Interim Report

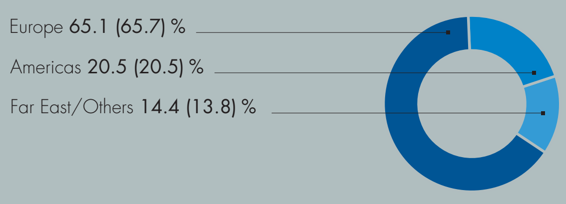
January to September 2012

GRAMMER

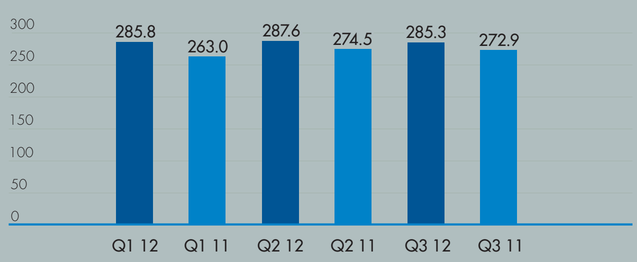
Key Figures according to IFRS

in EUR m	Q3 2012	Q3 2011	01 – 09 2012	01 – 09 2011
Group revenue	285.3	272.9	858.7	810.4
Automotive revenue	180.8	167.1	524.7	508.1
Seating Systems revenue	108.6	112.0	347.6	322.4
Income statement				
EBITDA	17.9	17.0	56.2	56.0
EBITDA-margin (in %)	6.3	6.2	6.5	6.9
EBIT	10.5	10.2	34.3	36.0
EBIT-margin (in %)	3.7	3.7	4.0	4.4
Profit/loss (–) before income taxes	7.6	7.6	25.4	26.3
Net profit/loss (–)	5.3	6.1	17.8	15.8
Statement of financial position				
Total assets	656.5	611.0	656.5	611.0
Equity	223.9	202.5	223.9	202.5
Equity ratio (in %)	34	33	34	33
Net financial debt	97.6	115.1	97.6	115.1
Gearing (in %)	44	57	44	57
Investments (without acquisitions)	6.4	7.7	20.8	24.6
Depreciation and amortization	7.4	6.8	21.9	20.0
Employees (September 30)			8,880	8,644
Key share data			Sept. 30, 2012	Sept. 30, 2011
Share price (Xetra closing price, in EUR)			15.39	12.59
Number of shares			11,544,674	11,544,674
Market capitalization (in EUR m)			177.7	145.3

Revenue by region, January to September 2012
(previous year in brackets)



Group revenue development by quarter
(in EUR m)



GRAMMER AG, Amberg, is specialized in the development and manufacturing of components and systems for automotive interiors, as well as driver and passenger seats for offroad vehicles (tractors, construction machines, forklifts) as well as trucks, busses and trains.

The Seating Systems division comprises the truck and offroad segments as well as train and bus seats. The Automotive division supplies headrests, armrests and center consoles to well-known premium carmakers and systems suppliers for the automotive industry.

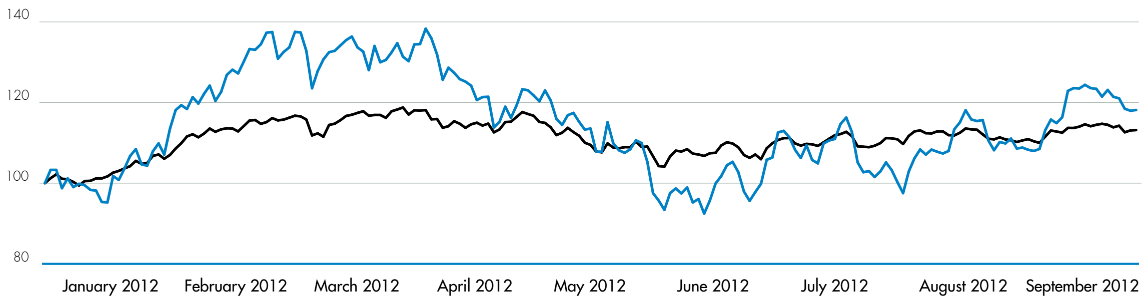
With approximately 9,000 employees in 24 fully consolidated companies, GRAMMER has locations in 18 countries worldwide.

GRAMMER shares are listed in the SDAX, and trade on the Frankfurt and Munich stock exchanges via the electronic trading system, Xetra, as well as in over-the-counter trading at the Stuttgart, Berlin and Hamburg stock exchanges.

Contents

GRAMMER Share

GRAMMER share and SDAX Performance Index – January to September 2012 (in %)



Closing price as of December 31, 2011 = 100 %

— GRAMMER AG
— SDAX Performance Index

DAX and SDAX

International equity markets remain volatile. Prevailing uncertainties as to the further course of the European debt crisis are weighing on investor confidence. At the same time, markets are hoping for supportive measures by the European Central Bank. On the whole, equity markets ended the third quarter on an up note.

Germany's benchmark DAX closed at 7,216 points on September 28, 2012, an improvement of 22 % since the start of the year. The SDAX, in which GRAMMER is listed, ended the final trading day of the third quarter at 5,004 points, or 13 % higher than last year's close.

GRAMMER share

Shares of GRAMMER started the year with strong gains. Positive company news and the release of record earnings figures for fiscal year 2011 saw the GRAMMER share price peaking at EUR 18.01 on April 3, 2012. Over the further course of the year, the share was caught in the general tumult of the market, and fell back partly below its prior year closing price by mid-June. In the third quarter, share prices for GRAMMER began to rise again based on the publication of the half-year-results and positive company news. On September 28, 2012, GRAMMER share closed at EUR 15.39 – an increase of 18 % since the start of the year.

Investor Relations

Communication with shareholders, analysts and financial journalists was once more a top priority for the Executive Board and GRAMMER Investor Relations in the third quarter of 2012. During the conference call on GRAMMER's half-year results, as well as via one-on-ones, road shows in Germany and throughout Europe, we talked with investors about our business model and the future strategy of GRAMMER AG.

GRAMMER AG was also represented at two international capital market conferences in Munich at the end of September: the Baader Investment Conference hosted by Baader Bank and the German Investment Conference organized by UniCredit/Kepler Capital Markets.

All financial reports, press releases, presentations and other important information about the share are permanently posted in the Investor Relations section of the GRAMMER AG website.

Shareholder structure

In the third quarter, we received no notifications regarding changes to the GRAMMER AG shareholder structure reportable under the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The major shareholders with three or more percent of voting rights at the and of the third quarter are: Electra QMC Europe Development Capital Funds PLC in Dublin/Ireland continues to hold the largest proportion of voting capital in GRAMMER AG, with 9.26 % of voting shares (1,069,311 votes), followed by DWS Investment GmbH, Frankfurt/Main, which holds 5.18 % of votes (597,500 votes).

Wynnefield Partners Small Cap Value L.P., New York/USA holds 5.17 % of voting capital (597,053 votes).

Sparinvest Fondsmæglerselskab A/S, Taastrup/Denmark is the owner of 3.01 % of voting capital (347,276 votes).

Another 3.01 % of voting rights (347,021 votes) is held by Dimensional Fund Advisors LP in Austin/USA.

The current shareholder structure is published in the Investor Relations section of the GRAMMER AG website.

GRAMMER Group in the third quarter of 2012

Positive revenue and earnings momentum continues

In the first nine months of 2012 GRAMMER Group recorded another increase in revenue compared to the prior year period. This was mostly attributable to the Seating Systems division which was helped both by the positive economic situation and the new products introduced at the beginning of 2012. Consolidated group revenue rose by about 6.0 % to EUR 858.7 million (01 – 09 11: 810.4). As a result of new production starts, market weakness in Brazil and set-up of new plants, Group EBIT totaled EUR 34.3 million (01 – 09 11: 36.0).

Third-quarter revenue performance was up 4.5 % on the prior year at EUR 285.3 million (Q3 11: 272.9). Operating profit was up only slightly to EUR 10.5 million, after EUR 10.2 million last year, as a result of costs for new production starts and conditions in the South American market.

Revenue and earnings

Worldwide economic situation marked by great uncertainty

After the global economy managed to maintain its positive momentum in the first quarter, the second quarter saw worldwide economic weakening. This trend continued early into the second half of the year, as global economic developments became increasingly marked by uncertainties attributable to the sovereign debt crisis. The structural miscalculations of the past continue to negatively impact the economy, though the announcement of securities purchases by central banks have improved sentiment in the financial markets.

The US economy showed slight growth in the first half, but in recent weeks a wait-and-see attitude appears to have set in ahead of the presidential elections in November. Companies are holding back their investments and are hesitant about adding staff. The unemployment rate remains stuck at about 8 %.

The weakness of western industrialized countries is having an ever greater impact on the economies of emerging markets. China is seeing declining growth in demand from abroad. Chinese exports in August increased by only 2.7 % and thus remain below expectations. Imports fell by as much as 2.6 % compared to the same period last year. Chinese business output in the first half grew by 7.8 %, thereby meeting the government's goal of 7.5 % growth for the full year.

The revival of the Japanese economy in the first two quarters did not continue in the third. Weaker demand from Europe and China caused exports to plunge by 10.3 % in September even as domestic demand ebbed. Government incentive programs like premiums for buying energy efficient new cars or reconstruction programs following the natural catastrophe are expiring and therefore can no longer stimulate domestic demand.

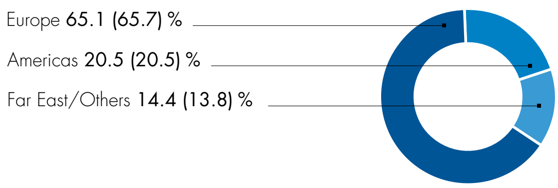
The recession continues within the eurozone. In the second quarter, total economic production declined by 0.7 % compared to the prior year period, and the sovereign debt crisis continued to escalate as the year wore on. The future of the European currency union is still uncertain and the condition of the European banking sector tenuous.

Germany's economy, on the other hand, displayed strength in the first half. This continued into the third quarter – albeit at a slower pace. The mood of the business community is increasingly disconsolate. Although new orders continue to come in at a high rate, uncertainty in the shadow of the sovereign debt crisis is causing companies to be hesitant about making new investments. By contrast, private consumer spending, propelled by increased purchasing power, continues to accelerate and the robust situation in the labor market is also having an impact. Germany has been able to compensate for a drop in exports to the eurozone with sales to other markets, in particular China. The effect of the euro's devaluation on prices has improved the competitiveness of German exporters.

Group revenue once again substantially higher than previous year

In the current overall economic environment, Group revenue increased substantially in the period until September 30, 2012 to EUR 858.7 million (01 – 09 11: 810.4) – an improvement of EUR 48.3 million or 6 %. The positive revenue trend of the first half thus continued but, due to continued weakness in Brazil's commercial vehicle market, third-quarter revenue improved in the Automotive division only. Revenues increased across all regions during the reporting period. In Europe revenue was up 4.9 % in the first nine months to EUR 559.1 million (01 – 09 11: 532.8). In the Americas, we also achieved 6.2 % growth to EUR 176.1 million (01 – 09 11: 165.9) on the back of stronger US economic growth, which more than compensated for the market collapse in Brazil. Revenue in the Far East/Others region was also positive at EUR 123.5 million (01 – 09 11: 111.7), a plus of 10.6 %.

Revenue by region (previous year in brackets)



in EUR m

	01–09 2012	01–09 2011
Europe	559.1	532.8
Americas	176.1	165.9
Far East/Others	123.5	111.7
Total	858.7	810.4

GRAMMER Group's Automotive division succeeded in maintaining the high level of the preceding quarters. Strong revenues in the regions, above all in Europe, resulted from the new product launches in 2011, good vehicle sales volumes in the premium segment and strong export growth among German carmakers. However, in the third quarter, especially in Europe, declining registrations and export numbers were reported. China also saw growth rates and car registration numbers slip substantially.

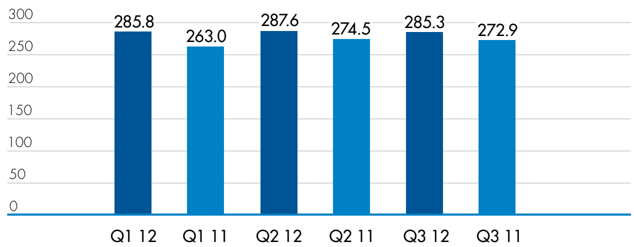
In the Seating Systems division, European demand remained stable while growth markets China and, above all Brazil, still lagged behind the previous years' strength. In the first nine months of this year the offroad market showed stable revenue growth and – counter to the trend – newly launched product platforms compensated for weakness in the European truck market. The increasing momentum gained from exports to the US also led to slightly above-average growth in the Seating Systems division and contributed to further stabilization of demand.

In the Americas, there was a strong contrast between developments in North and South America. In the US markets, positive developments continued as a result of strong unit sales in both divisions, with moderate revenue growth. In Brazil, by contrast, the country's declining truck market – in connection with new emission norms and a tight credit market – has seen markets in further decline since January. The country is also grappling with instability in commodity markets and the resulting weakness in GDP growth. The Brazilian government, however, is now trying stimulus programs to combat the problem. Future market developments in Brazil, however, will bear close scrutiny.

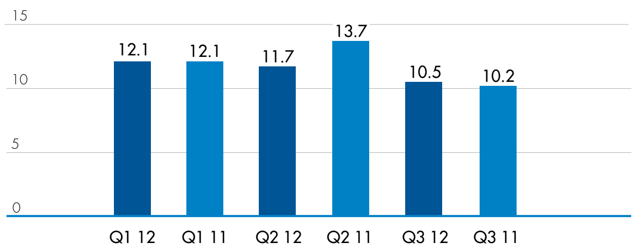
In Asia, revenue growth in the first months of 2012 was higher over last year in both divisions.

Consolidated earnings influenced by market development and start-ups
Consolidated earnings before interest and tax (EBIT) totaled EUR 34.3 million in the first nine months of 2012 (01 – 09 11: 36.0) – falling slightly below the prior year. Operating profit in the first nine months was influenced by the launch of truck seat production, market weakness in Brazil and costs for plant set-up in Rastatt and Bremen for console production, as well as higher volatility in commodity markets. As a result of economic developments and the associated rise in demand, commodity prices have risen; sometimes very strongly. Price risks are increasing, especially for steel and petroleum-based products. Current USD developments, coupled with a strengthening of emerging market currencies, are also having a negative impact. Both the favorable and negative effects on earnings from the high volatility must be watched closely given the international nature of our operations.

Group revenue development by quarter (in EUR m)



Group EBIT development by quarter (in EUR m)



Automotive division

Big regional differences in the world's car markets
Worldwide car market performance presented an ongoing uneven picture going into the second half of the year.

The US market was in good shape with 1,280,360 new light vehicles registered in August. This is an increase of 20 % compared to the same period in 2011. Registration numbers also increased in September with 1,183,799 light vehicles newly registered or 13 % more than in the preceding year. Year-to-date, 10,863,076 light vehicles have been sold (+15 %).

The Brazilian market started out the year weak. After government incentive programs were implemented a turnaround now appears to have been achieved in the light vehicle market. From January to September, 2,666,146 light vehicles were registered, a 5 % increase in new vehicle registrations year-over-year. During the same timeframe, however, light vehicle production fell by 3 % from prior year levels.

After retreating sales in the first quarter, the Chinese market regained its footing in the second quarter and produced 9 % growth by the end of the first half. This trend continued in the third quarter at a somewhat weaker pace. In September, just over 1.1 million light vehicles were sold. From January to September, 9,614,200 new cars were registered. This represents an increase of 8 % versus the prior year.

In India 2.1 million new vehicles were registered in the first nine months, representing a 10 % increase.

Recovery in the Japanese car market continued after its collapse following the natural disaster. From January to September, light vehicle sales increased by 41 %, with 3,664,500 vehicles sold.

The Russian car market continued to do well in the first nine months. 2.2 million vehicles were sold – or about 14 % more than in the same period last year.

Weak sales continued in Europe throughout the third quarter. Year-to-date, about 9.1 million light vehicles (–8 %) have been sold in Western Europe. In the most important markets, developments remain uneven. Vehicle sales in the UK market increased by 4 % during the first nine months. Other important markets were in retreat: volumes were down in France (–14 %), Spain (–11 %) and Italy (–21 %).

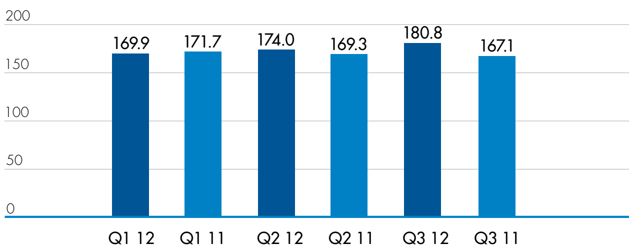
New vehicle registrations in Germany fell again in September, with 250,082 light vehicles sold – or 11 % fewer than last year. Overall, 7 % fewer vehicles were sold in the third quarter after the German automotive industry maintained sales at prior year levels during the first and second quarter. 2,358,798 vehicles were sold in the first nine months of the year. This represents a 2 % decline from the same period last year.

Automotive business characterized by new production starts and revenue growth

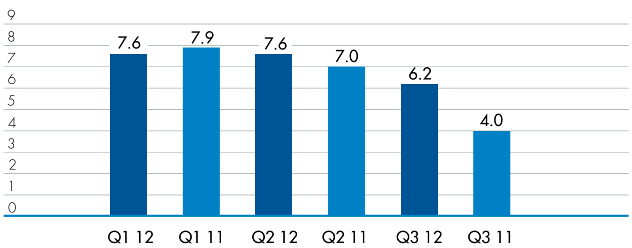
Due to new production starts in 2011 and at the beginning of 2012 business in our Automotive division during the first nine months of 2012 was characterized by growing revenues despite the onset of a fall in registration numbers. By September 30, 2012, revenue increased by a moderate 3.3 % or EUR 16.6 million to EUR 524.7 million (01 – 09 11: 508.1). Our positioning in the premium segment and new product launches in Europe allowed us to offset general declines in the market. In China as well, continued high demand for mid-size and premium class vehicles led to increased revenues for GRAMMER. Robust economic activity in the US helped maintain revenue at a high level in the NAFTA region, and in Brazil incentive programs during the third quarter produced some initial signs of recovery, at least in the car market. Third quarter revenue remained at a high level, increasing by EUR 13.7 million to EUR 180.8 million (Q3 11: 167.1) despite the strong period last year.

Operating profit in the Automotive division totaled EUR 21.4 million in the first nine months (01 – 09 11: 18.9), as a result of the above developments and the set-up of new plants. In the third quarter, operating profit rose to EUR 6.2 million (Q3 11: 4.0). In the first nine months, we achieved an EBIT margin of 4.1 % (01 – 09 11: 3.7). Results were further influenced by the rise in commodity prices and currency volatility, especially in the US dollar, Mexican peso, Polish zloty and Czech koruna. This turbulence was unavoidable for GRAMMER Group given the rapid onset and high degree of volatility. Yet, the satisfactory developments in the first nine months are a testament to the right product orientation, with a more diverse mix of core products. Nonetheless, declining new car registration numbers as well as the sudden spurts of volatility in exchange rates and commodity prices are a growing source of significant challenges for the Company.

Automotive segment revenue development by quarter (in EUR m)



Automotive segment EBIT development by quarter (in EUR m)



Seating Systems division

Commercial vehicle markets still trending lower
In the third quarter, commercial vehicle markets also varied greatly from region to region. As a whole, the global commercial vehicle market is in decline. Particularly in Europe and Brazil, the situation remains very tense.

The North American market continued its solid performance. 258,754 new commercial vehicles were registered in the USA from January to September – which equates to a growth of 19 %. The share of heavy trucks totaled 146,655 units (+26 % over last year).

The weakness in Brazilian demand continues. With the introduction of a new emission standard and the loss of tax incentives at the beginning of the year, new registrations of trucks fell 14 % in the first half of the year. In September, 42 % fewer commercial vehicles were sold than in the year earlier period. In the first nine months of the year, 123,154 new trucks were registered (–21 %). Truck production in Brazil plunged by about 38 % compared to last year, and despite government support efforts, a turnaround is nowhere in sight.

The commercial vehicle market in China continues its decline. Compared to the previous year 6 % fewer new trucks were registered from January to September. A total of 4,478,025 new trucks were registered in that timeframe, of which 693,084 were trucks over 6 t. This represents a drop of even 25 % in the over 6 t truck segment.

The Indian market did well with 6 % growth from January to September of this year (612,325 units).

In the Russian market, 168,599 units (+12 %) have been sold year-to-date.

In Western Europe, 11 % fewer commercial vehicles have been sold compared to last year (1,240,941 units). Portugal recorded the largest drop (–54 %) followed by Greece (–49 %).

The German market for commercial vehicles retreated by 4 % in the first nine months. Sales of commercial vehicles up to 6 t were 3 % below last year's level. Heavy trucks experienced an 8 % drop in sales year-over-year.

Agricultural machinery industry
In the first quarter the German agricultural machinery industry celebrated record sales and continued that momentum into the second quarter. The first half of the year saw revenue growth of 14 % to EUR 4.4 billion. New orders were 7 % higher and show no signs of diminishing over the rest of the year.

Material handling
According to the industry association, bbi (Bundesverband der Baumaschinen-, Baugeräte- und Industriemaschinenfirmen e.V.), the majority of material handling vehicle dealers saw satisfactory revenue development in the first half of the year. In the third quarter, however, this positive momentum weakened somewhat.

Construction machinery
Sentiment in the construction machinery industry is slowly darkening. Domestic orders continue to come in at a high rate, but new orders are declining in foreign markets.

Railway
In the first half of 2012, railway equipment manufacturers generated sales of EUR 5.3 billion. This equates to about a 13 % increase over the prior year period.

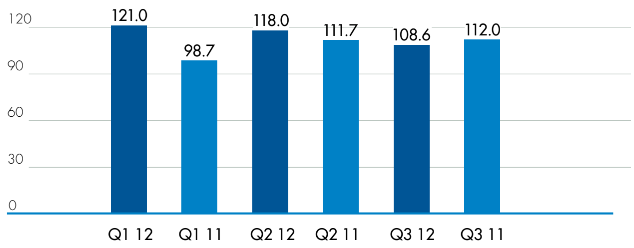
Performance in the first half marked by strong orders and new production starts
As in 2011, overall performance in the Seating Systems division remained very positive in the first nine months of 2012. The various product segments within the division have performed especially well in Europe – despite weakened demand in the Brazilian market – and we were able to continue our high rate of production.

Because of continuing market weakness in Brazil, the upward trend of the prior quarters could not be upheld in the third quarter of 2012. Offroad demand remained strong, and higher revenues in Europe, the Americas and Asia – along with new product launches in the European truck market – kept revenues stable. But the severe weakness of sales in Brazil and the devaluation of the Brazilian real had a significant negative impact in both the first nine months and the quarter. As a result, revenue fell slightly below last year's quarterly levels.

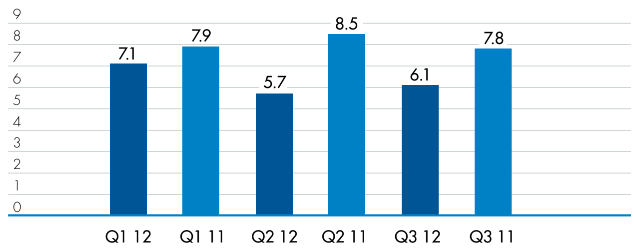
The railway segment in 2012 saw us winning several large domestic and international orders, which will positively influence the order situation in subsequent years. After a subdued first half, revenue in the January to September 2012 period improved slightly.

Revenue in the Seating Systems division grew by 7.8 % to EUR 347.6 million (01 – 09 11: 322.4) in the first nine months. Third quarter revenue contributed only EUR 108.6 million (Q3 11: 112.0). New production starts at the new truck seating plant and the related capacity adjustments at the final assembly plants, along with the big drop in revenues from Brazil had a negative impact on earnings, which could not be fully offset by offroad business. Accordingly, operating profit in the Seating Systems division was down in the first nine months of 2012, to EUR 18.9 million compared to EUR 24.2 million in the same period last year. Investments were necessary for launching the new generation of truck seats and are on plan thus far.

Seating Systems segment revenue development by quarter (in EUR m)



Seating Systems segment EBIT development by quarter (in EUR m)



Financial position

Note on accounting figures: 2011 = December 31, 2011

Total assets higher due to growth

As of September 30, 2012, the total assets of GRAMMER Group amounted to EUR 656.5 million (2011: 625.2). This equates to a rise of EUR 31.3 million as compared to the close of 2011, attributable largely to the increase in trade accounts receivable and inventories as a result of business development. The revenue increase in Seating Systems and the inventory build-up for truck seat production have led to an increase in GRAMMER Group's current assets, which rose EUR 34.9 million to EUR 399.5 million. Trade accounts receivable increased to EUR 162.4 million (2011: 137.8) and other current financial assets to EUR 60.5 million (2011: 57.9). As mentioned, inventories were up on the prior-year level, at EUR 118.1 million (2011: 104.0), due to production launches. Cash and short-term deposits at the reporting date were slightly lower at EUR 39.7 million (2011: 46.7). Non-current assets were down slightly from the prior year at EUR 257.0 million (2011: 260.6).

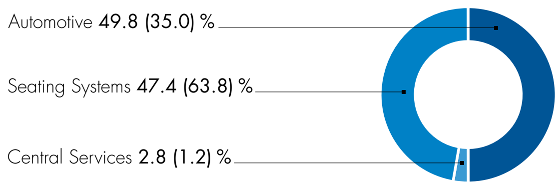
Positive earnings developments raised equity in GRAMMER Group above the figures at the end of 2011 to EUR 223.9 million (2011: 211.2). At 34% (2011: 34) the equity ratio remained unchanged from year-end 2011.

Non-current liabilities were down EUR 169.2 million (2011: 226.7), due primarily to scheduled recognition of a debenture bond maturing in 2013 under current liabilities. Accordingly, current liabilities were up by EUR 76.1 million. These maturities have been included in our financing strategy and further steps toward prolongation of financing arrangements are initiated. Moreover, the global credit facility has been expanded from EUR 78.5 million to EUR 110.0 million, and the term extended into mid-2015. Current financial liabilities increased by EUR 58.9 million to EUR 68.0 million (2011: 9.1). The gearing ratio is only 44% – underlining GRAMMER Group's financial strength. Business developments resulted in a EUR 9.1 million increase in trade accounts payable, as well as a rise of EUR 10.8 million in other current liabilities. Thus, our balance sheet expansion has been accomplished predominantly with operating liabilities and not through financial leverage.

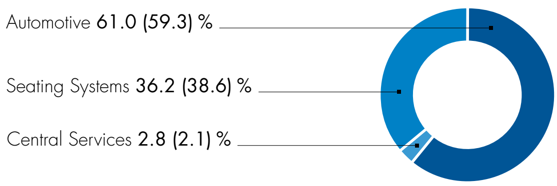
Investment focused on new products

Investments by GRAMMER Group, at EUR 6.4 million (Q3 11: 7.7), were down compared to the same period last year. With the setup of production for the new generation of truck seats and spending on expansion to optimize production in the Seating Systems division during third quarter, the Company invested EUR 2.2 million (Q3 11: 5.0) in property, plant and equipment. In the Automotive division, investments totaled EUR 4.1 million (Q3 11: 2.5), which was used primarily for expansion to fill orders received in 2011 and for building of center console production capacities. We continued to significantly restrain investment in the Central Services division.

Investments by segments, January to September 2012
(previous year in brackets)



Employees by segments, September 30, 2012
(previous year in brackets)



in EUR m

	01 – 09 2012	01 – 09 2011
Automotive	10.4	8.6
Seating Systems	9.9	15.7
Central Services	0.6	0.3
Total	20.9	24.6

as of September 30

	2012	2011
Automotive	5,419	5,128
Seating Systems	3,210	3,334
Central Services	251	182
Total	8,880	8,644

Employees

As of September 30, 2012, GRAMMER Group had a total of 8,880 employees (9/30/2011: 8,644). The number of people employed in the Automotive division increased to 5,419 (9/30/2011: 5,128). As of September 30, 2012, the Seating Systems division employed a total of 3,210 people (9/30/2011: 3,334). The Central Services division employed 251 (9/30/2011: 182).

In the Automotive division, the number of direct employees continued to increase, especially at plants outside of Germany, as demand increased and new projects began. In particular, the locations in China, Mexico and Serbia hired new employees due to new production starts and increased orders. In Germany, expansion of the workforce was attributable primarily to the build-up of new production sites for center consoles. In the Seating Systems division, hiring was heavily influenced by the good overall order situation and start-up of truck production, which necessitated increases in operating personnel capacity.

Through implementation of further optimization measures at GRAMMER locations, especially the Haselmühl plant and closing of production in Wackersdorf, as well as additional efficiency enhancing measures, the improved cost structures and productivity levels in both divisions are to be further optimized to continue improvement of operating profit and foster slower than normal personnel expansion.

Outlook for full-year 2012

Global economic outlook

The global economic outlook darkened further in the third quarter. In its October 2012 "World Economic Outlook", the International Monetary Fund (IMF) again lowered its growth forecast for the global economy. The IMF is now predicting 3.3 % economic growth globally in the current year, down from 3.5 % in the July forecast. The IMF bases its outlook on weak industrial production and weak trade in industrialized economies, particularly in the first half of the year. For the second half of 2013, the IMF expects global economic growth to again accelerate to a total of 3.6 % next year.

In the US, the IMF is forecasting 2.2 % growth this year and 2.1 % next year. Economic uncertainties could be fulled by the fiscal policy which is a controversial issue between the political parties. On the other hand, solid private household purchasing power will continue to favorably impact the economy.

The weakness of industrialized countries is also having an impact on the economies of emerging market countries. In China, for instance, the IMF is forecasting growth of 7.8 % – or 0.2 percentage points less than its earlier forecast – as a result of weaker export demand. Next year's growth is forecast to be 8.2 %.

And, the IMF is now anticipating a slowdown in economic growth for other emerging economies as well. In India, it expects 4.9 % growth this year and 6.0 % next year.

Brazil's economic growth is now expected to be only 1.5 % in 2012, after a forecast of 2.5 % growth in July. Next year, the IMF predicts that Brazil's economy will regain its footing and grow at a rate of 4 %.

For the eurozone, the IMF foresees economic output shrinking by 0.4 % this year – or 0.1 percentage points less than its last forecast in July – with slight growth of 0.2 % predicted for next year.

With forecast growth of 0.9 % for 2012, Germany is bucking the negative trend in the eurozone. The IMF forecast for Germany next year assumes positive growth of 0.9 %.

By contrast, a significant contraction in economic output is being predicted for other eurozone countries. Spain's economy is expected to shrink by 1.5 % this year; Italy's by as much as 2.3 %.

Automotive industry – outlook 2012

Worldwide automotive industry strong overall, but with sharp declines in Western Europe
The German Association of the Automotive Industry (VDA) still forecasts a growth in the automotive industry for 2012 but slightly lower than its previous forecast. According to the VDA, about 4 % more new vehicles will be registered this year worldwide, though the light vehicle market in Western Europe will see heavy declines of around 9 %.

In the US, the VDA expects that the positive trend seen in recent months will continue and the market for light vehicles will end 2012 with a significant gain of 12 %.

The Chinese market is also expected to continue growing. The VDA is sticking with its forecast of 8 % growth in the market for all of 2012.

Government incentive programs are giving the Japanese market a lift and the VDA says that the increase in demand will lead to 28 % growth in the market.

The Indian market will continue to grow. For 2012, VDA forecasts a growth of 8 %.

Prognoses for European markets continue pointing to declines. The VDA expects double-digit drops in new vehicle registrations for France (–13 %), Italy (–21 %), Greece (–35 %) and Portugal (–38 %). Spain is also expected to see a hefty drop in its market (–16 %) while the UK should enjoy a slight 2 % increase. Only in the new EU countries, like Poland (+5 %) and the Czech Republic (+3 %), does the VDA anticipate any significant growth.

Overall, there are likely to be somewhat more than 11.7 million new vehicle registrations in Western Europe this year – equating to a decline of 9 % year-over-year.

The VDA is holding to its forecast for Germany. The association is predicting a slight drop in new car registrations for the full year, with about 3.1 million total new cars registered in 2012 – or about 2 % fewer than in 2011.

Commercial vehicles industry – outlook 2012

Commercial vehicles industry continues overall downtrend
According to the VDA's forecast, worldwide registration figures for heavy commercial vehicles will experience a 5 % drop in 2012 to end significantly lower compared to last year. With the exception of North America and Russia, all regions will show declines – some in the double digits.

The VDA says the US market will grow strongly this year, and it anticipates about 363,000 new registrations (+19 %).

By contrast, the Brazilian market will significantly contract. The VDA continues to expect a 7 % decline to around 193,000 units sold in Brazil this year.

The outlook for China and India also remain unchanged. While the VDA predicts the Chinese market will shrink by 5 %, the Indian market is expected to grow by 5 %.

Declining truck demand in Western Europe has led to a revision of the VDA's prognosis for full-year 2012. It now expects that almost 1.7 million trucks (–10 %) will be newly registered this year, with demand particularly weak for heavy trucks over 6t. A drop of 11 % is expected for this segment (about 243,000 units).

Dramatic declines are expected in the Greek (–45 %) and Portuguese (–50 %) markets.

The German commercial vehicle market will likely decline in the final quarter. The association anticipates 7 % fewer or 313,000 total new truck registrations this year.

Agricultural machinery industry
Forecasters continue to expect the agricultural machinery industry to enjoy record profits this year. The German Engineering Federation (VDMA) expects a 7 % rise in global production to EUR 86 billion. Revenues in the German agricultural machinery industry are expected to grow by 5 % to EUR 7.3 billion.

Material handling
The mood in the industry is increasingly pessimistic. However, the German industry association, bbi (Bundesverband der Baumaschinen-, Baugeräte- und Industriemaschinenfirmen e. V.) is sticking to its prediction of about 1 % growth in the current year.

Construction machinery
The VDMA says that its sales forecast of 5 % will not quite be achieved in 2012. It is now predicting a one to two digit decline in revenues next year.

Railway
After a good first half, sentiment in the industry remains positive.

Automotive division – outlook 2012
For the Automotive division, based on performance to date and current forecasts, we are expecting positive revenue performance for 2012 at a level just above last year. Certain premium and upper class vehicles continue to experience stable sales following the model changeovers – especially in German OEM and export business – which will also favorably affect our business performance. Revenues by year end will be at the previous year's level thanks to various new production starts, recovery tendencies for German premium car demand in Chinese markets and positive developments in the US economy. Developments in export and emerging markets, however, are more difficult to gauge, as a result of greater volatility in customer demand and currency fluctuations. Assuming developments remain as planned, the new production starts in the premium and upper class segments will contribute to revenue stabilization in the coming months. Risks from the euro crisis and the related danger of declining OEM sales, however, could dampen revenue growth somewhat. Particularly in the months of August and September, new vehicle registrations were off significantly – above all in southern Europe. Thus far, there has been no noticeable impact from these difficulties and they have been offset by new production launches. Future order volumes and their constancy until the end of the year cannot yet be fully quantified given the current lack of concrete information from OEMs, but there have been growing signs of an impending drop-off in premium car sales in the fourth quarter, as well as an increase in rebate promotions.

In addition to revenue expectations, operating profit in 2012 in the automotive division will be heavily influenced by commodity market and exchange rate developments. The planned expansions of production capacities for new products continue to influence results. Given the expectation that revenues will remain stable, positive operating profit can be maintained if the new product launches planned by our customers go forward as planned and there is no threat of additional costs from extensive capacity reductions and higher commodity prices. We are therefore expecting operating profit to be clearly positive in the remaining quarter.

Seating Systems division – outlook 2012
In the Seating Systems division, the significant year-over-year revenue increase in the offroad segment is now moderating. The high rate of new orders has slowed down slightly due to seasonal factors and continues at a satisfactorily high level. Demand displayed a stable seasonal pattern through the summer months and, at least in Europe and the US, has been stable while demand remains very weak in South America. Initial declines have now also been seen in the construction machinery market. In truck seat business, markets are cooling down in Europe, while demand in the US remains high. Weakness persists in emerging market countries – above all Brazil. New production starts for truck seats in Europe have helped us to counter the downward market trend in the truck segment. On the whole, revenue in full-year 2012 will be higher year-over-year, though growth rates will now be lower. For the last three months of the year, we thus expect a slightly lower revenue performance as compared to the strong previous quarter.

As a result of the revenue levels in offroad business and stable sector performance, we expect that our good market position and still manageable exchange rate environment will result in the Seating Systems division continuing to perform at the current level over the coming months, despite startup costs. The launch of truck seat production will naturally impact the cost situation, but within the budgeted range. Market weakness in Brazil in particular is also resulting in margin pressure that could impact the division's results. Exchange rate volatility is likewise a difficult risk to calculate given our position in emerging markets. On the whole, however, earnings expectations are somewhat below last year since weakness – especially in the high-margin market of Brazil – will continue over the remaining months.

GRAMMER Group – outlook for full-year 2012

There are growing signs of an impending slowdown in economic activity and customer demand, giving rise to a more pessimistic development throughout the various markets. Risks remain as well from the prevailing currency market conditions relating to the euro crisis and from commodity prices. In the quarter under review, revenue continued to grow and indications are positive for the coming quarter as well. Orders, however, are still characterized by short lead times and volatility, which could lead to declines with little or no warning. Customers continue to hold back with concrete forecasts and reliable, long-term order volumes. GRAMMER Group's business performance is closely tied to macroeconomic and industry-specific conditions, and is thus largely determined by external factors. Consequently, despite relatively stable performance, problems could arise with revenue and earnings, over which the Company has no influence, especially in light of the euro crisis. Revenue performance will beat previous-year levels by percentages in the low-single digits in full-year 2012, and remain below last year's strong quarterly level over the coming months. The launch of truck seat production and market developments in South America and China were and are the central themes for GRAMMER Group in 2012. Based on current developments and despite the growing signs of negative macroeconomic factors, our earnings outlook for this fiscal year remain optimistic but, due to weaker customer demand and start-up costs, the profit development in the fourth quarter will be below the strong previous years quarterly results, provided no further risks arise from exchange rate and commodity developments and the effects of the euro crisis on economic development do not worsen.

Summary statement by the Executive Board

With a view to the business situation in the first nine months of 2012 and given the current economic situation in Europe, Asia and the USA, our outlook for GRAMMER Group remains promising. Expected revenue performance in the fourth quarter and ongoing market weakness in Brazil will present an ongoing burden to operating profit. For the full year, however, we expect profits roughly on par with last year. We will continue to closely monitor the risks from exchange rates and the euro crisis, as well as market developments in Brazil, as these could have a significant slowing effect in the event of extreme developments. Assuming stable economic development, we see the pieces in place for a repeat of clearly positive earnings performance in 2012 roughly matching last year's profits, as well as a continuation of our growth in revenue and earnings in the coming years.

Opportunities and risks

In addition to the risks and opportunities to which we refer in the Management Report of the Annual Report for the fiscal year ended December 31, 2011, the facts described in the "Outlook" section of this report are currently relevant to the situation of the Company. This section contains forward-looking statements reflecting the opinions of the management of GRAMMER AG with respect to future events. These statements are based on the Company's current planning, estimates and expectations. Consequently, they are subject to risks and factors of uncertainty. Moreover, there is an increased risk of price increases and insolvency among our suppliers, which our purchasing department is attempting to mitigate through expanded monitoring activities and global sourcing. Developments in the European car market also presents additional risks, as experts are forecasting a weaker market environment. Should European economic growth continues to lose strength, it could start a downward trend in markets that have remained stable up to now. At this time, the Company cannot evaluate either the effects or the complexity of these risks.

Responsibility statement

We hereby affirm to the best of our knowledge, and in accordance with the applicable accounting principles, that the Consolidated Financial Statements/Interim Consolidated Financial Statements present a true and fair view of the net assets, financial position and results of operations of the Group, and that the Group Management Report renders a fair view of the development and performance of the business and the situation of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Events subsequent to the reporting date

Effective July 30, 2012, Mr. Horst Ott was appointed by the Amberg Local Court as a member of the Supervisory Board. He succeeds Mr. Joachim Bender, who left the Supervisory Board on June 30, 2012.

Mr. Volker Walprecht began his position as the new Chief Financial Officer at GRAMMER on October 1, 2012.

Sterling Strategic Value Limited notified the Company that, since October 17, 2012, it holds a 3.01 % interest in GRAMMER AG.

Amberg, October 25, 2012

GRAMMER AG
The Executive Board

Consolidated Statement of Income
January 1 – September 30

EUR k

	Q3 2012	Q3 2011	01 – 09 2012	01 – 09 2011
Revenue	285,293	272,916	858,708	810,403
Cost of sales	–252,658	–239,972	–753,262	–702,229
Gross profit	**32,635**	**32,944**	**105,446**	**108,174**
Selling expenses	–6,546	–6,939	–19,742	–19,719
Administrative expenses	–19,512	–17,563	–59,235	–59,091
Other operating income	3,972	1,744	7,862	6,652
Operating profit/loss (–)	**10,549**	**10,186**	**34,331**	**36,016**
Financial income	334	318	962	964
Financial expenses	–3,056	–4,627	–9,655	–10,903
Other financial result	–235	1,765	–262	236
Profit/loss (–) before income taxes	**7,592**	**7,642**	**25,376**	**26,313**
Income taxes	–2,278	–1,498	–7,613	–10,529
Net profit/loss (–)	**5,314**	**6,144**	**17,763**	**15,784**
Of which attributable to:				
Shareholders of the parent company	5,341	6,148	17,737	15,715
Non-controlling interests	–27	–4	26	69
	5,314	**6,144**	**17,763**	**15,784**

Earnings/loss (–) per share

	01 – 09 2012	01 – 09 2011
Basic/diluted earnings/loss (–) per share in EUR	1.58	1.45

Consolidated Statement of Comprehensive Income January 1 – September 30

EUR k

	Q3 2012	Q3 2011	01 – 09 2012	01 – 09 2011
Net profit/loss (–)	5,314	6,144	17,763	15,784
Gains/losses (–) from currency translation for foreign subsidiaries				
Gains/losses (–) arising in the current period	–741	1,183	–1,572	–1,392
Less transfers recognized in the Income Statement	0	0	0	0
Tax expenses (–)/Tax income	0	0	0	0
Gains/losses (–) from currency translation for foreign subsidiaries (after tax)	–741	1,183	–1,572	–1,392
Gains/losses (–) from cash flow hedges				
Gains/losses (–) arising in the current period	–403	–1,065	–1,399	–1,382
Less transfers recognized in the Income Statement	0	196	–127	253
Tax expenses (–)/Tax income	110	253	428	303
Gains/losses (–) from cash flow hedges (after tax)	–293	–616	–1,098	–826
Gains/losses (–) from net investments in foreign operations				
Gains/losses (–) arising in the current period	184	–1,845	2,096	–2,999
Less transfers recognized in the Income Statement	0	0	0	0
Tax expenses (–)/Tax income	0	0	0	0
Gains/losses (–) from net investments in foreign operations (after tax)	184	–1,845	2,096	–2,999
Other comprehensive income	–850	–1,278	–574	–5,217
Total comprehensive income (after tax)	4,464	4,866	17,189	10,567
Of which attributable to:				
Shareholders of the parent company	4,492	4,874	17,159	10,513
Non-controlling interests	–28	–8	30	54

Consolidated Statement of Financial Position as of September 30, 2012

ASSETS

EUR k

	September 30, 2012	December 31, 2011
Non-current assets		
Property, plant and equipment	160,462	159,680
Intangible assets	55,756	57,393
Other financial assets	5,016	4,866
Income tax assets	53	70
Deferred tax assets	35,737	38,577
	257,024	**260,586**
Current assets		
Inventories	118,129	103,993
Trade accounts receivable	162,362	137,801
Other current financial assets	60,459	57,930
Short-term income tax assets	2,469	2,781
Cash and short-term deposits	39,713	46,749
Other current assets	16,371	15,339
	399,503	**364,593**
Total assets	**656,527**	**625,179**

EQUITY AND LIABILITIES

EUR k

	September 30, 2012	December 31, 2011
Equity		
Subscribed capital	29,554	29,554
Capital reserve	74,444	74,444
Own shares	–7,441	–7,441
Retained earnings	124,779	111,528
Accumulated other comprehensive income	2,028	2,606
Equity attributable to shareholders of the parent company	**223,364**	**210,691**
Non-controlling interests	512	474
Total equity	**223,876**	**211,165**
Non-current liabilities		
Non-current financial liabilities	69,404	129,776
Trade accounts payable	1,667	3,260
Other financial liabilities	9,251	6,532
Other liabilities	0	2,302
Retirement benefit obligations	67,994	64,495
Income tax liabilities	1,185	786
Deferred tax liabilities	19,706	19,506
	169,207	**226,657**
Current liabilities		
Current financial liabilities	67,956	9,090
Current trade accounts payable	119,695	110,619
Other current financial liabilities	4,282	4,465
Other current liabilities	60,379	49,625
Current income tax liabilities	1,586	4,499
Provisions	9,546	9,059
	263,444	**187,357**
Total liabilities	**432,651**	**414,014**
Total equity and liabilities	**656,527**	**625,179**

Consolidated Statement of Cash Flow
January 1 – September 30

EUR k	01 – 09 2012	01 – 09 2011
1. Cash flow from operating activities		
Profit/Loss (–) before income taxes	25,376	26,313
Non-cash items		
Depreciation of property, plant and equipment	18,822	17,615
Amortization of intangible assets	3,050	2,380
Changes in provisions and pension provisions	1,672	1,346
Other non-cash changes	–2,742	–3,231
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–28,122	–19,264
Decrease/Increase (–) in inventories	–14,136	–9,783
Decrease/Increase (–) in other assets	3,169	484
Decrease (–)/Increase in accounts payable and other liabilities	15,637	7,175
Gains/Losses from disposal of assets	79	–705
Income taxes paid	0	0
Cash flow from operating activities	**22,805**	**22,330**
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–19,482	–23,807
Purchase of intangible assets	–1,366	–284
Purchase of investments	–278	0
Aquisition of subsidiaries (less acquired cash)	0	–9,476
Disposals		
Disposal of property, plant and equipment	1,040	1,349
Disposal of intangible assets	8	8
Disposal of investments	91	177
Interest received	962	964
Government grants received	917	1,089
Cash flow from investing activities	**–18,108**	**–29,980**
3. Cash flow from financing activities		
Dividend payments	–4,486	0
Issue of new shares	0	18,893
Changes in non-current liabilities to banks	–60,372	31,821
Changes in current liabilities to banks	58,716	–32,669
Changes in lease liabilities	1,942	–1,285
Interest paid	–7,683	–8,816
Cash flow from financing activities	**–11,883**	**7,944**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1–3)	–7,186	294
Effects of exchanges rate differences of cash and cash equivalents	0	0
Cash and cash equivalents as of January 1	44,905	16,391
Cash and cash equivalents as of September 30	**37,719**	**16,685**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	39,713	20,869
Securities	0	0
Bank overdrafts	–1,994	–4,184
Cash and cash equivalents as of September 30	**37,719**	**16,685**

Consolidated Statement of Changes in Equity as of September 30, 2012

EUR k

					Accumulated other comprehensive income					
	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Cash flow hedges	Currency translation	Net investments in foreign operations	Total	Non-controlling interests	Group equity
As of January 1, 2012	29,554	74,444	111,528	–7,441	–662	9,939	–6,671	210,691	474	211,165
Net profit/loss (–) for the period	0	0	17,737	0	0	0	0	17,737	26	17,763
Other comprehensive income	0	0	0	0	–1,098	–1,576	2,096	–578	4	–574
Total comprehensive income	0	0	17,737	0	–1,098	–1,576	2,096	17,159	30	17,189
Capital increase by issuing new shares	0	0	0	0	0	0	0	0	0	0
Transaction costs	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	–4,486	0	0	0	0	–4,486	0	–4,486
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	8	8
As of September 30, 2012	29,554	74,444	124,779	–7,441	–1,760	8,363	–4,575	223,364	512	223,876

Consolidated Statement of Changes in Equity as of September 30, 2011

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Accumulated other comprehensive income: Cash flow hedges	Currency translation	Net investments in foreign operations	Total	Non-controlling interests	Group equity
As of January 1, 2011	26,868	58,237	89,488	–7,441	0	10,257	–4,771	172,638	463	173,101
Net profit/ loss (–) for the period	0	0	15,715	0	0	0	0	15,715	69	15,784
Other comprehensive income	0	0	0	0	–826	–1,377	–2,999	–5,202	–15	–5,217
Total comprehensive income	0	0	15,715	0	–826	–1,377	–2,999	10,513	54	10,567
Capital increase by issuing new shares	2,686	16,414	0	0	0	0	0	19,100	0	19,100
Transaction costs	0	–207	0	0	0	0	0	–207	0	–207
Dividends	0	0	0	0	0	0	0	0	–35	–35
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0
As of September 30, 2011	29,554	74,444	105,203	–7,441	–826	8,880	–7,770	202,044	482	202,526

Selected Notes to the GRAMMER AG Consolidated Statement of Income for the Period from January 1 to September 30, 2012 and the Consolidated Statement of Financial Position as of September 30, 2012

Accounting
GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2011 and the present Interim Financial Statements for the period ended September 30, 2012 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The name "IFRS" also refers to the still applicable International Accounting Standards (IAS), 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 for the period ended September 30, 2012, has been prepared in accordance with IAS 34 and should be read in context with the Consolidated Financial Statements published by the Company for fiscal year 2011. The possibility cannot be excluded that the IASB will make further pronouncements before the final preparation of the Consolidated Financial Statements for the fiscal year ending December 31, 2012, and that the standards applied in preparing these Interim Financial Statements will therefore deviate from the standards applied in preparing the Consolidated Financial Statements for the year ending December 31, 2012. Furthermore, there are currently individual pronouncements by the IASB that have yet to be endorsed by the European Commission and, as such, it should be noted that the figures presented in this report are preliminary and subject to change. The new or revised standards and interpretations of the IASB and IFRIC that came into effect on January 1, 2012 did not have a significant impact on the net assets, financial position and results of operations of the Company, or were not relevant to the preparation of the Consolidated Financial Statements and will generally result in additional information in the Notes or changes in the form of presentation. 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 in the Consolidated Statement of Financial Position and the Consolidated Income Statement, as well as the data on contingent assets and liabilities.

The present Interim Consolidated Financial Statements have not been audited and contain all customary and ongoing adjustments necessary to provide a true and fair representation of the Company's business development in the period under review. The results for the first nine months of 2012 are not necessarily indicative of future business development.

The Consolidated Financial Statements were prepared in euro (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR thousand).

Accounting and valuation principles
In preparing the Interim Financial Statements for the period ended September 30, 2012, and the comparative prior-year figures, the same accounting policies and principles of consolidation were applied as for the Consolidated Financial Statements for the year ended December 31, 2011. These principles and methods are described in detail in the Notes to the 2011 Consolidated Financial Statements, which were published in their entirety in the 2011 Annual Report. For 2012, the IASB has published further standards and requirements that currently do not appear to have any material impact on the Consolidated Financial Statements.

Estimates and assumptions
In preparing the Consolidated Financial Statements, discretionary decisions, assumptions and estimates have to be made to a certain degree, which have an impact on the measurement and recognition of reported assets and liabilities, income and expenses and contingent liabilities of the reporting period. Actual amounts may deviate from these estimates.

Scope of consolidation
In addition to GRAMMER AG, the scope of consolidation now includes five domestic and 18 foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IAS 27. A joint venture within the meaning of IAS 31 is also 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 consolidated companies is September 30, 2012.

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 profit or loss. 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. Accordingly, the functional currency is the currency of the primary economic environment in which the entity operates; its activities and financial structure are to be presented in the consolidated financial statements as they present themselves in that currency. Transactions in foreign currencies are translated into the functional currency at historical rates. Monetary items are translated at the closing rate. Any resulting translation differences are recognized in the income statement. An exception is made for

translation differences from loans or credits in foreign currencies, insofar as they have been recognized directly in equity to hedge net investments and are included in net income for the period only after their disposal.

Any deferred taxes resulting from these translation differences are also recognized directly in equity. 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 EUR from the respective local currency at the middle rate on the balance sheet date.

Income statement items are translated into EUR at the average exchange rate for the year. The net income for the year so determined is taken to the consolidated Statement of Financial Position. Any translation differences are recorded in equity with no effect on income.

For currency translation purposes, the following exchange rates were applied for the major currencies outside the eurozone that are of relevance to the Group:

		Average rate		Closing rate	
		01 – 09 2012	01 – 09 2011	Sept. 30, 2012	Sept. 30, 2011
Brazil	BRL	0.406	0.434	0.381	0.399
China	CNY	0.123	0.109	0.123	0.116
United Kingdom	GBP	1.228	1.143	1.253	1.154
Japan	JPY	0.010	0.009	0.010	0.010
Mexico	MXN	0.059	0.059	0.060	0.054
Poland	PLN	0.237	0.248	0.244	0.227
Czech Republic	CZK	0.040	0.041	0.040	0.040
Turkey	TRY	0.431	0.437	0.431	0.398
USA	USD	0.776	0.710	0.773	0.741

Revenue

GRAMMER Group generates revenue primarily from the sale and delivery of its products to customers. Revenue comprises the following:

EUR k

	Q3 2012	Q3 2011	01 – 09 2012	01 – 09 2011
Gross revenue	286,073	274,127	861,727	813,508
Sales deductions	–780	–1,211	–3,019	–3,105
Net revenue	**285,293**	**272,916**	**858,708**	**810,403**

Revenue of EUR 858,708 thousand up to September 30, 2012 includes contract revenue of EUR 19,217 thousand (01 – 09 11: 21,408) determined using the PoC-method. Quarterly revenue of EUR 285,293 thousand includes contract revenue of EUR 7,253 thousand (Q3 11: 5,459) determined using the PoC-method. These revenues relate to development activities as well as working capital that must be expensed and financed by GRAMMER Group until a product reaches serial production and generates initial revenues. These are primarily attributable to the Automotive division.

Other income

Other operating income totaling EUR 7,862 thousand as of September 30, 2012 (01 – 09 11: 6,652) includes income from the reversal of provisions and valuation allowances and proceeds from the sale of scrap metal and material handling costs, as well as proceeds from the sale of property, plant and equipment.

Financial result

EUR k

	Q3 2012	Q3 2011	01 – 09 2012	01 – 09 2011
Financial income	334	318	962	964
Financial expenses	–3,056	–4,627	–9,655	–10,903
Other financial result	–235	1,765	–262	236
Financial result	**–2,957**	**–2,544**	**–8,955**	**–9,703**

Financial income relates mainly to temporary surplus cash invested in the context of active cash management. Changes in the fair value of interest rate swaps that do not satisfy the requirements for hedge accounting must be recognized as income according to IAS 39, which leads to unrealized gains and losses within the financial result.

Financial expenses include interest expenses for loans and overdrafts. The financial result also contains the interest component of pension contributions and the interest component of lease payments in accordance with IAS 17.

Other financial result primarily relates to gains or losses from measurement of borrowing and loans in foreign currency terms and measurement of financial assets and liabilities at the reporting date.

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. The expenditure required to set up reserves for warranty purposes is covered by this item as well. The cost of sales also includes non-capitalized research and development costs as well as 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 Seating Systems division is generally performed on a "design to market" basis, with the corresponding costs recognized accordingly. The costs of inventories until September 30, 2012, which are recognized as an expense in cost of sales, amounted to EUR 720,929 thousand (01 – 09 11: 672,590).

Selling expenses

Selling expenses involve all sales-related costs and primarily refer to costs incurred by the Sales, Advertising and Marketing departments as well as overheads allocable to these departments or activities. Freight, commissions and forwarding charges are also included in selling expenses.

Administrative expenses

Administrative expenses include all administrative expenditure which cannot be assigned directly to other functions, including expenditure for general administration, management and centralized departments. Other administrative expenses include income from exchange rate differences until September 30, 2012 in the amount of EUR 12,280 thousand (01 – 09 11: 11,877) and mainly relate to foreign exchange gains between the origination and settlement of foreign currency receivables and liabilities as well as foreign exchange gains resulting from measurement at the balance sheet date. Foreign exchange losses of EUR 11,543 thousand (01 – 09 11: 13,698) are also recognized under other administrative expenses.

Earnings per share

Basic earnings per share are calculated by dividing consolidated net income/net loss by the weighted average number of shares outstanding during the fiscal 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). Since GRAMMER Group has not issued any such financial instruments or entered into any such contracts, its basic and diluted earnings per share are identical.

	01 – 09 2012	01 – 09 2011
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	11,214,624	10,818,653
Consolidated net profit/loss (–) (in EUR thousand)	17,737	15,715
Basic/diluted earnings/loss (–) per share in EUR	1.58	1.45

On April 14, 2011, GRAMMER AG implemented a capital increase from authorized capital by way of an accelerated book-building procedure to place 1,049,515 new shares with qualified institutional investors in Germany and Europe. After conclusion of the capital increase, the share capital of the Company totals EUR 29,554,365.44 divided into 11,544,674 shares.

The new shares were placed at a price of EUR 18.20 per share for gross proceeds totaling EUR 19.1 million. In the period between April 14, 2011 and preparation of the consolidated financial statements, no further transactions have been concluded with ordinary shares or potential ordinary shares of the Company. No changes or further acquisitions of own shares have occurred as of September 30, 2012.

Intangible assets

Intangible assets include capitalized goodwill as well as capitalized development costs. In the period under review, EUR 1,366 thousand were invested in licenses, software and other intangible assets. Amortization costs totaled EUR 3,050 thousand (01 – 09 11: 2,380).

Property, plant and equipment

In the period until September 30, 2012, EUR 19,482 thousand were invested in property, plant and equipment. Depreciation in the same period totaled EUR 18,822 thousand (01 – 09 11: 17,615).

Inventories

The rise in inventories to EUR 118.1 million (2011: 104.0) is primarily attributable to the recovery of business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable

Total receivables of EUR 162.4 million (2011: 137.8) can be attributed to the structure of revenue development over the past several months. The fair values of trade receivables are equal to their carrying amount.

Other current financial assets

Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 54.0 million (2011: 54.1), as well as other receivables in the amount of EUR 6.5 million (2011: 3.8).

Other current assets

Other current assets of EUR 16.4 million (2011: 15.3) include other assets totaling EUR 14.3 million (2011: 13.4) as well as EUR 2.0 million (2011: 1.9) from accruals and deferrals. Other assets primarily comprise pass-through tax claims such as value added tax, receivables from employees and receivables due from creditors with debit balances.

Subscribed capital

As of December 31, 2011 and September 30, 2012, subscribed capital of GRAMMER Group amounted to EUR 29,554 thousand divided into 11,544,674 no-par value shares. All shares accord the same rights; shareholders have a right to payment of the defined dividend (with the exception of own shares) and may exercise one vote for each share at the Annual General Meeting.

Capital reserve

As of September 30, 2012, the capital reserve totaled EUR 74,444 thousand (2011: 74,444). The capital reserve includes the share premium from the capital increases in 1996, 2001 and 2011.

Revenue reserves

The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand on September 30, 2012 (2011: 1,183), and is not available for the payment of dividends.

Revenue reserves also reflect income earned in the past by the companies included in consolidation, provided such income was not paid out as dividends. Revenue reserves increased year-over-year from EUR 111,528 thousand to EUR 124,779 thousand as a result of the profit for the quarters.

Accumulated other comprehensive income

Accumulated other comprehensive income mainly comprises differences arising from the translation of the financial statements of foreign subsidiaries, the effects of cash flow hedges as well as adjustments from net investments in accordance with IAS 21 and the related deferred taxes.

Dividends

The Company distributes dividends in accordance with section 58 (2) AktG based on net profit in the financial statements of GRAMMER AG, which are prepared according to the German Commercial Code. GRAMMER AG posted net retained earnings of EUR 13.1 million on the reporting date December 31, 2011. This takes into account the loss of EUR 26.0 million carried forward, the withdrawal of EUR 24.8 million from other revenue reserves and net profit of EUR 14.3 million. During the current year, based on the resolution of the Annual General Meeting on May 23, 2012, GRAMMER AG distributed a dividend of EUR 0.40 per share for fiscal year 2011. In total, taking into account that the Company holds 330,050 own shares according no dividend rights, EUR 4.5 million was distributed from net retained earnings. The remaining EUR 8.6 million will be carried forward.

Own shares

As of September 30, 2012 and as of December 31, 2011, GRAMMER AG holds a total of 330,050 own shares, all of which were acquired in fiscal year 2006 for a total purchase price of EUR 7,441 thousand. These shares have a total value of EUR 844,928 and (post capital increase) represent 2.8589 % of share capital or (pre capital increase) 3.1448 % of share capital.

Authorizations

The Annual General Meeting on May 28, 2009 approved a conditional increase in share capital in the amount of EUR 13,434 thousand. The conditional capital increase will be carried out only to the extent that holders of options or conversion rights exercise their rights, or the bond holders who are under the obligation to convert their bonds or exercise their options comply with such obligations under bonds with warrants or convertible bonds issued or guaranteed by the Company until May 27, 2014 on the basis of the authorization given to the Executive Board, and provided no other forms of performance are implemented with respect to the condition (conditional capital 2009).

Moreover, the Annual General Meeting on May 26, 2011 also granted approval until May 25, 2016 for new authorized capital in the amount of EUR 14,777 thousand (authorized capital 2011). The Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or more than once by up to a total of EUR 14,777 thousand through the issue of shares against cash contribution and/or contribution in kind. A general shareholder subscription right applies to the new shares. The shares may also be underwritten by one or more banks subject to an obligation to offer them for subscription to shareholders. The Executive Board, however, shall have the right, upon approval of the Supervisory Board, to exclude shareholders' statutory subscription rights

a) if necessary to eliminate fractional amounts;

b) if the shares are issued against contribution in kind for the purpose of acquiring companies, parts of companies, or for the purpose of acquiring receivables payable by the Company;

c) if a capital increase made against a cash contribution does not exceed 10% of share capital and the issue price of the new shares is not substantially lower than the exchange price (section 186 (3) sentence 4 AktG); if use is made of the authorization in conjunction with an exclusion of shareholder rights in accordance with section 186 (3) sentence 4 AktG, the exclusion of subscription rights under other authorizations is to be taken into account pursuant to section 186 (3) sentence 4 AktG.

With the resolution on May 18, 2011, the Executive Board of GRAMMER AG declared its intent:

(1) to make no use of the authorization under the new section 5 (3) of the Articles of Association to increase the share capital of the Company against cash and/or contributions in kind with statutory subscription rights for shareholders during the term of the authorization if this would lead to issuance of an amount of shares in GRAMMER AG in excess of 30% of existing share capital;

(2) to limit use of the authorization to exclude shareholders' statutory subscription rights in the event that shares are issued against contributions in kind for the purpose of acquiring companies, parts of companies, or for the purpose of acquiring receivables by the Company during the term of the authorization to no more than 20% of the Company's existing share capital.

(3) to ensure that the sum of any capital increases from authorized capital excluding shareholder subscription rights during the term of the authorization does not exceed 20% of existing share capital.

Non-current liabilities
On August 22, 2011, GRAMMER AG issued a long-term debenture bond in the amount of EUR 60.0 million. The volume is distributed across three tranches with maturities of three, five and seven years. Simultaneously, a EUR 9.5 million tranche from an existing debenture bond entered early into prolongation. With this transaction, and a new global credit facility amounting to EUR 78.5 million until 2014, GRAMMER AG is taking a proactive approach to restructuring of the Group's existing financing. The transaction also replaced, already in September 2011, the previous syndicated loan agreement totaling EUR 110 million that was set to expire in March 2013. The new structure of the Group's financing serves to considerably align the maturities of its liabilities. At the same time, GRAMMER AG was able to improve the terms and conditions of financing in its favor, while expanding the creditor base. Non-current financial liabilities comprise a debenture bond with a total nominal value of EUR 60.0 million, featuring both fixed and variable rates of interest on tranches of three, five and seven years, as well as the remaining tranches of the debenture bond with a fixed interest rate of 4.8%. Of the total EUR 70.0 million nominal value of the debenture bond, EUR 60.5 million have been recognized in current financial liabilities, as the majority is payable at the end of August 2013.

Debts secured by mortgages and collateral pledged or assigned from fixed and current assets were eliminated through the debt restructuring. The increase in pension and other obligations to EUR 68.0 million (2011: 64.5) 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 totaling EUR 68.0 million are higher year-over-year (2011: 9.1). The increase results from recognition of EUR 60.5 million from the debenture bond with a fixed interest rate of 4.8%, which falls due at the end of August 2013. Our financing strategy takes into account these payment dates. Moreover, the global credit facility has been expanded from EUR 78.5 million to EUR 110 million and the maturity extended until mid-2015. Current financial liabilities include existing credit lines from bank overdrafts under the global credit facility, the majority of which bear interest at money market-based rates plus a fixed credit margin.

Other current liabilities of EUR 60.4 million are substantially higher than the prior-year level (2011: 49.6) as a result of business developments. This item consists primarily of social security obligations owed to social security authorities and liabilities to employees from outstanding leave, overtime, flextime etc. It also includes liabilities relating to value added tax. Income tax liabilities principally comprise income taxes for fiscal 2011 and the first nine months of 2012.

Provisions contain amounts allocated for risks from the sale of parts and products, including development. These primarily comprise warranty claims calculated on the basis of previous claims and estimated future claims. This item also includes provisions for rebates, bonuses etc. that must be granted based on legal or constructive obligations and are payable after the reporting date but caused by sales prior to the reporting date.

Other provisions contain obligations related to personnel 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 amounts.

Cash flow statement

The statement of cash flow 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 net profit before taxes, which is adjusted to include non-cash expenses (primarily depreciation and amortization) and income. Cash flow from operating activities is calculated under consideration of the change in working capital. Investing activities comprise payments for property, plant and equipment as well as investments in intangible assets and investment property. Financing activities include cash outflows for dividend payments and repayments of loans, as well as changes in other financial liabilities. At GRAMMER Group cash and cash equivalents consists of cash and short-term money market funds, less current account liabilities to banks.

Segment reporting

Segment information

For the purpose of management control, the Group is organized into operating segments by relevant products and services. The breakdown of segments is based on the corresponding internal organizational and reporting structure. The Group comprises two reportable segments:

The **Automotive** division is the segment involved in development and production of headrests, armrests and center console systems. The segment is a supplier to automotive OEMs, particularly in the luxury and premium segments, as well as their tier 1 suppliers.

In the **Seating Systems** division, the Company is a supplier to the commercial vehicle industry. Activities here involve the development and production of driver and passenger seats for trucks and driver seats for offroad equipment (agricultural machinery, construction machinery and forklifts), along with marketing of these to commercial vehicle manufacturers and in aftermarket sales. The division also develops and produces driver and passenger seats for bus and railway vehicle manufacturers and railway operators.

Corporate items and elimination of intragroup transactions are recognized under the heading "Central Services/Reconciliation".

The relevant information on the Group's operating segments can also be found in the Consolidated Financial Statements for the year ended December 31, 2011. The segment information is as follows:

Operating segments

EUR k

Fiscal year as of September 30, 2012	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	334,122	524,586	0	858,708
Inter-segment revenue	13,512	80	–13,592[1]	0
Total revenue	347,634	524,666	–13,592	858,708
Segment earnings (Operating profit)	18,865	21,354	–5,888	34,331

EUR k

Fiscal year as of September 30, 2011	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	303,263	507,140	0	810,403
Inter-segment revenue	19,110	924	–20,034[1]	0
Total revenue	322,373	508,064	–20,034	810,403
Segment earnings (Operating profit)	24,155	18,877	–7,016	36,016

[1] Sales to and income from other segments are strictly at arm's length.

Reconciliation

Reconciliation of the segment result (operating profit) with pre-tax profit is calculated as follows:

EUR k	01 – 09 2012	01 – 09 2011
Segment earnings (Operating profit)	40,219	43,032
Central Services	–3,515	–11,789
Eliminations	–2,373	4,773
Group earnings (Operating profit)	34,331	36,016
Financial result	–8,955	–9,703
Profit/loss (–) before income taxes	25,376	26,313

The item **Central Services** reflects areas centrally administrated by the Group headquarters. Transactions between the segments are eliminated in the reconciliation.

Related party disclosures

The following table details transactions with related parties as of September 30, 2012 and 2011:

EUR k Related parties		Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Jointly-controlled entities in which the parent is a venturer					
GRA-MAG Truck Interior Systems LLC	2012	1,505	0	13,909	42
	2011	968	0	11,014	0

Contingent liabilities

Guarantees in the amount of EUR 32 thousand are in place primarily for leased offices and as contract guarantees to ensure against breaches of contract as of September 30, 2012.

Changes to the Supervisory and Executive Board

Effective July 30, 2012, Mr. Horst Ott was appointed by the Amberg Local Court as a member of the Supervisory Board. He succeeds Mr. Joachim Bender, who left the Supervisory Board on June 30, 2012.

Effective October 1, 2012, the Supervisory Board of GRAMMER AG elected Mr. Volker Walprecht to succeed Mr. Ponnath.

Financial Calendar and Trade Fair Dates 2012[1]

Important dates for shareholders and analysts

Interim Report, third quarter 2012	11/07/2012

Important trade fair dates

METS 2012, Amsterdam, The Netherlands	11/13 – 11/15/2012
Bauma China 2012, Shanghai, China	11/27 – 11/30/2012

[1] All dates above are tentative and subject to change.

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