THE HUMAN TOUCH OF AUTOMOTIVE TECHNOLOGY

Interim Financial Report
2nd Quarter | 1st Half-Year **2013**

PWO

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LETTER OF THE BOARD OF MANAGEMENT

Dear shareholders and business associates,

Today, we are reporting a favorable second quarter of 2013. In this period, our growth gained considerable momentum: Revenues, total output, and EBIT each demonstrated double-digit growth versus the prior year. As a result of declining financial expenses and a lower tax rate, net income for the period rose strongly by 31.9 percent to EUR 2.8 million (p/y: EUR 2.1 million)

Thus, we were able to more than compensate for the first quarter of 2013 which, despite exceeding our expectations, was still considered to be moderate. On a half-year basis, the growth in revenues and total output remained just below 10 percent respectively, EBIT climbed 2.2 percent, and net income for the period rose 13.5 percent to EUR 6.0 million (p/y: EUR 5.3 million).

A high level of tool inventories as of the reporting date continued to be a burden. These will be invoiced in the course of the second half of the year so that the earning's contributions can be recognized from that point.

Presently, the Group's positive development is primarily being driven by the high quality of performance of our locations in Canada and the Czech Republic.

Our German location is currently feeling the weakness of the European automotive market. In addition, staff and energy costs are creating a strain. Measures to counteract these strains have been implemented.

The location in Mexico has stabilized and is developing according to plan. We are also confident that we will reach the break-even point in China very soon. This would not only be a result of the high growth in the series business, but also due to the increased use of this location for tool production. Overall, the Group is increasingly profiting from its international positioning.

The course has also been properly set for the Group's further development: In the reporting quarter, we again acquired numerous large new orders which will help secure our upcoming capacity utilization and which will also contribute to the Group's further growth.

What we would particularly like to highlight is a large order for our "mechanical components for electrical and electronic applications" product area. This order for a new generation of housings will not only secure our existing volumes over the next 8 to 10 years on a long-term basis, but will also generate further growth on a global basis in this important product area.

We are especially proud of the two awards we have received from our customers: For the fourth time, we were honored to receive the Global Supplier Award from BOSCH (Stuttgart, Germany). This latest award in particular recognized our performance in the area of deep-drawn housings for electric engines, where we are the global market leader.

The FORD Motor Company (Dearborn, USA) awarded us with their World Excellence Award in silver. Hence, PWO is considered one of the best global FORD suppliers. This award is an acknowledgement of our performance, especially in the areas of quality, costs, and delivery reliability while supplying FORD with cross-members in Europe and North America.

We would like to thank our customers for the trust they place in PWO and we would also like to thank our employees for their extraordinary dedication.

Oberkirch, July 2013
The Management Board

PWO SHARES

PWO shares outperform the market and the automotive sector in the first-half of 2013

As was already seen in the first quarter, PWO shares performed significantly better than the SDAX price index in the first six month of 2013. Whereas the index rose 8.2 percent compared with its year-end close in 2012, PWO's shares climbed 15.4 percent to EUR 32.54 (XETRA) by the end of the first half. Over the same period, the DAXsector All Automobile index rose 2.4 percent and the automotive supplier sub-index gained 17.5 percent. In the second quarter of 2013, the PWO share increased 2.0 percent while the SDAX price index fell 0.2 percent. Also in this period, the DAXsector All Automobile index rose 5.1 percent, and the automotive supplier sub-index gained 10.4 percent.

The shares experienced a considerable boost in the first quarter from the well-received publication of the fiscal year 2012 preliminary results on February 14, 2013. The shares rose 9.6 percent to EUR 34.10 on this day alone. In the second quarter, on balance, the shares tended sideways. Here it should be noted that a dividend of EUR 1.60 was paid on May 23. The shares reached their highest XETRA price year-to-date of EUR 36.75 on May 21 and their low point of EUR 28.68 on January 2 at the beginning of the year.

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.

Directors' Dealings

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

Other information

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

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

THE COMPANY

The mid-term investment plan aims at bolstering innovative strength and expanding capacity

Our success as an internationally operating supplier for the global automotive industry is essentially due to our innovative strength. This is how we continuously gain market share which is documented by numerous years of rising order intake. Our volumes grow continually even in a demanding automotive market environment, particularly in Europe, where in the last four consecutive years sales have declined.

Accordingly, expanding in our development abilities and our technological leadership are at the core of our mid-term planning until the year 2015. In order to maintain our balanced distribution of revenues, we want to further broaden and strengthen this distribution.

In the future, innovative metal components for automotive safety and comfort and our contribution to CO_2 reduction via the most modern lightweight construction will remain PWO's areas of core competency. One example of this is the forming and processing of high strength steel sheets.

Moreover, a further expansion in our performance capabilities at our production locations in Germany, Canada, the Czech Republic, China, and Mexico has an overriding importance for our international competitiveness. Thus, PWO plans to invest approximately EUR 100 million over the next three years.

Apart from investments in technology and development capabilities, also on our agenda are investments in our expansion in the form of additional production and logistic capacity. These will account for one third of the total investment volume. The individual locations already have the necessary space available for this expansion.

INTERIM CONSOLIDATED MANAGEMENT REPORT

The Economic Environment

Europe's economy is on the path to recovery and has stabilized in the first half of 2013, according to statements by the European Commission. Nevertheless, it still finds itself in the midst of a recession. Foreign demand has become the key supporting factor as opposed to European domestic demand which has continued to be weak. Factors such as high and continually increasing unemployment, the necessity to reduce debt felt by the private sector, corporate and government budgets, as well as pronounced low capacity utilization in some countries, all limit consumer demand and corporate investment despite historically low interest rates.

Even the still comparatively robust German economy has not been able to escape the weakness of the pan-European economy. After the weak closing quarter of 2012, a certain level of stabilization has occurred in 2013 thus far. This can be traced back to a continued positive environment on the labor market and more positive sentiment in the corporate sector.

In the view of the International Monetary Fund (IMF), the global economy's development in 2013 is divided into three parts: A slightly recessionary development in Europe is expected to continue with an estimated –0.3 percent, on-going robust growth of over five percent in the emerging countries despite the recent subdued performance in China, and the moderate growth rates in the USA (1.9 percent) and Japan (1.6 percent). The American economy is chiefly driven by private consumption. This has become evident in the notably robust situation in the automotive industry.

Sector Trends

This three-part division in the global economy is also reflected in the international automotive markets. According to statements by the German Automobile Association (VDA), global passenger vehicle sales were mixed in the first half of 2013.

In the USA, passenger vehicle sales rose 4.5 percent in comparison to the prior year and amounted to nearly 4.0 million in new vehicles. Included in this figure were higher sales of light trucks of 11.2 percent to 3.8 million units and a higher number of SUVs, including cross-over models, of 1.7 million units or an increase of even 13.1 percent. German manufacturers grew their sales by 7.1 percent in the first six months. Passenger cars sales rose 3.6 percent and light truck sales increased 17.4 percent. At 7.5 percent, German brands almost managed to maintain their level of market share (p/y: 7.6 percent).

The Chinese passenger car market demonstrated an extraordinarily robust performance in the first half of 2013. Passenger vehicle sales were more than 21 percent higher than the level of the comparable period and 7.7 million new vehicles were sold. German brands, which currently hold a 21 percent market share in the Chinese passenger car market, also profited from the increase in demand.

In contrast, the Indian passenger car market in the first half of 2013 ended with a decline of 10 percent. The market for light vehicles in Russia in the first six months of 2013 was not able to exceed the high level of the previous year. Sales for the six month period fell 6 percent. The market share of German brands, however, remained stable. In Brazil, light vehicle sales increased 5 percent in the first half of 2013. The second quarter had shown a noticeable acceleration after a sales increase of only two percent in the first three month of the year. New passenger vehicle registrations in Japan dropped 8 percent in the first half year compared to the same period of the prior year.

According to the European Automotive Association ACEA, new passenger vehicle registrations in Western Europe (EU15+EFTA) fell 6.6 percent to 6.2 million new vehicles in the first half year compared to the same period in the prior year.

The development improved over the course of the year: After the first three months of the year, the decline amounted to 9.8 percent due to the very weak performance experienced in the important month of March. In the whole of Europe (EU27+EFTA), registrations fell 6.7 percent (first quarter: –9.7 percent) to 6.9 million units and in the new EU countries (EU 11) they fell 7.2 percent (first quarter: -9.0 percent).

Generally, the larger markets had significant declines in the first half year. One exception was Great Britain where new registration rose 10.0 percent. In Germany, 8.1 percent fewer passenger vehicles were registered than in the comparable period of the previous year. In France the decline was 11.2 percent and Italy and Spain suffered respective declines of 10.3 percent and 4.9 percent. In the Netherlands, new registrations even fell 36 percent.

According to the VDA, the three countries of Italy, Spain, and France, are those mainly reporting a pronounced weakness in the market. In comparison to the year 2007, the Italian passenger vehicle market has nearly halved (from 2.5 million to 1.3 million passenger vehicles), Spain is 44 percent below the level of 2007, and France has nearly lost a fifth of its passenger vehicle market. It is estimated that in 2013, these three countries alone will sell 2.5 million fewer vehicles than in 2007: Only 3.7 million instead of 6.2 million new vehicles.

In Germany, the Federal Motor Transport Authority registered a decline in new registrations to just over 1.5 million units in the first half of 2013. How-ever, the six-month comparison totaling –8.1 percent was significantly better than the figures for the first quarter which showed a 12.9 percent unit decline in new registrations. Within the first six months of this year, only April, with +3.8 percent, had a higher number of new registrations than in the prior year.

Among German manufacturers, only one was able to report an increase in the first half year. With a total of –7.7 percent, German manufacturers still performed slightly better than the overall market. Manufacturers from Japan, France, Italy, and Sweden experienced particularly strong double-digit declines.

The overall decline in new registration figures is naturally also evident when viewing the individual segments. With the exception of minis (+0.2 %), SUVs (+3.6 %), and motor caravans (+2.9 %), all other segments showed declines in the first half year and in some cases even double-digit declines: Small cars (–12.6 %), medium class (–13.8 %), upper medium class (–16.0 %) and vans (–12.9 %). Registrations for off-road vehicles experienced a less pronounced decline (–5.2 %).

Trend reversal begins as announced: Double-digit EBIT growth in the second quarter

After only a moderate increase in revenues and total output in the first quarter and an EBIT below the prior year's level, we were able to reverse the trend in the second quarter as we had announced.

Revenues and total output rose considerably over the prior year with respective increases of 11.3 percent to EUR 97.5 million (p/y: EUR 87.6 million) and 10.8 percent to EUR 100.0 million (p/y: EUR 90.2 million). EBIT climbed 10.2 percent to EUR 5.2 million (p/y: EUR 4.7 million).

We had a favorable development in the cost of materials ratio which declined to 54.4 percent after 54.8 percent despite a high level of tool inventories as at the reporting date. In the course of the second half of the year, these inventories will be invoiced and will further contribute to our earnings improvement.

The staff costs ratio and the ratio of other operating expenses remained below last year's level as part of our on-going efforts at productivity increases. In contrast, a burden was presented by the low ratio of other operating income and the higher depreciation and amortization ratio due to the high investments of recent years.

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

The Group's tax burden continues to benefit from improvements in the profitability of our international locations to the extent that the tax rate in the second quarter dropped to 27.1 percent from 32.9 percent.

Overall, net income for the period in the second quarter of the current fiscal year rose 31.9 percent to EUR 2.8 million (p/y: EUR 2.1 million). Earnings per share improved disproportionately by 18.7 percent to EUR 0.89 (p/y: EUR 0.75) since the capital increase in May 2012 had resulted in a higher number of shares versus the prior year.

The strong performance of the second quarter more than compensated for the moderate performance at the start of the year. As a result, the Group also saw an improvement in the first half of 2013 over the prior year.

Revenues and total output rose 7.2 percent to EUR 191.6 million (p/y: EUR 178.7 million) and 8.6 percent to EUR 198.1 million (p/y: EUR 182.3 million) respectively. EBIT increased 2.2 percent to EUR 11.0 million (p/y: EUR 10.8 million).

Financial expenses also had a decline in the first half year and the tax rate fell to 26.6 percent (p/y: 30.0 percent). Accordingly, net income for the period grew stronger than EBIT and at EUR 6.0 million (p/y: EUR 5.3 million) exceeded the previous year's level by 13.5 percent. Earnings per share amounted to EUR 1.91 and remained slightly below last year's level of EUR 1.99 due to the higher number of shares.

International locations support PWO Group's development

The development of the Group in the first half of the year and in the second quarter of 2013 also largely applies to the individual locations. The second quarter's performance was better than the prior year's and the difference compared to the prior year had narrowed so that in the first half of 2013 a favorable trend could be achieved.

At our home location of Oberkirch, which comprises the Germany segment, revenues and total output remained virtually unchanged at EUR 126.2 million (p/y: EUR 126.6 million) and EUR 130.1 million (p/y: EUR 128.4 million), respectively. EBIT declined to EUR 7.2 million (p/y: EUR 10.0 million). In the reporting quarter, revenues grew versus the prior year and the decline in EBIT was significantly narrowed.

Currently, the Oberkirch location is being burdened by the weakness in the European automotive market, high energy costs, as well as rising staff costs primarily from collective wage agreements. The start-up and ramp-up of series productions, the invoicing of inventories in the further course of the year, and efficiency improvement programs should counteract these factors in the second half of the year. However, we do not expect the Oberkirch location to reach the EBIT level of the prior year in fiscal year 2013.

The revenues of our Czech Republic location which forms the Rest of Europe segment grew to EUR 21.7 million in the first half of 2013 (p/y: EUR 18.7 million). Total output rose to EUR 22.8 million (p/y: EUR 19.7 million). EBIT doubled to EUR 2.7 million (p/y: EUR 1.3 million). This positive performance was even more pronounced in the second quarter than in the first half-year.

The favorable development of the Czech location resulted from both the series business as well as the tool production. The new 1,250 ton servo press, among others, had a positive impact on series production. The press offers a variety of possibilities for increasing production efficiency which in the meantime are being widely used at the Czech location. The same type of press was placed into operation in Germany in the spring of 2013. In the tools business, this location has been able to compensate for phases of underutilized capacity by successfully establishing business relationships with third-party customers who are supplied with tools.

Although we still do not expect the margin level of the first half 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. Within the positive market environment, the start-ups and ramp-ups of new series continue to yield in high growth in those locations. Revenue in the NAFTA segment climbed strongly to EUR 46.5 million (p/y: EUR 37.0 million), total output rose to EUR 47.6 million (p/y: EUR 37.4 million).

EBIT increased considerably to EUR 2.1 million (p/y: EUR 0.6 million). The unusually high growth in revenues and EBIT in the first quarter had calmed somewhat in the second quarter. In the meantime, our Mexican location has stabilized at the break-even level and will continue to develop positively. We are extremely satisfied with the earnings development of our Canadian location.

Our Chinese location, which forms the Asia segment, continues to successively ramp up production and continues to be loss making, as expected. In the half year reporting period, revenues advanced to EUR 5.9 million (p/y: EUR 3.0 million) and total output rose to EUR 6.1 million (p/y: EUR 3.5 million). As a result of further start-up costs, EBIT amounted to EUR -1.2 million (p/y: EUR -1.1 million). The second quarter showed a slightly weaker development than in the first quarter but still remained within the usual fluctuation of business of such a new location.

In the second half of 2013, we expect China to generate additional earnings contributions from tool sales. Furthermore, the Group will increasingly produce components at the Suzhou location which are currently supplied from third parties.

Negative free cash flow was greatly limited in the second quarter

As was already the case in the first quarter 2013 interim financial report, the following discussions are based on a comparison of the balance sheet as at June 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.

As reported, in the course of the first quarter of 2013, current assets expanded considerably and burdened the balance sheet structure and the cash flow. In the course of the second quarter, we were able to greatly limit a further increase. A reduction in the higher inventories as well as the receivable and other assets will only take place in the second half of the year.

The current level of invested capital within working capital results from an unusually high inventory of finished goods and work-in-progress, particularly in the tool business where customer acceptance is still pending. The rise in receivables beyond the growth-related increase also mainly relates to the tool business. These positions will be reduced in absolute terms during the course of the projects' further progress.

In the half year reporting period, PWO Group's total assets grew to EUR 300.5 million after EUR 279.3 million as at the end of the 2012 fiscal year. While property, plant, and equipment in the six-month period remained flat due to temporarily lower investments in the second quarter of 2013, inventories as well as receivables and other assets increased by a total of EUR 21.5 million.

The liability side of the balance sheet reflects this rise in higher trade payables and in an increase in current interest-bearing borrowings.

The equity ratio as at the reporting date was 32.2 percent after adjusted 34.1 percent at the end of the 2012 fiscal year. Net debt amounted to EUR 106.4 million after EUR 90.5 million. Gearing (net debt in percentage of equity) rose to 110 percent after an adjusted 95 percent at the end of the prior fiscal year.

Cash flow from operating activities declined in the reporting period to EUR 2.0 million (p/y: EUR 7.2 million) especially due to the rise in working capital. Cash outflows for current assets in the amount of EUR 20.9 million were only partially offset by cash inflows of EUR 4.4 million from the expansion of current liabilities.

Cash flow from investing activities totaled EUR –9.4 million (p/y: EUR –15.1 million). The investments made in the reporting period are described in a separate section of this interim financial report. As a result, in the first six months of 2013, free cash flow after interest paid and received amounted to EUR –9.4 million (p/y: EUR –10.0 million). Still, this trend managed to improve significantly in the second quarter of 2013. Due to the lower rise in current assets and the limited level of investment, negative free cash flow in the reporting quarter amounted to only EUR –0.4 million.

The cash outflow for dividend payments was EUR 5.0 million (p/y: EUR 3.5 million) in the six-month period. On balance, proceeds from borrowings amounted to EUR 8.0 million (p/y: repayment of borrowings of EUR 2.0 million). Thus, the net change in cash and cash equivalents was EUR –6.4 million in the half year reporting period. In the previous year this amount had totaled EUR 6.5 million and included net proceeds of EUR 22.1 million from the capital increase in May 2012.

As already mentioned, we continue to expect a decline in the level of invested capital in current assets in the course of the year which would minimize the burden on cash flow. Generally, we aim to generate the necessary funds for our planned growth and fiscal year 2013 investments from the current cash flow of the year as much as possible in order to limit the expansion of net debt.

High volume of new business in the second quarter of 2013

In the reporting quarter, we again acquired numerous large new orders. What we would particularly like to highlight is a large order for our product area "mechanical components for electrical and electronic applications" which is essential for our future development. We are the global market leader in deep-drawn housing for electric engines and produce over 120 million of these products annually for various applications in the automobile.

This current order for a new generation of housings will not only provide long-term security for our existing volumes over the coming 8 to 10 years, but will also generate further growth on a global basis in this important product area.

In the half-year reporting period, we were able to win contracts for new series productions with a total lifetime volume of around EUR 200 million. The corresponding tool sales amount to an additional ca. EUR 15 million. These new contracts will contribute to securing the utilization and growth of all of our locations.

Next to this large contract for electric engine housings, other new contracts particularly concern structural components for seats, steering, and chassis. Typically, these contracts have a lifetime of five to eight years. They will largely start in 2014/2015 and will support our growth accordingly in the upcoming years.

We are confident that we will once again win a high volume of new orders in the current fiscal year. In 2012, we received series orders of EUR 350 million in connection with a tool sales volume of EUR 25 million.

Investments

As presented in the segment reporting in the notes, investments in the first half of 2013 amounted to EUR 10.9 million (p/y: EUR 20.3 million). Of this, a smaller portion of EUR 3.1 million (p/y: EUR 13.4 million) occurred in the second quarter of 2013. During this period, mainly existing projects were continued and any remaining partial projects were completed. Larger investments in new project were not yet carried out and are only planned for the second half of 2013.

In the half-year reporting period, our German location realized a volume of EUR 6.4 million (p/y: EUR 8.9 million). Most notable in the first quarter was the placement into operation of our new 1,250 ton press. Investments at our Czech Republic location amounted to EUR 0.6 million (p/y: EUR 4.4 million).

Investments at both of our NAFTA Area locations totaled EUR 2.5 million and were below the previous year's level of EUR 3.1 million. The larger portion of this investment continued to occur at our Mexican location where we are successively modernizing the machinery in line with the requirements of current contracts and hence increasing the performance ability of this location.

In China a volume of EUR 1.4 million (p/y: EUR 4.0 million) was invested. In the reporting quarter, the first volumes for a laser welding system were ordered following the investment in a 600 ton press in the first quarter of 2013.

The investment budget planned for the current year continues to be around EUR 35 million. While in previous years it was more likely that we would slightly exceed the investment budget, in 2013, we may need fewer funds for the further growth of the Group than previously expected.

Number of employees remained virtually unchanged

In the reporting quarter, the number of employees remained virtually unchanged in both the Group as well as at the individual locations.

The number of employees in the PWO Group, including temporary employees, declined to 3,063 by the end of the second quarter after 3,069 as at March 31, 2013. The number of trainees included in this figure was 143 which was lower than the 147 trainees at the beginning of the quarter. In the current fiscal year, we will provide 45 young people once again with trainee positions in Oberkirch alone.

At the German location, the number of employees as at the end of June 2013 rose to 1,553 after 1,540 as at the end of March 2013. In Canada, the number of employees was adjusted to 284 after 282, and in the Czech Republic the number was adjusted to 415 after 410. In China the number was 212 after 211.

As previously announced, as at the reporting date, the number of employees in Mexico fell slightly from 626 to 599.

There are also no fundamental changes planned in the number of positions in the Group in the second half of the year. Essentially at the German location, the number of new trainees will increase with the start of the new trainee year. In addition, in China we will prepare for further growth by hiring additional employees.

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.

Overall macroeconomic risks are still classified as high, especially given the continued weak demand and the restrictive fiscal policies in numerous European countries. One positive aspect is brightening of the global economic developments, which is also supporting the European economic area. German economic research institutes and the IMF expect the global economy to recover some momentum in this year and the next. The eurozone is also expected to see a slow revival in its economy.

Nevertheless, these institutes and the European Commission point to considerable risks in the forecasts, especially for Europe. One of the key assumptions is that the crisis in the eurozone will not intensify. A vigorous continuation and the success of reform efforts in the crisis countries are still not assured. Fears of another setback have recently arisen given the hesitance to implement reform measures in the problem countries of the eurozone. Should a noticeable slowdown or even a failure in the structural adjustment process take place in the crisis states of the eurozone, one should expect a marked decline in trust which would also weigh on the economy.

With regard to the development of the global automotive market, the VDA expects growth of 2 percent to 70.5 million units in 2013. The VDA has slightly lowered this forecast since the beginning of the year. In addition, the VDA points to the very different regional developments which poses a logistical challenge to internationally operating manufacturers.

As in previous years, the Chinese market is expected to experience dynamic growth. Here forecasts have even been raised: Whereas in the first quarter an increase of 6 percent to 14.0 million units was expected, the VDA now expects an increase of 10 percent to 14.6 million units. Encouraging growth rates are also expected in the USA where the growth of light vehicles is expected to be 5 percent at nearly 15.2 million units. The German manufacturers command a strong market position especially in these markets and can therefore cushion themselves from the market risks in Europe.

In contrast, the European passenger vehicle market is expected to continue to be subdued. The VDA expects a decline in new registrations in 2013 of 5 percent to 11.1 million units. In March, this association had still expected a decline of 3 percent to 11.5 million units. Thus, 2013 would mark the fourth consecutive year of decline. With 14.8 million units, the historical high had been set in 2007.

The risks remain considerable even though the strongly negative year-over-year comparisons for new registrations had slightly improved in the second quarter. As a result of the weakness in Western Europe – especially in Spain, Italy, and France – particularly those manufacturers and their suppliers are suffering whose main sales markets are in Europe and who have little or no presence in the growth regions of the USA or China. According to the VDA, a recovery in Western Europe will need considerable time even though a recurrence of significantly higher market volumes can be expected over the mid-term.

For German passenger vehicle manufacturers, the VDA expects an overall export volume of more than 4 million units for the year 2013 due to improved development in those overseas markets which are important to the German manufacturers. This would correspond to a decline of around two percent. Stabilization in passenger vehicle production is expected in the second half of the year after the first half had experienced a decline of 3 percent to 2.7 million units.

Hope has come from the surprisingly good numbers in June when production had increased three percent. In addition, basis effects from the prior year and expectations of a slow sales recovery in Europe will have a positive effect. For the entire year, the VDA expects domestic passenger vehicle production to amount to at least 5.2 million units (2012: nearly 5.4 million units).

Forecasts for 2013 confirmed

Already in the second quarter, we largely achieved our targeted increases in revenues and earnings over the prior year. We managed to accomplish this despite the lack of earnings contributions from the high level of inventories as of the reporting date.

We expect to continue our positive development over the next two quarters despite the difficult overall economic and automotive sector environment. In addition, we will be able to invoice the current increased tool inventories until the end of the year.

Therefore, we are confident that in the second half of the current fiscal year we will exceed the revenues and EBIT figures of the first half and consequently confirm our forecasts for 2013. We continue to expect an increase in revenues of 8 percent to approximately EUR 390 million. EBIT should be in the order of EUR 23 million.

We expect higher revenues and income at the EBIT level as compared to last year, especially from our international locations. With regard to our German location, we expect stable revenues but an EBIT below last year's level due to the factors described in the section on the segment reporting.

The locations in Canada and the Czech Republic are developing particularly well at the moment. However, the remarkable development in the first half of the year should not be extrapolated for the full year.

Following the jump in revenues at the Mexican location last year, this location will mainly consolidate the volume which has been reached and will need some time until it can further improve its profitability.

In China, revenues from series production should experience a marked increase from a low level. Additional revenue and profit potential arises from the increased use of capacity in tool production for the Group.

For our international locations, we expect a total increase in EBIT to more than EUR 6 million after EUR 3.7 million in 2012. Thus, we will carry on with the continuous increase in the profitability of these locations.

CONSOLIDATED INCOME STATEMENT

	2nd Quarter 2013		2nd Quarter 2012	
	EURk	% share	EURk	% share
Revenue	97,458	97.5	87,599	97.1
Change in finished goods and work-in-progress / other own work capitalized	2,505	2.5	2,580	2.9
Total output	**99,963**	**100.0**	**90,179**	**100.0**
Other operating income	849	0.8	1,129	1.3
Cost of materials	54,389	54.4	49,411	54.8
Staff costs	26,641	26.7	24,544	27.2
Depreciation and amortization	5,424	5.4	4,194	4.7
Other operating expenses	9,134	9.1	8,417	9.3
EBIT	**5,224**	**5.2**	**4,742**	**5.3**
Financial expenses	1,419	1.4	1,608	1.8
EBT	**3,805**	**3.8**	**3,134**	**3.5**
Income taxes	1,031	1.0	1,031	1.1
Net income for the period	**2,774**	**2.8**	**2,103**	**2.3**
Earnings per share in EUR [1)]	0.89	—	0.75	—

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

CONSOLIDATED INCOME STATEMENT

	1st Half-Year 2013		1st Half-Year 2012	
	EURk	% share	EURk	% share
Revenue	191,649	96.8	178,722	98.0
Change in finished goods and work-in-progress / other own work capitalized	6,417	3.2	3,601	2.0
Total output	**198,066**	**100.0**	**182,323**	**100.0**
Other operating income	2,221	1.1	2,589	1.4
Cost of materials	107,137	54.1	98,942	54.3
Staff costs	53,492	27.0	49,642	27.2
Depreciation and amortization	10,476	5.3	8,348	4.6
Other operating expenses	18,138	9.1	17,175	9.4
EBIT	**11,044**	**5.6**	**10,805**	**5.9**
Financial expenses	2,901	1.5	3,280	1.8
EBT	**8,143**	**4.1**	**7,525**	**4.1**
Income taxes	2,162	1.1	2,255	1.2
Net income for the period	**5,981**	**3.0**	**5,270**	**2.9**
Earnings per share in EUR [1)]	1.91	—	1.99	—

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Half-Year 2013	1st Half-Year 2012
	EURk	EURk
Net income for the period	**5,981**	**5,270**
Other comprehensive income		
Derivative financial instruments		
Net losses from cash flow hedges	-446	-340
Tax effect	94	156
Unrealized losses from derivative financial instruments	**-352**	**-184**
Currency translation	-139	868
Actuarial gains/losses from defined benefit pension plans [1)]	981	-2,809
Other comprehensive income after tax	**490**	**-2,125**
Total comprehensive income after tax	**6,471**	**3,145**

[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	June 30, 2013	Dec. 31, 2012
	EURk	EURk
Property, plant, and equipment	137,158	136,279
Intangible assets	11,398	12,028
Deferred tax assets [1)]	6,522	6,611
Non-current assets	**155,078**	**154,918**
Inventories	60,531	55,790
Receivables and other assets	76,326	59,559
Other financial assets	523	1,226
Cash and cash equivalents	8,016	7,810
Current assets	**145,396**	**124,385**
Total assets	**300,474**	**279,303**

EQUITY AND LIABILITIES	June 30, 2013	Dec. 31, 2012
	EURk	EURk
Equity [1)]	**96,619**	**95,148**
Interest-bearing borrowings	46,744	48,275
Provisions for pensions [1)]	40,631	40,974
Other provisions	2,716	3,203
Deferred tax liabilities	696	868
Non-current liabilities	**90,787**	**93,320**
Current portion of provisions for pensions	1,495	1,495
Current portion of other provisions	2,124	1,743
Trade payables and other liabilities	40,777	36,185
Other financial liabilities	998	1,424
Interest-bearing borrowings	67,674	49,988
Current liabilities	**113,068**	**90,835**
Total equity and liabilities	**300,474**	**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			5,981				5,981
Other comprehensive income				-139	-352	981	490
Total comprehensive income	**9,375**	**37,494**	**61,909**	**1,602**	**-88**	**-8,673**	**101,619**
Dividend payment			-5,000				-5,000
As at June 30, 2013	**9,375**	**37,494**	**56,909**	**1,602**	**-88**	**-8,673**	**96,619**
As at Jan. 1, 2012	7,500	17,155	49,269	1,739	-879	-4,666	70,118
Net income for the period			5,270				5,270
Other comprehensive income				868	-184	-2,809	-2,125
Total comprehensive income	**7,500**	**17,155**	**54,539**	**2,607**	**-1,063**	**-7,475**	**73,263**
Capital increase	1,875	20,389					22,264
Dividend payment			-3,500				-3,500
As at June 30, 2012	**9,375**	**37,544**	**51,039**	**2,607**	**-1,063**	**-7,475**	**92,027**

[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

	June 30, 2013	June 30, 2012
	EURk	EURk
Net income for the period	5,981	5,270
Depreciation of property, plant, and equipment, net of write-ups	10,476	8,348
Income tax expense/refund	2,162	2,255
Interest income and expenses	2,901	3,280
Change in current assets	-20,872	-18,245
Change in non-current liabilities (excluding interest-bearing borrowings)	-190	-311
Change in current liabilities (excluding interest-bearing borrowings)	4,389	8,412
Income taxes paid	-1,664	-1,587
Other non-cash expenses/income	-1,217	-216
Gain/loss on disposal of property, plant, and equipment	56	-25
Cash flow from operating activities	**2,022**	**7,181**
Proceeds from disposal of property, plant, and equipment	173	25
Payments for investments in property, plant, and equipment	-8,844	-14,516
Payments for investments in intangible assets	-729	-634
Cash flow from investing activities	**-9,400**	**-15,125**
Dividends paid	-5,000	-3,500
Proceeds from capital increase	0	22,813
Transaction costs related to the capital increase	0	-763
Interest paid	-2,032	-2,094
Interest received	6	3
Proceeds from borrowings	17,830	14,739
Repayment of borrowings	-9,865	-16,768
Cash flow from financing activities	**939**	**14,430**
Net change in cash and cash equivalents	-6,439	6,486
Effect of exchange rates on cash and cash equivalents	-96	-37
Cash and cash equivalents as at January 1	2,664	-2,560
Cash and cash equivalents as at June 30	**-3,871**	**3,889**
of which cash and cash equivalents	8,016	6,973
of which bank borrowings due on demand	-11,887	-3,084

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

Basis of presentation

These condensed interim consolidated financial statements as at June 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 June 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	
	30/06/2013	30/06/2012	H1 2013	H1 2012
CAD	1.37	1.29	1.33	1.30
CNY	8.03	8.07	8.13	8.19
USD	1.31	1.27	1.31	1.30

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 re-moves 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 first half of 2013, tool sales amounted to EURk 13,350 (p/y: EURk 12,932).

Other own work capitalized
Own work capitalized is comprised of EURk 507 (p/y: EURk 430) 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	**H1 2013**	H1 2012
Currency gains	1,370	1,731
License income	94	25

Other operating expenses
Other operating expenses primarily comprise the following items:

EURk	**H1 2013**	H1 2012
Costs for temporary employees	5,576	4,992
Maintenance costs	2,983	2,911
Outgoing freight	1,736	1,584
Currency losses	1,120	1,615

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

EURk	**H1 2013**	H1 2012
Actual taxes	2,499	2,307
Deferred taxes	-337	-52
Total	**2,162**	**2,255**

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	**Q2/2013**	Q2/2012
Net income for the period	2,774	2,103
Average number of shares	3,125,000	2,798,611
Earnings per share in EUR	0.89	0.75

EURk	**H1 2013**	H1 2012
Net income for the period	5,981	5,270
Average number of shares	3,125,000	2,649,306
Earnings per share in EUR	1.91	1.99

Notes to the balance sheet

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows as of June 30, 2013 of EURk 8,016 (p/y: EURk 6,973) 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 June 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 June 30, 2013, Group equity included income and expenses arising from the currency translation of foreign subsidiaries of EURk 1,602 (p/y: EURk 2,607) and income and expenses from cash flow hedges of EURk -88 (p/y: EURk -1,063).

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:

	30/06/2013	30/06/2012
Interest rate	3.5 %	3.8 %
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 June 30, 2013 and as at June 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	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	30/06/2012
ASSETS								
Financial instruments included in other financial assets:								
Derivatives with hedge relationship	**0**	0	**523**	146	**0**	0	**523**	146
Derivatives without hedge relationship	**0**	0	**0**	38	**0**	0	**0**	38
LIABILITIES								
Financial instruments included in other financial liabilities:								
Derivatives with hedge relationship	**0**	0	**712**	1,701	**0**	0	**712**	1,701
Derivatives without hedge relationship	**0**	0	**286**	684	**0**	0	**286**	684

Additional information

Related party disclosures

Related parties include the Group's parent company as well as the members of the Management Board and Supervisory Board. In the first half 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 11,887 (p/y: EURk 3,084) 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 June 30, 2013 and as at June 30, 2012, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

Segment information by location 1st Half-Year 2013	Germany EURk	Rest of Europe EURk	NAFTA Area EURk	Asia EURk	Consolidation effects EURk	Group EURk
Total revenue	126,198	21,658	46,491	5,908	0	200,255
Inter-segment revenue	-7,013	-1,391	-202	0	0	-8,606
External revenue	**119,185**	**20,267**	**46,289**	**5,908**	**0**	**191,649**
Total output	**130,065**	**22,779**	**47,614**	**6,082**	**-8,474**	**198,066**
Other income	1,972	299	590	533	-1,173	2,221
Other expenses (aggregated)	118,826	19,155	43,322	7,276	-9,812	178,767
Depreciation and amortization	6,014	1,255	2,735	512	-40	10,476
Earnings before interest and taxes (EBIT)	**7,197**	**2,668**	**2,147**	**-1,173**	**205**	**11,044**
Financial income	278	0	0	2	-274	6
Financial expenses	1,598	617	577	389	-274	2,907
Earnings before taxes (EBT)	**5,877**	**2,051**	**1,570**	**-1,560**	**205**	**8,143**
Income taxes	1,702	-94	504	0	50	2,162
Net income for the period	**4,175**	**2,145**	**1,066**	**-1,560**	**155**	**5,981**
Assets	162,667	48,753	62,112	40,852	-13,910	300,474
of which non-current assets	64,849	25,456	33,859	24,590	-198	148,556
Liabilities	25,800	6,992	15,962	42,674	112,427	203,855
Investments	6,439	599	2,505	1,352	0	10,895

Segment information by location 1st Half-Year 2012	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
	EURk	EURk	EURk	EURk	EURk	EURk
Total revenue	126,580	18,730	37,033	2,986	0	185,329
Inter-segment revenue	-5,209	-1,013	-385	0	0	-6,607
External revenue	**121,371**	**17,717**	**36,648**	**2,986**	**0**	**178,722**
Total output	**128,400**	**19,665**	**37,431**	**3,456**	**-6,629**	**182,323**
Other income	1,753	446	764	576	-950	2,589
Other expenses (aggregated)	115,227	17,631	35,570	4,840	-7,509	165,759
Depreciation and amortization	4,903	1,147	2,049	280	-31	8,348
Earnings before interest and taxes (EBIT)	**10,023**	**1,333**	**576**	**-1,088**	**-39**	**10,805**
Financial income	304	0	0	2	-303	3
Financial expenses	1,900	646	600	440	-303	3,283
Earnings before taxes (EBT)	**8,427**	**687**	**-24**	**-1,526**	**-39**	**7,525**
Income taxes	2,383	-231	82	3	18	2,255
Net income for the period	**6,044**	**918**	**-106**	**-1,529**	**-57**	**5,270**
Assets [1)]	146,360	43,962	63,827	29,810	-6,589	277,370
of which non-current assets	60,430	26,590	31,332	21,027	-259	139,120
Liabilities [1)]	26,367	6,105	20,149	27,501	105,221	185,343
Investments	8,877	4,362	3,066	4,029	0	20,334

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

	Germany	Rest of Europe	NAFTA Area	Asia	Consolidation effects	Group
	EURk	EURk	EURk	EURk	EURk	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 June 30, 2013 that require reporting.

RESPONSIBILITY STATEMENT

"We hereby confirm to the best of our knowledge, and in accordance with the accounting standards to be used 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 consolidated 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 24, 2013

The Management Board

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

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the second quarter and the first half 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, July 24, 2013

The Chairman of the Audit Committee

Dr. Georg Hengstberger

FINANCIAL CALENDAR | GOVERNING BODIES | CONTACTS

Financial calendar

November 4, 2013
Interim financial report Q3/9 Months 2013

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

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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

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.