GRAMMER FACTS

First Half Year: January to June 2008

Q2-2008

GRAMMER

KEY FIGURES

Grammer Group

according to IFRS	Q2 2008	Q2 2007	01–06 2008	01–06 2007
	EUR million	EUR million	EUR million	EUR million
Group revenue	**280.4**	**254.2**	**547.8**	**491.9**
Automotive revenue	177.2	166.6	351.2	317.4
Seating Systems revenue	108.4	93.2	210.4	181.5
Income statement				
EBITDA	19.5	20.2	33.1	36.0
EBITDA margin	6.9 %	7.9 %	6.0 %	7.3 %
EBIT	13.7	14.2	21.9	24.3
EBIT margin	4.9 %	5.6 %	4.0 %	4.9 %
Profit before tax	13.0	12.8	17.2	20.3
Profit after tax	8.8	9.1	11.2	12.7
Balance sheet				
Total assets	531.2	506.9	531.2	506.9
Equity	186.6	178.8	186.6	178.8
Equity ratio	35 %	35 %	35 %	35 %
Net financial debt	92.8	74.0	92.8	74.0
Gearing	50 %	41 %	50 %	41 %
Capital expenditure	8.2	4.7	13.1	11.4
Depreciation and amortization	5.8	6.0	11.2	11.7
Employees (June 30)			**9,754**	**9,333**

Grammer Share

	June 30, 2008	June 30, 2007
Share price (Xetra closing price in EUR)	16.27	21.95
Number of shares	10,495,159	10,495,159
Market capitalization in EUR million	170.8	230.4
52-week high (closing price)	22.85	25.95
52-week low (closing price)	15.16	18.20
WKN: 589540		
ISIN: DE 0005895403		

CONTENTS

Company Profile

Grammer AG, Amberg, Germany, specializes in the development and production of components and systems for automotive interiors as well as driver and passenger seats for offroad vehicles (tractors, construction machinery, forklifts), trucks, buses and trains.

Our Seating Systems division comprises the truck and offroad seat segments, as well as train and bus seating. In the Automotive division, we supply headrests, armrests, center console systems and integrated child safety seats to premium automakers and automotive system suppliers.

Grammer is represented in 17 countries worldwide with a workforce of more than 9,500 employees across its 23 fully consolidated subsidiaries.

Grammer shares are listed in the SDAX segment of the German Stock Exchange, and are traded on the Munich and Frankfurt stock exchanges, via the XETRA electronic trading platform and on the OTC markets of the Stuttgart, Berlin and Hamburg stock exchanges.

GRAMMER SHARE

Grammer records moderate share price growth in the first six months

In the first six months of 2008, Grammer outperformed the leading German indices to record moderate share price growth. At June 30, 2008, our shares closed at EUR 16.27, up around 1.6% on their price at the end of 2007.

Difficult period for the stock markets

Sentiment on the global financial markets continued to deteriorate during the first half of the year. Once again, this was primarily due to the US subprime crisis, which resulted in a sustained mood of uncertainty; however, growing fears of inflation – triggered by rising oil, raw material and food prices – also led to nervousness among investors. The leading US Dow Jones index was particularly hard hit by this difficult situation, suffering one of the worst six-month periods in its history.

The DAX recorded similarly negative performance: after starting the year at 7,949 points, the index fell sharply over the first few months, hitting a low of 6,182 in mid-March. It subsequently started on an upward trend lasting almost two months, peaking at 7,226 points on May 19. The DAX then fell substantially once again, closing the first half of 2008 at 6,418 points. This represents a decline of some 20% against the end of 2007, making it the worst six months for the index in the past 20 years.

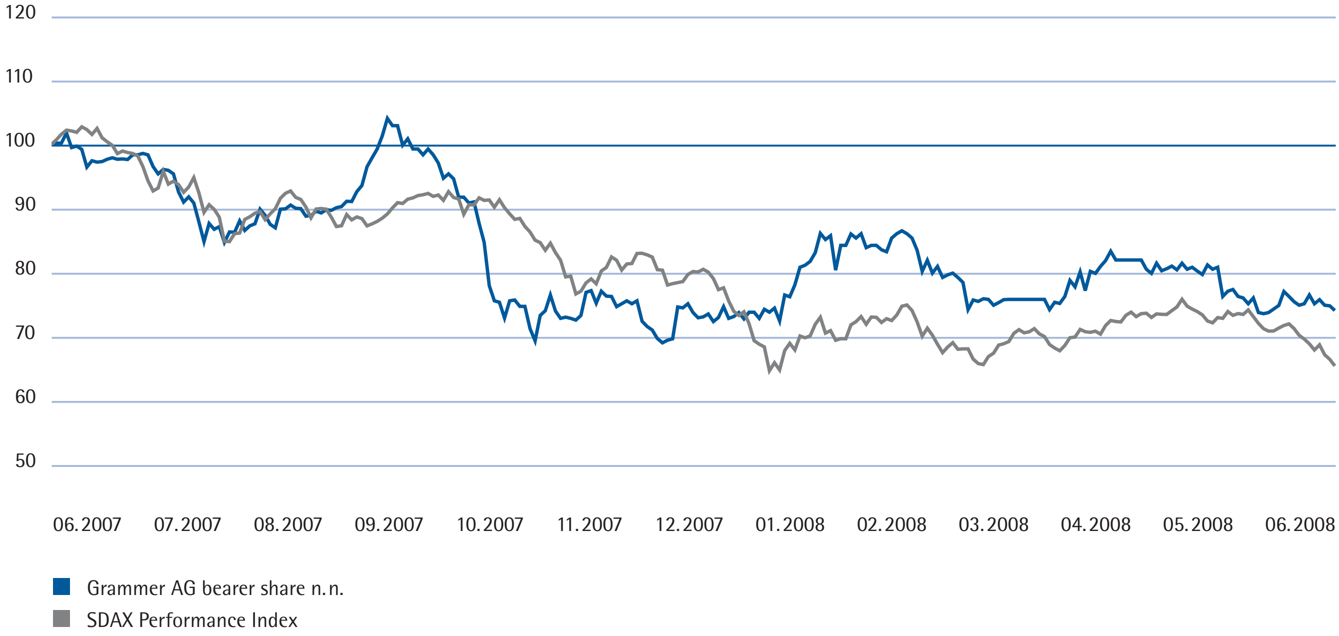
The SDAX also suffered significant losses in the first six months of the current financial year. Our benchmark index closed 2007 at 5,192 points and started 2008 at 5,219 points. However, it was unable to maintain this level over the following months, embarking on a sustained downward movement. On June 30, the SDAX closed at 4,242 points, 18% lower than at the end of the previous year.

Grammer share enjoys moderate price growth

After closing 2007 at EUR 16.02, our share price improved significantly over the first two months of 2008, reaching a temporary high of EUR 19.00 in February – up 18.6% on year-end 2007. However, our shares were unable to escape the consequences of the negative market environment, ultimately closing the first six months at a price of EUR 16.27. This still represents a slight increase of 1.6% on the closing price at the end of the previous year. Our share price declined by just under 26% in the period from June 30, 2007 to June 30, 2008, in line with the development of the DAX and the SDAX.

Price performance of Grammer share and SDAX performance index

Indexed (closing price as of June 29, 2007 = 100%)



Grammer again offers high dividends

At the Annual General Meeting of Grammer AG on May 28, 2008, our shareholders approved the dividend proposal by the Executive Board and the Supervisory Board, among other things. Accordingly, the dividend distributed to shareholders for the past financial year remains unchanged at EUR 1.00 per eligible share. Based on the 2007 closing price, this equates to a dividend yield of 6.2%. Grammer's shares have once again proven themselves to be among the highest dividend payers on the German stock markets – an important incentive for private and institutional investors.

Shareholder structure

The Austrian Polytec Group still holds around 9.6% of the shares of Grammer AG (notifications issued in accordance with section 21 of the German Securities Trading Act on January 15, 2008 and April 10, 2008), making it one of our largest shareholders along with Electra QMC Europe Development Capital Funds plc (10.0%; notification dated November 23, 2006) and Axxion S.A. (5.6%; notification dated September 6, 2005).

Financial communications based on open dialog

In the past six months, our investor relations activities again focused on intensive communications with shareholders and analysts. We outlined the current positioning of Grammer AG to a large number of investors and analysts at a roadshow in the United Kingdom, several one-on-one meetings and an investment conference in Munich. In addition, the annual analysts' and financials press conferences and the Annual General Meeting in Amberg provided us with an opportunity to present the course of business during the past financial year and to discuss the future strategy and objectives of our Company in detail.

THE GRAMMER GROUP IN THE FIRST SIX MONTHS

Revenue levels remain high

In the first six months of 2008, the Grammer Group significantly increased revenue in both its Automotive and its Seating Systems divisions. As a result, Group revenue improved by 11.4% to EUR 547.8 million (PY: 491.9), while consolidated EBIT after restructuring costs was down year-over-year at EUR 21.9 million (PY: 24.3).

Revenue and Earnings

Economy hit by oil prices and financial crisis

The global economy recorded only modest growth in the first half of 2008. Following a positive start to the year, with a tangible upswing in the eurozone and Japan and a slight improvement in the USA, the second quarter saw a pronounced downturn in terms of global economic development. This resulted in marginal growth rates across all the major industrialized nations, not just the USA. Only the emerging economies – including China and Russia – succeeded in recording relatively strong economic performance in the first six months as a whole.

There are a number of reasons for this muted economic development, including the ongoing financial crisis and rising raw material and food prices. Another key factor is oil prices, which increased steadily during the period under review: after reaching record highs of USD 120 in April and USD 130 in May, a barrel of crude oil was trading at more than USD 140 by the middle of the year, meaning that oil prices have almost doubled year-over-year. This rally is due in part to the sustained high level of demand for crude oil from the Chinese industrial sector, as well as the problematic political situation in Iran, which has seen global energy groups withdrawing from a number of regional oil projects. Lower output in Brazil and Nigeria also served to increase prices.

Economic performance in Germany largely reflected these global developments, with the economy losing momentum following a highly positive start to the year.

Further significant increase in Group revenue

In this macroeconomic environment, Group revenue increased significantly to EUR 547.8 million in the first half of the year (PY: 491.9) and EUR 280.4 million for the second quarter (Q2 07: 254.2). This represents an improvement of EUR 26.2 million or 10.3% as against the second quarter of the previous year, meaning that the revenue growth recorded in the first three months of 2008 continued more or less unabated.

All of the Group's regions contributed to this development: Europe generated revenue of EUR 404.1 million (PY: 378.3), while Overseas revenue amounted to EUR 82.6 million (PY: 72.5) and "Others" totaled EUR 61.1 million (PY: 41.1).

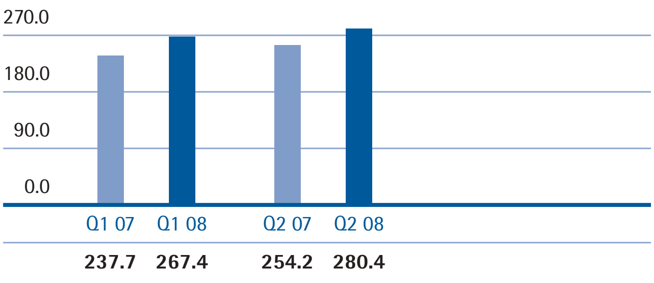
In Europe, high demand led to growth in both of the Group's product divisions. In spite of the weak dollar, overseas sales forecasts for the Automotive division were achieved in full following the realignment of production in the previous year, while sales in Brazil reached a record high. In Asia, revenue development in both divisions increased significantly year-over-year due to the strong demand situation in the quarter under review.

Restructuring impacts Group earnings

Consolidated earnings before interest and taxes (EBIT) were again significantly impacted by the Group's restructuring activities, particularly in the Automotive division. As a result, EBIT was down year-over-year at EUR 21.9 million (PY: 24.3) despite the impressive contribution to earnings recorded by the Seating Systems division. The weak US dollar and increased location costs in the Eastern EU member states also had a negative impact on earnings in the second quarter of 2008. Further restructuring costs amounting to EUR 1.0 million were recognized at Central Services in the period under review. Restructuring provisions at Group level and severance payments in the Automotive division totaled EUR 4.1 million in the period from January to June 2008, thereby meeting our expectations.

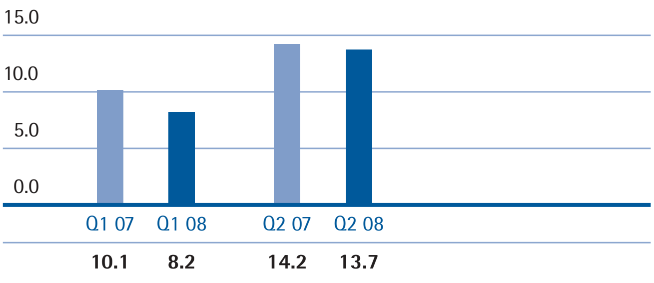
Group sales by quarter

in EUR million



Group EBIT by quarter

in EUR million



Automotive Division

Automotive: Chinese market on growth path

The US auto market contracted in the first six months of 2008, with the number of cars sold falling by some 10% year-over-year to around 7.5 million. Sales of vehicles with high fuel consumption, such as SUVs and pick-ups, were hit particularly hard. German manufacturers were able to reinforce their position comparatively successfully despite this difficult market environment, with VW (+0.3%) and, in particular, Mercedes (+13%) selling more passenger vehicles than in the same period of 2007. By contrast, BMW and Porsche recorded lower sales figures.

According to industry estimates, the Chinese automotive market continued to expand significantly in the first six months of 2008; however, the growth rate of around 14% was down slightly on the record figures recorded in recent years. German manufacturers again benefited from this high level of demand, with Audi in particular enjoying strong sales performance (+23%).

Russia also proved to be a dynamic growth market in the first half of the year, with the number of new vehicle registrations up some 41% year-over-year to around 1.65 million.

According to the European Automobile Manufacturers' Association ACEA, the European passenger vehicle market saw slightly lower sales in the period from January to June 2008, due in part to high fuel prices. All in all, the number of new registrations declined by 2.2%. This was primarily attributable to the sharp downturn in demand in the major markets of Spain (–17.6%) and Italy (–11.5%). The figure for the United Kingdom also declined slightly (–1.6%), whereas the French market recorded higher sales (+4.5%). German manufacturers succeeded in defending their position in the market as a whole, increasing their market share by around 1% year-over-year to 49%.

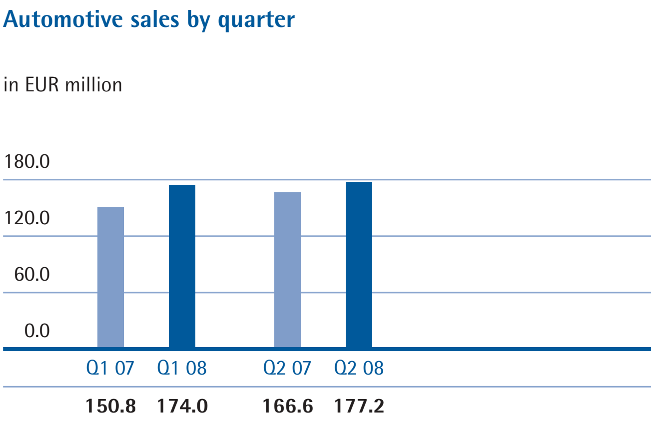
According to the German Federal Motor Transport Authority, the German automotive market developed positively in the period from January to June 2008, with a total of 1.63 million new vehicle registrations – up 3.6% compared with the previous year. Minicars enjoyed particularly strong growth (+26.8%), while the compact class also recorded an impressive increase of 9.5%. By contrast, sales of high-end mid-size vehicles and sports cars declined (–10.6% and –14.2% respectively).

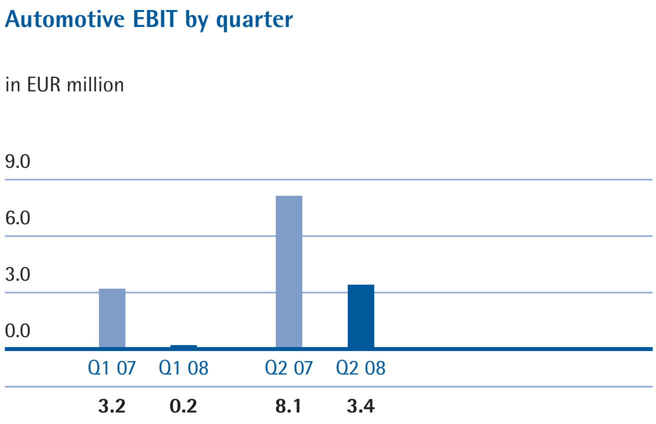
Most of the German brands benefited from the rising sales figures in Germany, with Volkswagen (+6.2%) and BMW (+6.2%) recording significant growth and Mercedes also expanding its market share (+4.3%). By contrast, sales at Opel and Audi declined slightly (–0.5% and –1.2% respectively). All in all, German manufacturers accounted for a good 64% of the market as a whole.

Domestic incoming orders increased by 4% in the first half of 2008, with orders on hand up 12% over the comparable period of the previous year. The export volume also rose by 2% to around 2.3 million vehicles. The strong order situation and favorable export conditions had a positive impact on domestic production: some 3 million passenger vehicles were manufactured between January and June 2008, 2% more than in the first six months of the previous year.

Restructuring continues to impact Automotive earnings in Q2

During the second quarter of 2008, earnings development in our Automotive division was again impacted by the ongoing restructuring process and exchange rate developments affecting the US dollar and our locations in the Eastern EU member states. Total revenue in the Automotive division benefited from the strong sales figures recorded by our major customers, with our broad product range allowing us to more than offset the drop in demand for vehicles with high fuel consumption through growth in the compact class. As a result, revenue for Q2 again increased by EUR 10.6 million year-over-year to EUR 177.2 million (PY: 166.6). Although consolidated EBIT declined from EUR 8.1 million in the second quarter of the previous year to EUR 3.4 million in Q2 2008 as a result of the problems described above, the initial success of the Group's restructuring measures led to a pronounced positive trend compared with the first three months of the current financial year.





Seating Systems Division

Dynamic development in the European truck market

The European truck market enjoyed impressive growth in the first half of 2008. According to ACEA, sales of vehicles in the 3.5 tons and over segment increased by 6.1% on the back of strong figures in the United Kingdom (+33.4%) and France (+22.4%), while vehicles over 16 tons recorded growth of 8.2%. In the latter category, the number of new registrations increased significantly in the United Kingdom in particular (+48.9%), with France (+23.2%) and Poland (+11.4%) also recording substantial growth. According to the German Federal Motor Transport Authority, sales on the German market also rose considerably during the first two quarters of the current financial year: at just under 140,000, the number of trucks sold was up 5.7% year-over-year.

Total sales of agricultural and forestry tractor units increased by 13% to around 20,000. German manufacturers of construction machines also recorded further revenue growth based on a high order backlog in particular. According to the German Federal Association of Construction Machinery, Construction Tool and Industrial Machinery Suppliers (bbi), sales of floor conveyors reached promising levels in the first six months of the year.

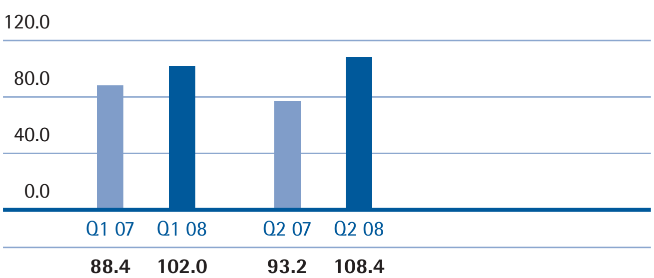
According to the SCI Rail Industry Barometer, the industry recorded further revenue growth in the period from January to June 2008. This healthy business situation was driven by the high order backlog at manufacturers and sustained favorable price development.

Business performance continues at a high level in Q2

The highly encouraging business development in the Seating Systems division continued in the second quarter of 2008, with the division benefiting from the sustained high level of orders in the offroad segment and the continued dynamic performance of the truck market. Market trends in the rail and bus segments also proved stable. As a result, revenue in the Seating Systems division rose by more than 16%, from EUR 93.2 million in the same period of the previous year to EUR 108.4 million. Earnings also again increased to an above average extent compared with revenue, with division EBIT totaling EUR 10.6 million, up almost 93% over the figure of EUR 5.5 million recorded in the previous year. The division therefore recorded EBIT of EUR 21.1 million in the period from January to June 2008 (H1 07: 13.4), resulting in an EBIT margin of 10.0% (H1 07: 7.4%).

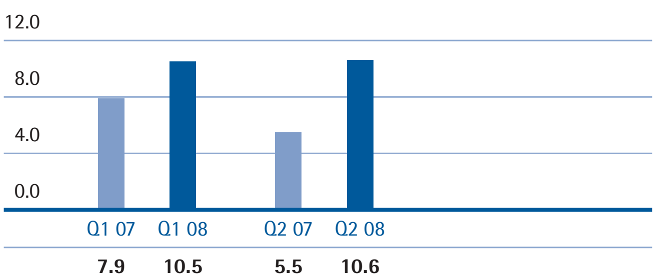
Seating Systems sales by quarter

in EUR million



Seating Systems EBIT by quarter

in EUR million



Financial Position

Note to the key balance sheet figures: "PY" refers to December 31, 2007.

Total assets increase

As of June 30, 2008, the total assets of the Grammer Group amounted to EUR 531.2 million (PY: 497.5). This corresponds to an increase of EUR 33.7 million or 6.8% compared with year-end 2007. In addition to seasonal influences and the first consolidation of two companies in Serbia and China with effect from May 1, 2008, this was primarily due to the development of current assets, which increased by EUR 32.8 million to EUR 328.8 million. This largely relates to two items of current assets: trade accounts receivable rose to EUR 147.9 million (PY: 116.8), while other current assets increased to EUR 25.1 million (PY: 17.6). On the other hand, cash and short-term deposits declined by EUR 13.1 million to EUR 9.8 million. Non-current assets grew by EUR 0.9 million to EUR 202.5 million (PY: 201.6).

The equity of the Grammer Group increased to EUR 186.6 million (PY: 184.7). This moderate change was due to offsetting differences in currency translation. The increase in total assets caused the equity ratio to decline slightly from 37% at December 31, 2007 to 35% at the end of the period under review.

To finance the expansion of the Group's business operations, current liabilities rose by EUR 30.4 million to EUR 202.4 million (PY: 172.0). This change is primarily attributable to current liabilities to banks (up EUR 10.0 million) and other current liabilities (up EUR 19.4 million).

Non-current liabilities totaled EUR 142.3 million, thereby remaining largely unchanged compared with the previous year (PY: 140.9). Non-current financial liabilities were repaid as scheduled, with the growth attributable to pension obligations.

Further intensification of investing activities

The capital expenditure of the Grammer Group increased significantly year-over-year to EUR 8.2 million (Q2 07: 4.7). Following heavy investment in capacity expansion in the Seating Systems division in the previous year, the current financial year to date has seen a return to normal levels of investment in property, plant and equipment, with spending on replacement and efficiency projects totaling EUR 1.9 million. Capital expenditure in the Automotive division, which totaled EUR 6.2 million (Q2 07: 2.0), related to expansion due to the orders received and the optimization of our production capacities in China, Eastern Europe and Mexico, among other things. The level of investment at Central Services remained essentially unchanged year-over-year at EUR 0.1 million and related primarily to hardware and software. At the end of the first six months, total capital expenditure was up slightly over the same period of the previous year at EUR 13.1 million.

Capital expenditure by segment, January to June 2008

	%	EUR million
Automotive	65	8.5
Seating Systems	32	4.2
Central Services	3	0.4
Group	**100**	**13.1**

Employees

At June 30, 2008, the Grammer Group had a total of 9,754 employees (H1 07: 9,333). In the Automotive division, the number of employees rose to 6,379 (H1 07: 6,105). This was primarily due to the initial consolidation of our production sites in Serbia (+215) and Shanghai (+53) and the expansion of our business activities. The Seating Systems division employed a total of 3,215 people as of June 30, 2008 (H1 07: 3,069), while Central Services accounted for 160 employees (H1 07: 159).

The efficiency improvement and workforce adjustment measures initiated in early 2008 resulted in a significant improvement in productivity in both divisions. Adjusted for newly consolidated companies, the Automotive division recorded revenue growth of 10.7% in the first six months of 2008 on the back of a slight increase in the workforce. Similarly, the rise in the number of employees in the Seating Systems division (4.8%) was significantly lower than the corresponding revenue growth (15.9%).

Employees by segment, June 30, 2008

	%	Employees
Automotive	65	6,379
Seating Systems	33	3,215
Central Services	2	160
Group	**100**	**9,754**

Outlook 2008

Global development driven by emerging economies
The leading German economic institutions are forecasting global economic growth of 2.7% for 2008 as a whole, down substantially over the previous year. The main reasons for this development include the further rise in the cost of raw materials, the real estate crisis in the USA and the consolidation of the global banking sector. As in the previous year, the emerging economies are expected to be the key drivers behind the worldwide expansion, with China (+10%) and India (+7%) again occupying leading positions. The economic upturn in Latin America is expected to continue in Brazil in particular, due in part to the high global market prices for its key exports.

Economic performance in the Eurozone is likely to decline substantially year-over-year, with output expected to total 1.7%. Experts are projecting growth of 2.3% in Germany, largely as a result of the positive figures in the first quarter. However, a slowdown in economic performance is expected in late 2008 and 2009, with growth rates of a mere 1.3% forecast for 2009 as a whole.

Automotive: continued growth in China and Russia

On the whole, the global automotive market is expected to grow slightly over the course of the current financial year. Although the USA continues to account for the highest level of new vehicle registrations, experts expect to see a significant downturn in sales figures. For example, the market research institute J. D. Power is forecasting total passenger vehicle sales of 14.95 million for 2008 as a whole – around 1.2 million less than in the previous year. By contrast, the Chinese passenger vehicle market remains on course for further growth: new registrations are expected to total 6.3 million, up some 17% year-over-year. In Europe, Russia in particular is expected to record impressive sales figures in the region of 3.8 million. This would result in overtaking Germany as the continent's largest automotive market. The VDA expects a total of 3.2 million new vehicles to be sold in Germany in 2008 as a whole.

Experts are forecasting a significant downturn in some of the established automotive markets (Western Europe, North America, Japan) in the second half of 2008. However, booming sales in China, India and Russia mean that the global passenger car market is expected to record slight growth across 2008 as a whole.

Seating Systems: successful year forecast for agricultural engineering

The German Association of International Motor Vehicle Manufacturers (VDIK) has upwardly revised its forecasts for the German commercial vehicle market, with sales for the year as a whole now expected to increase to 334,000 units on the back of light commercial vehicles and vehicles up to 6 tons in particular.

The agricultural engineering industry is also expected to record rising sales in 2008, with Central and Eastern Europe and India in particular again accounting for higher levels of incoming orders. The second half of 2008 is likely to be less successful for the manufacturers of construction machinery and building material equipment. Nominal revenue growth of 4.5% is also forecast for the floor conveyor segment.

The outlook for the German rail industry is positive, with significant orders by Deutsche Bahn and other transport companies expected to contribute to strong overall business performance. Domestic orders for rail vehicles are forecasted to amount to EUR 4 billion, up EUR 0.8 billion over the previous year.

Automotive Division

For 2008 as a whole, we expect the Automotive division to record higher revenue once again. This will be driven in particular by the strong performance in the first half of the year, which benefited from high exports and rising demand for compact-class vehicles. By contrast, muted development in the established passenger car markets and the reduction of production output announced by BMW and Daimler in particular mean that revenue development in the Automotive division is expected to be less impressive in the second half of 2008. Earnings for the current financial year will be impacted by potential material cost increases in the second half of the year and the aforementioned currency and cost factors at our various sites due to the implemented restructuring activities.

Seating Systems division
Assuming a stable economic situation within the sector and despite the threat of a downturn in the construction industry and raw material price increases. We are optimistic with regard to the continued development of the Seating Systems division and expect it to remain one of the key growth drivers in the Grammer Group in the current financial year, with a corresponding positive effect on revenue and earnings.

Overall, we are forecasting moderate revenue growth for the **Grammer Group** in the current financial year. Based on the high level of business recorded in the second half of 2007 and the muted development of the economy, the year-over-year revenue growth generated in the first six months of 2008 is not expected to be reflected in the figures for the year as a whole. Despite non-recurring restructuring expenses, we are still expecting a slight increase in EBIT as against the previous year, assuming the conclusion of reasonable wage agreements and moderate material price and exchange rate developments.

Summary of forecasts by the Board of Management
Based on the solid business performance recorded in the first six months of 2008 and continuing stable order situation, we expect the Grammer Group to continue to develop positively over the coming quarters. We consider the conditions for further profitable growth in 2008 and 2009 to be positive, with the optimization measures initiated by the Group likely to form the basis for strong earnings performance next year in particular.

Risks and opportunities
In addition to the risks and opportunities outlined in the Management Report contained in the Annual Report for the year ended December 31, 2007, the Group may be affected by the current risks and opportunities described in the "Outlook" section of this report. This section contains forward-looking statements reflecting the opinions of Grammer AG's management with regard to future events. These statements are based on current forecasts, estimates and expectations, and are therefore subject to a degree of risk and uncertainty.

Responsibility Statement
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements/interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Amberg, August 2008

Grammer AG
The Executive Board

Consolidated Income Statement as of June 30, 2008

	Q2 2008	Q2 2007	01 – 06 2008	01 – 06 2007
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Revenue	280,364	254,255	547,801	491,926
Cost of sales	– 240,637	– 212,949	– 471,125	– 409,463
Gross profit	**39,727**	**41,306**	**76,676**	**82,463**
Selling expenses	– 9,102	– 11,256	– 17,368	– 21,008
Administrative expenses	– 19,733	– 18,028	– 41,186	– 40,821
Other operating income	2,791	2,166	3,739	3,628
Operating profit	**13,683**	**14,188**	**21,861**	**24,262**
Financial income	550	851	1,112	1,411
Financial expenses	– 1,258	– 2,286	– 5,772	– 5,354
Profit before tax	**12,975**	**12,753**	**17,201**	**20,319**
Income tax expenses	– 4,149	– 3,627	– 6,049	– 7,570
Profit after tax	**8,826**	**9,126**	**11,152**	**12,749**
Of which attributable to				
Equity holders of the parent company	8,807	9,113	11,118	12,724
Minority interests	19	13	34	25

Consolidated Balance Sheet as of June 30, 2008

Assets	June 30, 2008	Dec. 31, 2007
	EUR '000s	EUR '000s
Non-current assets		
Property, Plant and Equipment	133,980	131,043
Intangible Assets	44,207	44,593
Other financial assets	6,736	9,362
Deferred tax assets	17,556	16,567
	202,479	**201,565**
Current assets		
Inventories	103,738	95,128
Trade accounts receivable	147,852	116,822
Other current financial assets	41,237	38,582
Income tax assets	966	4,928
Cash and short-term deposits	9,840	22,904
Other current assets	25,118	17,606
	328,751	**295,970**
Total assets	**531,230**	**497,535**

Equity and liabilities	June 30, 2008	Dec. 31, 2007
	EUR '000s	EUR '000s
Equity attributable to equity holders of the parent company		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Treasury shares	– 7,441	– 7,441
Retained earnings	108,389	106,551
Equity before minority interests	**186,053**	**184,215**
Minority interests	507	493
Total equity	**186,560**	**184,708**
Non-current liabilities		
Non-current financial liabilities	70,252	70,433
Other financial liabilities	3,575	3,769
Other liabilities	214	193
Retirement benefit obligations	52,638	50,903
Deferred tax liabilities	15,633	15,564
	142,312	**140,862**
Current liabilities		
Current financial liabilities	32,366	22,413
Trade accounts payable	88,083	89,783
Other current financial liabilities	1,360	2,104
Other current liabilities	63,406	43,960
Income tax liabilities	6,236	7,420
Provisions	10,907	6,285
	202,358	**171,965**
Total liabilities	**344,670**	**312,827**
Total equity and liabilities	**531,230**	**497,535**

Consolidated Cash Flow Statement as of June 30, 2008

	Q2 2008	Q2 2007
	EUR '000s	EUR '000s
1. Cash flow from operating activities		
Profit before tax	17,201	20,319
Non-cash items		
Depreciation and impairment of property, plant and equipment	10,107	10,779
Amortization and impairment of intangible assets	1,077	967
Changes in provisions and pension obligations	5,241	5,241
Other non-cash changes	189	1,508
Changes in working capitals		
Decrease/Increase (–) in trade accounts receivable and other receivables	– 41,237	– 44,332
Decrease/Increase (–) in inventories	– 8,610	– 5,184
Decrease/Increase (–) in other assets	2,974	2,556
Decrease (–)/Increase in trade accounts payable and other liabilities	13,401	12,315
Gains/losses from the disposal of assets	– 9	– 135
Income taxes paid	0	0
Cash flow from operating activities	**334**	**4,034**
2. Cash flow from investing activities		
Acquisitions		
Acquisition of property, plant and equipment	– 12,441	– 10,659
Acquisition of intangible assets	– 708	– 776
Acquisition of investment	– 456	– 1,301
Disposals		
Disposal of property, plant and equipment	175	3,816
Disposal of intangible assets	8	1,408
Disposal of investment	3,098	181
Interest received	1,112	1,411
Government grants received	0	0
Cash flow from investing activities	**– 9,212**	**– 5,920**
3. Cash flow from financing activities		
Dividend payments	– 10,165	– 10,165
Purchase of treasury shares	0	0
Repayment of bond	0	0
Changes in non-current liabilities to banks	– 2,219	– 3,811
Changes in current liabilities to banks	– 2,528	3,955
Changes in lease liabilities	– 28	– 434
Interest paid	– 3,703	– 3,580
Cash flow from financing activities	**– 18,643**	**– 14,035**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of items 1 – 3)	– 27,521	– 15,921
Effects of exchange rate differences	0	0
Cash and cash equivalents as of January 1,	15,505	26,954
Cash and cash equivalents as of June 30	**– 12,016**	**11,033**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	9,840	17,049
Securities	11	0
Current account liabilities	– 21,867	– 6,016
Cash and cash equivalents as of June 30	**– 12,016**	**11,033**

Consolidated Statement of Changes in Equity as of 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 January 1, 2007	**26,868**	**58,237**	**90,158**	**– 7,441**	**6,470**	**174,292**	**468**	**174,760**
Dividend	0	0	– 10,165	0	0	– 10,165	0	– 10,165
Consolidated net income for the period	0	0	12,724	0	0	12,724	25	12,749
Subsequent measurement IAS 39	0	0	0	0	– 637	– 637	0	– 637
Exchange rate differences	0	0	0	0	1,943	1,943	– 6	1,937
Treasury shares/other	0	0	0	0	313	313	– 7	306
Change in net investments IAS 21/39	0	0	0	0	– 102	– 102	0	– 102
Balance as of June 30, 2007	**26,868**	**58,237**	**92,717**	**– 7,441**	**7,987**	**178,368**	**480**	**178,848**

Consolidated Statement of Changes in Equity as of June 30, 2008

	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 January 1, 2008	**26,868**	**58,237**	**97,502**	**– 7,441**	**9,049**	**184,215**	**493**	**184,708**
Dividend	0	0	– 10,165	0	0	– 10,165	0	– 10,165
Consolidated net income for the period	0	0	11,118	0	0	11,118	34	11,152
Subsequent measurement IAS 39	0	0	0	0	3	3	0	3
Exchange rate differences	0	0	0	0	1,297	1,297	– 16	1,281
Treasury shares/other	0	0	0	0	0	0	– 4	– 4
Change in net investments IAS 21/39	0	0	0	0	– 415	– 415	0	– 415
Balance as of June 30, 2008	**26,868**	**58,237**	**98,455**	**– 7,441**	**9,934**	**186,053**	**507**	**186,560**

Selected Notes to the Consolidated Financial Statement of Grammer AG for the Period from January 1 to June 30, 2008 and the Consolidated Balance Sheet of Grammer AG as of June 30, 2008

Financial accounting

Grammer AG has prepared its consolidated financial statements for the 2007 financial year and the present interim financial statements for the period ended June 30, 2008 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, 2008, has been prepared in accordance with IAS 34 and should be read in connection with the consolidated financial statements published by the Company fiscal year 2007. The possibility that the IASB will make further pronouncements before the final preparation of the consolidated financial statements as of December 31, 2008, 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 ending December 31, 2008, 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, 2008, did not have a significant effect on the net assets, financial position and results of operations or were not relevant to the preparation of the consolidated financial statements. Standards, interpretations or amendments to previously published standards that are required to be applied on or after January 1, 2009 have not been applied early. The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items affecting 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 and contain all adjustments of a normal and recurring nature that are necessary for a true and fair presentation of the results of the Company for the periods under review. The results for the second quarter and the first six months of 2008 are not necessarily indicative of future business development.

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

Accounting policies

In preparing the interim financial statements as of June 30, 2008 and the comparative prior-year figures, the same accounting policies were applied as for the consolidated financial statements for the year ending December 31, 2007. These principles and methods are described in detail in the notes to the 2007 consolidated financial statements, which were published in their entirety in the 2007 Annual Report. The application of certain new standards has been mandatory since January 1, 2008, and primarily entails more extensive disclosure requirements. The revised versions of IFRS 3 (2008) and IFRS 27 (2008) published in January 2008, which will be required to be applied from July 1, 2009, are currently being examined in terms of their impact with a view to determining the date of their initial application by the Company.

Estimates and assumptions
In preparing the interim consolidated financial statements, discretionary decisions, assumptions and estimates with an impact on the measurement and recognition of reported assets and liabilities, income and expenses and contingent liabilities for the period under review are required to be made to a certain degree. Actual amounts may deviate from these estimates.

Reclassifications
As described in the 2007 consolidated financial statements, selected data from the previous year has been adjusted to reflect the current presentation in order to provide a better basis for comparison.

Scope of consolidation
Following the consolidation of Grammer Interior Co. Ltd., Shanghai and Grammer System d.o.o., Serbia the consolidated group consists of Grammer AG and 4 domestic and 18 foreign companies that are directly or indirectly controlled by Grammer AG in accordance with IAS 27. 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, balances and liabilities 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 into 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 H1 2008 (2007)	Closing rate June 30 2008 (2007)
Argentina	ARS	0.208 (0.243)	0.209 (0.241)
Brazil	BRL	0.383 (0.367)	0.396 (0.386)
Bulgaria	BGN	0.511 (0.511)	0.511 (0.511)
Canada	CAD	0.653 (0.667)	0.627 (0.703)
China	CNY	0.092 (0.097)	0.092 (0.098)
Czech Republic	CZK	0.040 (0.036)	0.042 (0.035)
India	INR	0.016 (0.018)	0.015 (0.018)
Japan	JPY	0.006 (0.006)	0.006 (0.006)
Mexico	MXN	0.061 (0.069)	0.062 (0.069)
Poland	PLN	0.286 (0.260)	0.298 (0.265)
Russia	RUB	0.027 (0.029)	0.027 (0.029)
Serbia	RSD	0.012 (0.013)	0.013 (0.013)
Switzerland	CHF	0.621 (0.613)	0.622 (0.604)
Turkey	TRY	0.533 (0.545)	0.517 (0.564)
United Kingdom	GBP	1.295 (1.482)	1.261 (1.485)
USA	USD	0.652 (0.752)	0.633 (0.741)

Revenue

The Grammer Group generates revenue primarily from the sale and delivery of its products to customers. Revenue is composed as follows:

	Q2 2008	Q2 2007	H1 2008	H1 2007
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Gross revenue	281,470	255,055	549,970	494,160
Sales deductions	– 1,106	– 800	– 2,169	– 2,234
Net revenue	**280,364**	**254,255**	**547,801**	**491,926**

Net revenue for the first half of 2008 in the amount of EUR 547,801 thousand includes contract revenue of EUR 10,659 thousand (H1 07: 7,346) determined in accordance with the percentage-of-completion method, while net revenue for the second quarter in the amount of EUR 280,364 thousand includes contract revenue of EUR 6,510 thousand (Q2 07: 3,640) determined in accordance with the percentage-of-completion method. Contract revenue relates to development activities and operating funds that are expensed and financed by the Grammer Group before a product reaches serial production and generates revenues, and is primarily attributable to the Automotive division.

Other income

Other operating income for the first six months of 2008 in the amount of EUR 3,739 thousand (H1 07: 3,628) primarily includes income from the reversal of valuation allowances, proceeds from the sale of scrap metal and the transfer of material handling costs, as well as proceeds from the disposal of property, plant and equipment.

Net finance costs

	Q2 2008	Q2 2007	H1 2008	H1 2007
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Financial income	550	851	1,112	1,411
Finance costs	– 1,258	– 2,286	– 5,772	– 5,354
Net finance costs	**– 708**	**– 1,435**	**– 4,660**	**– 3,943**

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 leads to 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.

Cost of sales
The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses, as well as expenses relating to the allocation of provisions to cover warranties. 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 unless these expenses can be deferred. Development in the Seating Systems division is generally performed on a "design to market" basis, with the costs recognized accordingly. The cost of sales for the first six months of 2008 includes the cost of inventories in the amount of EUR 471,125 thousand (H1 07: 409,463).

Selling expenses
Selling expenses include all sales-related costs. They primarily relate to the costs incurred by the sales, advertising and marketing departments, as well as all overheads allocable to these departments or activities. Freight, commissions and shipping costs 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 for the first six months of 2008 in the amount of EUR 12,768 thousand (H1 07: 5,717) 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 12,637 thousand (H1 07: 7,146) are also reported in administrative expenses.

Earnings per share

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

In addition to basic earnings per share, diluted earnings per share must be disclosed if a company has 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.

	H1 2008	H1 2007
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,165,109
Consolidated net income (in EUR '000s)	11,152	12,749
Basic/diluted earnings per share (in EUR)	1.10	1.25

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. No changes or further acquisitions of treasury shares occurred as of December 31, 2007.

Intangible assets

Intangible assets include both goodwill and capitalized development costs. The first consolidation of Grammer Interior Co. Ltd., Shanghai and Grammer System d.o.o., Serbia resulted in the recognition of goodwill in the amount of EUR 232 thousand. A total of EUR 476 thousand was invested in licenses and software in the period under review, while amortization of intangible assets amounted to EUR 1,077 thousand (PY: 966).

Property, plant and equipment

In the first six months of 2008, a total of EUR 12,441 thousand was invested in property, plant and equipment. Depreciation for the same period amounted to EUR 10,107 thousand (PY: 10,780).

Inventories

The increase in inventories to EUR 103.7 million (PY: 95.2) 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 147.9 million (PY: 116.8) is due 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 current financial assets

Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 39.3 million (PY: 32.9), as well as other receivables in the amount of EUR 1.0 million (PY: 4.7).

Other current assets
Other current assets of EUR 25.1 million (PY: 17.6) include other assets and prepaid expenses totaling EUR 3.4 million (PY: 2.3). Other assets primarily include pass-through tax claims such as value added tax, receivables due from employees and receivables due from creditors.

Subscribed Capital and Reserves
The development of the Grammer Group's equity is presented in the consolidated statement of changes in shareholders' equity. Based on the single-entity financial statements of Grammer AG prepared in accordance with the German Commercial Code, the Company's distributable profits amounted to EUR 21,841 thousand. A dividend of EUR 1.00 per common share was resolved by the Annual Shareholders' Meeting, resulting in a total distribution of EUR 10,165 thousand. The remaining EUR 11,676 thousand will be carried forward to new account, of which EUR 6,289 thousand will be allocated to retained earnings. The proposed resolution on the appropriation of net retained profit took into account the fact that the Company holds 330,050 own shares for which no dividends were payable. The number of own shares held by the Company remains unchanged.

Non-current liabilities
Non-current financial liabilities relate to a long-term debenture bond and 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.

The increase in **pension obligations** to EUR 52.6 million (PY: 50.9) is due to existing commitments. The 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.

Current liabilities
Current financial liabilities totaled EUR 32.4 million, representing a slight increase over the previous year (PY: 22.4) due to the expansion of the Group's business activities. They include overdraft facilities due on demand on which interest is charged at the daily EONIA rate, and current loans denominated in Chinese currency that are due for repayment after one year on which interest is charged at rates of between 5.6% and 6.6%.

Other current liabilities totaled EUR 63.4 million, representing a slight increase over the previous year (PY: 44.0) due to the expansion of the Group's business activities. This item primarily consists of social security obligations owed to social security authorities and liabilities to employees from outstanding annual leave, overtime, flex-time or similar. It also includes liabilities relating to value added tax and the procurement of goods.

Tax liabilities primarily relate to income taxes for the 2007 financial year and the current quarter.

Provisions consist of 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 claims and estimated future claims. This item also includes provisions for rebates, bonuses, etc. that are required to be granted on the basis of legal or constructive obligations and are payable after the reporting date but were caused by sales prior to the reporting date, as well as provisions for Group restructuring costs.

All other provisions relate to obligations resulting from staff and social benefits, such as partial retirement plans 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.

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. Cash flow from operating activities is derived indirectly from profit before tax. Profit before tax 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 consist of cash and short-term money market funds less current account liabilities to banks. Cash and cash equivalents were adjusted in the previous year for the purposes of comparability, as current revolving financing due in China was no longer included in current account liabilities.

Segment reporting

Information on the Group's business segments can be found in the consolidated financial statements for the year ending December 31, 2007. The segment information is composed as follows:

	Seating Systems		Automotive		Central Services/ Elimination		Total Group	
EUR '000s	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
Revenue	210,385	181,548	351,213	317,363	– 13,797	– 6,985	547,801	491,926
Operating profit	21,081	13,335	3,635	11,300	– 2,855	– 373	21,861	24,262
Profit before tax	19,891	11,880	237	8,997	– 2,927	– 558	17,201	20,319

	Seating Systems		Automotive		Central Services/ Elimination		Total Group	
EUR '000s	Q2 2008	Q2 2007	Q2 2008	Q2 2007	Q2 2008	Q2 2007	Q2 2008	Q2 2007
Revenue	108,416	93,155	177,246	166,599	– 5,298	– 5,499	280,364	254,255
Operating profit	10,611	5,454	3,459	8,118	– 387	616	13,683	14,188
Profit before tax	10,728	4,979	2,611	7,262	– 364	512	12,975	12,753

Contingent liabilities

Guarantees have been issued for all leased business premises and as contractual guarantees against breaches of contract. The guaranteed amount of EUR 2,749 thousand is unchanged as against December 31, 2007.

Events after the balance sheet date

No significant events occurred between the balance sheet date and the date of publication.

DATES AND CONTACTS

2008 Financial Calendar

Interim Report, Second Quarter and First Six Months of 2008:	August 12, 2008
German Equity Forum (Frankfurt):	November 10–12, 2008
Interim Report, Third Quarter 2008:	November 11, 2008

Contacts

Grammer AG
P.O. Box 14 54
92204 Amberg
Germany
Phone +49 (0) 96 21/66 0
Fax +49 (0) 96 21/66 1000
www.grammer.com

Investor Relations
Ralf Hoppe
Phone +49 (0) 96 21/66 2200
Fax +49 (0) 96 21/66 32200
E-Mail investor-relations@grammer.com

Published by

Grammer AG
P.O. Box 14 54
D-92204 Amberg
Phone +49(0)96 21 66 0
www.grammer.com

Contact

Investor Relations
Ralf Hoppe
Phone +49(0)96 21 66 2200
Fax +49(0)96 21 66 32200
E-Mail investor-relations@grammer.com