INTERIM FINANCIAL REPORT

2ND QUARTER | 1ST HALF-YEAR 2015

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LETTER OF THE MANAGEMENT BOARD

Dear shareholders and business associates,

We are pleased to report a strong second quarter of 2015: Revenues increased 6.6 percent and total output rose even 8.0 percent. Excluding currency effects, EBIT climbed an outstanding 14.1 percent. Nearly all of our locations contributed to this rise. This trend demonstrates that the measures we have implemented to improve the Group's profitability are having an increasingly positive effect.

We are particularly delighted to see that our German location – excluding currency effects – has almost reached the level of profitability achieved in the prior year. We were able to largely compensate for the cost increases incurred in the current fiscal year despite the fact that personnel adjustments are only carried out gradually. In the course of the first half of the year, a total of fifty-five permanent employees have left our German location. By the end of the fiscal year, we will have completed a total reduction of one hundred employees in the indirect areas. The corresponding agreements for these reductions have already been made.

Our international locations also contributed to our positive performance. We are particularly pleased with our Czech location where we have already completed the construction necessary for future expansion. An additional press will be put into operation during the current fiscal year and a second press in the following year. Our Canadian location continues to forge ahead with its sound and steady development.

We are still working diligently to reduce the losses at our locations in Mexico and China. The focus in China this fiscal year is the start-up of our first assembly location. China and Mexico will continue to demand significant attention in the future. If the current slowdown in the Chinese market continues, this will not make our job any easier.

Nevertheless, we have reached important milestones and are on track to achieve our revenue and EBIT forecasts for the 2015 fiscal year. The strength of our new business in the first half of 2015 and our solid positioning for the large contracts currently being awarded, also highlight our successful business performance. Finally, our balance sheet ratios as of the end of June have already visibly improved as forecasted. These improvements were partly the result of valuation effects from pension provisions but also due to our ability to contain the rise in a number of line items on the asset side of the balance sheet.

Oberkirch, July 2015
The Management Board

PWO SHARES

After a solid start in the 2015 trading year, the market consolidated as a result of the increasing burden from various geopolitical conflicts and crises. The temporary threat of national bankruptcy in Greece led to further albeit moderate price declines. The indices began to see broad-based increases with the first announcement of new negotiations for a third aid program for Greece. The continued willingness of the European Central Bank to provide markets with ample liquidity was the main reason price fluctuations in the first half of 2015 remained only moderate.

Correspondingly, the SDAX price index climbed almost 20 percent by the end of the first quarter to 4,396 points and closed at this level on June 30, 2015. Initially, the DAXsector Automobile price index significantly outpaced the sharp increase in the SDAX, but then declined in the further course of the six-month period. Reports of weak economic growth in China and stock price declines on Chinese stock markets caused fears of potentially weak automotive sales and rising price pressure in the future. As of the end of the first half-year, the DAXsector Automobile price index had an increase of 15 percent.

PWO shares participated in the market's positive development early in the year and were also affected by the weaker performance of the sector index in the further course of the first half. However, the shares failed to participate in the marginal recovery in automotive shares seen in June. Based on XETRA prices, PWO shares climbed 13 percent from their level of EUR 34.99 at the end of 2014 to EUR 39.50 at the end of June 2015, or slightly below the rise in the benchmark index.

DIRECTORS' DEALINGS

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

OTHER INFORMATION

Number of shares issued as of June 30, 2015	**3,125,000**
Treasury shares held as of June 30, 2015	**None**
Distribution per share for fiscal year 2014	**EUR 1.45**

CURRENT SHAREHOLDER STRUCTURE

Consult Invest Beteiligungsberatungs-GmbH, Böblingen	**46.62 %**
Free Float	**53.38 %**
› thereof Delta Lloyd N.V., Amsterdam, the Netherlands	15.81 %
› thereof Sparkasse Offenburg/Ortenau, Offenburg	6.08 %

Source: WpHG notifications, own analyses

INTERIM GROUP MANAGEMENT REPORT

REPORT ON ECONOMIC DEVELOPMENT: THE OVERALL ECONOMY

In the first half of 2015, the economic development of industrialized countries worldwide benefited from favorable financing conditions, low oil prices, improved conditions on the labor market, and generally more positive expectations for the future.

Europe's economy in the first half of 2015 profited not only from these same factors but also from a less restrictive fiscal policy and growing domestic demand. In the opinion of the Deutsche Bundesbank, Germany's moderate growth continued. The robust development of real wages fueled private consumption and the depreciation of the euro backed exports. The low ratio of unemployment, which declined further in the course of the second quarter to 6.2 percent, helped to fuel the upturn. Strong growth in order intake, which averaged 2.5 percent higher in the months of April and May compared to the first quarter of 2015, also indicates a continued pick-up in the months to come.

REPORT ON ECONOMIC DEVELOPMENT: SECTOR TRENDS

NEW REGISTRATIONS/SALES OF PASSENGER VEHICLES IN UNITS (SOURCES: GERMAN ASSOCITAION OF THE AUTOMOTIVE INDUSTRY, GERMAN FEDERAL MOTOR TRANSPORT AUTHORITY)

REGION	6M 2015	Change vs. 6M 2014 (%)	3M 2015	Change vs. 3M 2014 (%)
Germany	1,618,949	+5.2	757,630	+6.4
Western Europe (EU15 + EFTA)	6,919,900	+8.2	3,401,800	+8.7
Europe (EU28 + EFTA) [1]	7,415,000	+8.2	3,637,600	+8.5
Russia [2]	782,100	–36.4	383,700	–36.3
USA [2]	8,485,500	+4.4	3,937,000	+5.6
China	9,466,800	+6.9	4,978,700	+11.3

[1] Excluding Malta | [2] Light vehicles

In the automotive markets that are important for PWO, the positive development continued in the second quarter of 2015. Encouraging growth rates were achieved in both Germany and Europe. New registrations in Germany and in Western Europe, which increased 13 percent and 15 percent respectively in the month of June, resulted in particularly positive sentiment. This increase, however, was also supported by a higher number of selling days compared to the same month in the previous year. As shown in the table above, despite this strong growth in June, overall growth in the first half was slightly lower in both Europe and Germany in comparison to the first three months of the year.

The American market showed a similar trend. In this market, it is important to point out the diverging development of pick-up trucks versus passenger cars: While sales of pick-up trucks grew nearly 10 percent in the first six months, passenger cars – the traditional domain of the German manufacturers – declined slightly by 1 percent year-on-year.

There are still no signs of a substantial improvement in Russia. The normalization of growth rates in China, the world's most important single market, was generally expected; however, for the first time in several years there was concern because new vehicle sales in June failed to reach the prior year's level but instead fell by 2 percent.

BUSINESS DEVELOPMENT: RESULTS OF OPERATIONS

We are delighted with the operating development in the second quarter of the current fiscal year despite the pressure from currency effects.

Revenues grew strongly at 6.6 percent to EUR 101.2 million (p/y: EUR 95.0 million). Total output even rose 8.0 percent to EUR 106.3 million (p/y: EUR 98.4 million). The reported decline in EBIT to EUR 3.9 million (p/y: EUR 4.8 million) was solely the result of currency effects in the amount of EUR –1.4 million (p/y: EUR 0.1 million). Excluding currency effects, EBIT achieved a significant above-average rise of 14.1 percent. Currency hedging is reflected in other operating income and expenses where it is reported as separate line items in the Notes of this interim financial report. To the extent that this concerns hedging transactions, other positions in the income statement are affected and are included therein.

The cost of materials ratio in the second quarter remained within the usual band of fluctuation typical for our business. We are very pleased with the steady ratio of staff costs. We were not only able to compensate for annual wage increases but also able to compensate for the effects of a one-hour reduction in unpaid weekly overtime at our Oberkirch location. The latter was a result of the successive expiration of our supplemental agreement at that location.

The depreciation/amortization ratio marginally increased in the course of our ongoing investments in the Group's expansion. The marked increase in other operating expenses resulted from the currency losses previously mentioned. Excluding these losses, the other operating expense ratio would have remained stable. Financial expenses declined as a result of continued favourable short-term interest rates. Net of higher tax expenses, net income for the period amounted to EUR 1.5 million (p/y: EUR 2.3 million).

The performance in the first half of 2015 was still impacted by the somewhat subdued start to the year. Growth in the first quarter was significantly below that of the second quarter. Moreover, the results of our efforts at improving profitability are only now becoming visible. Revenues in the six-month period grew 3.1 percent to EUR 200.8 million (p/y: EUR 194.7 million), total output rose 5.3 percent to EUR 209.5 million (p/y: EUR 198.9 million), while EBIT declined to EUR 9.6 million (p/y: EUR 10.8 million). The half-year figures include negative currency effects of EUR 0.7 million (p/y: EUR 0.0 million). Net income for the period amounted to EUR 4.7 million (p/y: EUR 5.5 million).

BUSINESS DEVELOPMENT: SEGMENTS

In the Germany segment, or the home location of Oberkirch, we achieved stable performance in our revenues, total output, and EBIT before currency effects during the second quarter of 2015 in comparison to the previous year. This development underscores the effectiveness of the measures we have implemented to increase the location's profitability. Currency effects amounted to EUR –0.4 million (p/y: EUR 0.1 million). In the six-month period, total revenues declined to EUR 122.7 million (p/y: EUR 127.3 million), total output amounted EUR 126.2 million (p/y: EUR 129.2 million), and EBIT reached EUR 5.0 million (p/y: EUR 6.4 million). As in the second quarter, currency effects in the half-year period totalled EUR –0.4 million (p/y: EUR 0.2 million).

Our Czech location, which comprises the Rest of Europe segment, continued its positive performance during the second quarter. Total revenues compared to the previous year even rose more than 30 percent due to a high level of invoicing and total output and EBIT grew close to 20 percent. In the first half-year, total revenues climbed substantially to EUR 33.3 million (p/y: EUR 26.7 million), total output increased to EUR 33.6 million (p/y: EUR 28.7 million), and EBIT had a below-average rise to just EUR 3.8 million (p/y: EUR 3.6 million) due to higher expenses related to the location's expansion in the first quarter. Changes in exchanges rates played a minor role in the half-year as they did in the quarters.

The NAFTA Area segment, which comprises our locations in Canada and Mexico, reported a significant surge in business in the second quarter compared to the prior year and an improvement in EBIT. Currency effects amounted to EUR –0.6 million (p/y: EUR 0.0 million).

In the six-month period, total revenues advanced to EUR 46.4 million (p/y: EUR 42.8 million) and total output even rose to EUR 48.2 million (p/y: EUR 42.4 million). EBIT declined slightly to EUR 1.2 million (p/y: EUR 1.4 million). This decline is solely the result of currency effects of EUR –0.9 million (p/y: EUR 0.2 million). At the same time, both of the NAFTA Area segment locations generated growth during the six-month period. We continue to report a loss in Mexico and still believe it will be a challenge to reach a satisfying level of profitability.

The high year-over-year growth in total revenues and total output in the first three months in our Asia segment, which comprises the Suzhou production location and the Shenyang assembly location (both in China), continued during the second quarter. EBIT was affected by currency effects of EUR –0.5 million (p/y: EUR 0.1 million). We generated revenues of EUR 7.8 million (p/y: EUR 6.8 million) and total output of EUR 10.8 million (p/y: EUR 7.5 million) in the first six months of the 2015 fiscal year. EBIT in the first half-year was EUR –0.4 million (p/y: EUR –0.7 million) and was mainly influenced by currency gains of EUR 1.0 million (p/y: EUR –0.1 million), which, as described, significantly declined in the course of the second quarter.

NET ASSETS AND FINANCIAL POSITION

The PWO Group's balance sheet ratios showed visible improvement as of the reporting date. This was supported by a lower rise in assets and as a result of valuation effects on pension provisions.

As of the reporting date, the Group's total assets had grown by EUR 25.7 million to EUR 367.2 million compared to EUR 341.5 million at the end of the prior fiscal year. This rise occurred solely in the first quarter of the current fiscal year due, in particular, to a significant rise in property, plant and equipment, inventories, receivables and other assets. We successfully contained any further rises in balance sheet items during the second quarter. Receivables and other assets declined in absolute terms in the context of a newly concluded factoring agreement for trade receivables.

On the liabilities side of the balance sheet, equity grew to EUR 101.0 million as of the end of the quarter from EUR 96.1 million at the end of the prior fiscal year despite the dividend distribution following the Annual General Meeting in May 2015. This rise resulted mainly from a lower valuation attributed to defined pension plans because of the change in capital market interest rates. Regardless, the accumulated actuarial losses within equity still amounted to EUR 13.2 million.

The increase in total assets in the course of the first six months of 2015 was financed mainly through the increase in trade payables to EUR 55.5 million after EUR 49.8 million, as well as by the rise in current financial liabilities to EUR 52.9 million from EUR 35.2 million.

The equity ratio improved overall during the quarter and increased by almost two percentage points to 27.5 percent, bringing it close to its level of 28.1 percent at the end of the previous fiscal year. Although the increase in current and non-current financial liabilities was limited to EUR 3.5 million in the second quarter they still grew a total of EUR 18.0 million in the first six months. As of the reporting date, total financial liabilities amounted to EUR 148.4 million compared to EUR 130.4 million on December 31, 2014. Gearing (net financial liabilities in percent of equity) increased accordingly to 144.1 percent after 130.1 percent. This equals an improvement of almost four percentage points during the quarter.

The positive development of the balance sheet ratios is also reflected in the statement of cash flows. Cash flow from operating activities in the first half of 2015 amounted to EUR 3.5 million (p/y: EUR –7.5 million). The second quarter even saw a total of EUR 10.5 million in operating cash flow.

Cash flow from investing activities totalled EUR –15.7 million (p/y: EUR –11.4 million) in the six-month period. The investments made in this reporting period are described in a separate section of this interim financial report. As a result, free cash flow after interest paid and received amounted to EUR –14.4 million (p/y: EUR –21.2 million). A net change in cash and cash equivalents of EUR –10.0 million (p/y: EUR 6.1 million) was recorded and included proceeds from borrowings amounting to a net EUR 9.0 million (p/y: EUR 33.0 million) as well as a dividend payment of EUR 4.5 million (p/y: EUR 5.6 million).

NEW BUSINESS

In the first half of the current fiscal year, we acquired new contracts for future series production with a lifetime volume of around EUR 175 million. We also received related tool orders totalling approximately EUR 12 million.

One of the larger projects is a follow-up contract for a cross-member currently in production as well as several contracts for air suspension components. This allowed us to further solidify our lead in the strong growing market for air suspension components.

The new business acquired is mainly for our locations in Oberkirch and China. This will help us to secure our future growth and capacity utilization in these locations. Most of these new orders will start-up in the next two years – a practice that is standard in our business. Contracts typically have terms of five to eight years.

At the end of the first half-year, we are on track to reach our 2015 target for new business and to significantly exceed the EUR 260 million in series production orders and the roughly EUR 20 million in related tool volumes achieved in the previous year. Several contract awards are scheduled for the upcoming quarters that will be pertinent to our entire product range and all of our locations. We are confident that we will be able to win a meaningful amount of volume.

INVESTMENTS

The PWO Group's investments in the first half – as presented in the segment report – amounted to EUR 15.8 million (p/y: EUR 12.7 million). Of this amount, EUR 4.4 million (p/y: EUR 8.5 million) was used at our Oberkirch location mainly for a new office building to be completed in the fall of 2016. The new gate, which was moved to optimize operating logistics, includes state-of the art truck control and is now fully functional.

A total of EUR 7.8 million (p/y: EUR 1.0 million) was invested in our Czech Republic location in the half-year reporting period. In the meantime, the construction for the strategic expansion announced in the summer of 2014 is nearly complete. A total of 12,000 m² of additional operating space was created which more than doubled the location's floor space. Moreover, upfront payments for the purchase of an additional forming press were also made in the first half-year.

Investments were still at a low level in the NAFTA Area during the first six months and amounted to EUR 1.2 million (p/y: EUR 3.0 million). In Mexico we invested in additional welding cells for future series productions in the first half-year, while no major measures were scheduled at our Canadian location.

We invested a total of EUR 2.5 million (p/y: EUR 0.3 million) in our two Chinese locations during the six-month period. These investments mainly concerned the construction of a new assembly and logistics facility at our production location of Suzhou and the development of the Group's first assembly location situated in Shenyang.

Total investment of EUR 33 million is planned in the current fiscal year, which will not only be used at our largest location of Oberkirch but also for the further growth of our site in the Czech Republic.

EMPLOYEES

At the end of the first half-year, the PWO Group had a total of 3,122 employees compared to 3,125 employees at the end of the 2014 fiscal year. Among the employees were 132 young people who completed vocational training. While we significantly increased the number of employees at our fast-growing Czech location in the first six months from 496 to 588, we reduced the number of employees at our other locations.

By the end of June, Germany had 1,511 employees after its total of 1,549 on December 31, 2014. We are rapidly completing our current personnel adjustments and, in the first half-year, we successively reduced the number of permanent employees by a total of 55. Due to production needs, there were 17 more temporary workers than on December 31, 2014.

The number of employees at our Canadian location remained virtually unchanged at 260 employees compared to 257. In Mexico, the number of employees fell from 534 to 503 in the first half-year. We are still striving to attract the most qualified staff in this country and retain staff loyalty so that overall productivity increases. At both of our Chinese locations we reduced the number of employees from 289 at the end of the previous fiscal year to a total of 260.

REPORT ON OPPORTUNITIES AND RISKS

The opportunities and risks for the development of the PWO Group and its segments that were described in the 2014 annual report continue to be valid.

Positive signals recently came from the automotive industry, particularly from those in Germany and Europe. The German Association of the Automotive Industry (VDA) continues to expect Germany to see a rise in new registrations, production, and exports of 2 percent. The Association of European Automobile Manufacturers (ACEA) recently raised its expectations for new registrations in Europe in 2015 to a rise of 5 percent. The performance of the German and European markets should support our positive development.

However, a reduction in the losses at our Mexican location will continue to be a major challenge. In addition, the risks to the growth of our Chinese locations have significantly increased. The CAAM (China Association of Automobile Manufacturers) reduced its 2015 growth forecast from 7% to 3% after a disappointing first half-year and particularly following the weak June figures.

The generally positive trend in the world economy should continue for the remainder of the year. According to the International Monetary Fund (IMF), the European economy will not be endangered by the current economic crisis in Greece; in fact, in its outlook published in July 2015, the IMF even raised its growth estimates for several of the southern European countries. Estimates for the United States were lowered slightly by the IMF due to the slowdown after the harsh winter. For the industrialized countries, the IMF expects overall growth to accelerate to 2.1 percent in 2015.

China is still forecast to maintain real GDP growth at 6.8 percent, or slightly below the rate of the previous year. In Russia, a contraction of –3.4 percent is expected – slightly lower than previously feared. Both the IMF and the Federal Government expect Germany to achieve real GDP growth of 1.8 percent in 2015. The IMF points to higher financial risks from the increased volatility of the financial and real estate markets as being particular risks to the global economy. This statement is particularly true for the bond markets where risk premiums for long-term bonds are considered very low.

OUTLOOK

The strong growth in revenues and EBIT in particular during the second quarter of 2015 fully support our forecasts for the current fiscal year of an increase in revenues from EUR 381.1 million to approximately EUR 400 million. EBIT is expected to improve from EUR 16.7 million to roughly EUR 19 million. EBIT in the first half of 2015 was burdened by negative currency effects of EUR 0.7 million, whereas EBIT in fiscal year 2014 had contained positive currency effects of EUR 1.7 million and EUR 4.0 million in non-recurring expenses for personnel adjustments.

RESPONSIBILITY STATEMENT

"We hereby confirm to the best of our knowledge, and in accordance with the accounting standards applicable for interim reporting, that the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group. Furthermore, the interim group management report conveys a fair review of the development of the business including the results and the position of the Group, together with a description of the important opportunities and risks for the expected development of the Group for the remainder of the fiscal year."

Oberkirch, July 21, 2015

The Management Board

Dr. Volker Simon (Speaker)
Bernd Bartmann
Dr. Winfried Blümel

CONSOLIDATED INCOME STATEMENT

	2nd Quarter 2015		2nd Quarter 2014	
	EURk	% share	EURk	% share
Revenue	101,208	95.2	94,986	96.5
Change in finished goods and work-in-progress / other own work capitalized	5,062	4.8	3,455	3.5
TOTAL OUTPUT	**106,270**	**100.0**	**98,441**	**100.0**
Other operating income	1,447	1.4	822	0.8
Cost of materials	58,403	55.0	52,824	53.7
Staff costs	28,415	26.7	26,457	26.9
Depreciation and amortization	6,279	5.9	5,668	5.7
Other operating expenses	10,685	10.1	9,551	9.7
EBIT	**3,935**	**3.7**	**4,763**	**4.8**
Financial expenses	1,460	1.4	1,594	1.6
EBT	**2,475**	**2.3**	**3,169**	**3.2**
Income taxes	952	0.9	912	0.9
NET INCOME FOR THE PERIOD	**1,523**	**1.4**	**2,257**	**2.3**
Earnings per share in EUR [1]	0.49	—	0.72	—

[1] The calculation of earnings per share is discussed on page 26.

CONSOLIDATED INCOME STATEMENT

	1st Half-Year 2015		1st Half-Year 2014	
	EURk	% share	EURk	% share
Revenue	200,788	95.8	194,747	97.9
Change in finished goods and work-in-progress / other own work capitalized	8,749	4.2	4,183	2.1
TOTAL OUTPUT	**209,537**	**100.0**	**198,930**	**100.0**
Other operating income	8,461	4.0	1,839	0.9
Cost of materials	113,570	54.2	105,412	53.0
Staff costs	58,182	27.7	54,480	27.4
Depreciation and amortization	12,341	5.9	11,015	5.5
Other operating expenses	24,343	11.6	19,107	9.6
EBIT	**9,562**	**4.6**	**10,755**	**5.4**
Financial expenses	2,887	1.4	2,995	1.5
EBT	**6,675**	**3.2**	**7,760**	**3.9**
Income taxes	2,000	1.0	2,272	1.1
NET INCOME FOR THE PERIOD	**4,675**	**2.2**	**5,488**	**2.8**
Earnings per share in EUR [1]	1.50	—	1.76	—

[1] The calculation of earnings per share is discussed on page 26.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter 2015	2nd Quarter 2014
	EURk	EURk
NET INCOME FOR THE PERIOD	**1,523**	**2,257**
Items that may be reclassified to profit and loss in future		
Net gains/losses from cash flow hedges	2,290	-76
Tax effect	-597	39
Unrealized gains/losses from derivative financial instruments	**1,693**	**-37**
Currency translation differences	**-1,141**	**968**
Items that will not be reclassified to profit and loss		
Actuarial gains/losses from defined benefit pension plans	10,723	-3,234
Tax effect	-3,011	908
Actuarial gains/losses from defined benefit pension plans	**7,712**	**-2,326**
OTHER COMPREHENSIVE INCOME AFTER TAX	**8,264**	**-1,395**
TOTAL COMPREHENSIVE INCOME AFTER TAX	**9,787**	**862**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Half-Year 2015	1st Half-Year 2014
	EURk	EURk
NET INCOME FOR THE PERIOD	**4,675**	**5,488**
Items that may be reclassified to profit and loss in future		
Net losses from cash flow hedges	-1,169	-112
Tax effect	302	51
Unrealized losses from derivative financial instruments	**-867**	**-61**
Currency translation differences	**2,286**	**-15**
Items that will not be reclassified to profit and loss		
Actuarial gains/losses from defined benefit pension plans	4,588	-6,431
Tax effect	-1,288	1,806
Actuarial gains/losses from defined benefit pension plans	**3,300**	**-4,625**
OTHER COMPREHENSIVE INCOME AFTER TAX	**4,719**	**-4,701**
TOTAL COMPREHENSIVE INCOME AFTER TAX	**9,394**	**787**

CONSOLIDATED BALANCE SHEET

ASSETS	30/06/2015	31/12/2014
	EURk	EURk
Property, plant, and equipment	173,398	164,209
Intangible assets	11,522	12,188
Non-current portion of other assets	0	16
Non-current portion of income tax receivables	227	227
Deferred tax assets	12,106	13,021
NON-CURRENT ASSETS	**197,253**	**189,661**
Inventories	82,543	73,140
Receivables and other assets	82,456	71,791
Other financial assets	352	26
Income tax receivables	1,676	1,438
Cash and cash equivalents	2,875	5,404
CURRENT ASSETS	**169,902**	**151,799**
TOTAL ASSETS	**367,155**	**341,460**

EQUITY AND LIABILITIES	30/06/2015	31/12/2014
	EURk	EURk
EQUITY	**100,963**	**96,100**
Non-current financial liabilities	95,469	95,262
Provisions for pensions	49,487	53,523
Other provisions	2,391	2,515
Non-current portion of other liabilities	0	155
Deferred tax liabilities	0	271
NON-CURRENT LIABILITIES	**147,347**	**151,726**
Current portion of provisions for pensions	1,515	1,515
Current portion of other provisions	1,613	1,622
Trade payables and other liabilities	55,535	49,848
Other financial liabilities	7,251	5,462
Current financial liabilities	52,931	35,187
CURRENT LIABILITIES	**118,845**	**93,634**
TOTAL EQUITY AND LIABILITIES	**367,155**	**341,460**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	Subscribed capital	Capital reserves	Retained earnings	Defined benefit pension plans	Currency translation differences	Cash flow hedges	**Total**
	Equity attributable to PWO AG shareholders						
					Other components of equity items that may be reclassified to profit and loss in future periods		
JANUARY 1, 2014	9,375	37,494	64,215	-8,276	-708	361	102,461
Net income for the period			5,488				5,488
Other comprehensive income				-4,625	-15	-61	-4,701
TOTAL COMPREHENSIVE INCOME	**9,375**	**37,494**	**69,703**	**-12,901**	**-723**	**300**	**103,248**
Dividend payment			-5,625				-5,625
JUNE 30, 2014	**9,375**	**37,494**	**64,078**	**-12,901**	**-723**	**300**	**97,623**
JANUARY 1, 2015	9,375	37,494	65,900	-16,517	2,485	-2,637	96,100
Net income for the period			4,675				4,675
Other comprehensive income				3,300	2,286	-867	4,719
TOTAL COMPREHENSIVE INCOME	**9,375**	**37,494**	**70,575**	**-13,217**	**4,771**	**-3,504**	**105,494**
Dividend payment			-4,531				-4,531
JUNE 30, 2015	**9,375**	**37,494**	**66,044**	**-13,217**	**4,771**	**-3,504**	**100,963**

CONSOLIDATED STATEMENT OF CASH FLOWS

	1st Half-Year 2015 EURk	1st Half-Year 2014 EURk
Net income for the period	4,675	5,488
Depreciation of property, plant, and equipment, net of write-ups	12,341	11,015
Income tax expense/refund	2,000	2,272
Interest income and expenses	2,887	2,995
Change in current assets	-20,394	-26,885
Change in non-current assets	16	0
Change in non-current liabilities (excluding financial liabilities)	-4,890	6,082
Change in current liabilities (excluding financial liabilities)	8,681	784
Income taxes paid	-3,521	-2,476
Other non-cash expenses/income	1,744	-6,768
Gains/losses on disposal of property, plant, and equipment	-18	39
CASH FLOW FROM OPERATING ACTIVITIES	**3,521**	**-7,454**
Proceeds from disposal of property, plant, and equipment	64	18
Payments for investments in property, plant, and equipment	-15,440	-10,452
Payments for investments in intangible assets	-350	-992
CASH FLOW FROM INVESTING ACTIVITIES	**-15,726**	**-11,426**
Dividends paid	-4,531	-5,625
Interest paid	-2,270	-2,368
Interest received	54	34
Proceeds from borrowings	18,407	64,107
Repayment of borrowings	-9,452	-31,132
CASH FLOW FROM FINANCING ACTIVITIES	**2,208**	**25,016**
Net change in cash and cash equivalents	-9,997	6,136
Effect of exchange rates on cash and cash equivalents	-135	53
Cash and cash equivalents as of January 1	-5,158	-3,721
CASH AND CASH EQUIVALENTS AS OF JUNE 30	**-15,290**	**2,468**
of which cash and cash equivalents	2,875	8,869
of which bank borrowings due on demand	-18,165	-6,401

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

The condensed interim consolidated financial statements of Progress-Werk Oberkirch AG (PWO) and its subsidiaries for the second quarter and first half-year of 2015 were authorized by the Management Board on the basis of a resolution passed on July 21, 2015 and were subsequently submitted to the Supervisory Board's Audit Committee for examination.

PWO is an exchange-listed stock corporation headquartered in Oberkirch, Germany. The Company's shares are traded on XETRA, the regulated market in Frankfurt and Stuttgart, and on the Regulated Unofficial Market in Berlin, Düsseldorf, Hamburg-Hannover, and Munich.

PWO's main business activities are the development and manufacture of advanced metal components and subsystems used in lightweight construction for automotive safety and comfort.

ACCOUNTING POLICIES

BASIS OF PRESENTATION

These condensed interim consolidated financial statements as of June 30, 2015 were prepared in accordance with IAS 34 "Interim Financial Reporting". All of the International Financial Reporting Standards (IFRS), including the interpretation of the IFRS Interpretations Committee (IFRIC) that were adopted into EU law by the European Commission and which were mandatorily applicable as of the reporting date, were applied as of the reporting date.

These interim consolidated financial statements do not contain all of the information and disclosures required for consolidated financial statements at the end of the financial year, and, therefore, should be read in conjunction with the annual consolidated financial statements as of December 31, 2014. In principle, the accounting policies used in preparing the interim consolidated financial statements are the same as those used for the consolidated financial statements as of December 31, 2014. Detailed explanations are provided on page 82 et sqq. of the notes to the 2014 annual report.

The interim consolidated financial statements and the interim management report are neither subject to an external audit nor to an auditor's review.

CURRENCY TRANSLATION

The financial statements of the companies included in the interim consolidated financial statements that were prepared using foreign currencies were translated using the following exchange rates:

		Closing rate		Average rate	
		30/06/2015	30/06/2014	1HY2015	1HY2014
China	CNY	6.94	8.47	6.94	8.45
Canada	CAD	1.38	1.46	1.38	1.50
Mexico	USD	1.12	1.37	1.12	1.37

TAXES

In accordance with IAS 34, income tax expenses in the reporting period were recognized based on the tax rate expected for the full year.

CHANGES IN ACCOUNTING POLICIES

The same accounting methods that were applied in the preparation of the consolidated financial statements as of December 31, 2014 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2015 form an exception to this basic principle:

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

AMENDMENTS TO IAS 19 – EMPLOYEE CONTRIBUTIONS

These amendments are applicable with retrospective effect for fiscal years beginning on or after July 1, 2014. The amendment provides for the recognition of contributions from employees or third parties to the pension plan as a reduction of the service cost, provided they reflect the services performed in the reporting period. This change has no impact on the Group's net assets, financial position and results of operations since contributions from employees or third parties were not made to pension plans.

IMPROVEMENTS TO IFRS 2010–2012

The improvements to IFRS 2010-2012 are a collection of standards whose subject matter consists of various IFRS amendments. These are mainly applicable with retrospective effect for financial years beginning on or after July 1, 2014. The amendments relevant to the Group relate to:

› IFRS 8: Expands the disclosure requirements with the inclusion of a description of the combined business segments and discloses the economic characteristics used as a basis to determine whether the relevant segments are 'comparable'. This amendment has no impact on the Group's net assets, financial position, and results of operations.

› IFRS 8: Clarifies that a reconciliation of the total assets of the reportable business segments to the group's total assets is only to be presented in the financial statements when the chief decision maker is regularly informed about the segments' assets. This amendment has no impact on the Group's net assets, financial position, and results of operations.

- IFRS 13: Clarifies those current receivables and payables with no stated interest rate may be measured at the invoice amount if the effect of discounting is immaterial. This amendment has no impact on the Group's net assets, financial position, and results of operations since it has been previously accounted for accordingly.

IMPROVEMENTS TO IFRS 2011–2013

The improvements to IFRS 2011-2013 is a collection of standards whose subject matter consists of various IFRS amendments. These are mainly applicable with retrospective effect for financial years beginning on or after July 1, 2014. The amendments relevant to the Group relate to:

- IFRS 13: Clarifies that the portfolio exceptions of IFRS 13.52, which allow a deviation from the principle of the individual valuation of financial instruments in terms of market and credit risks, are applicable to all contracts within the scope of IAS 39 and IFRS 9 regardless of whether these contracts meet the definition of "financial assets" or "financial liabilities" under IAS 32. This amendment will have no impact on the Group's net assets, financial position and results of operations since no portfolio exceptions were made.

The following new provisions are not applicable to the Group and, therefore, will have no effect on the Group's net assets, financial position, or results of operations:

Description	Applicable as of
IAS 27 - Separate Financial Statements (revised 2011)	01/01/2014
IAS 28 - Investments in Associates and Joint Ventures (revised 2011)	01/01/2014
IFRS 11 - Joint Arrangements	01/01/2014
Amendments to IFRS 10, IFRS 12, and IAS 27 - Investment Entities	01/01/2014
IFRIC Interpretation 21 - Levies	01/01/2014

NOTES TO THE INCOME STATEMENT

REVENUE

The breakdown of Group revenue by location is shown in the segment reporting. Revenues in the first half of 2015 were reduced by EURk 1,036 due to the realization of hedging transactions.

OTHER OWN WORK CAPITALIZED

Own work capitalized is comprised of EURk 96 (p/y: EURk 670) of development costs subject to mandatory capitalization according to IAS 38. These development costs are particularly related to the development of steering and air suspension components.

OTHER OPERATING INCOME

Other operating income primarily comprises currency gains in the amount of EURk 7,257 (p/y: EURk 1,159).

OTHER OPERATING EXPENSES

Other operating expenses primarily comprise the following items:

EURk	1HY2015	1HY2014
Currency losses	6,035	1,287
Costs for temporary employees	5,214	6,660
Maintenance costs	3,117	2,714
Outgoing freight	2,017	1,561

INCOME TAXES

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

EURk	1HY2015	1HY2014
Actual taxes	2,071	2,434
Deferred taxes	-71	-162
Total	**2,000**	**2,272**

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	2Q/2015	2Q/2014
Net income for the period	1,523	2,257
Average number of shares	3,125,000	3,125,000
EARNINGS PER SHARE IN EUR	**0.49**	**0.72**

EURk	1HY2015	1HY2014
Net income for the period	4,675	5,488
Average number of shares	3,125,000	3,125,000
EARNINGS PER SHARE IN EUR	**1.50**	**1.76**

NOTES TO THE BALANCE SHEET

GOODWILL

An impairment test relating to goodwill is performed annually (as per December 31). An impairment test is also performed if there are indications that goodwill might be impaired. When testing for impairment of goodwill and intangible assets with a finite useful life, the PWO Group assesses the value in use. The main assumptions for determining the recoverable amount for the various cash-generating units are provided in the consolidated financial statements as of December 31, 2014. As of June 30, 2015, there were no indications requiring an impairment test and therefore no need for impairment.

INVENTORIES

The increase in inventories from EURk 73,140 on December 31, 2014 to EURk 82,543 on June 30, 2015 was mainly the result of higher investments in tools and currency effects.

RECEIVABLES AND OTHER ASSETS

The increase in receivables and other assets mainly resulted from resulted primarily from higher customer receivables. In the context of a factoring agreement concluded during the reporting period, receivables are purchased by a factoring company on a revolving basis. As of June 30, 2015, trade receivables of EURk 9,765 were derecognized. The main opportunities and risks related to these receivables were transferred to the factoring company.

The risk of delayed payment (late payment risk) related to the sold receivables continues to be carried by PWO AG. The resulting potential risk of loss is minimal.

CASH AND CASH EQUIVALENTS

The amount of cash and cash equivalents reported in the consolidated statement of cash flows as of June 30, 2015 of EURk 2,875 (p/y: EURk 8,869) is composed of cash on hand and short-term bank deposits.

EQUITY

SUBSCRIBED CAPITAL

As of the June 30, 2015 reporting date, the fully paid-up and subscribed capital amounted to EURk 9,375 (p/y: EURk 9,375), and was divided into 3,125,000 no-par value shares (p/y: 3,125,000 no-par value shares).

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting of May 19, 2015, 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 EUR 4,687,500.00 (Authorized Capital 2015) by issuing new no-par value bearer shares against contribution in cash and/or in kind until and including the date of May 18, 2020.

RETAINED EARNINGS AND OTHER EQUITY

As of June 30, 2015, Group equity includes income and expenses arising from the currency translation of foreign subsidiaries of EURk 4,771 (p/y: EURk –723) and income and expenses from cash flow hedges of EURk –3,504 (p/y: EURk 300).

DIVIDENDS PAID

The Annual General Meeting of May 19, 2015, agreed to the proposed dividend distribution of EUR 1.45 for the 2014 fiscal year. This corresponds to a dividend payment of EURk 4,531.

LIABILITIES

PENSION PROVISIONS

Provisions for pensions and similar obligations are recognized 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 obligations include those arising from current pensions as well as benefits for pensions and retirement allowances payable in the future. Plan assets to meet pension obligations do not exist.

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

	30/06/2015	31/12/2014
Discount rate	2.5 %	2.0 %
Employee turnover rate	2.5 %	2.5 %
Future salary trend > 40 years	2.5 %	2.5 %
Future salary trend < 40 years (career trend)	3.5 %	3.5 %
Future pension adjustments	1.75 %	1.75 %

The adjustment in the discount rate to the level of the market interest rate applicable as of the reporting date has resulted in a change to estimates. The increase of 0.5 percentage points led to a decrease in pension provisions of EURk 4,036.

OTHER PROVISIONS

The provisions recognized in the balance sheet primarily include provisions for employees (obligations for age-related, part-time working and anniversary bonuses) and provisions for contingent losses.

FINANCIAL INSTRUMENTS

The following table lists the carrying amounts and fair values according to valuation categories and classes:

EURk	Valuation category pursuant to IAS 39	Carrying amount 30/06/2015	Carrying amount 31/12/2014	Fair value 30/06/2015	Fair value 31/12/2014
ASSETS					
Trade receivables and other receivables	LaR	71,150	62,194	71,150	62,194
Other financial assets		352	26	352	26
of which derivatives with hedging relationship	n.a.	30	26	30	26
of which derivatives without hedging relationship	FAHfT	322	0	322	0
of which deposits > 3 months	LaR	0	0	0	0
Cash and cash equivalents	LaR	2,875	5,404	2,875	5,404
LIABILITIES					
Financial liabilities		148,400	130,449	159,492	140,556
Bank borrowings	FLAC	79,255	60,104	83,887	62,660
of which variable interest rate		47,943	31,401	47,943	31,401
of which fixed interest rate		31,312	28,703	35,944	31,259
Liabilities from promissory note loans	FLAC	59,818	59,798	64,576	65,622
of which variable interest rate		24,924	24,916	24,924	24,916
of which fixed interest rate		34,894	34,882	39,652	40,706
Liabilities to leasing companies	n.a.	9,327	10,547	11,029	12,274
of which variable interest rate		6	21	6	21
of which fixed interest rate		9,321	10,526	11,023	12,253
Trade payables	FLAC	28,938	23,379	28,938	23,379
Other financial liabilities		7,251	5,462	7,251	5,462
of which derivatives with hedging relationship	n.a.	4,968	3,764	4,968	3,764
of which derivatives without hedging relationship	FLHfT	2,283	1,698	2,283	1,698
of which aggregated according to IAS 39 measurement categories:					
Loans and Receivables (LaR)		74,025	67,598	74,025	67,598
Financial Assets Held for Trading (FAHfT)		322	0	322	0
Financial Liabilities Measured at Amortized Cost (FLAC)		168,011	143,281	177,401	151,661
Financial Liabilities Held for Trading (FLHfT)		2,283	1,698	2,283	1,698

The EURk 1,789 increase in other financial liabilities mainly resulted from the depreciation of the euro against the US dollar and the Canadian dollar during the first half of 2015.

According to IFRS 13, all assets and liabilities that are carried at fair value are allocated to Level 2 of the valuation hierarchy. In the first half-year of 2015, there were no changes to the valuation methods applied and no reclassifications between the hierarchy levels.

Derivative financial instruments are mainly concluded with institutions. Derivatives measured by applying a measurement method using input factors observable in the market, primarily comprise interest-rate swaps, foreign exchange swaps, and foreign exchange forward contracts. Forward price models and swap models based on net present value calculations are the most frequently used measurement methods. These models incorporate various input factors such as the counterparty's credit risk, spot and forward rates, yield curves of selected foreign currencies, currency spreads between selected foreign currencies, and yield curves.

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 first half-year of 2015, 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 and cash equivalents 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 18,165 (p/y: EURk 6,401) have been included in the balance sheet under "current financial liabilities".

SEGMENT REPORTING

SEGMENT INFORMATION BY LOCATION	Germany	Rest of Europe	NAFTA Area	Asia	Consolida-tion effects	Group
1st Half-Year 2015	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	122,743	33,347	46,382	7,801	0	210,273
Inter-segment revenue	-6,545	-1,853	-94	-993	0	-9,485
EXTERNAL REVENUE	**116,198**	**31,494**	**46,288**	**6,808**	**0**	**200,788**
TOTAL OUTPUT	126,180	33,572	48,227	10,808	-9,250	**209,537**
Other income	5,978	302	1,292	2,487	-1,598	8,461
Other expenses (aggregated)	120,637	28,419	45,133	12,757	-10,851	196,095
Depreciation and amortization	6,520	1,664	3,226	955	-24	12,341
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**5,001**	**3,791**	**1,160**	**-417**	**27**	**9,562**
Interest income	1,394	46	0	1	-1,387	54
Interest expenses	2,145	560	890	733	-1,387	2,941
EARNINGS BEFORE TAXES (EBT)	**4,250**	**3,277**	**270**	**-1,149**	**27**	**6,675**
Income taxes	1,641	123	204	0	32	2,000
NET INCOME FOR THE PERIOD	**2,609**	**3,154**	**66**	**-1,149**	**-5**	**4,675**
Assets	192,553	86,637	76,943	52,073	-41,051	367,155
of which non-current assets	*69,085*	*41,033*	*40,751*	*34,238*	*-187*	*184,920*
Liabilities	35,398	42,509	50,761	49,835	87,689	266,192
Investments	4,427	7,768	1,156	2,457	0	15,808

Of the reported revenues as of June 30, 2015, one individual customer accounted for slightly more than 10 percent of revenues, spread across all of the segments. As of June 30, 2014, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

SEGMENT REPORTING

SEGMENT INFORMATION BY LOCATION	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
1st Half-Year 2014	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	127,328	26,728	42,774	6,785	0	203,615
Inter-segment revenue	-6,117	-1,517	-73	-1,161	0	-8,868
EXTERNAL REVENUE	**121,211**	**25,211**	**42,701**	**5,624**	**0**	**194,747**
TOTAL OUTPUT	**129,169**	**28,662**	**42,437**	**7,524**	**-8,862**	**198,930**
Other income	1,773	200	514	401	-1,049	1,839
Other expenses (aggregated)	118,084	23,854	38,987	7,972	-9,898	178,999
Depreciation and amortization	6,449	1,456	2,592	645	-127	11,015
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**6,409**	**3,552**	**1,372**	**-692**	**114**	**10,755**
Interest income	392	2	0	2	-383	33
Interest expenses	1,978	497	552	384	-383	3,028
EARNINGS BEFORE TAXES (EBT)	**4,823**	**3,077**	**820**	**-1,074**	**114**	**7,760**
Income taxes	1,748	85	449	0	-10	2,272
NET INCOME FOR THE PERIOD	**3,075**	**2,992**	**371**	**-1,074**	**124**	**5,488**
Assets	194,139	58,015	68,683	39,392	-28,950	331,279
of which non-current assets	69,392	26,127	37,486	24,902	-61	157,846
Liabilities	22,435	18,265	24,413	43,846	124,697	233,656
Investments	8,460	989	2,983	308	0	12,740

	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Segment assets as of December 31, 2014	187,189	74,266	69,623	46,218	-35,836	341,460
of which non-current assets	71,184	34,930	40,362	30,133	-212	176,397
Segment assets as of December 31, 2013	159,472	50,622	63,155	41,856	-15,721	299,384
of which non-current assets	67,382	26,632	36,850	25,609	-189	156,284

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant events that require reporting have occurred after the balance sheet date.

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the second quarter and first half-year of 2015 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, July 23, 2015

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 and Supervisory Board has not changed.

MEMBERS OF THE MANAGEMENT BOARD
Dr. Volker Simon (Speaker)
Bernd Bartmann
Dr. Winfried Blümel

MEMBERS OF THE SUPERVISORY BOARD
Dieter Maier (Chairman)
Dr. Gerhard Wirth (Deputy Chairman)
Dr. Georg Hengstberger
Herbert König (Employee representative)
Ulrich Ruetz
Franz Schmidt (Employee representative)

FINANCIAL CALENDAR

04/11/2015 | Interim financial report 3rd Quarter/9 Months of 2015
Nov. 2015 | German Equity Forum, Frankfurt am Main
19/04/2016 | Presentation of the 2015 Annual Report
04/05/2016 | Interim financial report 1st Quarter of 2016
31/05/2016 | Annual General Meeting 2016

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.