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

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

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

NOTES TO THE INCOME STATEMENT

Revenue

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

In the first nine months of 2012, tool sales amounted to EURk 19,332 (p/y: EURk 18,328).

Other own work capitalised

Own work capitalised comprises an amount of EURk 738 (p/y: EURk 596) of development costs subject to mandatory capitalisation according to IAS 38. These development costs are related, in particular, to the development of a cross-member.

Other operating income

Other operating income primarily comprises the following items:

EURk	9M 2012	9M 2011
Currency gains	2,172	1,808
License income	147	75

Other operating expenses

Other operating expenses primarily comprise the following items:

EURk	9M 2012	9M 2011
Cost for part-timers	7,426	5,432
Maintenance costs	4,839	3,512
Outgoing freight	2,567	2,368
Currency losses	2,477	2,584

Income taxes

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

EURk	9M 2012	9M 2011
Actual taxes	3,308	3,558
Deferred taxes	-23	-510
Total	3,285	3,048

Earnings per share

Earnings per share is computed by dividing net income for the period attributable to the shareholders of PWO AG by the weighted average number of shares outstanding. Actions resulting in dilution effects did not occur.

EURk	Q3/2012	Q3/2011
Net income for the period	1,730	2,749
Weighted average number of shares outstanding	3,125,000	2,500,000
Earnings per share in EUR	0.55	1.10

EURk	9M 2012	9M 2011
Net income for the period	7,000	5,220
Weighted average number of shares outstanding	2,807,870	2,500,000
Earnings per share in EUR	2.49	2.09

As of December 31, 2011, 2,500,000 shares were outstanding. 625,000 new shares were issued by way of the capital increase carried out in May 2012 resulting in an average number of 2,807,870 shares outstanding as of September 30, 2012.

NOTES TO THE BALANCE SHEET

Other financial assets

In addition to derivative financial instruments, other financial assets also include short-term investments with a maturity of more than 3 months in an amount of EURk 2,000.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows as of September 30, 2012 of EURk 4,726 (p/y: EURk 2,778) is composed of cash on hand and short-term bank deposits.

Equity

SUBSCRIBED CAPITAL

On May 26, 2010, the Annual General Meeting had resolved to create new authorised and contingent capital.

By issuing 625,000 new shares by way of the capital increase in May 2012, EURk 1,875 of the total Authorised Capital I/2010 in an amount of EURk 3,000 was utilised. As at September 30, 2012, the fully subscribed and paid-up capital amounted to EURk 9,375 (p/y: EURk 7,500), and was divided into 3,125,000 bearer shares.

REMAINING AUTHORISED CAPITAL

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorised to increase the Company's share capital once or several times by up to EURk 1,125 against payment in cash (Authorised Capital I/2010) until May 25, 2015.

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

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

RETAINED EARNINGS AND OTHER EQUITY

As at September 30, 2012, Group equity included income and expenses arising from the currency translation of foreign subsidiaries of EURk 2,713 (p/y: EURk 911) and income and expenses from cash flow hedges of EURk -175 (p/y: EURk -312).

DIVIDEND PAYMENT

The Annual General Meeting of May 24, 2012 has resolved the proposed payment of a dividend of EUR 1.40 for fiscal year 2011, resulting in a total dividend payment of EURk 3,500.

NOTIFICATIONS PURSUANT TO SECTION 21 (1) WPHG

In a release on May 21, 2012, Sparkasse Offenburg/Ortenau, Offenburg, gave notification that it held an interest of 5.88 percent.

In a release on May 23, 2012, Consult Invest Beteiligungsberatungs-GmbH, Böblingen, gave notification that it held an interest of 46.65 percent.

In a release on May 24, 2012, Delta Lloyd N.V., Amsterdam, The Netherlands, gave notification that it held an interest of 16.49 percent.

Liabilities

PENSION PROVISIONS

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

OTHER PROVISIONS

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

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

Financial instruments

The Group applies the following hierarchy in determining and disclosing the fair value of financial instruments according to valuation procedures:

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

Level 2 | Procedures in which all input parameters, that materially affect the recognised fair value, are either directly or indirectly observable.

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

The following table lists the financial instruments carried at fair value as at September 30, 2012 and September 30, 2011, respectively:

EURk	Level 1		Level 2		Level 3		Total	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011	30/09/2012	30/09/2011	30/09/2012	30/09/2011
ASSETS								
Financial instruments included in other financial assets:								
Derivatives with hedge relationship	0	0	1,291	835	0	0	1,291	835
Derivatives without hedge relationship	0	0	44	0	0	0	44	0
LIABILITIES								
Financial instruments included in other financial liabilities:								
Derivatives with hedge relationship	0	0	1,630	1,152	0	0	1,630	1,152
Derivatives without hedge relationship	0	0	690	537	0	0	690	537

As at September 30, 2012 and as at September 30, 2011, there were no reclassifications between assessments at fair value of Level 1 and Level 2 and no reclassifications into or from values at fair value of Level 3.

ADDITIONAL INFORMATION

Related party disclosures

In the nine months period of 2012, there were no relationships with related parties.

Additional information on the statement of cash flows

In the statement of cash flows, cash flows are presented on the basis of IAS 7. Cash funds reported in the cash flow statement comprise cash and cash equivalents as well as bank borrowings due on demand. The bank borrowings payable on demand, amounting to EURk 14,687 (p/y: EURk 6,771) have been included in the balance sheet as "interest-bearing borrowings".

Segment reporting

In line with the Group's internal management system, the individual production sites provide the basis for the segment reporting. The Group's main decision-making body is defined as the Management Board of PWO AG. The segments are determined on the basis of the location of the Group's assets. Accordingly, the revenues of these segments are also allocated according to the location of assets. The regions are categorised as Germany, Rest of Europe, NAFTA Area, and Asia. The NAFTA Area is comprised of the locations in Canada and Mexico.

Earnings, assets, liabilities, depreciation and amortisation among the individual segments are eliminated in the column "consolidation effects". This column also contains items that cannot be allocated to individual segments. Segment data is calculated in accordance with the accounting policies applied in the consolidated financial statement. The segment assets and segment liabilities correspond to the values from the financial statements of the single Group companies.

As at September 30, 2012, and as at September 30, 2011, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

Segment information by location	Germany	Rest of Europe	NAFTA Area	Asia	Consoli- dation effects	Group
9 Months 2012	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	187,567	27,761	60,532	4,158	0	280,018
Inter-segment revenue	-8,507	-1,433	-633	0	0	-10,573
External revenue	179,060	26,328	59,899	4,158	0	269,445
Total output	191,036	29,908	61,271	4,951	-10,702	276,464
Other income	2,638	556	1,101	667	-1,489	3,473
Other expenses (aggregated)	172,432	26,326	58,049	6,966	-12,060	251,713
Depreciation and amortisation	7,706	1,711	3,265	429	-45	13,066
Earnings before interest and taxes (EBIT)	13,536	2,427	1,058	-1,777	-86	15,158
Financial income	481	0	0	2	-475	8
Financial expenses	2,796	973	907	680	-475	4,881
Earnings before taxes (EBT)	11,221	1,454	151	-2,455	-86	10,285
Income taxes	3,184	-136	226	3	8	3,285
Net income for the period	8,037	1,590	-75	-2,458	-94	7,000
Assets	151,117	46,025	65,474	32,639	-12,888	282,367
of which non-current assets	63,006	26,409	32,562	22,197	-246	143,928
Liabilities	24,301	6,616	20,994	29,881	98,399	180,191
Investments	14,356	4,746	5,384	5,457	0	29,943

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

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

	Germany	Rest of Europe	NAFTA Area	Asia	Consoli- dation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Segment assets as at December 31, 2011	124,998	40,655	57,192	23,950	-6,060	240,735
of which non-current assets	56,457	23,376	29,757	17,108	-271	126,427
Segment assets as at December 31, 2010	120,101	44,644	45,416	19,916	-6,618	223,459
of which non-current assets	48,606	24,644	27,641	13,540	-200	114,231

Key judgments, estimates and assumptions

In compiling the interim financial statements, the Management Board must perform judgments, estimates, and assumptions that affect the application of accounting policies within the Group, and influence the recognition of assets and liabilities as well as income and expenses. The actual amounts may differ from the estimated amounts.

Events subsequent to the balance sheet date

Beyond the events discussed in this report, no further significant events have occurred after the balance sheet date of September 30, 2012 that require reporting.

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the third quarter and the nine month period of 2012 was presented to the Supervisory Board's Audit Committee, and explained by the Management Board. The Audit Committee concurred with the interim financial report.

Oberkirch, October 26, 2012

The Chairman of the Audit Committee

Dr. jur. Klaus-Georg Hengstberger

FINANCIAL CALENDAR | GOVERNING BODIES | CONTACTS

FINANCIAL CALENDAR

November 12, 2012

Deutsches Eigenkapitalforum, Frankfurt

March 14, 2013

Analyst conference

April 10, 2013

Presentation of the 2012 annual report

May 6, 2013

Interim financial report Q1 2013

May 22, 2013

Annual General Meeting 2013

CONTACTS

Bernd Bartmann

Member of the Board (Administration & Finance)

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

GOVERNING BODIES

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

Members of the Management Board

Karl M. Schmidhuber (Chairman)

Bernd Bartmann

Dr. Winfried Blümel

Members of the Supervisory Board

Dieter Maier (Chairman)

Dr. jur. Klaus-Georg Hengstberger (Deputy Chairman)

Herbert König *

Ulrich Ruetz

Katja Ullrich *

Dr. Gerhard Wirth

* Employee representatives

Forward-looking statements and forecasts

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