Grammer 07
January until June

THE FIRST HALF OF 2007

2Q

GRAMMER

Key Figures for the Group

	June 30, 2007	June 30, 2006
	EUR million	EUR million
Revenue	491.9	448.1
Automotive	317.4	290.1
Driver Seats	153.3	139.6
Passenger Seats	28.3	21.3
Gross profit	82.5	77.0
Profit from operations (EBIT)	24.3	24.5
Profit before income taxes	20.3	20.9
Net income after income taxes	12.7	12.9
Earnings per share in EUR (without Treasury shares)	1.25	1.23
Employees (June 30)	9,333	8,602
Total equity and liabilities	506.9	454.2
Equity ratio in %	35.3	37.7
Gearing ratio in %	41.4	37.6
Capital expenditure (intangible assets and property plant and equipment)	11.4	11.1

Key Figures for Grammer Stock

	June 30, 2007	June 30, 2006
Share price (XETRA closing price in EUR)	21.95	19.50
Number of shares	10,495,159	10,495,159
Number of treasury shares held	330,050	
Market capitalization (in EUR million)	230.4	204.7
52-week high/low (daily high/low in EUR)	26.49/17.80	27.41/16.00
German Securities Code Number (WKN): 589540		
ISIN: DE 0005895403		
Stock exchange symbol: GMM		
Reuters symbol: GMMG.DE		
Bloomberg symbol: GMM:GR		
Market segment: Prime Standard		
Index: SDAX		

Contents

About Grammer

Grammer AG, Amberg, Germany, is a specialist in the development and production of components and systems for automobile interiors as well as driver and passenger seats for offroad vehicles, trucks, buses and trains.

The Group's key division, Automotive, supplies headrests, armrests and center consoles as well as integrated child's seats to well-known automakers and vehicle system suppliers. The Group's second division, Seating Systems, comprises the Driver Seats and Passenger Seats segments. In the Driver Seats segment, Grammer operates as an OEM and aftermarket supplier for prominent truck and offroad producers. The Passenger Seats segment supplies original equipment manufacturers and rail vehicle operators.

Grammer is represented in 17 countries worldwide with over 9,000 employees in 21 subsidiaries. Grammer shares are listed in the SDAX segment of the German Stock Exchange and are traded on the Munich and Frankfurt stock exchanges, the XETRA electronic trading platform, and on the OTC markets of the Stuttgart, Berlin and Hamburg stock exchanges.

Grammer Stock with Restrained Performance

After a considerable price upturn in the third quarter of 2006, profit-taking in the first six months of 2007 resulted in the price of the Grammer stock being corrected.

Stock Market Environment and Grammer Stock Performance

Underpinned by optimism on the economy over the last few months, stock markets generated a positive performance between January and June 2007. The upward trend was only briefly restrained on the back of news from Asia at the end of February, before returning to the high levels in April and continuing upwards. Thus our comparative index, the SDAX, closed the first six months at 6,479.32, 16 % above the closing level of 5,567.36 in 2006. In comparison to the end of the equivalent quarter of the previous year, the Grammer stock moved up by 38 %.

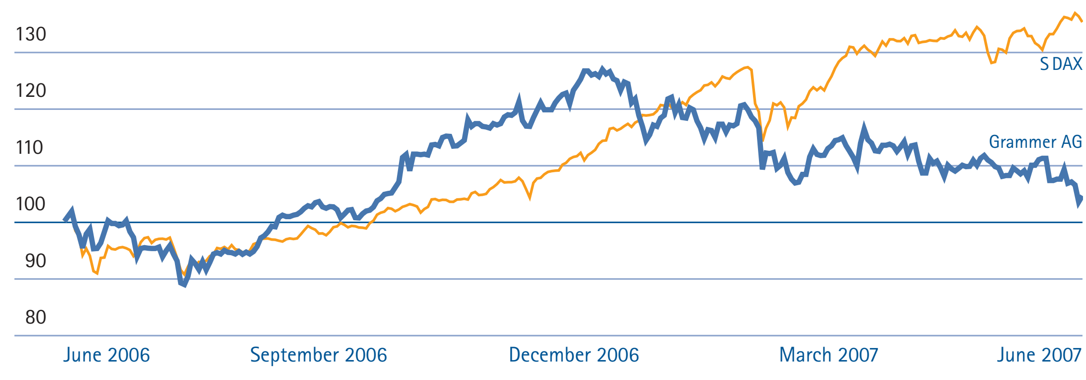
Our stock reached its highest point so far shortly before the end of 2006 and closed the stock exchange year at EUR 25.79. In the course of the first six months, profit-taking set in, pushed the stock to an intra-day low of EUR 17.80 in variable XETRA trading. To the end of the six months, the share closed at EUR 21.95, thus EUR 3.84 down on the closing price at the end of 2006. However, in comparison to the closing price in the second quarter of 2006, the Grammer stock moved up by EUR 2.45 or 13 %.

Successful Annual General Meeting

At the Annual General Meeting on June 28, 2007, our shareholders approved all the Board of Management and Supervisory Board proposals. This also related to the dividend, which was thus set at EUR 1 per share. On the basis of the closing price for 2006, this represents a dividend yield of 3.88 %. We thus continue to position ourselves as a company with a strong dividend yield.

According to the last mandatory notifications, our largest shareholders remain EQMC with over 10 % and Axxion with 5.6 %. Thus the free float is approximately 84 %.

Performance in comparison to the S DAX, indexed



Group Interim Report

General Economic Conditions

Positive Trend for the Global Economy

In the first six months of 2007, the global economy was in good shape, despite considerably higher oil prices. Strong demand from Asia and political unrest in the important oil country of Nigeria pushed world crude oil prices to over USD 70 per barrel in June. Fuel prices moved upward dramatically, particularly in the USA. Combined with the crisis on the property market, this results in only muted growth in the world's largest economy.

Japan posted sound gross domestic product growth. Once again, it was China which was the growth engine. According to the National Statistics Office it improved economic performance by 11.5 %. Irrespective of the strong euro, the European economy also expanded, benefiting from an upturn in private consumption. The economy in Germany expanded moderately, with the repercussions of the hike in sales tax impacting in the Spring months.

German Car Manufacturers Gain Ground in the USA

On the US automobile market, new registration figures declined by 2 % in the first six months of 2007. German carmakers bucked the trend, improving unit sales by 3 %, thus expanding their market share to 5.6 %. They were particularly successful in the Light Trucks segment, which includes all-terrain and sports utility vehicles. Here a total of 86,300 vehicles from German brands were delivered, a fifth more than in the first half of 2006.

The Western European automobile market was also in reverse over the first six months. With the exception of Italy (+ 6.5 %) and the United Kingdom (+ 2.0 %), all new registrations were down year-on-year in important volume markets. On the other hand, the European Automobile Manufacturers Association reported a considerable plus of 14.8 % in the new EU member states.

The German automobile market was weaker than the European average. In addition to high fuel prices, negative factors included the reduction of the tax break on travel to work and the debate of car taxation possibly being linked to CO_2 emissions. This was compounded by the ongoing retardant impact of the sales tax hike made at the beginning of the year. Overall, in the period between January and June, initial car registrations in Germany declined year-on-year by 9.2 %. All volume manufacturers were impacted. It was only initial registrations for all-terrain vehicles (+ 5.2 %) and sport cars (+ 17.0 %) which moved against the general trend.

The general reversal for initial registration figures across Europe is reflected in the registration figures for most of the German manufacturers. Ford (– 17.4 %), Opel (– 14.3 %) and smart (– 25.0 %) posted considered declines. On the other hand, Mercedes-Benz limited the decline in new registration despite the launch of the new C-Class. The fact that domestic production of German manufacturers increased by 7 % to almost 3 million cars is due to ongoing strong exports. In the first six months, the German automobile industry delivered 2.2 million vehicles – 12 % more than in the equivalent period of the previous year. Key impulses were provided from the business in China, Russia and the USA.

Commercial Vehicle Market Remains at High Level

In the reporting period, the European commercial vehicle market posted high production volume and new registration figures. In the segment of vehicles over 3.5 tons, there were 213,605 new truck registrations, approximately the level of the very good previous year. For heavy-duty semi-trailer tractors, new registrations increased by 2.4 %. In both cases, the key growth drivers were the new EU member states. Here new registration figures were up by as much as 70 %. On the other hand, the German commercial vehicle market back-peddled slightly. However, domestic manufacturers benefited from the strong export business.

The market for agricultural and forestry tractors remained positive. In this vehicle segment, the number of new registrations in Germany increased by 2.8 % to a total of 18,013 units.

The promising environment also benefited the German construction vehicles industry. Positive factors here were an improving domestic economy and strong exports.

Differentiated Situation for Trains and Busses

According to the SCI Rail Industry Barometer, the German train industry experienced a favorable business climate in the first six months of the year. Thus order books and production utilization were very satisfactory. Exports remained an important growth factor, especially to West Europe and Asia.

However, the market situation again deteriorated for bus manufacturers. According to the European Automobile Manufacturers Association, new registrations were down year-on-year by another 7.5 %. In Germany, new registration figures for buses declined by 12.9 % to 2,569.

Business Trend

Higher Group Revenue

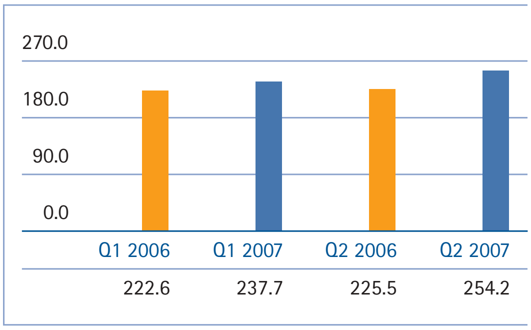
Carried by the positive general economic situation and the good order situation in all three segments, in the first half-year group revenue improved by EUR 43.8 million to EUR 491.9 million (PY: EUR 448.1 million). In the second quarter with revenue rising by 13.0 %, we improved again on the robust revenue upturn of the first three months (+ 6.8 %).

From a geographical perspective, overseas and Europe group revenue primarily improved. In the Europe region, the key generator of revenue with a 76.9 % share in the Grammer Group, revenue moved up by EUR 28.2 million to EUR 378.3 million (PY: EUR 350.1 million). Overseas – impacted by good automotive business in the USA – we achieved a strong increase by 27.9 % to EUR 72.5 million (PY: EUR 56.7 million).

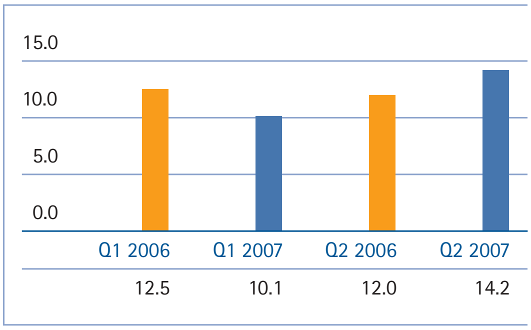
Consolidated Operating Income at Level of Previous Year

In the first half-year, EBIT at EUR 24.3 million (PY: EUR 24.5 million) was almost at the level of the good previous year. Despite negative currency effects, in Q2 overall EBIT climbed to EUR 14.2 million (PY: EUR 12.0 million). Thus the weaker result for the first quarter due to product run-downs and ramp-ups was almost entirely compensated. For the first six months, the EBIT margin was 4.9 % (PY: 5.5 %).

Group sales by quarter
in EUR million



Group EBIT by quarter
in EUR million



Group Result at Level of Previous Year

Earnings before tax at EUR 20.3 million (PY: EUR 20.9 million) were almost at the level of the previous year. A key factor was slightly higher net finance costs of EUR 0.4 million. This was impacted by valuation effects and expanding financing of business operations.

On the other hand, net income totaled EUR 12.8 million (PY: EUR 12.9 million), thus slightly down on the result of the previous year, by EUR 0.1 million. Earnings per share moved up slightly from EUR 1.23 in the previous year to EUR 1.25.

Automotive Segment

Automotive Segment Benefits from Ramp-ups

Business in our Automotive segment benefited from a good overall order situation. This also impacted the new launches such as the X5 and the facelifted 5 Series BMW as well as the current Mercedes-Benz C-Class. They experienced brisk demand, particularly in the second quarter.

Business was also successful in Asia. One year after the opening ceremony of our Chinese production locations in Tianjin and Changchun, we added BMW and Audi to our customer portfolio. In order to supply the General Motors Epsilon platform, Grammer started to establish a third Chinese location in Shanghai, alongside its existing development office. In Japan we set up a new sales location in order to intensify contact management to Asian carmakers.

In April, a leading Germany car manufacturer commissioned us with developing the center console system for one of its new models. Having demonstrated our expertise as a system developer and supplier with the console for the VW Passat, this order is another step to being established in this area.

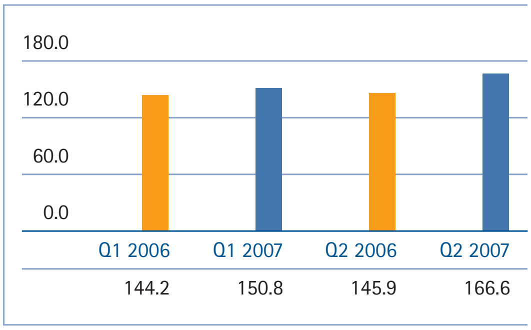
To strengthen profitability in the Automotive segment on a sustained basis, we took additional measures to improve profitability and cost efficiency. In addition to initiatives for improving processes and structures, these also relate to optimizing the global production network. Thus Grammer is also investing in establishing a production location in Serbia. In the medium term, up to 300 jobs are to be created there. The objective is to achieve a considerable expansion of our sewing capacity.

Progress with Revenue and Earnings

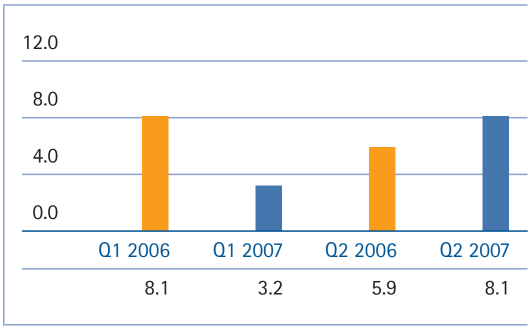
In the first six months, revenue in the Automotive segment climbed to EUR 317.4 million (PY: EUR 290.1 million). This represents an increase of EUR 27.3 million or 9.4 %. Key impulses here were higher order volume for the BMW X5, where we manufacture in Mexico and the production of the Mercedes-Benz C-Class. Since the beginning of the year, Grammer has been equipping this new middle-class model with crash-active headrests.

In the first six months, the EBIT of the Automotive segment was EUR 11.3 million (PY: EUR 14.0 million). More than 70 % of EBIT in the first six months was generated in the second quarter: In April, May and June, earnings rose strongly to EUR 8.1 million, a year-on-year increase of 37.3 %. Alongside various ramp-ups, another factor contributing to the positive trend in the second quarter were the measures to optimize processes and structures which were initiated in April. They are targeting a sustained strengthening of profitability.

Automotive sales by quarter
in EUR million



Automotive EBIT by quarter
in EUR million



Driver Seats Segment

Driver Seats Segment on Success Track

In the Driver Seats segment developments in the first half-year were again driven by robust commercial vehicle business. Orders remained at a high level, both for trucks and offroad seats.

Due to stronger international sales activities, we acquired a new production order for truck seats in Brazil. Considerable progress was also made in the MoTIS project (Modular Truck Interior System). The innovative concept study for a truck cab integrating living and working at very close quarters went into the test phase. For extensive tests in practice, we gained a well-known haulage company as partner.

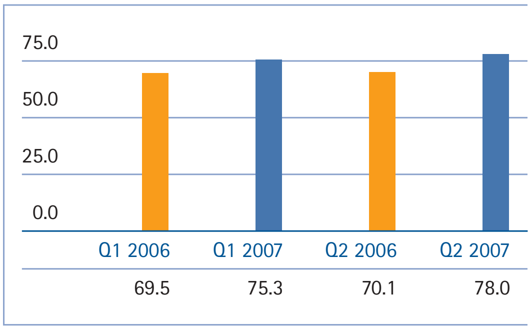
In the Offroad area Grammer benefited from technical innovations and its leading market position, particularly in Europe. Additional growth opportunities are provided by the Chinese market as well as the sales regions of the NAFTA. For this reason we participated in the agriChina in Beijing in April, where we presented several innovative tractor seat models.

Grammer's presence at the Bauma, the international construction vehicles fair, also provided impulses. Alongside our products to reduce vibration, we displayed as innovation a vibration dosimeter, a measuring device which assists the driver in determining vibration levels when driving. Just as with our vibration-dampening seats, the device provides our customer decisive advantages in adhering to and reviewing EU guidelines relating to vibration reduction.

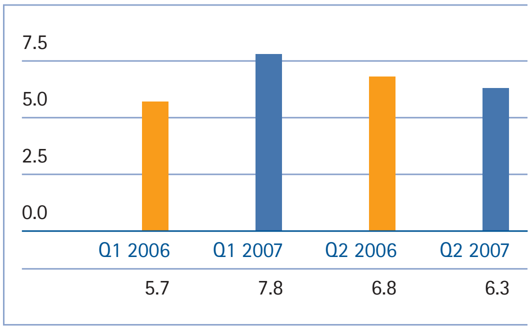
Revenue and Earnings Benefit from Strong Market Position

In the first six months, the Driver Seats segment improved revenue by 9.8 % to EUR 153.3 million (PY: EUR 139.6 million), thus continuing seamlessly from the positive trend in 2006. In the second quarter, revenue moved up by as much as 11.1 %. Underpinned by the favorable situation across the industry and the resulting good order situation, the segment posted dynamic growth rates in Europe and overseas. The segment EBIT also improved strongly. At EUR 14.1 million (PY: EUR 12.5 million) in the first six months, it outperformed the equivalent period for the previous year by 12.8 %.

Driver Seats sales by quarter
in EUR million



Driver Seats EBIT by quarter
in EUR million



Passenger Seats Segment

Passenger Seats Segment Disposes of Bus Unit

After careful examination of all strategic options for the Bus unit, Grammer decided on disposing of this business area. Thus Grammer s.r.l. was sold for EUR 7.4 million in the context of a Management Buy Out. Previously this subsidiary had operated as the European headquarters for business with bus passenger seats. The objective behind the disposal is stronger focus on our core areas of competency and target market. At the same time, Grammer will continue to cooperate with the Italian company in selling buy driver seats. As the disposal of Grammer s.r.l. took place in June, the revenue and earnings figures are included for the six months of the half year.

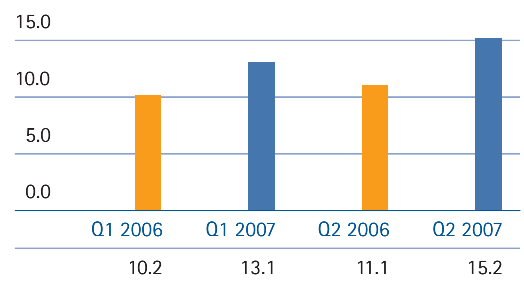
Our Rail business unit considerably expanded business operations in the first half-year. Alongside the product ramp-ups and successful international acquisition in the first quarter, new orders were added in the second quarter. These include passenger seats for the Sprinter Light Train for Reiziger (the Dutch State Railway) and for regional trains of Deutsche Bahn, as well as a further option from our customer Bombardier who lists us as platform supplier.

Revenue and Earnings Driven by Growth in Train Unit

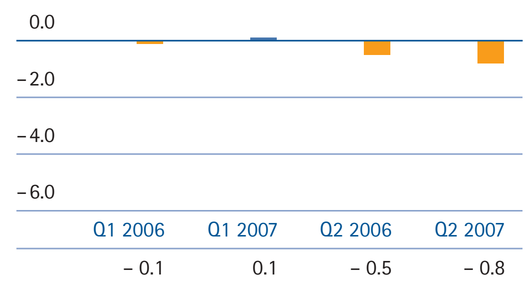
Between January and June, revenue in the Passenger Seat rose segment strongly to EUR 28.3 million (PY: EUR 21.3 million). In the second quarter alone, revenue moved up by 38.2 %. This pleasing development is due primarily to the positive order situation in the Train unit.

In the Passenger Seats segment, EBIT of EUR – 0.7 million was posted (PY: EUR – 0.6 million). In addition to the loss-making bus business, the second quarter was negatively impacted by additional expenditure for the supply chain management due to the strong upturn in the order level. Our activities are not aligned to advancing supplier development and to align the material flows to the higher demands.

Passenger Seats sales by quarter
in EUR million



Passenger Seats EBIT by quarter
in EUR million



Financial Situation

Balance Shows Solid Financing

With expanded business operations, as of June 30 total assets in the Grammer Group expanded by 11.6 % to EUR 506.9 million (PY: EUR 454.2 million).

Non-current assets widened EUR 7.0 million to EUR 191.1 million (PY: EUR 184.1 million) Key factors in comparison to the previous year were growth in intangible assets and deferred taxes which had already expanded to their current levels during 2006. Current assets also moved up significantly, by 16.9 % to EUR 315.8 million (PY: EUR 270.1 million). The key determinant here is higher trade accounts receivable, due predominantly to higher revenue. At EUR 155.4 million, it exceeded the equivalent figure for the previous year of EUR 129.3 million by fifth.

In the Grammar Group, equity increased by EUR 7.5 million to EUR 178.8 million (PY: EUR 171.4 million). At 35.3 % the equity ratio is slightly under the comparative figure of the previous year (37.7 %) – a direct impact of higher total assets .

Non-current liabilities totaled EUR 142.7 million (PY: EUR 72.7 million). They primarily reflect non-current liabilities to banks which were extended by EUR 66.4 million. The latter resulted from a borrower's note of EUR 70.0 million, placed successfully by Grammer in the second half of 2006 and which provided the refinancing of the expiring bond, which was thus shown as a current position.

At EUR 185.4 million, current liabilities as of June 30 were 11.8 % under the comparable figure of the previous year (PY: EUR 210.1 million). In addition to the repayment of the bond due in 2006, the key factor reducing this figure was the repayment of current liabilities to banks. The reason that this position did not decline even more strongly was trade accounts payment rising from EUR 74.0 million in the previous year to EUR 90.7 million, a consequence of expanding business activities. The gearing ratio was 41.4 % (PY: 37.6 %).

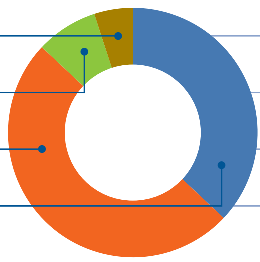
Investments in Value Added

Capital expenditure in the Grammer Group reached EUR 11.4 million (PY: EUR 11.1 million), more or less at the level of the previous year. The largest share went into the Driver Seats segment, where we invested EUR 5.7 million (PY: EUR 2.7 million). The focus was new metal processing facilities at the German Haselmühl site. This enabled us to generate higher value added. In the Automotive segment, we invested EUR 4.2 million (PY: EUR 7.6 million), predominantly in production facilities for pending new customer projects. In the Passenger Seats segment capital expenditure totaled EUR 0.9 million (PY: EUR 0.6 million), while EUR 0.6 million was invested at Central Services (PY: EUR 0.2 million).

Headcount by segment, January to June 2007

in percent, in EUR million

Central Services	5	0.6
Passenger Seats	8	0.9
Driver Seats	50	5.7
Automotive	37	4.2
	100	11.4



Employees

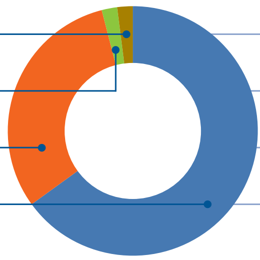
Number of Employees Reflects Good Business Situation

The expansion of the Grammer Group is also reflected in the number of jobs: On June 30, Grammer employed 9,333 staff world-wide (PY: 8,602). This represents growth of 8.5 %. There was a particularly strong upturn in the Automotive segment: To the end of the second quarter a total of 6,105 persons were employed in this segment (PY: 5,495), a plus of 11.1 %. The Driver Seats segment also expanded, with 2,917 employees on the reporting date (PY: 2,722). As a result of the disposal of the Bus unit, the number of persons employed in the Passenger Seats segment declined by 86 to 152 (PY: 238). The Central Services units employed 159 staff (PY: 147).

Employees by segment, January to June 2007

in percent, total number

Central Services	2	159
Passenger Seats	2	152
Driver Seats	31	2,917
Automotive	65	6,105
	100	9,333



Change in the Board of Management

As announced in December 2006, Peter Nagel left the Grammer AG Board of Management on June 30. As planned, Hartmut Müller, member of the Board of Management since February 2007, has now assumed sole responsibility for the Seating Systems segment, made up of the Driver Seats and Passenger Seats units.

Outlook for the Whole Year

Global Economy with Upward Trend

The International Monetary Fund (IMF) anticipate dynamic global economy growth for the whole year of 5.2 %. This positive trend should be fuelled largely by the economies of Asia and Europe. For the USA, the IMF forecasts an upturn in gross domestic product of 2.0 %, 0.2 percentage points less than assumed in April. For both the Eurozone and for Germany, an increase in economic performance of 2.6 % is forecast.

Automotive: German Automobile Industry Expects Production Record

For 2007, B&D Forecast calculated global car deliveries of 57.8 million vehicles, up 2.9 % against the previous year. China in the growth engine. Here sales are likely to rise by almost a fifth to 5.1 million cars. The largest international automobile market remains the USA; here deliveries on 16.5 million vehicles are expected. While Russia is showing high expansion opportunities, a sideward move is expected in West Europe. According to figures of the German Association of the Automobile Industry (VDA), new registration figures in Germany are likely to recede strongly to 3.2 million units. At the same time, domestic manufacturers are targeting a new production record: On the basis of strong exports, 5.6 million units should be manufactured in Germany, up 4 % on the previous year.

In the largest company segment, Automotive, we expect that for the whole year revenue will be driven by our premium segment with its stable growth. The new models which we have been supplying for several months are also establishing themselves. At EBIT level we expect a stable trend in comparison to the previous year. The measures initiated to optimize processes and structure should strengthen the earnings trend of the segment on a sustained basis.

Driver Seats: Good Economy Drives Market Performance

The situation across the industry remains promising in the Driver Seats segment. The good economic situation has resulted in ongoing and high demand for commercial vehicles. The VDA is thus expected 315,000 new registrations for commercial vehicles in Germany. The industry association expects that 300,000 units will be exported. Worldwide, agricultural markets are likely to develop in a stable fashion. Positive impulses will emanate from high pent up demand of Eastern European countries. According to surveys from the Federal Association of Construction and Industrial Machine Manufacturer, the area of construction machines remains strongly upbeat. The same applies to the market for fork-lift trucks.

On a whole-year basis, our order situation for offroad and trucks seats is very promising. Agritechnica, the key agricultural fair, should result in an additional upturn of sales in the fourth quarter. Overall, for the whole year we continue to expect a good performance from the Driver Seat segment.

Passenger Seats: Train Industry on the Up

The German train industry expects a positive trend for 2007. Alongside positive domestic demand, it will also be driven by exports.

With the disposal of the our Bus unit in June, the further development of the Passenger Seat division will be determined by the Train business. Here revenue is likely to be advanced on the basis of the good order situation. Contrary to our performance forecast at the beginning of the year, we are now expecting a slightly negative result due to additional cost factors.

Group Revenue and EBIT Expected to be Up on Previous Year

We a view to the whole of 2007, we forecast that Group revenue will be up to 7 % higher than the previous year. We are also expecting stable growth for Group earnings. Despite the weaker start to the year, in absolute terms EBIT should be above the figure of the previous year.

Risk factors are an unfavorable development of exchange rates, not only in the US dollar. But also in East European countries. Higher prices for steel and oil-based products such as plastics or foam components could also negatively impact our Group result. In order to counter these challenges, we initiated measures to save materials, achieve modularity for components and to generate ongoing process optimization.

In order to access growth potential on a sustained basis, we wish to expand further on an international basis, at the same time extending our customer portfolio. In this context, we are pushing our Offroad activities in the USA as well as our Asian activities in the Automotive and Driver Seats segments. At the same time, we are pushing programs for enhancing efficiency.

Opportunities and Risk Situation

On the opportunities and risk which were noted in the Management Report of the Annual Report dated December 31, 2006, the facts have been added which we described in the “Outlook” section of this Half-Year Report. It contains future-related statements which reflect the opinions of the Grammer AG management in relation to future events. The statements are based on current plans, assessments and expectations. They are thus subject to risks and uncertainty factors.

Supplementary Report:
Dr. Rolf-Dieter Kempis New Chairman of the Management Board

On July 24, the Grammer AG Supervisory Board appointed Dr. Rolf-Dieter Kempis as the new Chairman of the Board of Management for two years. Until this time, Dr. Kempis had been a member of the Supervisory Board; he resigned his relevant mandate. He assumed the Chair of the Board of Management on August 1. Alois Ponnath, until then Speaker of the Board of Management, remains CFO.

Amberg, August 2007

Grammer AG
The Board of Management

Declaration of the Board of Management in line with Article 264 Paragraph 2 and Article 297 Paragraph 2 as well as Article 289 Paragraph 1 and Article 315 Paragraph 1 HGB-E

To the best of its knowledge, the Grammer AG Board of Management state that the annual financial statements/interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the companies consolidated and that the management report/interim management report presents a fair review of the development and performance of the business and the position of the group of consolidated companies, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Amberg, August 2007
The Board of Management

Income Statement *for the period from January 1, 2007 to June 30, 2007*

	Jan. 1 – June 30, 2007	Jan. 1 – June 30, 2006
	EUR '000s	EUR '000s
Revenue	491,926	448,092
Cost of sales	409,463	371,073
Gross profit	**82,463**	**77,019**
Selling expenses	21,008	19,714
Administrative expenses	40,821	35,757
Other operating income	3,628	2,962
Profit from operations	**24,262**	**24,510**
Net finance costs	– 3,943	– 3,575
Profit before income taxes	**20,319**	**20,935**
Income tax expense	7,570	8,038
Net income after income taxes	**12,749**	**12,897**
Minority interests	25	72
Net income attributable to the shareholders of the parent	**12,724**	**12,825**

Balance Sheet *as of June 30, 2007*

Assets	June 30, 2007	June 30, 2006
	EUR '000	EUR '000
Non-current assets		
Intangible assets	41,571	39,422
Property, plant and equipment	126,781	126,033
Shares in affiliates	529	482
Non-current financial assets	6,038	4,723
Deferred tax assets	16,226	13,421
	191,145	**184,081**
Current assets		
Inventories	90,584	86,504
Trade accounts receivable	155,353	129,348
Other receivables and assets	51,919	42,668
Property, plant and equipment held for sale		
Current financial assets	808	687
Income tax assets	91	206
Cash and cash equivalents	17,049	10,726
	315,804	**270,139**
Total assets	**506,949**	**454,220**

Equity and liabilities	June 30, 2007	June 30, 2006
	EUR '000	EUR '000
Equity		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Retained earnings	93,263	85,801
Equity before minority interests	178,368	170,906
Minority interests	480	486
	178,848	**171,392**
Non-current liabilities		
Bond		
Non-current liabilities to banks	71,360	5,008
Other non-current liabilities	4,115	5,584
Pension obligations	49,348	47,926
Deferred tax liabilities	17,839	14,215
	142,662	**72,733**
Current liabilities		
Bond		42,000
Current liabilities to banks	19.678	28,194
Trade accounts payable	90.749	74,002
Financial obligations	598	1,068
Other current liabilities	54.912	43,481
Income tax liabilities	8.788	8,746
Other provisions	10.714	12,604
	185.439	**210,095**
Total equity and liabilities	**506.949**	**454,220**

Cash Flow Statement *for the second quarter of 2007*

	Q2 2007	Q2 2006
	EUR '000s	EUR '000s
1. Cash flow from operating activities		
Net income for the period	12,749	12,897
Non-cash items:		
Depreciation and impairment of property, plant and equipment	10,779	10,831
Amortization and impairment of intangible assets	967	800
Changes in provisions and pension obligations	5,241	4,063
Other non-cash changes	458	– 2,351
Changes in working capital		
Increase in trade accounts receivable and other receivables	– 44,332	– 33,573
Increase in inventories	– 5,184	– 6,284
Decrease in other assets	2,556	1,991
Increase in trade accounts payable and other liabilities	19,885	6,634
Gains on the disposal of assets	– 135	– 7
Income taxes paid	0	0
Net cash used in operating activities	**2,984**	**– 4,999**
2. Cash flow from investing activities		
Acquisitions		
Acquisition of property, plant and equipment	– 10,659	– 10,692
Acquisition of intangible assets	– 776	– 360
Acquisition of investments	– 1,301	– 60
Disposals		
Disposal of property, plant and equipment	3,816	1,734
Disposal of intangible assets	1,408	– 313
Disposal of investments	181	1,467
Interest received	1,411	533
Net cash used in investing activities	**– 5,920**	**– 7,691**
3. Cash flow from financing activities		
Dividend payments	– 10,165	– 10,495
Purchase of treasury shares	0	0
Repayment of bond	0	0
Changes in non-current liabilities to banks	– 1,772	272
Changes in lease liabilities	– 434	– 581
Interest paid	– 3,580	– 3,568
Net cash used in financing activities	**– 15,951**	**– 14,372**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of items 1 – 3)	– 18,887	– 27,062
Cash and cash equivalents at January 1	16,258	9,594
Cash and cash equivalents at June 30, 2007	**– 2,629**	**– 17,468**
5. Composition of cash and cash equivalents		
Cash and short-term deposits	17,049	10,726
Securities	0	0
Current account liabilities to banks	– 19,678	– 28,194
Cash and cash equivalents at June 30, 2007	**– 2,629**	**– 17,468**

Statement of Changes in Equity *for the period from January 1, 2006 to June 30, 2007*

	Subscribed capital	Capital reserve	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Group equity
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Balance as of Dec. 31, 2006	**26,868**	**58,237**	**90,158**	**– 7,441**	**6,470**	**174,292**	**468**	**174,760**
Dividend			– 10,165			– 10,165		– 10,165
Consolidated net income for the period			12,724			12,724	25	12,749
Subsequent measurement (IAS 39)					– 637	– 637		– 637
Exchange rate differences					1,943	1,943	– 6	1,937
Other changes in equity			313			313	– 7	306
Change in net investments (IAS 21/39)					– 102	– 102		– 102
Balance as of June 30, 2007	**26,868**	**58,237**	**93,030**	**– 7,441**	**7,674**	**178,368**	**480**	**178,848**

Selected Notes to the Consolidated Income Statement of Grammer AG for the Period from January 1 to June 30, 2007 and the Consolidated Balance Sheet of Grammer AG as of June 30, 2007

Basis of Presentation

Grammer AG has prepared its consolidated financial statements for the 2006 financial year and the present interim financial statements for the period ended June 30 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The term "IFRS" also refers to the International Accounting Standards (IAS) still in effect, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this interim report as of June 30 has been prepared in accordance with IAS 34. The possibility that the IASB will make further pronouncements before the final preparation of the consolidated financial statements as of December 31, 2007, and hence that the standards applied in preparing these interim financial statements will deviate from the standards applied in preparing the consolidated financial statements for the year ended December 31, 2007, cannot be excluded. In addition, the European Commission has yet to endorse certain individual pronouncements by the IASB. As such, it should be noted that the figures presented in this report are preliminary and may be subject to change. The new and revised standards and interpretations of the IASB and the IFRIC which came into effect on January 1, 2007 did not have a significant effect on the net assets, financial position and results of operations of Grammer AG and were not relevant to the consolidated financial statements. There was no early application of any standards, interpretations or amendments to previously published standards that will be required to be applied on or after January 1, 2008.

The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items which affect the carrying amounts of these items in the consolidated balance sheet and the consolidated income statement, as well as the disclosure of contingent assets and liabilities.

The present interim consolidated financial statements have not been audited.

The consolidated financial statements are prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (EUR thousands).

Accounting Policies

In preparing the interim financial statements as of June 30, 2007 and the comparative prior-year figures, the same accounting policies were applied as for the consolidated financial statements for the year ended December 31, 2006. These principles and methods are described in detail in the notes to the 2006 consolidated financial statements, which were published in their entirety in the 2006 Annual Report. New standards have been applied since January 1, 2007, primarily resulting in more extensive disclosure requirements.

Basis of Consolidation

In addition to Grammer AG, the basis of consolidation includes four domestic and 16 foreign companies that are directly or indirectly controlled by Grammer AG in accordance with IAS 27. One company was deconsolidated as of June 26, 2007. This is because as a result of the disposal of Grammer s.r.l., the company was no longer controlled by the Group. In addition, a joint venture within the meaning of IAS 31 is proportionately consolidated. Grammer AG holds 50 % of the voting rights in this joint venture. All intragroup transactions and balances are eliminated in the course of consolidation. The uniform reporting date for all of the companies included in consolidation is June 30.

Currency Translation

In the single-entity financial statements of Grammer AG and its consolidated subsidiaries, foreign currency transactions are translated at the exchange rate applicable on the date of initial recognition of the respective transaction. Any resulting gains or losses are recognized in income. Financial statements prepared in foreign currencies and transactions denominated in foreign currencies are translated in accordance with the functional currency concept as set out in IAS 21. The financial statements of Group companies whose functional currency differs from the reporting currency of the Group (EUR) are translated using the modified closing rate method. In the consolidated financial statements, the assets and liabilities of foreign Group companies are translated into euros from the respective local currency at the middle rate on the balance sheet date. Income statement items are translated to euros at the average exchange rate for the year. For currency translation purposes, the following exchange rates were applied for the major currencies outside the euro zone that are of relevance to the Group:

		Average rate Q2 2007 (2006)	Closing rate June 30, 2007 (2006)
Argentina	ARS	0.243 (0.265)	0.241 (0.255)
Brazil	BRL	0.367 (0.369)	0.386 (0.361)
Bulgaria	BGN	0.511 (0.511)	0.511 (0.511)
Canada	CAD	0.667 (0.718)	0.703 (0.708)
China	CNY	0.097 (0.101)	0.098 (0.098)
Czech Republic	CZK	0.036 (0.035)	0.035 (0.035)
India	INR	0.018 (0.018)	0.018 (0.017)
Japan	JPY	0.006 (0.007)	0.006 (0.007)
Mexico	MXN	0.069 (0.075)	0.069 (0.070)
Poland	PLN	0.260 (0.256)	0.265 (0.247)
Russia	RUB	0.029 (0.029)	0.029 (0.029)
Slovenia*	(SIT)	(0.004)	(0.004)
Switzerland	CHF	0.613 (0.639)	0.604 (0.638)
Turkey	TRY	0.545 (0.586)	0.564 (0.499)
United Kingdom	GBP	1.482 (1.453)	1.485 (1.443)
USA	USD	0.752 (0.814)	0.741 (0.787)

* In Slovenia currency converted to EUR from January 1, 2007

Revenue

The Grammer Group generates revenue primarily from the sale and delivery of its products to customers. Revenue can be broken down as follows:

	Q2 2007	Q2 2006
	EUR '000s	EUR '000s
Gross revenue	494,160	450,557
Sales deductions	– 2,234	– 2,465
Net revenue	**491,926**	**448,092**

Net revenue of EUR 491,926 thousand includes contract revenue of EUR 7,346 thousand (PY: EUR 5,562 thousand) recognized using the percentage-of-completion method. This relates to development activities and operating funds that are expensed and financed by the Grammer Group before a product reaches serial production and starts to generate sales. These are primarily attributable to the Automotive segment.

Other Income

Other operating income in the amount of EUR 3,628 thousand (PY: 2.962) includes income from the reversal of valuation allowances, proceeds from the sale of scrap metal and the oncharging of materials handling costs and warranties, gains on the disposal of property, plant and equipment and income of the transaction disposing of Grammer s.r.l..

Cost of Sales

The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes the cost of operating below capacity and other production-related overheads and administration expenses, as well as expenses for warrant provisions. The cost of sales also contains non-capitalized research and development costs and the amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production ("industrialization costs" are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Driver Seats and Passenger Seats segments is generally performed on a "design to market" basis, with the corresponding costs recognized accordingly. The cost of sales includes the cost of inventories in the amount of EUR 409,463 thousand (PY: EUR 371,073 thousand).

Selling Expenses

Selling expenses include all sales-related costs and primarily relate to costs incurred by the sales, advertising and marketing departments, as well as all overheads allocable to these departments or activities. Freight, commissions, and forwarding charges are also included in selling expenses.

Administrative Expenses

Administrative expenses include all items of administrative expenditure that cannot be directly allocated to other functions, including expenditure for general administration, management and other staff departments. This item also includes foreign exchange gains in the amount of EUR 5,717 thousand (PY: EUR 7,767 thousand) which primarily relate to changes in exchange rates between the origination and settlement of foreign-currency receivables and liabilities, as well as foreign exchange gains resulting from remeasurement at the reporting date. Foreign exchange losses in the amount of EUR 7,146 thousand (PY: EUR 10,360 thousand) are also reported in administrative expenses.

Net Finance Costs

	Q2 2007	Q2 2006
	EUR '000s	EUR '000s
Financial income	1,411	533
Finance costs	– 5,354	– 4,108
Net finance costs	**– 3,943**	**– 3,575**

Financial income mainly relates to temporary surplus cash invested as part of active cash management. Temporary changes in interest rate swaps are recognized in income in accordance with IAS 39, which results in unrealized gains and losses within the financial result. The financial result also contains the interest component of pension contributions and the interest component of lease payments in accordance with IAS 17.

Taxes

The decline in income taxes from EUR 8,038 thousand to EUR 7,570 thousand is primarily due to somewhat lower earnings before tax.

Earnings Per Share

Basic earnings per share is calculated by dividing the consolidated net income/loss for the period by the average number of shares outstanding during the financial year.

In addition to basic earnings per share, diluted earnings per share must be disclosed if a company also has so-called potential shares (i.e., financial instruments and other contracts entitling the holders to subscribe for no-par value shares of the company, such as convertible bonds and options). As the Grammer Group has not issued any such financial instruments or entered into any such contracts, its basic and diluted earnings per share are identical.

	Q2 2007	Q2 2006
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,495,159
Consolidated net income (in EUR '000s)	12,749	12,897
Basic/diluted earnings per share (in EUR)	1.25	1.23

No transactions involving no-par value shares or potential no-par value shares of the Group were effected in the period between the reporting date and the preparation of the consolidated financial statements.

Intangible Assets

Intangible assets include goodwill as well as capitalized development costs. A total of EUR 776 thousand was invested in licenses and software. Amortization of intangible assets amounted to EUR 966 thousand (PY: EUR 800 thousand). In addition, as a result of the sale of goodwill of EUR 1,359 thousand less was carried (PY: EUR 0 thousand).

Property, Plant and Equipment

In the first six months of 2007, a total of EUR 10,658 thousand was invested in property, plant and equipment. Depreciation for the same period amounted to EUR 10,780 thousand (PY: EUR 10,831 thousand).

Inventories

The increase in inventories to EUR 90.6 million (PY: EUR 86.5 million) is primarily attributable to the expansion of the Group's business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade Accounts Receivable

The increase in trade accounts receivable to EUR 155.4 million (PY: EUR 129.3 million) is attributable to the expansion of the Group's business activities. The fair values of trade accounts receivable correspond to their carrying amounts. Some foreign currency trade accounts receivable were hedged by means of currency forwards. There were no restrictions on ownership or disposition.

Other Receivables and Assets

Other receivables and assets primarily relate to receivables from construction contracts in the amount of EUR 28.7 million (PY: EUR 24.4 million), other assets of EUR 19.2 million (PY: EUR 16.1 million) and prepaid expenses of EUR 3.1 million (PY: EUR 2.6 million). Other assets are mainly composed of other tax claims, creditors with debit balances and receivables from affiliates.

Subscribed Capital and Reserves

The development of the Grammer Group's equity is presented in the statement of changes in equity. Based on the single-entity financial statements of Grammer AG prepared in accordance with the German Commercial Code, the Company's distributable profits amount to EUR 25,717 thousand. At the Annual General Meeting the payment of a dividend of EUR 1.00 per share or a total distribution of EUR 10,165 thousand was resolved and distributed. The remaining amount of EUR 15,552 thousand is to be carried forward to new account. The proposed resolution on the appropriation of net retained profit took into account the fact that the Company holds 330,050 treasury shares for which no dividends are payable. There has been no change to the number of treasury shares.

Current and Noncurrent Liabilities

The increase in pension obligations to EUR 49.3 million (PY: EUR 47.9 million) was due to existing commitments. Pension expense for the interim period is calculated on a year-to-date basis using a preliminary estimate based on the previous year's expert opinion adjusted to reflect significant events.

Non-current liabilities to banks relate to a long-term borrower's note loan for the refinancing of the expired bond, as well as the long-term portion of various euro-denominated loans with interest rates of between 3.5 % and 4.8 % p.a., the final payments on which are due in 2009.

Other current liabilities totaled EUR 54.9 million, up slightly on the previous year (PY: EUR 43.5 million) due to the expansion of the Group's business activities. This item primarily contains obligations relating to human resources, other taxes and current business operations.

Other provisions contain provisions for risks resulting from the sale of parts and products, including development. These primarily relate to warranty claims calculated on the basis of previous and estimated future claims, as well as provisions for rebates, bonuses and similar discounts that are required to be granted on the basis of legal or constructive obligations and that are payable after the balance sheet date but relate to revenue generated prior to the reporting date.

All other provisions relate to obligations resulting from staff and social benefits, such as partial retirement schemes and anniversary bonuses, as well as a number of identifiable specific risks and contingent liabilities, such as provisions for litigation costs, which are recognized at their probable amount.

Grammer s.r.l. Disposal

Grammer s.r.l. was sold in an MBO transaction on June 26, 2007. Grammer s.r.l. has been part of the Grammer Group since 1996. With the disposal of the Italian company, Grammer AG is selling its European headquarters for the production of bus passenger seats. The sale took place with economic effect from January 1, 2007 and deconsolidation took place on June 26, 2007. The Passenger Seats unit is not being given up. For Grammer the Bus Passenger Seats unit and the Rail unit, which is not impacted by the sale, are the smallest Passenger Seats units. For the Grammer Group, the Grammer s.r.l. business does not represent a special, material segment. Furthermore, it is not planned to dispose of the entire segment, especially because Grammer is still manufacturing and selling passenger seats via other subsidiaries. What is more, the new company will still be supplied with bus seats, so that some of the busienss remains within the Group.

The transaction breaks down as follows:

	EUR '000s
Consolidated net income from the Grammer s.r.l. disposal	
Sales proceeds	**7,400.0**
Minus Grammer s.r.l. assets	**– 10,312.8**
of which non-current assets	2,699.5
Plus Grammer s.r.l. provisions and debt	**4,424.5**
of which provisions (including pension provisions)	1,654.1
Minus goodwill	**– 1,359.1**
Group net income from Grammer s.r.l. disposal	**152.6**

Cash Flow Statement

The cash flow statement presents the Group's cash flow situation broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification of the respective items. To improve the information value of the cash flow statement, the Group has adopted a more detailed form of presentation than in the previous year, and the prior-period figures have been broken down accordingly. The cash flow from operating activities is derived indirectly from net income, which is adjusted to include non-cash expenses (primarily depreciation, amortization and impairment) and income. Changes in working capital are then taken into account, resulting in the cash flow from operating activities. Investing activities comprise payments for property, plant and equipment and investments in property, plant and equipment and financial assets, but not additions to capitalized development costs. Financing activities include cash outflows for dividend payments and repayments of loans, as well as changes in other financial liabilities. At the Grammer Group, cash and cash equivalents consists of cash and short-term money market funds, less current account liabilities to banks.

Business Segments

Information on the Group's business segments can be found in the consolidated financial statements for the year ended December 31, 2006. The segments are broken down as follows:

	Driver Seats	Passenger Seats	Automotive	Central Services/ elimination	Total Group
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Q2 2007					
Revenue	153,274	28,274	317,363	– 6,985	491,926
Profit before net finance costs and taxes	14,080	– 745	11,300	– 373	24,262
Q2 2006					
Revenue	139,601	21,254	290,058	– 2,821	448,092
Profit before net finance costs and taxes	12,546	– 554	14,008	– 1,490	24,510

Contingent Liabilities

Guarantees have been issued for all leased business premises and as contractual guarantees against breaches of contract. The guarantee amount of EUR 1,647 thousand has not changed since December 31, 2006.

Other Information

On June 30, on his retirement, Peter Nagel left the Grammer AG Board of Management. In the course of the planned succession, Hartmut Müller, member of the Board of Management since February 2007, has now assumed sole responsibility for the Driver Seats and Passenger Seats division.

Events after the Balance Sheet Date

On July 24, 2007, the Supervisory Board of Grammer AG resolved to appoint Dr. Rolf-Dieter Kempis (54) as Chairman of the Board of Management. He will assume this function for two years as of August 1, 2007. In this connection, Dr. Rolf-Dieter Kempis resigned his previous mandate as member of the Grammer AG Supervisory Board with effect from July 24, 2007.

Investor Relations Calendar

Finance Calendar 2007

Scheduled Dates:

Analysts conference Q2 and HY1 2007 on August 14, 2007

Telephone conference Q3 on November 15, 2007

Further dates are published on the company website under www.grammer.com.

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