THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

Interim Financial Report
3rd Quarter | 9 Months **2013**

PWO

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LETTER OF THE BOARD OF MANAGEMENT

Dear shareholders and business associates,

In the third quarter of the 2013 fiscal year, we increased our revenues by 2.5 percent compared to the prior year. Total output remained at the prior year's level.

Despite this moderate revenue growth – primarily due to the current market weakness in Western Europe – we were able to achieve a marked, above-average increase of 8.2 percent in EBIT. September proved to be a very pleasing month and had made a decisive contribution to this development. Our measures to reduce costs and to increase efficiency are having an impact and will be stepped up even further.

In September, the European automotive industry had shown a recovery for the first time in a long time. We would like to benefit should this trend continue in the months to come.

The course has also been set for a positive development at our Chinese location, though currently we are still experiencing losses at this location. Nevertheless, in the interim, we are approaching a volume of revenues that allows noticeable economies of scale and thus a significant improvement in earnings. Here, we expect EBIT to break even in the fourth quarter of 2013, and in fiscal year 2014 we are targeting a break even in EBIT on average for the year.

Our Czech location sustained a clearly positive development. For the third quarter and the year-to-date, this location has shown a high level of profitability with the highest degree of process reliability. This is a very good indicator of the future above and beyond the closing quarter of 2013.

Our Canadian location is also showing a reliably positive development. This location will continually enhance its profitability. In the meantime, we have stabilized the processes in Mexico and continue to improve them.

Consequently, the Group's mid-term perspective is increasingly coming into focus. In the chapter on investment in this interim financial report, we will explain in which locations we are currently planning investments for expansion.

Our proven expertise in lightweight construction will contribute considerably to the future growth of the PWO Group. Already more than half of the new business volume in the first nine months was comprised of the most diverse of components within the area of lightweight construction. We are also expecting a number of additional new contracts in the fourth quarter of this fiscal year.

Innovative and creative lightweight concepts, tailor-made for the needs of our customers today and those needs which they will have in the future, continue to remain the focus at PWO. This is what has made us successful in the past and this is what will continue to be our recipe for success in the future.

Oberkirch, November 2013
The Management Board

PWO SHARES

PWO Shares Continued to Outperform the Market and the Sector in the Current Year

In the first nine months of 2013, the PWO share has performed considerably better than its benchmark indices. During this time, the SDAX price index increased 19.2 percent compared to its year-end closing price in 2012, the sector index DAXsector All Automotive price index rose 17.4 percent, and the subindex of the automotive suppliers gained 41.8 percent. In the same period, the PWO share rose from EUR 28.20 at the end of the previous year to EUR 40.39 (XETRA) at the end of the third quarter. This equals a price increase of 43.2 percent. In the third quarter of 2013, the stock market showed significantly accelerated price development overall: The SDAX price index climbed 10.2 percent, the DAXsector All Automotive rose 14.7 percent, and the subindex of the automotive suppliers gained 21.7 percent. Even in this period, the PWO share also outperformed and added 24.1 percent in the third quarter and climbed from EUR 32.54 to EUR 40.39.

Initially, in the first quarter of the year, the PWO share experienced a considerable boost following the publication of the preliminary results for fiscal year 2012 on February 14, 2013, which were very well-received. After moving sideways in the second quarter – the quarter in which a dividend of EUR 1.60 per share was paid on May 23 – the third quarter was dominated by an announcement made in advance of the International Automotive Show in Frankfurt. This announcement received a great response from the stock market: PWO reported on the special focal point of its IAA appearance – lightweight solutions. We are experiencing increasing demand in this area from our customers. As a result, PWO's share price rose considerably and exceeded the EUR 40 level.

The share's highest price on XETRA during the first nine months of 2013 was EUR 40.90 and was reached on September 16. Following a subsequent pause, the share resumed its climb until mid-October with prices of over EUR 41. The lowest share price in the course of the year was EUR 28.68 and occurred at the start of the year on January 2.

We continue to take part in conferences for capital market participants on a regular basis. In the first quarter we successfully completed a roadshow in Frankfurt, and in June we presented at an investor conference in Paris. Specifically in Paris, contact was made with several new potential investors. At the end of August, PWO took part in the DVFA Small Cap Conference in Frankfurt. Here we were also pleased with the strong demand on the part of the investors. Furthermore, in 2013, as in every year, we will again present before a broad audience at the Deutsche Börse AG's German Equity Forum in November.

Directors' Dealings

Any notifications received are published on the Company's website at www.progress-werk.de in the section Investor Relations/PWO shares/Directors' Dealings.

Current shareholder structure

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 %

Source: WpHG notifications

Other information

Number of shares issued as at September 30, 2013
3,125,000
Treasury shares held as at September 30, 2013
None
Dividend per share for fiscal year 2012
EUR 1.60

THE COMPANY

PWO profits from the growing demand for lightweight solutions

The automotive industry must significantly reduce the weight of their vehicle models in the upcoming years in order to meet the continually more stringent European requirements for preventing CO_2 emissions. Thus, lightweight construction is in line with the trend and is increasingly demanded by the customers.

PWO positioned itself in this area early on and has earned a reputation for innovate solutions in lightweight construction. In some cases, this requires new forming concepts in order to manufacture such products at a high speed, with high precision, and at a competitive cost.

Today, we can adapt these concepts to the individual local requirements of our five locations. As a result, we can deliver at competitive costs worldwide.

Lightweight construction is often associated with lighter materials. However, for technical reasons, with a majority of our products it is not possible to substitute steel with other materials. Substitution is possible in several individual areas, but at the same time we are also developing new solutions from sheet steel for components which were previously manufactured using other methods, particularly casting, forging, or extrusion.

Many alternative materials are more expensive or cumbersome to process than steel. Other limiting factors, such as recycling requirements, for example, should also be taken into consideration.

Consequently, within our product spectrum, there is increasing demand for solutions made of high-strength steels. At the same level of stiffness, these are thinner and therefore lighter than classic deep-drawing steels. We already possess particular process know-how for the processing of high-strength steels using deep-drawing and rolling technologies.

Today, innovative lightweight concepts include much more than just the pure substitution of materials. This is how tremendous weight reduction can be achieved by also using solutions with classic deep-drawing steels when components are conceptualized for load optimization.

This means that the components exhibit the necessary strength and stiffness only in those areas where the load actually occurs. In contrast, in all other areas over-dimensioning is consistently avoided.

Last but not least, is the use of lightweight construction processes in joining technology. In this area, for example, gluing can lead to tremendous weight reduction in comparison to the joining of components through welding.

It always depends upon developing the best component design in terms of function, weight, and costs, for the respective customer-specific requirements, competitively producing this component, and serving the customer globally via an optimal global logistics concept. This is what PWO stands for.

INTERIM CONSOLIDATED MANAGEMENT REPORT

The Economic Environment

In the view of the International Monetary Fund (IMF), the eurozone currently finds itself on a stabilized but still fragile growth path. This somewhat better development is primarily arising from Germany and France where the current year's expectations were recently raised slightly. In France, the outlook has brightened to the extent that minimal growth is expected for 2013. On the other hand, the Southern countries continue to be in a recession, even though the economic decline in Spain is expected to no longer be so pronounced.

Overall, in the second half of 2013, the eurozone continued to find itself in a state of recession. The high level of unemployment, the necessity to reduce debt, and the underutilization of capacities in many areas, continue to present the most important risk factors. In 2013, the European Union will probably be able to avoid "negative growth" mainly as a result of the relatively robust economy in the United Kingdom.

In the view of the German economic research institutes, the German economy is currently facing a recovery that will be driven by domestic demand. The improving global economic environment and the decreasing uncertainty on the part of companies is stimulating investments and private consumption is benefitting from the favorable employment and income outlook.

However, for the full year of 2013, as measured by average annual growth, real growth is still expected to amount to only a moderate 0.4 percent. This is mainly due to the significant declines in production in the winter months of 2012/2013. The research institutes point out, however, that the growth, and thus the strength of the German economy, is much more visible when viewed over a period of time: The growth forecast is 1.4 percent for the fourth quarter of 2013 compared to the fourth quarter of 2012.

According to the IMF, the world economy is currently undergoing a transitional phase: While the economies of the industrialized countries recently gained some momentum, the emerging and developing countries have been showing signs of fatigue. Accordingly, the IMF has noticeably reduced its expectations for Russia and the Asian region, especially for India and China and for Latin America and the Middle East. Nevertheless, these regions continue to grow faster than the developed countries. Among the latter, the US, Canada, and Japan continue to show significantly higher growth rates than Europe. The US economy continues to benefit from private consumption. This has recently been reflected in the very robust sector trends in the automotive industry.

Sector Trends

The Western European passenger vehicle market noticeably came to life in the third quarter of 2013. New vehicle sales increased 5.4 percent in September to a level of 1.1 million units. In the first nine months overall, the Western European passenger vehicle market had almost 8.8 million new vehicle registrations or 4 percent fewer than in the prior year.

This most recent positive development was due largely to those countries which were most strongly impacted by the euro crisis, especially Spain. Spain surprised with a strong increase of 28.5 percent. Ireland (+28 percent), Portugal (+16 percent), and Greece (+10 percent) also had large gains. In Italy, sales were still 2.9 percent lower, however this was still an improvement over the performance in the course of the year thus far (–8.3 percent). In Great Britain, new vehicle registrations achieved a double-digit increase for the sixth consecutive time and rose 12 percent. In France, new vehicle sales increased 3.4 percent.

In September, new vehicle registrations in Germany were still 1 percent below last year's level. However, here were also signs that a base was building: In the first three quarters, new vehicle registrations overall still fell 6 percent (2.2 million units). Recently, there was a very strong development in exports. In September, the German manufacturers exported 389,000 passenger vehicles. This amounts to an increase of 15 percent. Thus, export volumes in the first three quarter were again at the previous year's level (3.14 million).

At the same time, incoming orders in September from abroad were also above-average and grew 9 percent. Since January, foreign customers ordered 5 percent more German passenger vehicles overall.

Driven by the favorable export environment, German passenger car manufacturers further increased their production in Germany. At 515,200 passenger cars, 14 percent more passenger cars were produced in September as in the same month of the previous year. Hence, production since the start of the year is back at the previous year's level.

The new EU countries are also clearly showing a turnaround in the trend: Here, demand for passenger cars in September rose nearly 6 percent, while the nine-month period still showed a decline of a good 3 percent. Recently, there were double-digit growth rates in new passenger registrations in Hungary (+32 percent), Bulgaria (+16 percent), Slovenia (+24 percent), Latvia (+26 percent), and Poland (+15 percent) among others.

On the global automotive market, the Chinese passenger car market continued to demonstrate high momentum and recently even showed a tendency to increase. In September, around 1.5 million units were sold or 29 percent more than in the comparable month of the prior year. In the nine-month period, a volume of 11.6 million vehicles was achieved for an increase of 21 percent. The market share of German brands in China amounted to almost 22 percent.

In September, the US market came in a little weaker, as expected, due to calendar effects. The strong-selling "Labor Day" weekend was still included in the August figures and, in addition, September had two fewer selling days as the same month in the previous year. Light vehicle sales (passenger cars and light trucks) fell by 4 percent to 1.1 million units. Therefore, better comparisons are delivered by the combined months of August and September. At 2.6 million units, these came in at around 7 percent higher than in the previous year. In the first three quarters of the year, the US market increased 8 percent to over 11.7 million light vehicles.

The Japanese passenger car market managed to significantly improve its number of new registrations. Unit sales here rose 18 percent. In the nine-month period however, new vehicle registrations of 3.5 million units were still 5 percent below last year's level.

In September, the decline in the Russian light vehicle market was significantly lower than in the previous months: With a total of 246,900 new vehicles, light vehicle sales were 5 percent below those of the prior year. From January until September 2013, the Russian market slipped nearly 7 percent – a total of around 2 million light vehicles were sold.

Positive development also seen in the summer months

In the third quarter, which due to the vacation season is typically one of the weaker quarters of the fiscal year, we raised our revenues versus the prior year by 2.5 percent to EUR 93.0 million (p/y: EUR 90.7 million). Total output remained at the previous year's level and amounted to EUR 94.2 million (p/y: EUR 94.1 million). Following the high growth in inventories in the first-half, we have started to reduce the inventory level through invoicing, as announced earlier.

Despite this rather subdued growth in revenues and total output, the EBIT still increased a disproportional 8.2 percent to EUR 4.7 million (p/y: EUR 4.4 million) and the EBIT margin expanded to 5.0 percent (p/y: 4.6 percent).

Particularly pleasing was the development in the material expense ratio which we managed to lower once again to 52.5 percent (p/y: 55.3 percent). Here, the initiation of a reduction in inventories (see also the corresponding comments on the balance sheet) and the further stabilization of the processes in China and Mexico had a positive impact and allowed for a marked reduction in the expense ratios at these locations.

On the contrary, the rise in the staff costs ratio to 27.7 percent (p/y: 26.0 percent) was a burden. With the increase in the depreciation and amortization ratio to 5.6 percent (p/y: 5.0 percent), the development of the year thus far had continued. This is a result of the high investments in the prior years.

The low interest rate environment continued to have a further positive impact on our financial expenses: Expiring interest rate commitments in the loan portfolio can frequently be refinanced at a lower rate. Accordingly, financial expenses declined compared to the prior year.

The Group's tax burden continued to benefit from the improved profitability of our foreign locations to the extent that income taxes in the reporting quarter dropped to EUR 0.7 million (p/y: EUR 1.0 million).

Overall, net income for the period in the third quarter of the current fiscal year increased 48.7 percent to EUR 2.6 million (p/y: EUR 1.7 million). Earnings per share improved to EUR 0.82 (p/y: EUR 0.55).

The factors presented which had impacted the development of the third quarter of 2013 largely also applied to the nine-month period. Revenues and total output rose 5.6 percent to EUR 284.7 million (p/y: EUR 269.4 million) and 5.7 percent to EUR 292.3 million (p/y: EUR 276.5 million), respectively. EBIT increased 3.9 percent to EUR 15.8 million (p/y: EUR 15.2 million). At 5.4 percent, the EBIT margin still remained slightly below the previous year's level of 5.5 percent.

Financial expenses also declined in the nine-month period, namely to EUR 4.4 million (p/y: EUR 4.9 million). The tax burden also declined relative to the previous year. Accordingly, the rise in net income for the period was considerably stronger than the rise in EBIT. At EUR 8.6 million (p/y: EUR 7.0 million), it exceeded the previous year's level by 22.2 percent. Earnings per share increased to EUR 2.74 (p/y: EUR 2.49).

International locations support PWO Group's development

As already seen in the course of the year thus far, the development of our individual locations has varied greatly in this reporting quarter as well.

At our home location of Oberkirch, which comprises the Germany segment, revenues and total output only increased slightly in the nine-month period to EUR 189.7 million (p/y: EUR 187.6 million) and to EUR 195.2 million (p/y: EUR 191.0 million), respectively. The EBIT declined to EUR 10.2 million (p/y: EUR 13.5 million). In the reporting quarter, the decline in EBIT in comparison to the prior year was greatly limited.

Currently, the Oberkirch location is being burdened by the weakness in the European automotive market, high energy costs, as well as rising staff costs largely resulting from collective wage agreements. Start-ups and ramp-ups of series productions, the invoicing of inventories in the further course of the year, and measures for improved efficiency are already having an effect. Still, we are not satisfied with the alleviation achieved thus far. Therefore, measures for improvement were accelerated once again.

The revenues of our Czech Republic location, which forms the Rest of Europe segment, grew to EUR 33.9 million in the nine-month period of 2013 (p/y: EUR 27.8 million). Total output increased to EUR 34.0 million (p/y: EUR 29.9 million) and EBIT rose to EUR 4.2 million (p/y: EUR 2.4 million).

The very favorable development of the Czech location resulted from both the series business as well as the tool business. In the meantime, this location employs stable processes at a very high level.

Although we still do not expect the margin level of the nine-month period to be the average for the 2013 fiscal year, we do expect the Czech Republic location to achieve a very positive result overall.

The NAFTA Area segment combines our two locations, Canada and Mexico. Revenues in this segment grew strongly in the nine-month period to EUR 67.2 million (p/y: EUR 60.5 million), and total output rose to EUR 69.1 million (p/y: EUR 61.3 million). The EBIT increased considerably to EUR 2.8 million (p/y: EUR 1.1 million).

In the third quarter of 2013, revenues, total output, and EBIT were below the level of the second quarter of 2013 due to the interim holiday-related pause in operations. Our expectations have not changed with regard to the development of both of these locations. In Canada, we expect a very favorable EBIT for the year as a whole. The Mexican location should reach an EBIT slightly above break-even.

Our Chinese location, which forms the Asia segment, continues to successively ramp up production. In the nine-month period, revenues more than doubled to EUR 8.9 million (p/y: EUR 4.2 million). Total output rose to EUR 9.1 million (p/y: EUR 5.0 million).

At EUR –1.6 million (p/y: EUR –1.8 million), the loss at the EBIT level remained nearly unchanged. Nevertheless, we are approaching a level of revenues which will allow for a significant improvement. This was also be supported by the first visible revenues from tool sales, which we still expect in this fiscal year. Therefore, we are assuming that EBIT will break even in the fourth quarter of 2013 and aim to achieve a break even in EBIT on average for the year in the next fiscal year.

Positive free cash flow of EUR 6.1 million in the third quarter of 2013

As was already the case in the half-year 2013 interim financial report, the following discussions are based on a comparison of the balance sheet as at September 30, 2013 with the adjusted figures of December 31, 2012. The retroactive changes made in the balance sheet as at the start of 2013 due to the revision of IAS 19 are presented in the notes of this interim financial report.

In the course of the current fiscal year, the balance sheet and cash flow developed increasingly positive, as stated earlier. In the third quarter, many of the measures initiated for reducing the level of invested capital in current assets had already had a significant impact. We expect further positive effects in the fourth quarter.

Total assets as compared to December 31, 2012 still grew significantly to EUR 299.0 million after EUR 279.3 million. However, in the course of the third quarter, total assets remained for the most part at the level at the start of the quarter of EUR 300.5 million. While non-current assets continued to rise in the course of the quarter due to on-going investment, inventories declined slightly and receivables and other assets could be visibly reduced.

Shareholder's equity increased as a result of the favorable development of net income for the period not only in the course of the quarter but also in the nine-month period. Trade payables were also above both the level at the start of the quarter and the level at the start of the year.

Thus, a noticeable improvement in the balance sheet ratios was achieved in the quarter. The equity ratio rose to 33.2 percent at the quarter's end after 32.2 percent at the start of the quarter (adjusted December 31, 2012: 34.1 percent).

Net debt declined to EUR 103.4 million after EUR 106.4 million (December 31, 2012: EUR 90.5 million). Gearing (net debt in percentage of equity) could be reduced to 104 percent after 110 percent (adjusted December 31, 2012: 95 percent).

Free cash flow profited significantly from this development and thus showed a positive tendency in the course of the entire reporting year.

Cash flow from operating activities in the nine-month period amounted to EUR 16.2 million (p/y: EUR 8.8 million) and therefore significantly exceeded the prior year's level. Net income for the period, depreciation of property, plant, and equipment and a EUR 7.0 million change in current liabilities had a particularly positive impact here, whereas a EUR 19.7 million change in current assets put a burden on cash flow.

Cash flow from investment activities amounted to EUR –16.4 million (p/y: EUR –23.5 million) in the reporting period and was therefore not only considerably below the previous year's level but also below the EUR 22.1 million of investment shown in the segment reporting. The investments in the reporting period are discussed in a separate section of this interim financial report.

Hence, in the first nine months of 2013, free cash flow after interest paid and received amounted to EUR –3.4 million (p/y: EUR –18.0 million). In the third quarter, positive free cash flow of EUR 6.1 million was achieved.

The cash outflow for dividend payments was EUR 5.0 million (p/y: EUR 3.5 million) in the nine-month period. On balance, cash outflows for the repayment of borrowings amounted to EUR 2.2 million (p/y: EUR 7.8 million). Thus, the net change in cash and cash equivalents was EUR –10.6 million in the nine-month period. In the previous year, this amount had totaled EUR –7.4 million and included the net proceeds of EUR 22.1 million from the capital increase in May 2012.

As already mentioned, we continue to expect a further decline in the level of invested capital in the fourth quarter so that the burden on cash flow will be minimized. Generally, we aim to generate the necessary funds for our planned growth and fiscal year 2013 investment from the current cash flow of the year as much as possible in order to limit the expansion of net debt.

Brisk new business in the first nine months of 2013

The positive development in new business in the first six months of 2013 also continued on into the reporting quarter. In the nine-month period, we acquired contracts for new series productions with a lifetime volume of over EUR 285 million. The corresponding tool sales amount to an additional around EUR 23 million.

Beyond the major contract for electric engine housings already communicated in the half-year report, the new contracts in the first nine months are spread across our entire product range so that we will continue to have a well-diversified order structure in the future.

The new contracts typically have a lifetime of five to eight years. They will largely start in 2014/2015 and will support our growth in the upcoming years. These contracts relate to all five production locations and will contribute to securing their future utilization and growth.

What can be positively highlighted are the encouraging volumes of new series productions in China. Our previous efforts at establishing our location there are now beginning to successively pay off.

A key requirement of many contracts will be the increasing use of lightweight construction for weight reduction and avoiding CO_2 emissions. More than half of the new business volume in the first nine months was comprised of components with lightweight construction. This also included an order for the delivery of components for air suspension systems for Tesla, the American electric-vehicle pioneer.

Overall, we are optimistic that our new business volume in 2013 will exceed the previous year's level. In 2012, we received series orders of EUR 350 million in connection with tool volumes of EUR 25 million.

Investments

As presented in the segment reporting in the notes, investments in the nine-month period of 2013 amounted to EUR 22.1 million (p/y: EUR 29.9 million).

Following the comparatively low volume of investments carried out in the second quarter, investments of EUR 11.2 million (p/y: EUR 9.6 million) were realized in the reporting quarter. New investment projects in preparation for future growth were carried out at several of our locations in the third quarter.

We have started building expansions at our German location. In addition, one focus was the new cogeneration plant which we put into operation in order to optimize electricity costs and to generate sustainable energy. Other volumes were allotted to production facilities, among others. A total of EUR 11.9 million (p/y: EUR 14.4 million) was invested in the German location in the nine-month period of the current fiscal year.

In the third quarter, we were able to purchase an additional plot of land at the Czech locations and thus close a gap between the existing properties. With the future expansions planned, we can now build an optimal internal logistics system along the value chain. In total, we have invested EUR 2.4 million (p/y: EUR 4.7 million) in the Czech Republic in the first nine months of 2013.

At EUR 5.3 million (p/y: EUR 5.4 million), investment volume at the two NAFTA Area locations remained at the previous year's level in the reporting period. In Canada, the focus in the reporting quarter was on expanding production facilities and preparing for the expansion of the logistics center. In Mexico on the other hand, the construction of a logistics and production building had begun. In addition, we proceeded with an investment in a new 1,250 ton press.

At our Chinese location, further investments in our production facilities were made in the third quarter of 2013 via the purchase of a laser welding system and a 600-ton press. In the first nine months of 2013, total investments in China amounted to EUR 2.6 million (EUR 5.5 million).

The Group's investment budget envisaged for fiscal year 2013 is now around EUR 32 million.

Number of employees increases in the Group

The number of employees increased in the course of the reporting quarter in both the Group as well as in the individual locations. In line with their strong growth, most of the international locations reported higher growth than Oberkirch.

The number of employees in the PWO Group, including temporary employees, grew 2.6 percent to 3,144 by the end of the third quarter after 3,063 as at June 30, 2013. The number of trainees included in this figure increased to 175 with the start of the new training year after 143 at the end of the six-month period. In the current fiscal year, we will provide 51 young people with new trainee positions once again in Oberkirch alone.

At the German location, the number of employees at the end of September increased 1.6 percent to 1,578 after 1,553 at the end of June. In Canada, the number employed was adjusted only slightly to 285 after 284.

In the Czech Republic, the number of employees grew 3.4 percent to 429 after 415. At +14.2 percent from 212 to 242, the Chinese locations showed the strongest increase in the number of employees.

Following a scheduled reduction in the second quarter, the number of employees in Mexico rose again but only to a limited extent from 599 to 610. Thus, we are still below the level seen at the end of the first quarter.

There are no significant changes planned overall in the number of employment positions in the Group for the remainder of fiscal year 2013.

Opportunities and Risks

The opportunities and risks described in the 2012 Annual Report continue to apply to the development of the PWO Group and its segments. No new risks have arisen.

Despite the recent recovery tendencies in parts of Europe and the improvements in the global economy expected by economic observers, the overall macroeconomic risks continue to remain high. In particular, the sustained high unemployment in a majority of European countries and the restrictive fiscal policy needed to reduce debt, impose a burden on consumers and dampen consumer sentiment.

Against this background, the recent upturn in the European car market is a welcome development. Nevertheless, this upturn is still on shaky ground. Therefore, a sustainable turnaround would need a conformation in the near future. In the view of the VDA, the stabilization in Western Europe is also not automatic, but a strenuous path.

Nevertheless, against the backdrop of the improved development in the global automotive market since the beginning of the second half of the year, the VDA appears to be cautiously optimistic: With regard to the development in the global automotive market, the association has slightly increased its 2013 forecast in September. It now expects sales of more than 71 million passenger vehicles after previously expecting 70.5 million units. This would represent an increase of about 3 percent.

Especially the business in the U.S. is developing stronger than expected. Accordingly, the sales forecast for light vehicles was revised upwards: Whereas the VDA had previously forecasted an increase of just over 5 percent, it now expects an increase of 7 percent to 15.5 million units. However, the association had made these predictions before the positive figures in September so that a further upward correction seems possible. This is particularly due to the development in the Chinese market which has recently accelerated significantly once again.

In September, the VDA was still cautious with regard to the German automotive market. For the full year of 2013, a decrease in domestic registrations of 6 percent to 2.9 million units was forecasted. At nearly 4.2 million units, exports are expected to remain at the previous year's level and production of –1 per cent should amount to a volume of 5.35 million vehicles. Given recent developments, this forecast may also be revised upwards. Since the summer, the order books of the domestic vehicle manufacturers have been showing signs of stabilization. Orders from abroad experienced a particularly strong increase in September.

In light of the positive development in our key foreign markets – the US and China –, the growing momentum in the exports of the German manufacturers, and a stabilization of the situation in Europe, we see considerably more opportunities than risks for the PWO Group despite the economic uncertainties mentioned. Recent developments such as the accelerating trend towards fuel and CO_2-reducing lightweight construction offer us additional opportunities to pursue above-average growth. This is impressively supported by the PWO Group's continuing good order situation.

Forecasts for 2013 confirmed

The development of revenues and earnings in the nine-month time period underlines our plans for the full year of 2013. We are confident that this positive development will continue given the prospects for the global automotive industry, which have improved in the meantime, and despite the continuing difficult economic environment in Europe, not only in the final quarter but also in fiscal year 2014.

Therefore, we can remain by our forecast for 2013 of achieving an increase in revenues of about 8 percent to EUR 390 million and an EBIT of around EUR 23 million.

At the German Oberkirch location, we continue to expect an essentially stable development in revenues, and an EBIT which will not reach the previous year's level due to the factors discussed in the report on segment development.

Our foreign locations with higher-than-average revenues and earnings at the EBIT and net income level make a particular contribution to our success. The pioneering role continues to be filled by our now highly profitable location in the Czech Republic. Here, there are already signs of a continuation of this positive trend into the upcoming year.

The NAFTA locations are also expected to report significantly better results overall in comparison to the previous year. The extremely positive development in the first half of the year had already laid the groundwork for this development. The Canadian location will experience a distinct above-average increase in earnings.

Following the jump in revenues at our Mexican location in the previous year, the volumes reached at this location are expected to essentially consolidate. We are on a good path to improving this location's earnings strength, however further efforts are still necessary and are being implemented.

In China, series production revenues, which have already grown considerably in the meantime but which are still at a relatively low level compared to the rest of the Group, are expected to further increase substantially. Additional revenue and profit potential arises from the increased use of capacity in tool production for the Group as a whole. Overall, we expect to reach the break-even level in the fourth quarter of 2013.

CONSOLIDATED INCOME STATEMENT

	3rd Quarter 2013		3rd Quarter 2012	
	EURk	% share	EURk	% share
Revenue	93,005	98.7	90,723	96.4
Change in finished goods and work-in-progress / other own work capitalized	1,231	1.3	3,418	3.6
Total output	**94,236**	**100.0**	**94,141**	**100.0**
Other operating income	723	0.8	884	0.9
Cost of materials	49,481	52.5	52,086	55.3
Staff costs	26,072	27.7	24,494	26.0
Depreciation and amortization	5,250	5.6	4,718	5.0
Other operating expenses	9,446	10.0	9,374	10.0
EBIT	**4,710**	**5.0**	**4,353**	**4.6**
Financial expenses	1,476	1.6	1,593	1.7
EBT	**3,234**	**3.4**	**2,760**	**2.9**
Income taxes	662	0.7	1,030	1.1
Net income for the period	**2,572**	**2.7**	**1,730**	**1.8**
Earnings per share in EUR [1)]	0.82	—	0.55	—

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

CONSOLIDATED INCOME STATEMENT

	9 Months 2013		9 Months 2012	
	EURk	% share	EURk	% share
Revenue	284,654	97.4	269,445	97.5
Change in finished goods and work-in-progress / other own work capitalized	7,648	2.6	7,019	2.5
Total output	**292,302**	**100.0**	**276,464**	**100.0**
Other operating income	2,944	1.0	3,473	1.2
Cost of materials	156,618	53.6	151,028	54.6
Staff costs	79,564	27.2	74,136	26.8
Depreciation and amortization	15,726	5.4	13,066	4.7
Other operating expenses	27,584	9.4	26,549	9.6
EBIT	**15,754**	**5.4**	**15,158**	**5.5**
Financial expenses	4,377	1.5	4,873	1.8
EBT	**11,377**	**3.9**	**10,285**	**3.7**
Income taxes	2,824	1.0	3,285	1.2
Net income for the period	**8,553**	**2.9**	**7,000**	**2.5**
Earnings per share in EUR [1)]	2,74	—	2,49	—

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Sep. 30, 2013	Sep. 30, 2012
	EURk	EURk
Net income for the period	**8,553**	**7,000**
Other comprehensive income		
Derivative financial instruments		
Net gains from cash flow hedges	279	872
Tax effect	-89	-168
Unrealized gain s from derivative financial instruments	**190**	**704**
Currency translation	-1,207	974
Actuarial gains/losses from defined benefit pension plans [1)]	1,488	-4,848
Other comprehensive income after tax	**471**	**-3,170**
Total comprehensive income after tax	**9,024**	**3,830**

[1)] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 24.

CONSOLIDATED BALANCE SHEET

ASSETS	Sep. 30, 2013	Dec. 31, 2012
	EURk	EURk
Property, plant, and equipment	141,333	136,279
Intangible assets	11,341	12,028
Deferred tax assets [1)]	6,609	6,611
Non-current assets	**159,283**	**154,918**
Inventories	62,589	55,790
Receivables and other assets	72,477	59,559
Other financial assets	935	1,226
Cash and cash equivalents	3,753	7,810
Current assets	**139,754**	**124,385**
Total assets	**299,037**	**279,303**

EQUITY AND LIABILITIES	Sep. 30, 2013	Dec. 31, 2012
	EURk	EURk
Equity [1)]	**99,172**	**95,148**
Interest-bearing borrowings	47,852	48,275
Provisions for pensions [1)]	40,438	40,974
Other provisions	3,082	3,203
Deferred tax liabilities	753	868
Non-current liabilities	**92,125**	**93,320**
Current portion of provisions for pensions	1,495	1,495
Current portion of other provisions	1,770	1,743
Trade payables and other liabilities	44,688	36,185
Other financial liabilities	533	1,424
Interest-bearing borrowings	59,254	49,988
Current liabilities	**107,740**	**90,835**
Total equity and liabilities	**299,037**	**279,303**

[1)] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 24.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to PWO AG shareholders						
				Cumulative income and expenses recognized directly in equity			
EURk	Subscribed capital	Capital reserves	Retained earnings	Currency translation differences	Cash flow hedges	Pension obligations [1]	**Total equity**
As at Jan. 1, 2013	9,375	37,494	55,928	1,741	264	-9,654	95,148
Net income for the period			8,553				8,553
Other comprehensive income				-1,207	190	1,488	471
Total comprehensive income	**9,375**	**37,494**	**64,481**	**534**	**454**	**-8,166**	**104,172**
Dividend payment			-5,000				-5,000
As at Sep. 30, 2013	**9,375**	**37,494**	**59,481**	**534**	**454**	**-8,166**	**99,172**
As at Jan. 1, 2012	7,500	17,155	49,269	1,739	-879	-4,666	70,118
Net income for the period			7,000				7,000
Other comprehensive income				974	704	-4,848	-3,170
Total comprehensive income	**7,500**	**17,155**	**56,269**	**2,713**	**-175**	**-9,514**	**73,948**
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**	**-9,514**	**92,662**

[1] Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 24.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Sep. 30, 2013	Sep. 30, 2012
	EURk	EURk
Net income for the period	8,553	7,000
Depreciation of property, plant, and equipment, net of write-ups	15,726	13,066
Income tax expense/refund	2,824	3,285
Interest income and expenses	4,377	4,873
Change in current assets	-19,679	-23,851
Change in non-current liabilities (excluding interest-bearing borrowings)	360	-406
Change in current liabilities (excluding interest-bearing borrowings)	6,966	6,908
Income taxes paid	-2,663	-3,031
Other non-cash expenses/income	-396	1,045
Gain/loss on disposal of property, plant, and equipment	112	-50
Cash flow from operating activities	**16,180**	**8,839**
Proceeds from disposal of property, plant, and equipment	538	220
Payments for investments in property, plant, and equipment	-15,820	-22,646
Payments for investments in intangible assets	-1,078	-1,078
Cash flow from investing activities	**-16,360**	**-23,504**
Dividends paid	-5,000	-3,500
Proceeds from capital increase	0	22,813
Transaction costs related to the capital increase	0	-832
Interest paid	-3,190	-3,365
Interest received	16	8
Proceeds from borrowings	19,453	20,885
Repayment of borrowings	-21,650	-28,716
Cash flow from financing activities	**10,371**	**7,293**
Net change in cash and cash equivalents	-10,551	-7,372
Effect of exchange rates on cash and cash equivalents	23	-29
Cash and cash equivalents as at January 1	2,664	-2,560
Cash and cash equivalents as at September 30	**-7,864**	**-9,961**
of which cash and cash equivalents	3,753	4,726
of which bank borrowings due on demand	-11,617	-14,687

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

Basis of presentation

These condensed interim consolidated financial statements as at September 30, 2013 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, 2012. 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 at September 30, 2013 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, 2012.

Currency translation

The interim consolidated financial statements are presented in euro, 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 euro 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. Net income for the period from the translated income statement was transferred to the balance sheet. Differences are recognized 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	
	30/09/2013	30/09/2012	9M2013	9M2012
CAD	1.39	1.27	1.35	1.28
CNY	8.26	8.09	8.12	8.11
USD	1.35	1.29	1.32	1.28

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 fulfill 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 recognized directly in equity in the amount of the effective share of equity, while the ineffective share is immediately recognized 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 recognized 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, 2012 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2013 form an exception to this basic principle:

Amendment of IAS 1 | Presentation of Components of Other Comprehensive Income
The amendment of IAS 1 results in a change in the classification of components presented in the other comprehensive income. Components, which will be reclassified in the future to net income for the period (among others gains from the hedging of a net investment; differences from currency translation of foreign entities; gains/losses from cash flow hedges; and gains/losses from available-for-sale financial assets) are to be presented separately from the components that will not be reclassified (among others actuarial gains and losses from defined benefit pension plans and effects from the revaluation of land and buildings). The amendment only relates to the presentation and has no impact on the Group's net assets, financial position, or results of operations. The amendment must be applied for the first time to fiscal years beginning on or after July 1, 2012 and will be applied by the Group upon the first annual reporting following its entry into force.

Amendment of IAS 12 | Income Taxes – Deferred Taxes: Realization of Underlying Assets
The amendment includes a clarification with regards to the assessment of deferred taxes for real estate measured at fair value. The amendment introduces the refutable assumption that the realization of the carrying amount through a sale is generally decisive for the assessment of deferred taxes for real estate measured at fair value in accordance with IAS 40. For assets with an indefinite useful life, which are measured using the revaluation model according to IAS 16, the assessment of deferred taxes is generally to be assumed through sale. The amendment must be applied for the first time to fiscal years beginning on or after January 1, 2013. It has no impact on the Group's net assets, financial position, results of operations or on the Group's disclosures in the notes.

IAS 19 | Employee Benefits (amended)
The IASB has comprehensively revised IAS 19. The adjustments range from fundamental changes, such as those concerning the determination of expected returns on plan assets and the abolition of the corridor method, to mere clarifications and reformulations. The amended standard will have an impact on the amount of the provision, which will in the future fully reflect the obligation. The actuarial gains and losses will no longer be recognized on a pro-rata basis through profit or loss, but fully recognized in the period incurred within other comprehensive income. As the cumulative unrecognized actuarial losses amounted to EURk 13,404 (p/y: EURk 6,320) as at December 31, 2012, the legislative amendment had a material impact on the amount of the revaluation reserves, the amount of pension provisions, and on the amount of the total comprehensive income. The amendment had to be applied for the first time to fiscal years beginning on or after January 1, 2013. For reasons of comparability and in contrast to the consolidated financial statements of December 31, 2012, in this interim report the previous year's figures are presented as if the Group had already applied the IAS 19 amendments as of January 1, 2012.

IFRS 1 | First-time Application of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amended)
The amendment of IFRS 1 was issued in December 2010 and is to be applied for the first time to fiscal years beginning on or after January 1, 2013. The amendment removes the fixed date of application for the derecognition of financial assets and liabilities and also removes the provisions regarding the recognition of gains and losses upon acquisition pursuant to IFRS 1 and replaces them with the date of transition to IFRS. The amendment further gives guidance as to how an entity should resume presenting financial statements in accordance with IFRS after a period of severe hyperinflation in its functional currency during which it had been unable to fully comply with IFRS. This amendment has no impact on the consolidated financial statements.

Amendment of IFRS 7 | Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 and IFRS 7 were published in December 2011 and will apply for the first time to fiscal years beginning on or after January 1, 2014 and January 1, 2013, respectively. An addition to this amendment's application guidelines should eliminate existing inconsistencies. However, the existing basic provisions for the netting of financial instruments have been maintained. The amendment also defines supplemental disclosures.

IFRS 13 | Determination of Fair Value
IFRS 13 was published in May 2011, and should be applied for the first time to fiscal years beginning on or after January 1, 2013. This standard establishes guidelines for the determination of fair value and imposes extensive quantitative and qualitative disclosures regarding the measurement at fair value. However, the standard does not cover the question of when assets and liabilities must or can be measured at fair value. IFRS 13 defines fair value as the price at the measurement date received by a party in a regular transaction between market participants for the sale of an asset or the price necessary to transfer a liability.

Notes to the income statement

Revenue

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

In the nine-month period of 2013, tool sales amounted to EURk 21,100 (p/y: EURk 19,332).

Other own work capitalized

Own work capitalized is comprised of EURk 780 (p/y: EURk 738) of development costs subject to mandatory capitalization according to IAS 38. These costs are related particularly to the development of steering components.

Other operating income

Other operating income primarily comprises the following items:

EURk	**9M2013**	9M2012
Currency gains	1,771	2,172
License income	94	147

Other operating expenses

Other operating expenses primarily comprise the following items:

EURk	**9M2013**	9M2012
Costs for temporary employees	8,466	7,426
Maintenance costs	4,184	4,839
Outgoing freight	2,635	2,567
Currency losses	1,811	2,477

Income taxes

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

EURk	**9M2013**	9M2012
Actual taxes	3,593	3,308
Deferred taxes	-769	-23
Total	**2,824**	**3,285**

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	**Q3/2013**	Q3/2012
Net income for the period	2,572	1,730
Average number of shares	3,125,000	3,125,000
Earnings per share in EUR	0.82	0.55

EURk	**9M2013**	9M2012
Net income for the period	8,553	7,000
Average number of shares	3,125,000	2,807,870
Earnings per share in EUR	2.74	2.49

Notes to the balance sheet

Cash and cash equivalents

The amount of cash and cash equivalents reported in the consolidated statement of cash flows as of September 30, 2013 of EURk 3,753 (p/y: EURk 4,726 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 authorized and contingent capital.

By issuing 625,000 new shares by way of the capital increase in May 2012, EURk 1,875 of the total Authorized Capital I/2010 in an amount of EURk 3,000 was utilized. As at September 30, 2013, 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 (p/y: 2,500,000 bearer shares).

REMAINING AUTHORIZED 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 authorized to increase the Company's share capital once or several times by up to EURk 1,125 against payment in cash (Authorized 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 authorized, until May 25, 2015, to increase the Company's share capital once or several times by up to EURk 750 against a cash payment (Authorized 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, 2013, Group equity included income and expenses arising from the currency translation of foreign subsidiaries of EURk 534 (p/y: EURk 2,713) and income and expenses from cash flow hedges of EURk 454 (p/y: EURk –175).

DIVIDEND PAYMENT

The Annual General Meeting of May 22, 2013 has resolved the proposed payment of a dividend of EUR 1.60 for fiscal year 2012, resulting in a total dividend payment of EURk 5,000.

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

Provisions for pensions and similar obligations are formed on the basis of pension plan entitlements for retirement, invalidity, and survivor dependent's benefits. The retirement benefits are based on salary and length of service. The direct and indirect obligations include those arising from current pensions as well as benefits for pensions and retirement allowances payable in the future.

The provisions for defined benefit plans, of which the vast majority concern PWO AG, are calculated in accordance with IAS 19 using the projected unit credit method. The pension obligations are recognized at the present value of the defined benefit obligations at the measurement date, and take into account likely future increases in pensions and salaries.

Due to the amendments made to IAS 19 (revised 2011) which are mandatory as of January 1, 2013, a revaluation of the pension obligations was conducted. In the interim report, the figures are presented as if the Group had applied IAS 19 (revised 2011) in advance on January 1, 2012. For reasons of comparability, the previous year's figures were restated.

The core of the IAS 19 amendment (revised 2011) is the abolition of the ten percent corridor method previously applied in the consolidated financial statements. Therefore, according to the new regulations, arising actuarial gains and losses are to be recognized immediately in other comprehensive income as they are incurred.

Changes for the year 2012 have been made in the statement of comprehensive income, balance sheet, statement of changes in equity, and in the segment reporting while taking deferred taxes into account.

Since the PWO Group does not have plan assets, the impact on the income statement and the statement of cash flows was not material. Therefore, restatements were not made.

The expenses arising from pension obligations are reported under staff costs and the interest expense is recognized under financial expenses.

Defined benefit obligations have been measured on the basis of the following actuarial assumptions:

	30/09/2013	30/09/2012
Interest rate	3.6 %	3.3 %
Employee turnover rate	2.5 %	2.5 %
Future salary trend < 40 years	3.5 %	3.5 %
Future salary trend > 40 years	2.5 %	2.5 %
Future pension adjustments	2.0 %	2.0 %

OTHER PROVISIONS

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

It is expected that the total amount of obligations for age-related part-time working will accrue within 5 years after the reporting date. Due to the amendments made to IAS 19 (revised 2011) which are mandatory as of January 1, 2013, a revaluation was conducted. In the interim report, the figures are to be presented as if the Group had applied IAS 19 (revised 2011) in advance as of January 1, 2012. However, for reasons of materiality, the previous year's figures were not restated.

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 recognized fair value, are either directly or indirectly observable.

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

As at September 30, 2013 and as at September 30, 2012, 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.

The following table lists the financial instruments carried at fair value.

Financial instruments	Level 1		Level 2		Level 3		Total	
EURk	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012
ASSETS								
Financial instruments included in other financial assets:								
Derivatives with hedge relationship	**0**	0	**869**	1,291	**0**	0	**869**	1,291
Derivatives without hedge relationship	**0**	0	**66**	44	**0**	0	**66**	44
LIABILITIES								
Financial instruments included in other financial liabilities:								
Derivatives with hedge relationship	**0**	0	**312**	1,630	**0**	0	**312**	1,630
Derivatives without hedge relationship	**0**	0	**221**	690	**0**	0	**221**	690

Additional information

Related party disclosures

Related parties include the Group's parent company, Consult Invest Beteiligungsberatungs-GmbH, Böblingen, as well as the members of the Management Board and Supervisory Board. In the nine-month period of 2013, there were no transactions between the Group and the parent company. There were no relationships with related parties with regard to the supply of goods or the rendering of services.

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 11,617 (p/y: EURk 14,687) 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 categorized 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 amortization 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, 2013 and as at September 30, 2012, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

Segment information by location **9 Months 2013**	**Germany**	**Rest of Europe**	**NAFTA Area**	**Asia**	**Consoli-dation effects**	**Group**
	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	189,731	33,901	67,152	8,862	0	299,646
Inter-segment revenue	-10,608	-3,462	-208	-714	0	-14,992
External revenue	**179,123**	**30,439**	**66,944**	**8,148**	**0**	**284,654**
Total output	**195,202**	**33,968**	**69,135**	**9,102**	**-15,105**	**292,302**
Other income	2,920	375	812	554	-1,717	2,944
Other expenses (aggregated)	178,876	28,213	63,025	10,513	-16,861	263,766
Depreciation and amortization	9,022	1,885	4,081	791	-53	15,726
Earnings before interest and taxes (EBIT)	**10,224**	**4,245**	**2,841**	**-1,648**	**92**	**15,754**
Financial income	431	0	0	2	-417	16
Financial expenses	2,450	918	870	572	-417	4,393
Earnings before taxes (EBT)	**8,205**	**3,327**	**1,971**	**-2,218**	**92**	**11,377**
Income taxes	2,556	-355	628	0	-5	2,824
Net income for the period	**5,649**	**3,682**	**1,343**	**-2,218**	**97**	**8,553**
Assets	159,479	49,362	63,343	37,769	-10,916	299,037
of which non-current assets	67,007	26,354	34,586	24,912	-185	152,674
Liabilities	26,927	8,505	16,773	40,745	106,915	199,865
Investments	11,867	2,435	5,326	2,613	-151	22,090

Segment information by location **9 Months 2012**	**Germany** EURk	**Rest of Europe** EURk	**NAFTA Area** EURk	**Asia** EURk	**Consoli-dation effects** EURk	**Group** 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 amortization	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 [1)]	154,832	46,025	65,474	32,639	-12,888	286,082
of which non-current assets	63,006	26,409	32,562	22,197	-246	143,928
Liabilities [1)]	24,301	6,616	20,994	29,881	111,628	193,420
Investments	14,356	4,746	5,384	5,457	0	29,943

As at December 31, 2012 and as at December 31, 2011 respectively, assets were composed as follows:

	Germany EURk	**Rest of Europe** EURk	**NAFTA Area** EURk	**Asia** EURk	**Consoli-dation effects** EURk	**Group** EURk
Segment assets as at December 31, 2012 [1)]	151,055	46,761	59,265	34,436	-12,214	279,303
of which non-current assets	64,614	26,133	34,573	23,225	-238	148,307
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

1) Previous year figures have been restated due to the effects of IAS 19 (revised 2011) – Please see information in the notes on page 24.

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, 2013 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 2013 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 28, 2013

The Chairman of the Audit Committee

Dr. Georg Hengstberger

GOVERNING BODIES | FINANCIAL CALENDAR | CONTACTS

Governing bodies

In the reporting period, the composition of the Management Board has not changed.

With the conclusion of the Annual General Meeting on May 22, 2013, the term of office of the members of the Supervisory Board elected by the Annual General Meeting ended. Dr. jur. Klaus-Georg Hengstberger did not stand for re-election and retired from the Supervisory Board. Dr. Georg Hengstberger was newly elected to the Supervisory Board. The remaining members of the Supervisory Board were re-elected. Subsequently, at its constituent meeting, Dr. Gerhard Wirth was elected as the Deputy Chairman to succeed Dr. jur. Klaus-Georg Hengstberger.

Members of the Management Board

Karl M. Schmidhuber (Chairman)
Bernd Bartmann
Dr. Winfried Blümel

Members of the Supervisory Board

Dieter Maier (Chairman)
Dr. Gerhard Wirth (Deputy Chairman)
Dr. Georg Hengstberger
Herbert König *
Ulrich Ruetz
Katja Ullrich *

* Employee representatives

Financial calendar

November 13, 2013
German Equity Forum, Frankfurt

April 10, 2014
Presentation of the 2013 Annual Report

May 6, 2014
Interim financial report Q1 2014

May 21, 2014
Annual General Meeting 2014

Contacts

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Forward-looking statements and forecasts

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