# INTERIM REPORT

January to June 2013

GRAMMER

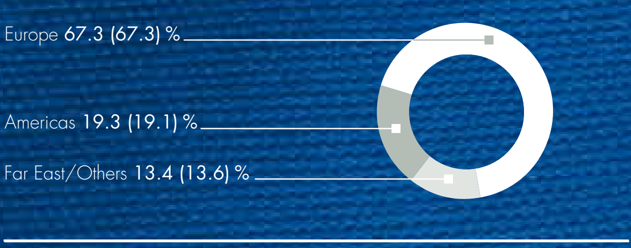
# Key Figures according to IFRS

in EUR m

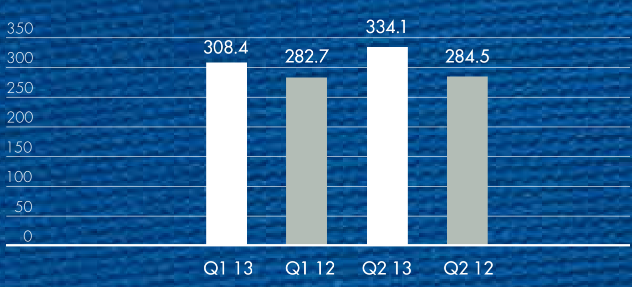
| | Q2 2013 | Q2 2012[1] | 01 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|---|---|
| Group revenue | 334.1 | 284.5 | 642.5 | 567.2 |
| Automotive revenue | 212.4 | 174.0 | 406.1 | 343.9 |
| Seating Systems revenue | 126.5 | 114.8 | 246.1 | 232.7 |
| Income statement | | | | |
| EBITDA | 24.5 | 19.2 | 46.6 | 38.8 |
| EBITDA-margin (in %) | 7.3 | 6.7 | 7.3 | 6.8 |
| EBIT | 16.3 | 12.0 | 30.1 | 24.3 |
| EBIT-margin (in %) | 4.9 | 4.2 | 4.7 | 4.3 |
| Profit/loss (–) before income taxes | 13.3 | 9.3 | 24.7 | 18.6 |
| Net profit/loss (–) | 9.3 | 5.3 | 17.3 | 13.3 |
| Statement of financial position | | | | |
| Total assets | 809.7 | 664.9 | 809.7 | 664.9 |
| Equity | 222.2 | 215.3 | 222.2 | 215.3 |
| Equity ratio (in %) | 27 | 32 | 27 | 32 |
| Net financial debt | 102.1 | 94.5 | 102.1 | 94.5 |
| Gearing (in %) | 46 | 44 | 46 | 44 |
| Investments (without acquisitions) | 8.3 | 6.6 | 15.5 | 14.4 |
| Depreciation and amortization | 8.2 | 7.2 | 16.5 | 14.4 |
| Employees (June 30) | | | 9,178 | 8,956 |
| Key share data | | | June 30, 2013 | June 30, 2012 |
| Share price (Xetra closing price, in EUR) | | | 23.77 | 13.78 |
| Number of shares | | | 11,544,674 | 11,544,674 |
| Market capitalization (in EUR m) | | | 274.4 | 159.1 |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

**Revenue by region** (previous year in brackets)




**Group revenue by quarter**[1] (in EUR m)




[1] adjusted prior-year figures

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.

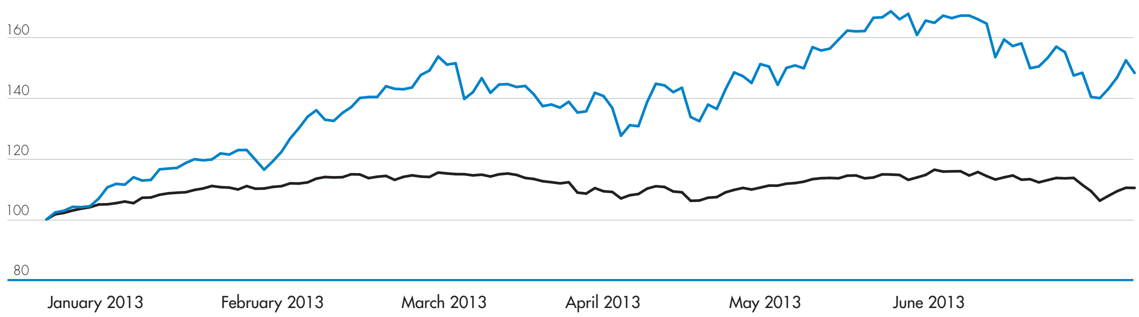
With more than 9,000 employees in 27 fully consolidated companies, GRAMMER has locations in 18 countries worldwide.

GRAMMER shares are listed in the SDAX, and traded 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 June 2013 (in %)




Closing price as of December 31, 2012 = 100 %

— GRAMMER AG — SDAX Performance Index

## DAX and SDAX

The international stock markets performed favorably in the first half of 2013, accompanied by very strong volatility. The accommodative monetary policy being pursued by many central banks is generating impetus. However, the still lingering sovereign debt crisis placed a damper on share prices.

The DAX closed at 7,959 points on June 28, 2013, up 4.6 % over the 2012 year-end close. The SDAX, in which GRAMMER is also listed, outperformed the DAX, closing the first half of the year at 5,795 points, up 10.4 % on the 2012 year-end close.

### GRAMMER share

GRAMMER entered 2013 with strong gains, hitting a high for the first quarter on March 5, 2013 and closing the quarter at EUR 24.63. This high was exceeded in the second quarter: after rising steadily, the GRAMMER share reached EUR 27.02 on May 21, 2013, an increase of more than 68 % over the 2012 year-end close. Unable to fully maintain this high level through the rest of the quarter, it closed the first half of the year at EUR 23.77 on June 28, 2013. The GRAMMER share advanced by a good 48 % from January through June 2013. As a result, it was one of the top performers in the SDAX, substantially outperforming both the DAX and the SDAX.

### Investor relations

GRAMMER AG held its annual general meeting in Amberg on June 5, 2013. The Executive Board provided the shareholders present at the annual general meeting with details of the GRAMMER Group's business performance in 2012 and offered an outlook of its strategic objectives. In an open exchange, the Executive Board answered the shareholders' questions. Thereupon, a large majority of shareholders ratified the actions of the Executive Board and the Supervisory Board and passed all the other resolutions on the agenda. Over 48 % of the voting-entitled capital was represented at GRAMMER AG's annual general meeting.

The Executive Board and GRAMMER's Investor Relations department also engaged in intensive communications at international capital market conferences such as Deutschlandkonferenz organized by Bankhaus Lampe and WGZ Bank's Small-Cap Conference. The Executive Board was available for open discussion at numerous roadshows and field trips including in London, Vienna and Geneva.

Financial reports, press releases, presentations and all other important information on the share are available permanently in the Investor Relations section of the GRAMMER AG website.

### Shareholder structure

With a share of 9.95 % of the voting capital (1,148,907 voting rights), Electra QMC Europe Development Capital Funds PLC in Dublin/Ireland, is GRAMMER AG's largest shareholder.

DWS Investment GmbH, Frankfurt am Main/Germany, remains the second largest shareholder with 5.18 % of the voting capital (597,500 voting rights).

Wynnefield Partners Small Cap Value L.P., New York/United States, holds 5.17 % (597,053 voting rights).

In May, JPMorgan Asset Management (UK) Limited in London/United Kingdom, disclosed that its share in GRAMMER AG's voting capital had exceeded the 3 % threshold on May 22, 2013, standing at 3.037 % (350,578 voting rights) as of that date.

Sterling Strategic Value Limited holds 3.01 % of the voting capital (348,054 voting rights).

Similarly, Dimensional Fund Advisors LP in Austin/United States, holds 3.01 % of the voting capital (347,021 voting rights).

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

# GRAMMER Group in the first half of 2013

## Continued growth in revenue and earnings versus previous year

In the first half of 2013, the GRAMMER Group achieved a substantial increase in revenue compared to the same period of the previous year. This was predominantly driven by the Automotive division and chiefly resulted from still upbeat economic conditions, new product launches and the additional revenue arising from the acquisition of nectec Automotive s.r.o. in February 2013. Consequently, cumulative Group revenue rose by around 13.3 % to EUR 642.5 million (01– 06 12: 567.2). Spurred by the recovery in the Brazilian market as well as the strong revenue performance, consolidated EBIT came to EUR 30.1 million, well up on the previous year (01 – 06 12: 24.3), translating into an operating margin of 4.7 % (01 – 06 12: 4.3 %) of revenue.

The second quarter of the year was also encouraging, with revenue rising 17.4 % to EUR 334.1 million (Q2 12: 284.5). Operating profit came to EUR 16.3 million due to the factors described above and thus exceeded the previous year's figure of EUR 12.0 million by 4.3 million or 35.8 %.

## Revenue and earnings

**Global economy gradually gaining momentum**

The positive economic trends emerging in the first quarter continued in the second quarter. Although growth is still muted, the economy as a whole has continued to stabilize. At the same time, uncertainty in the wake of the euro crisis continued to recede. As a result, pressure on the global stock markets subsided, causing share prices to rise.

The United States economy continued to grow, with gross domestic product rising again and the situation in the labor market stabilizing. Despite the tax hikes which came into effect at the beginning of the year, consumer spending remains strong. On the other hand, the savings ratio declined, while foreign trade also remained weak.

The Chinese economy is growing more slowly. After accelerating by 7.7 % in the first quarter of 2013, growth in gross domestic product continued to slow in the second quarter, with annualized growth coming to 7.5 %. This is the slowest rate of expansion for the Chinese economy in more than 20 years. However, this does not come as any surprise: the economic reforms are aimed at strengthening domestic demand at the expense of short-term growth.

The Japanese economy expanded marginally in the first half of the year, buoyed in particular by consumer spending and foreign trade. On the other hand, capital spending in the corporate sector continued to decline.

In India, the economy is losing momentum. The central bank cut the base rate to 7.25 % in May to spur the economy. This was the third rate cut this year, with further ones likely to follow.

The Eurozone is still mired in a recession. Gross domestic product also contracted in the first quarter. The instruments for stabilizing the financial markets are reducing uncertainties. However, impetus for the real economy failed to emerge in the first half of the year, with sales volumes remaining flat in the Eurozone. With the exception of Germany, consumer spending remains weak.

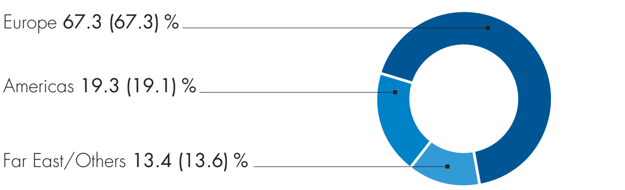
The German economy has stabilized after the wintry weather conditions at the beginning of the year prevented any rapid expansion for a long time. However, the pent-up demand has since been released, causing production to gain momentum. Consumer spending, which grew by 0.8 % in the normally weak first quarter, is spurring growth. High wage and salary increases and moderate inflation are boosting consumer spending.

*Note: In June 2012, the amendments to IAS 19 "Employee Benefits" was adopted for mandatory application in the EU. The changed standard is to be applied retroactively to financial statements for all years beginning on or after January 1, 2013. Additionally, GRAMMER Group began prospective application of the new IFRS 11 standard, which is mandatory for all fiscal years beginning after January 1, 2014, already starting January 1, 2013. The prior-year figures have been adjusted to reflect the effects from application of the standards.*

**Group revenue up substantially over the previous year again in the first half year**

Against this macroeconomic backdrop, Group revenue came to EUR 642.5 million as of June 30, 2013 (01 – 06 12: 567.2), an increase of EUR 75.3 million or 13.3 % over the same period of the previous year. Thus, the positive trend in revenues seen in the first quarter continued at an even higher rate of growth in the second quarter. Revenue was up in both divisions, although the main contribution to growth came from the Automotive division. As all regions contributed to the top-line growth in the first half of the year, the relative breakdown by region was virtually unchanged. In Europe, Group revenue rose by 13.3 % to EUR 432.6 million (01 – 06 12: 381.9). Overseas revenue grew by a slightly faster 14.5 % to EUR 123.9 million (01 – 06 12: 108.2) thanks to the robust US economy and the recovery in the Brazilian market. Revenue in the Far East/Others region expanded sharply by 11.5 % to EUR 86.0 million (01 – 06 12: 77.1).

Revenue by region (previous year in brackets)




in EUR m

| | 01 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|
| Europe | 432.6 | 381.9 |
| Americas | 123.9 | 108.2 |
| Far East/Others | 86.0 | 77.1 |
| Total | 642.5 | 567.2 |

[1] adjusted prior-year figures

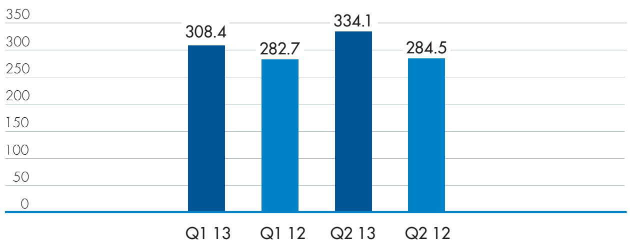
The growth rate for the Automotive division accelerated again over the previous quarter. The very strong revenue performance in Europe is due to the acquisition of nectec Automotive s.r.o., the launch of new products and the continued strong sales figures for vehicles in the premium segment. However, new registrations and exports continued to decline in Europe in the first half of the year. On the other hand, China recorded strong growth rates in new car registrations in the period under review. Overseas, the automotive markets in North and South America continued to grow, with GRAMMER benefiting from this in the form of rising revenue in this region.

In the Seating Systems division, demand was muted in the European truck market as well as in the construction machinery segment of the high-growth Chinese market, whereas expansion in Brazil was well up on the previous weak year. In the first half of the current year, revenue in the offroad market was stable, while the effects of the weak European truck market were compensated by new product launches, thus preventing these factors from directly feeding through to the top line. North and South America painted a very mixed picture. The US markets were characterized by a slight decline in the economic performance of the Seating Systems division's business segments. In Brazil, by contrast, the markets have continued to expand since January, resulting in substantial gains compared with the weak previous year. In Asia, revenue was slightly down over the previous year in the first six months of 2013.

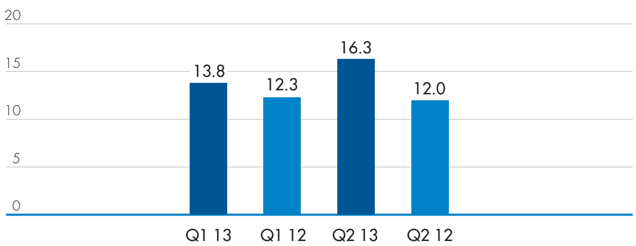
**Consolidated earnings continuing to grow**

Consolidated earnings before interest and taxes (EBIT) came to EUR 30.1 million in the first half of 2013, substantially higher than in the same period of the previous year (01 – 06 12: 24.3). In the first six months of the year, operating earnings were influenced by the strong revenue performance, the recovery in the Brazilian market, the cost of setting up facilities for the production of consoles in Beijing and the acquisition of nectec Automotive s.r.o. In some cases, raw material prices have risen in the course of the year in individual regions, reflecting economic conditions and the related demand. Mounting price pressure is particularly being seen with steel and oil-based products. In contrast to the previous year, exchange-rate fluctuation did not exert much influence.

Group revenue by quarter[1] (in EUR m)




Group EBIT by quarter[1] (in EUR m)




[1] adjusted prior-year figures

## Automotive division

**Underlying economic conditions burden automotive sector**

Unfavorable macroeconomic trends in Europe are placing a damper on the automotive sector. However, other automotive markets are continuing to grow.

In the United States, the light vehicles market expanded by a good 7% in the first six months to just under 7.8 million units. The passenger vehicle segment was less dynamic, with new registrations coming to 3.9 million (+4%) in the first six months.

In Brazil, the light vehicles market continued to expand. Growth came to 5% between January and June (1.7 million units). The suspension of the tax hike which had been originally planned is leaving favorable traces on the passenger vehicle market.

The Chinese passenger vehicle market is continuing to grow. Great increases (25% to 3.9 million vehicles) were recorded in the first quarter, with total new registrations standing at around 7.7 million (+21%) at the end of the first half. The government's policy of urbanizing the provinces is spurring demand for new vehicles. German automotive OEMs were able to widen their market share by 0.5% to a good 21% in the first half year.

In India, new registrations are continuing to decline. Between January and June, demand for passenger vehicles contracted by just under 10% to a good 1.3 million units. Consumer confidence is muted against the backdrop of the difficult macroeconomic situation. Borrowing costs remain high despite the cut in central bank rates.

The Japanese passenger vehicle market continued to shrink. New registrations came to a good 2.3 million (–8%) in the first six months of the year. This is still due to the steps taken by the Japanese government in the previous year to encourage the purchase of new vehicles, something which generated carry-forward effects.

The European car markets performed very disparately in the first six months of the year, with the large markets in particular continuing to shrink. Thus, France contracted by 11.2%, Italy by 10.3% and Spain by 4.9%. New vehicles registrations on the other hand were up again in the United Kingdom, rising by 10% year over year from January through June (1,163,623 units). New registrations in the European Union were down 6.6% in the first six months of the year (6,204,990 units).

New registrations in the German car market came to 1,502,630 in the first half of the year, down 8.1% on the same period of the previous year. In fact, a decline of as much as 17% was recorded in March. On the other hand, the number of new registrations in April exceeded the previous year's figure, increasing by 3.8% (284,444 vehicles). However, new registrations were lower in May (–9.9%) and June (–4.7%) compared with the previous year, thus dragging the first-half figures down.

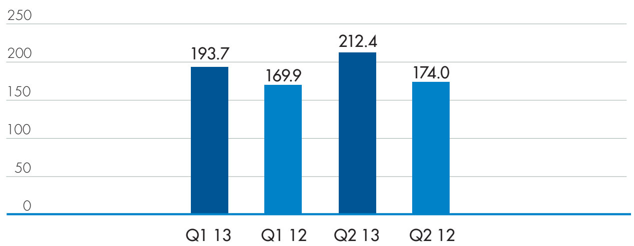
**Automotive business characterized by higher revenue**

In the period under review, the business performance of our Automotive division was characterized by revenue growth despite declining registration numbers; this was due to the new product launches in 2012, even stronger demand in China for premium vehicles and the acquisition of nectec Automotive s.r.o.

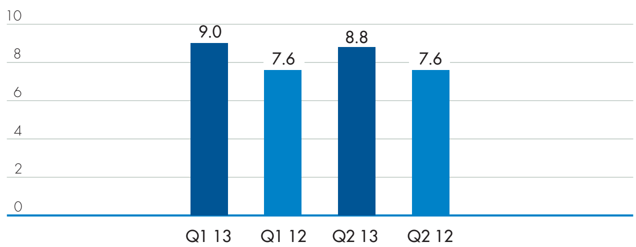
As of June 30, 2013, revenue was up a substantial 18.1% or EUR 62.2 million, totalling to EUR 406.1 million (01 – 06 12: 343.9). Thanks to the Group's positioning in the premium segment, which is still continuing to perform well, and the acquisition of nectec Automotive s.r.o., revenue in Europe rose substantially, thus bucking general market trends. Revenue was also up in China, driven by continued strong demand for premium and upper middle-class vehicles. In the NAFTA region, the high level already achieved was maintained on account of the robust US economy, while the automotive market in Brazil continued to recover slowly in the first half of the year. In the second quarter, revenue climbed even more by EUR 38.4 million or 22.1% to EUR 212.4 million (01 – 06 12: 174.0).

Driven by the factors outlined above as well as the establishment of new production facilities, operating earnings in the Automotive division came to EUR 17.8 million in the first six months of the year (01 – 06 12: 15.2). This translates into an EBIT margin for the first six months of the year of 4.4%, and therefore unchanged over the previous year (01 – 06 12: 4.4). In the second quarter, operating profit also rose slightly to EUR 8.8 million (Q2 12: 7.6). Persistent sourcing cost pressure and the advances in connection with the establishment of new facilities impacted earnings. However, the generally satisfactory business performance in the first half of the year testifies to the benefits of the clear product orientation with a greater mix of core products. However, the expected decline in passenger vehicle registrations in Europe, continued volatile exchange rate parities and fluctuation in the prices of raw materials will increasingly pose greater challenges for the Group.

Automotive revenue by quarter[1] (in EUR m)




Automotive EBIT by quarter[1] (in EUR m)




[1] adjusted prior-year figures

## Seating Systems division

**Market for commercial vehicles not getting off the ground**
Global commercial vehicle markets performed disparately. They were impacted by negative and positive underlying economic conditions depending on the region.

Sales of commercial vehicles are continuing to decline in the United States, with new registrations coming to 166,650 in the first six months of the year, equivalent to a decline of 4 % over the previous year. The heavy trucks segment in particular contracted sharply. In the first half year, 85,840 vehicles were sold, down 14 % on the year-ago period. By contrast, medium trucks rose by 9 % (80,810 units).

The Brazilian commercial vehicle market is gaining momentum. The decline in sales following the introduction of new emission standards now appears to have been overcome. Industrial production is rising. Financing is inexpensive. As a result, the market for medium and heavy trucks widened by 7 % to 71,394 units from January through June, driven in particular by the heavy truck segment. Sales of heavy trucks came to 49,344 units (+13 %) in January through June.

In the Chinese market, the contraction in the commercial vehicle market slowed, with over 3.0 million units (–4 %) sold in January through June. At the end of the first quarter of the year, this contraction had stood at 12 %. In fact, sales of trucks over 6 tons rose slightly, increasing 10 % (562,017 units) in the first half year due to carry-forward effects ahead of new emission rules.

New registrations in the Indian commercial vehicle market contracted again sharply, with 126,129 trucks over 3.5 tons sold between January and June, down 26 % compared with the same period in 2012.

Demand for commercial vehicles remains muted in the Western European markets. However, temporary relief arose in April, when sales of commercial vehicles were up 4 % on the same month in the previous year (132,429 units). At the end of the first half, growth rates were back in negative territory with a total of 823,093 commercial vehicles (–7 %) sold in the European Union in the first six months. Sales of heavy trucks slumped even more drastically by 11 % to 100,456 units.

The German commercial vehicle market contracted again in the second quarter. New registrations came to 118,218 units in the period from January through June, a decline of 9.7 % over the previous year. Sales in the heavy truck segment dropped 13 % to 37,040 units.

**Agricultural machinery industry**
14,380 new tractors were registered in Germany in the first five months of 2013, 9.7 % down on the same period of the previous year. Conditions in the German tractor market were muted at the beginning of 2013, with new registrations dropping by around 19 % to 3,559 units in March but rising by 18 % in April to 3,990 units. With 3,115 new registrations, the market remained unchanged over the previous year in May.

**Material handling**
According to a survey by industry association bbi (Bundesverband der Baumaschinen-, Baugeräte- und Industriemaschinenfirmen e. V.) of its member companies, sentiment in the industry remains upbeat, with companies in this sector expecting higher sales this year.

**Construction machinery**
The construction machinery industry is continuing to drift sideways. The impetus for the industry arising from bauma, the world's largest construction machinery fair, which was held in Munich in April this year, was less pronounced than expected.

**Railway industry**
The railway industry is continuing to perform well.

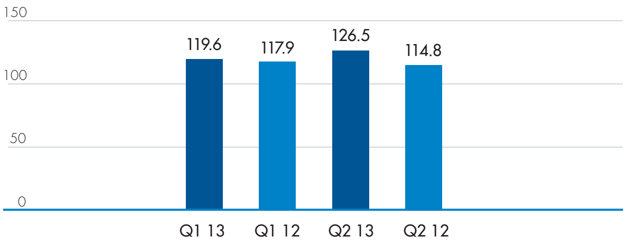
**Seating Systems business characterized by a disparate order situation**
GRAMMER's Seating Systems division also reported an increase in revenue over the previous year in the first half of 2013. Despite the general weakness afflicting the European market, the division's various product segments performed well thanks to the recovery in the Brazilian market, continuing to operate at a high level.

The upward trend seen in the first quarter continued with greater momentum in the second quarter of 2013. Thus, although offroad business was flat, it remained at a consistently high level against the backdrop of the current difficult market conditions. By contrast, revenue in the truck segment continued to rise, driven by the market recovery in Brazil as well as the effects of new product launches in Europe, which more than offset the general market weakness.

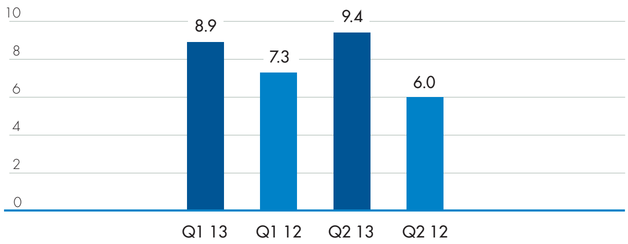
The railway segment had been awarded several major national and international contracts in 2012 and this buoyed revenue in the first half of 2013. As a result, revenue in January through June 2013 was substantially up on the previous year.

In total, revenue in the Seating Systems division came to EUR 246.1 million, 5.8 % higher than in the same period of the previous year (01 – 06 12: 232.7). The growth seen in the first quarter continued at an increased pace in the second quarter, with revenue rising by 10.2 % in the quarter to EUR 126.5 million (Q2 12: 114.8). Earnings also improved substantially over the previous year thanks to the top-line growth in Brazil and the reduction of costs which had arisen in connection with new product launches. Operating earnings rose from EUR 13.3 million to EUR 18.3 million, translating into an very satisfactory EBIT margin of 7.5 % in the period under review (01 – 06 12: 5.3 %).

Seating Systems revenue by quarter[1] (in EUR m)




Seating Systems EBIT by quarter[1] (in EUR m)




[1] adjusted prior-year figures

## Financial position

Note on accounting figures: 2012 = adjusted figures as of December 31, 2012

**Total assets up on the previous year due to funding and growth**

As of June 30, 2013, the GRAMMER Group had total assets of EUR 809.7 million (2012: 668.9). This is an increase of EUR 140.8 million compared to the end of 2012 and chiefly reflects higher cash and short-term deposits and trade accounts receivable and as well as the acquisition of nectec Automotive s.r.o. The increase in cash and short-term deposits is mainly due to the issue of a new debenture bond in the second quarter of 2013. The increase of EUR 19.9 million in non-current assets to EUR 286.7 million is particularly due to the acquisition of nectec Automotive s.r.o. Within this item, property, plant and equipment rose by EUR 6.9 million to EUR 173.1 million and intangible assets by EUR 15.2 million to EUR 72.1 million. The acquisition resulted in a preliminary addition of EUR 17.7 million to intangible assets including proportionate goodwill of EUR 3.8 million and patents and capitalized customer orders of EUR 13.9 million. Deferred taxes relate to the effects of pension revaluations in connection with the amendments to IAS 19 which were applied as of January 1, 2013.

Current assets climbed by EUR 121.0 million to EUR 523.1 million as a result of the increase in cash and short-term deposits as well as the higher revenue in the Automotive division and the acquisition of nectec Automotive s.r.o. Trade accounts receivable rose to EUR 185.0 million (2012: 140.9), with other current financial assets also increasing to EUR 82.6 million (2012: 64.2) due to growth in the Automotive segment. At EUR 109.7 million, inventories were only slightly up on the previous year (2012: 106.9). Cash and short-term deposits stood at EUR 125.4 million at the reporting date, were well above the previous year's figures (2012: 73.1) due to the issue of the debenture bond in the second quarter of 2013.

At EUR 222.2 million (2012: 213.1), the GRAMMER Group's equity was up on the previous year thanks to its positive business performance and now includes the actuarial losses on pensions, which are reported within equity in accordance with the revised IAS 19. The equity ratio came to around 27 %, down on the figure recorded as of December 31, 2012 (2012: 33), due to the balance sheet extension.

Non-current liabilities stand at EUR 293.1 million (2012: 199.5). This is higher than in the previous year and includes the pension provisions which have now been adjusted to include actuarial losses (EUR 25.8 million) following the abolition of the corridor method. Non-current financial liabilities rose by EUR 90.5 million to EUR 167.3 million (2012: 76.8) mainly as a result of the issue of the new debenture bond of EUR 73.5 million and the prolongation of the existing one of EUR 16.5 million.

Current liabilities climbed to EUR 294.4 million due to business performance and the acquisition of nectec Automotive s.r.o., although the current financial liabilities of EUR 60.2 million were well down on the previous year (2012: 72.8). This is due to the prolongation of part of the existing 2006 debenture bond of EUR 16.5 million and its resultant reclassification within non-current financial liabilities. The global credit facility of EUR 110 million expires in mid 2015. Gearing stands at 46 % (2012: 44).

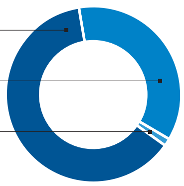
Business performance resulted in an increase in trade accounts payable of EUR 28.7 million to EUR 148.1 million and in other current liabilities of EUR 21.5 million to EUR 69.8 million. Accordingly, the balance sheet extension in total assets primarily caused by business operations was largely covered by liabilities arising in business operations. The balance sheet extension resulting from the issue of the new debenture bond will be reduced again due to the scheduled settlement of existing liabilities of EUR 44 million in the third quarter of 2013.

*Additional information on the recognised assets, equity and liabilities of the Group, as well as the effects of the accounting changes can be derived from the consolidated statement of financial position, the development of Group equity and the relevant explanations in the notes.*

**Capital spending focused on extension and optimization measures**

At EUR 8.3 million, capital spending by the GRAMMER Group was up on the previous year (Q2 12: 6.6). In the Seating Systems division, replacement and extension spending on property, plant and equipment in connection with production optimization came to EUR 1.5 million in the second quarter of the year (Q2 12: 2.9). Capital spending in the Automotive division totaled EUR 6.7 million (Q2 12: 3.5) and was mainly related to extensions to our production capacities and optimization of our production structures. Capital spending in the Central Services division was again distinctly restrained.

Investments by segments, January to June 2013 (previous year in brackets)




in EUR m

| | 01–06 2013 | 01–06 2012[1] |
|---|---|---|
| Automotive | 9.7 | 6.3 |
| Seating Systems | 5.6 | 7.7 |
| Central Services | 0.2 | 0.4 |
| Total | 15.5 | 14.4 |

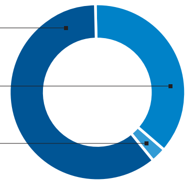
[1] adjusted prior-year figures

## Employees

As of June 30, 2013, the GRAMMER Group had a total of 9,178 employees (June 30, 2012: 8,956). The headcount in the Automotive division rose to 5,579 (June 30, 2012: 5,358); this figure includes 240 employees who have joined the Group as a result of the acquisition of nectec Automotive s.r.o. Otherwise, further direct recruiting continued at the non-domestic sites, particularly in Mexico and Brazil, for capacity reasons. As of June 30, 2013, the Seating Systems division had a total of 3,349 employees, more or less unchanged over the previous year (June 30, 2012: 3,356). The Central Services division had 250 employees (June 30, 2012: 242).

Although the number of employees has risen slightly in 2013 as a result of the acquisition of nectec Automotive s.r.o., in adjusted terms, efficiency gains and a lower staff cost ratio were achieved.

Employees by segments, June 30, 2013 (previous year in brackets)




as of June 30

| | 01–06 2013 | 01–06 2012[1] |
|---|---|---|
| Automotive | 5,579 | 5,358 |
| Seating Systems | 3,349 | 3,356 |
| Central Services | 250 | 242 |
| Total | 9,178 | 8,956 |

[1] adjusted prior-year figures

## Full-year outlook for 2013

**Global economic outlook**

The global economy is gradually gaining momentum. Although only moderate growth was achieved in the first half of the year, the underlying dynamics are intact. Accordingly, the individual economies are less susceptible to strain from the financial markets or an increase in oil prices. The expansive monetary and fiscal policies of the large emerging markets as well as the United States and Japan are spurring the economy. Even so, leading research institutes have adjusted their forecasts, with the Deutsches Institut für Wirtschaftsforschung (DIW) now expecting the global economy to grow by 3.2 % this year, down from its spring forecast of 3.4 %. The International Monetary Fund (IMF) has also modified its projections for the global economy. In the July update of its World Economic Outlook it forecast global economic growth of 3.1 %, 0.2 percentage points lower than its April figure.

Economic conditions are improving in the United States, with the situation in the labor market easing. This is being accompanied by ongoing reductions in consumer debt and an increase in disposable incomes. Consumer spending is one of the driving forces behind this favorable trend. On the other hand, the impending automatic budget cuts and the expiry of tax credits are exerting a burden. DIW continues to assume that the US economy will expand by 1.6 % this year, while the IMF has adjusted its forecast for this year by 0.2 percentage points downwards to 1.7 %.

In Brazil too, the economy has gained considerable momentum. Fiscal and monetary policies remain expansive, with capital spending expected to rise again this year. The FIFA World Cup taking place in 2014 is necessitating extensive infrastructure spending. DIW forecasts economic growth of 3.5 % and IMF 2.5 %.

Lower foreign demand will continue to exert pressure on the Chinese market. Consumer confidence and domestic demand are likely to remain weak. However, the slight increase in construction spending is generating impetus. DIW and the IMF have lowered their forecasts for the Chinese economy and are now looking for growth of 8.3 % and 7.8 %, respectively.

In India, the central bank is expected to cut interest rates again to spur the economy following the recent loss of momentum. DIW expects economic growth of 4.5 % this year, while the IMF forecasts 5.6 %.

The economic outlook for Japan is still open. Heavy public-sector debt is exerting a drag on economic growth, which is expected to come to 1.3 % (DIW) or 2.0 % (IMF) this year.

DIW forecasts an increase in exports in the Eurozone. At the same time, however, production will remain flat, with an increase in capital spending also not considered likely. Consequently, DIW expects the Eurozone economy to contract by 0.5 % this year. This marks a further downward adjustment in the DIW's forecast for the Eurozone. After previously expecting contraction of 0.2 percentage points, the IMF now assumes that the Eurozone economy will shrink by 0.6 %. It has also adjusted its forecast for Italy and France, for which it now projects contraction of 1.8 % and 0.2 %, respectively. The Spanish economy is still expected to shrink by 1.6 %.

Germany will achieve slight growth this year, one of the few European economies to do so. After a muted start to the year, not least of all due to weather conditions, DIW now considers the weak spell to have been overcome and is looking for growth of 0.4 %, 0.3 percentage points down on the previous forecast. The IMF has also corrected its outlook for Germany, cutting its figure by half to growth of 0.3 % this year.

## Automotive industry – outlook for 2013

**Global automotive industry continuing to grow – further decline in Western Europe**

The German Association of the Automotive Industry (VDA) still expects growth in the global automotive industry. Global new registrations should come to a good 70 million vehicles, up roughly 2 % on the previous year. Trends in the individual markets will be characterized by differing momentum and thrust.

The VDA assumes that the US market will continue expanding. This year, a total of a good 15 million light vehicles could be registered for the first time (+5 %).

After the sharp growth of the first two quarters, the Chinese passenger vehicles market will continue to expand sharply. This has prompted the VDA to revise its forecast, according to which new registrations of passenger vehicles in China should come to around 14.6 million (up 10 %).

On the other hand, there is no sign of any positive trends in India. Following the dramatic slump in May, the VDA now expects the Indian passenger vehicle market to contract by 3 % to just under 2.7 million vehicles this year.

The outlook for the European car markets remains mixed. According to the VDA, new registrations of passenger vehicles should come to a good 11 million in Western Europe this year, down 5 %. A more substantial drop is expected in the large European car markets: 6 % in Spain to 658,000 vehicles, 7 % in Italy to 1.3 million vehicles and 8 % in France to around 1.7 million vehicles. This year, the UK will be the only major European car market to grow, with the VDA forecasting an increase of 3 % (2.1 million units).

The VDA continues to expect contraction in the German car market of 6 % to 2.9 million new registrations this year. It sees ongoing uncertainty in the wake of the euro crisis, which is reflected in buyer restraint.

## Commercial vehicle industry – outlook for 2013

**Commercial vehicle industry painting a mixed picture**
The outlook for the commercial vehicle market varies according to the markets.

Following the declines in the US commercial vehicle market at the beginning of the year, the VDA expects it to continue drifting sideways this year. No notable changes are expected either in the medium trucks segment (151,000 units) or the heavy trucks segment (195,000 units) over the previous year.

In Brazil, upbeat macroeconomic conditions and inexpensive finance will help the market for trucks over 6 tons to expand this year. The VDA expects growth of 6% to 141,000 units in this segment.

In China, the heavy truck market will expand sharply this year, with the VDA projecting growth to just under 1 million units (+6%). It also forecasts growth of 6% in the Indian market for trucks over 3.5 tons.

The Western European markets for trucks over 6 tons will remain difficult throughout the rest of the year. The VDA expects sales of 227,000 units (–4%). Accordingly, sales will come to 40,000 units in France (–7%) and 12,000 units each in Italy (–2%) and Spain (–4%).

The German commercial vehicle market got off to a muted start to the year and has so far developed little momentum. However, as the Euro VI emission standard is taking effect in 2014, this may unleash carry-forward effects in the second half of the year. Judging by the ifo business confidence index, the expectations of German commercial vehicle OEMs are more optimistic than in earlier months. The VDA expects sales of 77,000 heavy trucks (–4%) this year. Total sales across all truck segments should come to 297,000 units (–5%).

**Agricultural machinery industry**
In its latest forecast, the German mechanical and industrial engineering association (Verband Deutscher Maschinen- und Anlagenbau – VDMA) assumes that the German agricultural machinery industry will not be able to repeat the previous year's strong business. It expects new tractor registrations of 35,000 in Germany this year, a decline of 3.5% over the previous strong year. 29,000 new registrations are forecast for tractors over 50 HP.

**Material handling**
According to industry association bbi (Bundesverband der Baumaschinen-, Baugeräte- und Industriemaschinenfirmen), companies in this sector are optimistic with regard to 2013 and are expecting 3% growth in business this year.

**Construction machinery**
VDMA no longer assumes that the sales achieved in the previous year can be repeated. China and India are falling short of expectations, while the outlook for Latin America and North America is mixed. The same thing applies to Europe, where business is strong in the North and weak in the South. On the other hand, the outlook for the Middle East is very favorable.

**Railway industry**
The railway industry hopes to be able to repeat the growth in business achieved in the previous year. According to a forecast by the German Railway Industry Association (VDB), the global market for railway equipment should expand by 2.7% per year through 2017.

**Automotive division – outlook for 2013**
Based on its business performance to date and current forecasts as well as the additional revenue resulting from the acquisition of nectec Automotive s.r.o., we expect revenue in the Automotive division to be appreciably up on the previous year in 2013. Following the release of new models, selected upper-class and premium vehicles are selling well. Overall, the new product launches which have commenced in the middle and upper-class segment will help to stabilize revenue over the next few months assuming that trends continue as planned. However, new registrations are declining in Western Europe and the OEMs' forecasts are generally not pointing to growth. Trends in the export and emerging markets remain difficult to forecast due to heightened volatility in orders and currencies, although the markets of key importance to GRAMMER – China and NAFTA – are continuing to perform well.

Operating profit in the Automotive division in 2013 will be influenced by expected revenue as well as trends in the commodity and currency markets. The planned additions to production capacity for new products will impact earnings. Assuming that new customer orders remain stable and go forward as planned, full-year operating profit should be slightly up on the previous year.

**Seating Systems division – outlook for 2013**
The strong order situation since the beginning of the year is currently still at a satisfactory level but will start to weaken for seasonal reasons in the third quarter. Within the Seating Systems division, revenue in the Offroad segment remains at a high level, albeit at a slower rate of growth than in the previous year. Truck business is falling in Europe, with demand in the United States now also only flat. On the other hand, conditions in the emerging markets, particularly Brazil, are picking up again. We will be able to compensate the effects of the current weak truck market in Europe thanks to market share gains and the recovery of the Brazilian market. We expect revenue in the Seating Systems division to generally remain stable in the second half of the year, meaning that the full-year figures should be slightly up on the previous year in 2013. Given the continued high revenue in the Offroad segment, still stable conditions in the sector, the recovery in the Brazilian truck market and reduced expenses for new product launches for trucks, we assume that earnings in the Seating Systems division will remain at their current good level, thus exceeding the previous year appreciably.

**GRAMMER Group – full-year outlook for 2013**
Revenue rose substantially in the first half of the year and signs for the third quarter are also mutedly favorable. However, customers are continuing to exert restraint with respect to specific forecasts and order levels remain highly volatile.

Full-year Group revenue is expected to be appreciably higher than in the previous year in 2013. The Group's business will continue to be impacted by truck seat production, new product launches, market conditions in South America and activities in China in 2013. On the basis of current trends and the underlying conditions described above, full-year earnings expectations for the current year are also guardedly optimistic; accordingly, earnings should be noticeably up on the previous year provided that no further risks emanate from the currency markets and economic conditions in the core market remain stable.

**Summary statement by the Executive Board**
Given the business situation in the first six months of 2013 and against the backdrop of current economic conditions in Europe, Asia and the United States, we still consider the GRAMMER Group's performance to be decidedly stable. Accordingly, we expect revenue and earnings at the Group level to be appreciably higher than in the previous year. We will continue to closely monitor possible risks arising from currency markets, the persistent euro crisis and trends in the global car and truck markets in an effort to cushion any downside effects on revenue and earnings.

**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, 2012, the facts described in the "Outlook" section of this report are currently relevant to the Company's situation. This section contains forward-looking statements reflecting the opinions of GRAMMER AG's management 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 uncertainty. Moreover, there is in particular an increased risk of price increases and insolvencies among our suppliers, which our purchasing department is attempting to mitigate through expanded monitoring activities and global sourcing. Trends in the European car and truck market also harbor further risks as conditions are generally expected to deteriorate. A deterioration in economic conditions in Europe, the United States and China could also drag down the previously stable markets. At this time, the Group is unable to 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 for financial reporting, the Consolidated Financial Statements/Interim Financial Statements present a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report renders a fair review 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.

Amberg, August 6, 2013

**GRAMMER AG**
The Executive Board

# Consolidated Statement of Income
# January 1 – June 30, 2013 (unaudited)

EUR k

| | Q2 2013 | Q2 2012 adjusted [1] | 01 – 06 2013 | 01 – 06 2012 adjusted [1] |
|---|---|---|---|---|
| Revenue | 334,098 | 284,508 | 642,455 | 567,175 |
| Cost of sales | –290,493 | –249,946 | –557,949 | –494,593 |
| **Gross profit** | **43,605** | **34,562** | **84,506** | **72,582** |
| Selling expenses | –6,883 | –6,882 | –13,167 | –13,196 |
| Administrative expenses | –23,010 | –17,758 | –44,674 | –38,891 |
| Other operating income | 2,582 | 2,115 | 3,443 | 3,841 |
| **Operating profit/loss (–)** | **16,294** | **12,037** | **30,108** | **24,336** |
| Financial income | 337 | 295 | 662 | 628 |
| Financial expenses | –2,903 | –3,233 | –5,960 | –6,295 |
| Other financial result | –470 | 152 | –133 | –27 |
| **Profit/loss (–) before income taxes** | **13,258** | **9,251** | **24,677** | **18,642** |
| Income taxes | –3,977 | –3,979 | –7,403 | –5,335 |
| **Net profit/loss (–)** | **9,281** | **5,272** | **17,274** | **13,307** |
| Of which attributable to: | | | | |
| Shareholders of the parent company | 9,331 | 5,253 | 17,300 | 13,254 |
| Non-controlling interests | –50 | 19 | –26 | 53 |
| | **9,281** | **5,272** | **17,274** | **13,307** |

## Earnings/loss (–) per share

| | 01 – 06 2013 | 01 – 06 2012 [1] |
|---|---|---|
| Basic/diluted earnings/loss (–) per share in EUR | 1.54 | 1.18 |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Consolidated Statement of Comprehensive Income
# January 1 – June 30, 2013 (unaudited)

EUR k

| | Q2 2013 | Q2 2012 adjusted [1] | 01 – 06 2013 | 01 – 06 2012 adjusted [1] |
|---|---|---|---|---|
| Net profit/loss (–) | 9,281 | 5,272 | 17,274 | 13,307 |
| Amounts not to be recycled in income in future periods | | | | |
| Actuarial Gains/Losses (–) from defined benefit plans | | | | |
| Gains/Losses (–) in the current period | 0 | 0 | 0 | 0 |
| Tax expenses (–)/Tax income | 0 | 0 | 0 | 0 |
| Actuarial Gains/Losses (–) from defined benefit plans (after tax) | 0 | 0 | 0 | 0 |
| Total amount not to be recycled in income in future periods | 0 | 0 | 0 | 0 |
| Amounts potentially recycled in income in future periods | | | | |
| Gains/Losses (–) from currency translation of foreign subsidiaries | | | | |
| Gains/Losses (–) arising in the current period | –1,210 | 2,877 | –3,266 | 2,022 |
| Less transfers recognized in the Income Statement | 0 | 0 | 0 | 0 |
| Tax expenses (–)/Tax income | 0 | 0 | 0 | 0 |
| Gains/Losses (–) from currency translation of foreign subsidiaries (after tax) | –1,210 | 2,877 | –3,266 | 2,022 |
| Gains/Losses (–) from cash flow hedges | | | | |
| Gains/Losses (–) arising in the current period | 699 | –704 | 898 | –996 |
| Less transfers recognized in the Income Statement | –13 | –92 | –57 | –127 |
| Tax expenses (–)/Tax income | –230 | 247 | –250 | 318 |
| Gains/Losses (–) from cash flow hedges (after tax) | 456 | –549 | 591 | –805 |
| Gains/Losses (–) from net investments in foreign operations | | | | |
| Gains/Losses (–) arising in the current period | –1,691 | 467 | 424 | 1,702 |
| 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) | –1,691 | 467 | 424 | 1,702 |
| Total amount to be potentially recycled in income in future periods | –2,445 | 2,795 | –2,251 | 2,919 |
| Adjustment other comprehensive income for the period | 0 | 210 | 0 | 210 |
| Other comprehensive income | –2,445 | 3,005 | –2,251 | 3,129 |
| Total comprehensive income (after tax) | 6,836 | 8,277 | 15,023 | 16,436 |
| Of which attributable to: | | | | |
| Shareholders of the parent company | 6,893 | 8,255 | 15,055 | 16,378 |
| Non-controlling interests | –57 | 22 | –32 | 58 |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Consolidated Statement of Financial Position as of June 30, 2013 (unaudited)

## ASSETS

EUR k

| | June 30, 2013 | December 31, 2012 adjusted [1] |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 173,102 | 166,204 |
| Intangible assets | 72,089 | 56,921 |
| Investments measured at equity | 129 | 0 |
| Other financial assets | 859 | 1,212 |
| Income tax assets | 57 | 57 |
| Deferred tax assets | 40,453 | 42,396 |
| | **286,689** | **266,790** |
| **Current assets** | | |
| Inventories | 109,697 | 106,900 |
| Trade accounts receivable | 184,980 | 140,857 |
| Other current financial assets | 82,556 | 64,151 |
| Short-term income tax assets | 3,937 | 2,298 |
| Cash and short-term deposits | 125,434 | 73,133 |
| Other current assets | 16,455 | 14,805 |
| | **523,059** | **402,144** |
| **Total assets** | **809,748** | **668,934** |

## EQUITY AND LIABILITIES

EUR k

| | June 30, 2013 | December 31, 2012 adjusted [1] |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 29,554 | 29,554 |
| Capital reserve | 74,444 | 74,444 |
| Own shares | –7,441 | –7,441 |
| Retained earnings | 143,245 | 131,552 |
| Accumulated other comprehensive income | –20,599 | –15,537 |
| **Equity attributable to shareholders of the parent company** | **219,203** | **212,572** |
| Non-controlling interests | 2,990 | 522 |
| **Total equity** | **222,193** | **213,094** |
| **Non-current liabilities** | | |
| Non-current financial liabilities | 167,322 | 76,778 |
| Trade accounts payable | 3,182 | 5,254 |
| Other financial liabilities | 3,826 | 2,549 |
| Retirement benefit obligations | 95,712 | 94,007 |
| Income tax liabilities | 571 | 571 |
| Deferred tax liabilities | 22,511 | 20,288 |
| | **293,124** | **199,447** |
| **Current liabilities** | | |
| Current financial liabilities | 60,248 | 72,822 |
| Current trade accounts payable | 144,862 | 114,105 |
| Other current financial liabilities | 3,580 | 9,334 |
| Other current liabilities | 69,835 | 48,301 |
| Current income tax liabilities | 4,540 | 2,197 |
| Provisions | 11,366 | 9,634 |
| | **294,431** | **256,393** |
| **Total liabilities** | **587,555** | **455,840** |
| **Total equity and liabilities** | **809,748** | **668,934** |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Consolidated Statement of Cash Flow
# January 1 – June 30, 2013 (unaudited)

EUR k

| | 01 – 06 2013 | 01 – 06 2012 adjusted[1] |
|---|---|---|
| **1. Cash flow from operating activities** | | |
| Profit/Loss (–) before income taxes | 24,677 | 18,642 |
| Non-cash items | | |
| Depreciation of property, plant and equipment | 13,112 | 12,384 |
| Amortization of intangible assets | 3,415 | 2,040 |
| Changes in provisions and pension provisions | 6,203 | 1,798 |
| Other non-cash changes | 5,949 | –2,056 |
| Changes in net working capital | | |
| Decrease/Increase (–) in trade accounts receivable and other receivables | –57,047 | –34,394 |
| Decrease/Increase (–) in inventories | –1,091 | –12,180 |
| Decrease/Increase (–) in other assets | –7,199 | 985 |
| Decrease (–)/Increase in accounts payable and other liabilities | 30,402 | 30,764 |
| Gains/Losses from disposal of assets | 20 | –259 |
| Income taxes paid | 0 | 0 |
| Cash flow from operating activities | **18,441** | **17,724** |
| **2. Cash flow from investing activities** | | |
| Purchases | | |
| Purchase of property, plant and equipment | –14,529 | –13,578 |
| Purchase of intangible assets | –973 | –862 |
| Purchase of financial investments | –310 | 0 |
| Aquisition of subsidiaries (less acquired cash) | –21,896 | 0 |
| Disposals | | |
| Disposal of property, plant and equipment | 1,175 | 909 |
| Disposal of intangible assets | 0 | 6 |
| Disposal of financial investments | 335 | 58 |
| Interest received | 662 | 628 |
| Government grants received | 1,567 | 699 |
| Cash flow from investing activities | **–33,969** | **–12,140** |
| **3. Cash flow from financing activities** | | |
| Dividend payments | –5,607 | –4,486 |
| Issue of new shares | 0 | 0 |
| Changes in non-current liabilities to banks | 88,154 | 104 |
| Changes in current liabilities to banks | –12,870 | 1,954 |
| Changes in lease liabilities | 1,972 | 2,110 |
| Interest paid | –4,195 | –5,463 |
| Cash flow from financing activities | **67,454** | **–5,781** |
| **4. Cash and cash equivalents at end of period** | | |
| Net changes in cash and cash equivalents (sub-total of items 1–3) | 51,926 | –197 |
| Change in scope of consolidation | –181 | –521 |
| Effects of exchanges rate differences of cash and cash equivalents | 0 | 0 |
| Cash and cash equivalents as of January 1 | 71,400 | 44,904 |
| Cash and cash equivalents as of June 30 | **123,145** | **44,186** |
| **5. Analysis of cash and cash equivalents** | | |
| Cash and short-term deposits | 125,434 | 47,258 |
| Change in scope of consolidation | –181 | –521 |
| Bank overdrafts | –2,108 | –2,551 |
| Cash and cash equivalents as of June 30 | **123,145** | **44,186** |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Consolidated Statement of Changes in Equity as of June 30, 2013 (unaudited)

EUR k

| | | | | | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Capital reserve | Revenue reserve | Own shares | Cash flow hedges | Currency translation | Net investments in foreign operations | Actuarial gains/ losses from defined benefit plans | Total | Non-controlling interests | Group equity |
| As of January 1, 2013 | 29,554 | 74,444 | 131,426 | –7,441 | –1,831 | 6,946 | –5,575 | 0 | 227,523 | 522 | 228,045 |
| Accounting method changes | 0 | 0 | 126 | 0 | 0 | –2,817 | 3,248 | –18,325 | –17,768 | 0 | –17,768 |
| As of January 1, 2013 adjusted [1] | 29,554 | 74,444 | 131,552 | –7,441 | –1,831 | 4,129 | –2,327 | –18,325 | 209,755 | 522 | 210,277 |
| Net profit/ loss (–) for the period | 0 | 0 | 17,300 | 0 | 0 | | 0 | 0 | 17,300 | –26 | 17,274 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 591 | –3,260 | 424 | 0 | –2,245 | –6 | –2,251 |
| Total comprehensive income | 0 | 0 | 17,300 | 0 | 591 | –3,260 | 424 | 0 | 15,055 | –32 | 15,023 |
| Dividends | 0 | 0 | –5,607 | 0 | 0 | 0 | 0 | 0 | –5,607 | 0 | –5,607 |
| Own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 2,500 |
| Sale of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As of June 30, 2013 | 29,554 | 74,444 | 143,245 | –7,441 | –1,240 | 869 | –1,903 | –18,325 | 219,203 | 2,990 | 222,193 |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Consolidated Statement of Changes in Equity as of June 30, 2012 (unaudited)

EUR k adjusted [1]

| | | | | | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Capital reserve | Revenue reserve | Own shares | Cash flow hedges | Currency translation | Net investments in foreign operations | Actuarial gains/losses from defined benefit plans | Total | Non-controlling interests | Group equity |
| As of January 1, 2012 | 29,554 | 74,444 | 111,528 | –7,441 | –662 | 9,939 | –6,671 | 0 | 210,691 | 474 | 211,165 |
| Accounting method changes | 0 | 0 | –4,417 | 0 | 0 | –2,608 | 3,076 | –3,849 | –7,798 | 0 | –7,798 |
| As of January 1, 2012 adjusted [1] | 29,554 | 74,444 | 107,111 | –7,441 | –662 | 7,331 | –3,595 | –3,849 | 202,893 | 474 | 203,367 |
| Net profit/loss (–) for the period | 0 | 0 | 12,396 | 0 | 0 | 0 | 0 | 0 | 12,396 | 53 | 12,449 |
| Net profit/loss (–) for the period adjusted [1] | 0 | 0 | 858 | 0 | 0 | 0 | 0 | 0 | 858 | 0 | 858 |
| Other comprehensive income | 0 | 0 | 210 | 0 | –805 | 2,017 | 1,702 | 0 | 3,124 | 5 | 3,129 |
| Total comprehensive income | 0 | 0 | 13,464 | 0 | –805 | 2,017 | 1,702 | 0 | 16,378 | 58 | 16,436 |
| Dividends | 0 | 0 | –4,486 | 0 | 0 | 0 | 0 | 0 | –4,486 | 0 | –4,486 |
| Own shares | 0 | 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 | 0 |
| Sale of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| As of June 30, 2012 | 29,554 | 74,444 | 116,089 | –7,441 | –1,467 | 9,348 | –1,893 | –3,849 | 214,785 | 540 | 215,325 |

[1] Prior-year figures were adjusted to reflect application of IFRS 11 and the amended version of IAS 19.

# Selected Notes to the GRAMMER AG Consolidated Statement of Income for the Period from January 1 to June 30, 2013 and the Consolidated Statement of Financial Position as of June 30, 2013 (unaudited)

**Principles and methods of accounting in the interim financial statements**

GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2012 and the present Interim Financial Statements for the period ended June 30, 2013 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 June 30, 2013, 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 2012. 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, 2013, 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, 2013. 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.

Adjustments of prior-year figures in the presentation of financial statements result, as in the 2012 Annual Report announced, from mandatory and prospective application of standards. The changes resulting from these standards produce material effects as described below.

**Amendments to IAS 19 Employee Benefits**

The IASB has comprehensively revised IAS 19. The implemented amendments range from fundamental changes, e. g. with respect to calculation of expected gains from plan assets and elimination of the corridor method, to simple clarifications and rewording. The amended version of IAS 19 was published in June 2011 and is applicable for the first time in the fiscal year beginning on or after January 1, 2013. The standard is to be applied retroactively. Since the Group formerly applied the now prohibited corridor method, in the future the provision amount will reflect the full extent of the pension commitments, with calculated actuarial gains and losses being fully recognized under other comprehensive income in the period when they occur. Furthermore, any offsetting of past service costs resulting from plan amendments is immediately recognized in net profit or loss for the period. Amortization over multiple years is no longer applied. This change in the new version of IAS 19, which is to be applied beginning January 1, 2013, means that calculated actuarial gains/losses are recognized upon initial application in equity. As shown in the following table, this resulted in major changes, which however are not realized. The changes are the result of the discount factor, the long-term mean for which has dropped to a very low level as a result of the euro crisis.

The retrospective effects of the changes are as follows:

Effects from amendments to IAS 19 on consolidated statement of financial position

| EUR k | Dec. 31, 12 | Dec. 31, 12[1] |
|---|---|---|
| Retirement benefit obligations | 68,175 | 94,007 |
| Equity | 228,045 | 209,720 |

[1] adjusted prior-year figures

Effects from amendments to IAS 19 on consolidated statement of financial position

| EUR k | Dec. 31, 12 | Jan. 1, 12 |
|---|---|---|
| Expenses recognized in other comprehensive income | –14,499 | –3,849 |
| Changes in deferred taxes | 5,939 | 1,545 |
| Net addition to retirement benefit obligations | 20,438 | 5,394 |

The following effects would have resulted in the Consolidated Financial Statements as of December 31, 2012 if the previous version of IAS 19 were applied:

Effects from non-amendments to IAS 19 on consolidated statement of financial position

| EUR k | Dec. 31, 12 |
|---|---|
| Equity | +18,325 |
| Changes in deferred taxes | –7,507 |
| Reductions in retirement benefit obligations | –25,832 |

### Application IFRS 13
In May 2011, the IASB published IFRS 13 Fair Value Measurement, which brings together the various rules about fair value measurement, which were previously defined in separate standards, into a single standard. IFRS 13 is to be prospectively applied fiscal years starting on or after January 1, 2013. No material effects on valuations of assets and liabilities have resulted from initial application. The changes primarily affect the notes to the consolidated financial statements. In the future, the information on market values of financial instruments as well as their classification, previously reportable on an annual basis, must also be included in interim reporting.

### IFRS 10 Consolidated Financial Statements
IFRS 10 was published in May 2011 and is applicable for the first time in the fiscal year starting on or after January 1, 2014. The new standard replaces the previous IAS 27 Consolidated and Separate Financial Statements as well as interpretation SIC 12 Consolidation – Special Purpose Entities. IFRS 10 defines a uniform control concept, which is applicable to all companies, including special purpose entities. The changes under IFRS 10 necessitate considerably more discretionary scope on the part of the management compared to the previous framework with respect to the issue of which companies are controlled and, thus, whether or not they are to be fully consolidated in the Group's financial statements. The provisions of IFRS 10 have been prospectively applied, in combination with prospective application of IFRS 11 and IFRS 12, beginning January 1, 2013. The Group expects no changes to the scope of consolidation from prospective application standard beyond a clarification of the companies included in consolidation and the nature of the control exercised over those companies.

### IFRS 11 Joint Arrangements
IFRS 11 was published in May 2011 and is applicable for the first time in the fiscal year starting on or after January 1, 2014. Prospective application of the new standard is permissible. The standard replaces IAS 31 Interests in Joint Ventures and interpretation SIC 13 Jointly Controlled Entities – Nonmonetary Contributions by Venturers. IFRS 11 eliminates the option to account for jointly controlled entities using proportionate consolidation. In the future, these entities must be accounted for at equity in the consolidated financial statements. The Group has opted for prospective application beginning with the fiscal year starting January 1, 2013. Application of the new standard will impact the net assets of the Group because jointly controlled entities which were previously proportionately consolidated, i.e. whose assets and liabilities were included on a pro rata basis in the financial statements, must now be accounted for using the at equity method.

The Group has determined that consolidation of jointly-controlled company GRA-MAG based on application and careful examination of the rules of IFRS 11 will change from proportional consolidation to "at equity" consolidation and these changes will be reported in the quarterly financial statements.

The changes resulting from application of the standard are as follows:

At the January 1, 2013 reporting date, the proportionately consolidated assets and liabilities were eliminated and the balance recognized under the item "at equity".

EUR k

| Assets | Dec. 31, 12 | Jan. 1, 13 |
|---|---|---|
| Non-current assets | 267,110 | 259,283 |
| Current assets | 402,326 | 402,144 |
| Net assets | 669,436 | 661,427 |

EUR k

| Liabilities | Dec. 31, 12 | Jan. 1, 13 |
|---|---|---|
| Equity | 228,045 | 231,419 |
| Non-current liabilities | 180,855 | 173,615 |
| Current liabilities | 260,536 | 256,393 |
| Total liabilities | 441,391 | 430,008 |
| Net assets | 669,436 | 661,427 |

As a result of the change, the Group's equity position has been positively impacted, as the joint venture had previously contributed negative equity through proportionate consolidation of its assets and liabilities; no negative value is possible under the equity method. The proportionately consolidated income and expenditures reported in the 2012 Annual Report (see Note 4) have been eliminated.

### IFRS 12 Disclosures of Interests in Other Entities
IFRS 12 was published in May 2011 and is applicable for the first time in the fiscal year starting on or after January 1, 2014. The standard combines the disclosure requirements for group accounting and consolidates information for subsidiaries, as previously governed by IAS 27, and for joint arrangements and associates, as previously by IAS 31 and IAS 28, as well as for structured entities into one comprehensive disclosure standard. Given that the new standard sets forth new disclosure requirement in addition to the existing explanatory requirements, Group reporting on such interests will have an expanded scope in the future. The Group has opted for prospective application of IFRS 12 beginning with the fiscal year starting January 1, 2013.

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 initial six months of 2013 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 June 30, 2013, 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, 2012. These principles and methods are described in detail in the Notes to the 2012 Consolidated Financial Statements, which were published in their entirety in the 2012 Annual Report. Additionally, the above-described standards were applied.

**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 21 foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IAS 27. Two further companies are consolidated "at equity" in accordance with IFRS 11. GRAMMER AG holds 50% of the voting rights of the joint venture GRA-MAG. The joint venture NingBo Jifeng acquired through the takeover of nectec Automotive s.r.o. is also included "at equity" in the consolidated financial statements. All intragroup transactions, balances and liabilities are eliminated in the course of consolidation. The uniform reporting date for all of the consolidated companies is June 30, 2013.

**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 profit or loss. 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 that 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 balance sheet. 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 – 06 2013 | 01 – 06 2012 | June 30, 2013 | June 30, 2012 |
| Brazil | BRL | 0.372 | 0.413 | 0.346 | 0.388 |
| China | CNY | 0.123 | 0.122 | 0.125 | 0.125 |
| United Kingdom | GBP | 1.179 | 1.214 | 1.167 | 1.239 |
| Japan | JPY | 0.008 | 0.010 | 0.008 | 0.010 |
| Mexico | MXN | 0.060 | 0.058 | 0.059 | 0.059 |
| Poland | PLN | 0.238 | 0.235 | 0.231 | 0.235 |
| Czech Republic | CZK | 0.039 | 0.040 | 0.039 | 0.039 |
| Turkey | TRY | 0.418 | 0.427 | 0.397 | 0.438 |
| USA | USD | 0.762 | 0.769 | 0.765 | 0.794 |

**Business combination**

On December 10, 2012, GRAMMER AG concluded a deal for the takeover of nectec Automotive s.r.o., under which GRAMMER acquired 100% of this share capital from Fehrer Group. The transaction, which was subject to approval by antitrust authorities, received approval in February 2013. GRAMMER AG acquired nectec Automotive s.r.o. on February 21, 2013. Together with the takeover of loan obligations in the amount of EUR 4.0 million, the purchase price totaled EUR 22.1 million, and included the acquisition of cash in the amount of EUR 0.2 million. No contingent considerations or compensation claims are tied to the deal. The acquired company is being integrated into the Automotive division. Inclusion in the scope of consolidation begins on February, 1, 2013.

Nectec Automotive s.r.o. develops and produces headrests primarily for the premium car market. The company was founded in 2008 by Fehrer Group, and grew rapidly to become one of the leading suppliers of headrests in Europe. nectec Automotive s.r.o.'s headquarters and production facilities are located in Ceska Lipa, Czech Republic. In total, the company employs roughly 240 people and generated revenue of slightly more than EUR 35.8 million in fiscal year 2012. As part of the deal, GRAMMER also acquires the 50% stake held by nectec Automotive s.r.o. in a joint venture with Chinese automotive supplier NingBo Jifeng. nectec Automotive s.r.o.'s product range, customer base and production location make it an ideal fit with GRAMMER's existing structure. With the takeover, the Group further strengthens its most potent revenue generating segment and bolsters the market position of the Company for headrests in Europe. At the same time, the integration of nectec Automotive s.r.o. expands GRAMMER's competence in the area of active headrest technologies, resulting in an even larger spectrum of innovative products. The acquired plant provides additional production space that GRAMMER needs for the further growth of its activities.

The costs for the acquired net assets of nectec Automotive s.r.o. totaled EUR 18.1 million. In conjunction with the deal, costs in the amount of EUR 145 thousand have been recognized under administrative costs in the income statement in 2013.

The acquired net assets comprised the following at the acquisition date:

EUR k

| | Fair value at acquisition |
|---|---|
| **Assets** | |
| Property, plant and equipment | 8,194 |
| Intangible assets | 13,906 |
| Financial assets | 131 |
| Inventories | 1,706 |
| Trade accounts receivable | 4,499 |
| Other current financial assets | 1,149 |
| Cash and short-term deposits | 214 |
| Accruals/deferrals | 427 |
| | **30,227** |
| **Liabilities** | |
| Provisions | –2,598 |
| Non-current financial liabilities | –2,390 |
| Current financial liabilities | –4,101 |
| Current trade accounts payable | –5,963 |
| Other current liabilities | –443 |
| Accruals/deferrals | –426 |
| | **–15,921** |
| **Total fair value of identifiable net assets** | **14,306** |
| Goodwill from company acquisition | 3,774 |
| **Consideration paid** | **18,080** |
| **Cash outflow from company acquisition** | |
| Cash acquired from new subsidiary | 214 |
| Cash outflow | –18,080 |
| **Total cash outflow from company acquisition** | **–17,866** |

All acquired assets and liabilities were recognized at fair value on the date of acquisition. Additional intangible assets (customer contracts and similar rights) not included in the balance sheets of the acquired companies have also been recognized. Associated deferred taxes are included in the consolidated statement of financial position. For measurement of customer contracts, the multi-period excess earnings method was used. There are no significant deviations between the gross and net asset values of the liabilities. There are also no minority interests. The fair value of the acquired net assets results in non-depreciable goodwill of EUR 3,774 thousand. In accordance with IFRS 3, no amortization of goodwill will be applied. The goodwill will be determined by growth potential resulting from the takeover. In the absence of a conclusive valuation, the values applied in this interim report are preliminary. For instance, the Group may expand and solidify its relationship with existing customers as well as directly enhancing its offering with additional components. The Group has strengthened its market position in Automotive business in the key regions of Europe and China.

In the current reporting period since the acquisition date nectec Automotive s.r.o. has generated revenue of EUR 18,406 thousand and contributed after-tax profit of EUR 343 thousand.

### Revenue

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

EUR k

| | Q2 2013 | Q2 2012[1] | 01 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|---|---|
| Gross revenue | 335,133 | 285,683 | 644,397 | 569,415 |
| Sales deductions | –1,035 | –1,175 | –1,942 | –2,240 |
| **Net revenue** | **334,098** | **284,508** | **642,455** | **567,175** |

[1] adjusted prior-year figures

Revenue of EUR 642,455 thousand up to June 30, 2013 includes contract revenue of EUR 31,254 thousand (01 – 06 12: 11,952) 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 3,443 thousand as of June 30, 2013 (01 – 06 12: 3,841) 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

| | Q2 2013 | Q2 2012[1] | 01 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|---|---|
| Financial income | 337 | 295 | 662 | 628 |
| Financial expenses | –2,903 | –3,233 | –5,960 | –6,295 |
| Other financial result | –470 | 152 | –133 | –27 |
| **Financial result** | **–3,036** | **–2,786** | **–5,431** | **–5,694** |

[1] adjusted prior-year figures

Financial income chiefly comprises surpluses from active cash management which are deposited in short-term investments. Changes in the fair value of interest rate swaps which do not qualify for hedge accounting must be recorded through profit and loss in accordance with IAS 39, resulting in unrealized expenses and income within the financial result.

Financial expenses include the corresponding interest expense on loans and current-account facilities. They also include additions to retirement benefits and the interest component of lease payments in accordance with IAS 17.

Other financial result mainly comprises gains and losses from the currency translation of borrowings and loans as well as from the 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 June 30, 2013, which are recognized as an expense in cost of sales, amounted to EUR 531,070 thousand (01 – 06 12: 473,826).

**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 June 30, 2013 in the amount of EUR 7,827 thousand (01 – 06 12: 8,992) 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 amounting to EUR 7,482 thousand (01 – 06 12: 7,541) 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 nominal 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 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|
| Weighted average number of no-par value shares used to calculate basic/diluted earnings per share | 11,214,624 | 11,214,624 |
| Consolidated net profit/loss (–) (in EUR k) | 17,300 | 13,254 |
| Basic/diluted earnings/loss (–) per share in EUR | 1.54 | 1.18 |

[1] adjusted prior-year figures

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 the preparation of the consolidated annual 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 occurred as of June 30, 2013.

**Intangible assets**
Intangible assets include capitalized goodwill, which came to EUR 3,774 thousand in the first quarter of 2013 as a result of the acquisition, as well as capitalized development expenses. In the period under review, a sum of EUR 973 thousand was spent on licenses, software and other intangible assets. Amortization expense came to EUR 3,415 thousand (01 – 06 12: 2,040).

**Property, plant and equipment**
Capital spending on property, plant and equipment came to EUR 14,529 thousand in the year to June 30, 2013. Depreciation expense equaled EUR 13,112 thousand in the same period (01 – 06 12: 12,384).

**Investments measured at equity**
The GRAMMER Group early adopted as of January 1, 2013 the new IFRS 11 standard, which must be applied to financial statements for accounting periods commencing after January 1, 2014. This resulted in a change in the recognition of the joint venture GRA-MAG, which is now required to be reported "at equity" and no longer consolidated on a proportionate basis.

Investments measured at equity are valued at EUR 129 thousand (2012: 0) and include the joint venture NingBo Jifeng, which was obtained via the acquisition of nectec Automotive s.r.o. GRA-MAG is not recorded in the balance sheet due to its negative equity.

EUR k

| | GRA-MAG | NingBo Jifeng |
|---|---|---|
| June 30, 2013 | | |
| Percentage stake | 50 % | 50 % |
| At Equity carrying amount | 0 | 129 |
| At Equity result (first half year 2013) | –856 | 0 |
| June 30, 2012 | | |
| Percentage stake | 50% | |
| At Equity carrying amount | 0 | |
| At Equity result (first half year 2012) | –859 | |

### Inventories
The only slight increase in inventories to EUR 109.7 million (2012: 106.9) despite the acquisition primarily reflects efforts to minimize the volume of capital tied up in inventories. All inventories are reported at cost. No significant fair-value impairments were recorded.

### Trade accounts receivable
The receivables of EUR 185.0 million (2012: 140.9) reflect the structure of the revenue generated in the last few months. The fair value of the trade receivables matches their carrying amounts.

### Other current financial assets
Other current financial assets chiefly comprise receivables from construction contracts of EUR 71.0 million (2012: 54.6) and other receivables of EUR 11.6 million (2012: 9.6).

### Other current assets
Other current assets of EUR 16.5 million (2012: 14.8) include other assets of EUR 13.5 million (2012: 13.2) and prepaid expenses of EUR 3.0 million (2012: 1.6). Other assets mainly comprise pass-though taxes such as valued added tax, receivables from employees and receivables from creditors with a debit balance.

### Subscribed capital
As of December 31, 2012 and June 30, 2013, 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 June 30, 2013, the capital reserve totaled EUR 74,444 thousand (2012: 74,444). The capital reserve includes share premiums from the capital increases in 1996, 2001 and 2011.

### Revenue reserves
The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand on June 30, 2013 (2012: 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 on June 30, 2013 increased year-over-year from EUR 131,552 thousand to EUR 143,245 thousand as a result of the profit for quarters.

### Accumulated other comprehensive income
Accumulated other comprehensive income mainly comprises the differences recorded within equity resulting from currency translation of the financial statements of foreign subsidiaries, the effects of cash flow hedges and adjustments to net investments in accordance with IAS 21 including related deferred taxes. In addition, retained earnings include changes arising from the application of the new guidance in IAS 19 with respect to actuarial losses.

### Dividends
The GRAMMER Group distributes dividends pursuant to section 58 (2) AktG based on the net profit in the annual financial statements prepared by GRAMMER AG in accordance with the German Commercial Code. GRAMMER AG posted an net profit of EUR 15.4 million as of December 31, 2012. This includes the profit carried forward of EUR 8.6 million, the allocation of EUR 6.8 million to other revenue reserves and net profit of EUR 13.6 million. In accordance with the resolution passed at the annual general meeting on June 5, 2013, GRAMMER AG distributed a dividend of EUR 0.50 per share for the 2012 fiscal year. Excluding 330,050 own shares, on which no dividend is payable, the total distribution stood at EUR 5.6 million (2012: 4.5). The balance of EUR 9.8 million was carried forward.

### Own shares
As of June 30, 2013 and as of December 31, 2012, 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 represent 2.8589 % 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 guaran-

teed 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 payable 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**
Non-current liabilities stand at EUR 167.3 million (2012: 76.8). They mainly comprise a debenture bond with a total nominal value of EUR 60.0 million with both fixed and floating interest rates on tranches of three, five and seven years, a KfW loan of EUR 6.3 million and the renewed portion of the 2011 debenture bond of EUR 9.5 million.

In addition, GRAMMER AG issued a new debenture bond in May 2013 with a total nominal value of EUR 73.5 million and a renewed part of the 2006 debenture bond in an amount of EUR 16.5 million. This resulted in a reclassification of current financial liabilities to non-current financial liabilities. The new debenture bond comprises four tranches of up to six years with both fixed and floating interest rates.

**Retirement benefit obligations**
Provisions for retirement benefit obligations are calculated on the basis of benefit plans for the provision of old-age, invalidity and surviving dependents benefits. The benefits provided by the Group vary according to the legal, tax and economic situation in the individual countries and generally depend on the employees' service period and remuneration. Pensions in the Group are based on defined benefit plans. Retirement benefits and similar obligations are valued at EUR 95.7 million (2012: 94.0) following the adoption of the revised standard IAS 19.

Retirement benefit expense for the interim period is calculated during the year on the basis of a preliminary estimate derived from the previous year's report, which is adjusted to allow for significant material events.

**Current liabilities**
Current financial liabilities come to a total of EUR 60.2 million and are therefore well below the previous year (2012: 72.8). This item includes the current portion of the debenture bond of EUR 44.0 million, which is subject to a fixed interest rate of 4.8% and repayable at the end of August 2013. These maturities are already factored into our funding strategy. The existing 2006 debenture bond has been renewed in an amount of EUR 16.5 million and therefore reclassified as a non-current financial liability. In addition, the global credit facility was increased from EUR 78.5 million to EUR 110 million and renewed 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**
Other current liabilities stand at EUR 69.8 million and are substantially up on the previous year (2012: 48.3) for business reasons. They chiefly comprise liabilities due to social security funds, liabilities to employees arising from unused vacation entitlement, overtime, flexible working hours or the like as well as valued added tax liabilities. Income tax liabilities primarily comprise income tax for 2012 and the first six months of 2013.

### Provisions

Provisions are made up of amounts set side for risks arising from the sale of parts and products including development. These are chiefly warranty claims calculated on the basis of past and estimated future claims. Provisions are also set aside for legal or constructive obligations to grant discounts, bonuses or the like arising after the reporting date but caused by revenue generated prior to the reporting date.

Provisions also include personnel and social benefit obligations such as partial retirement schemes and long-service bonuses as well as a large number of discernible risks and contingent liabilities such as 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 and 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.

### Additional information on financial instruments

The following table shows the fair value as well as the carrying amounts of financial assets and liabilities:

EUR k

| | Classification under IAS 39 | Carrying amount June 30, 2013 | Fair Value June 30, 2013 | Carrying amount Dec. 31, 2012 adjusted [1] | Fair Value Dec. 31, 2012 adjusted [1] |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and short-term deposits | LaR | 125,434 | 125,434 | 73,133 | 73,133 |
| Trade accounts receivable | LaR | 184,981 | 184,981 | 140,857 | 140,857 |
| Other financial assets | | | | | |
| Loans and receivables | LaR | 11,942 | 11,942 | 9,998 | 9,998 |
| Receivables from construction contracts | LaR | 70,996 | 70,996 | 54,550 | 54,550 |
| Financial assets available for sale | AfS | 477 | 477 | 800 | 800 |
| Financial assets held for trading | FAHfT | 0 | 0 | 15 | 15 |
| Derivatives (hedging instruments) | n.a. | 0 | 0 | 0 | 0 |
| **Liabilities** | | | | | |
| Trade accounts payable | FLAC | 148,044 | 148,044 | 119,359 | 120,867 |
| Current and non-current financial liabilities | FLAC | 227,570 | 227,570 | 149,600 | 155,117 |
| Other financial liabilities | | | | | |
| Other financial liabilities | FLAC | 534 | 534 | 6,131 | 6,131 |
| Liabilities from financial leases | n.a. | 5,164 | 5,164 | 3,192 | 3,192 |
| Derivatives (non-hedging instruments) | FLHfT | 0 | 0 | 0 | 0 |
| Derivatives (hedging instruments) | n.a. | 1,708 | 1,708 | 2,560 | 2,560 |
| **Aggregated by valuation class pursuant to IAS 39** | | | | | |
| Loans and receivables | LaR | 393,353 | 393,353 | 278,538 | 278,538 |
| Financial assets available for sale | AfS | 477 | 477 | 800 | 800 |
| Financial assets held for trading | FAHfT | 0 | 0 | 15 | 15 |
| Financial liabilities measured at amortized cost | FLAC | 376,148 | 376,148 | 275,090 | 282,115 |
| Financial liabilities held for trading | FLHfT | 0 | 0 | 0 | 0 |

[1] adjusted prior-year figures

The following table allocates the financial instruments measured at fair value to the three levels of the fair value hierarchy:

EUR k

| June 30, 2013 | Carrying amount | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | |
| Derivatives | | | | |
| hedging instrument | 0 | | 0 | |
| non-hedging instrument | 0 | | 0 | |
| **Financial liabilities measured at fair value** | | | | |
| Derivatives | | | | |
| hedging instrument | 1,708 | | 1,708 | |
| non-hedging instrument | 0 | | 0 | |

EUR k

| Dec. 31, 2012 adjusted [1] | Carrying amount | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | |
| Derivates | | | | |
| hedging instrument | 0 | | 0 | |
| non-hedging instrument | 15 | | 15 | |
| **Financial liabilities measured at fair value** | | | | |
| Derivates | | | | |
| hedging instrument | 2,560 | | 2,560 | |
| non-hedging instrument | 0 | | 0 | |

[1] adjusted prior-year figures

The levels of the fair value hierarchy reflect the importance of the input data for the calculation of fair value and break down as follows:

Level 1: Quoted prices (non-adjusted) in active markets for identical assets or liabilities;

Level 2: Directly or indirectly observable input data is available for the asset or liability, which do not constitute quoted prices in accordance with Level 1;

Level 3: Unobservable input data is used for measurement of the asset or liability.

## 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 consoles. 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), and 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, 2012. The segment information is as follows:

Operating segments

EUR k

| Fiscal year as of June 30, 2013 | Seating Systems | Automotive | Central Services/ Reconciliation | GRAMMER Group |
|---|---|---|---|---|
| Revenue to external customers | 236,860 | 405,595 | 0 | 642,455 |
| Inter-segment revenue | 9,267 | 501 | –9,768 [1] | 0 |
| **Total revenue** | **246,127** | **406,096** | **–9,768** | **642,455** |
| **Segment earnings (Operating profit)** | **18,341** | **17,831** | **–6,064** | **30,108** |

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

EUR k adjusted [1]

| Fiscal year as of June 30, 2012 | Seating Systems | Automotive | Central Services/ Reconciliation | GRAMMER Group |
|---|---|---|---|---|
| Revenue to external customers | 223,368 | 343,807 | 0 | 567,175 |
| Inter-segment revenue | 9,371 | 67 | –9,438[2] | 0 |
| Total revenue | 232,739 | 343,874 | –9,438 | 567,175 |
| Segment earnings (Operating profit) | 13,300 | 15,174 | –4,138 | 24,336 |

[1] adjusted prior-year figures
[2] 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 – 06 2013 | 01 – 06 2012[1] |
|---|---|---|
| Segment earnings (Operating profit) | 36,172 | 28,474 |
| Central Services | –7,365 | –2,700 |
| Eliminations | 1,301 | –1,438 |
| Group earnings (Operating profit) | 30,108 | 24,336 |
| Financial result | –5,431 | –5,694 |
| Profit/loss (–) before income taxes | 24,677 | 18,642 |

[1] adjusted prior-year figures
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 June 30, 2013 and 2012:

EUR k

| Related parties | | Sales to related parties | Purchases from related parties | Receivables from related parties | Liabilities to related parties |
|---|---|---|---|---|---|
| Jointly-controlled entity in which the parent is a venturer | | | | | |
| GRA-MAG Truck Interior Systems LLC | 2013 | 2,460 | 0 | 9,188 | 0 |
| | 2012[1] | 1,086 | 0 | 5,796 | –43 |

[1] adjusted prior-year figures
As a result of application of IFRS 11 in 2013, the joint venture GRA-MAG is consolidated "at equity" rather than proportionately.

### Contingent liabilities

Guarantees valued at EUR 656 thousand are outstanding as of June 30, 2013 primarily for leased offices and in the form of performance guarantees for contract breaches.

### Changes to the Supervisory Board and the Executive Board

Effective February 21, 2013, Mr. Bernhard Hausmann was appointed to the Supervisory Board by the Local Court of Amberg. Mr. Hausmann is serving as an employee representative and replaces Mr. Bodensteiner, who left the Supervisory Board effective December 29, 2012.

# Financial Calendar and Trade Fair Dates 2013

### Important dates for shareholders and analysts

| | |
|---|---|
| Interim Report 2nd Quarter 2013 | 08/07/2013 |
| Interim Report 3rd Quarter 2013 | 11/13/2013 |

### Important trade fair dates[1]

| | |
|---|---|
| Moscow International Motor Show, Moscow, Russia | 08/26 – 08/29/2013 |
| Expo 1520, Moscow, Russia | 09/11 – 09/14/2013 |
| GIE Expo, Louisville, USA | 10/23 – 10/25/2013 |
| Agritechnica, Hanover, Germany | 11/10 – 11/16/2013 |
| Convex, Istanbul, Turkey | 11/14 – 11/17/2013 |
| METS, Amsterdam, Netherlands | 11/19 – 11/21/2013 |

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

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