Interim Report

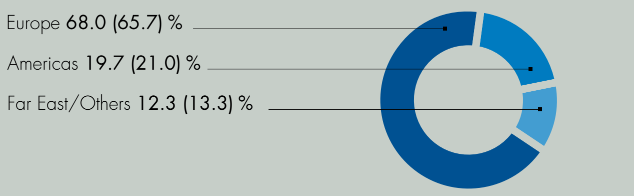
January to March 2012

GRAMMER

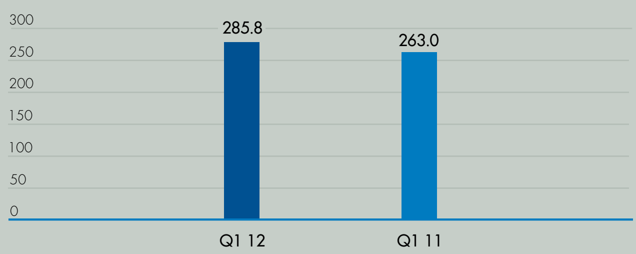
Key Figures according to IFRS

in EUR m	Q1 2012	Q1 2011
Group revenue	285.8	263.0
Automotive revenue	169.9	171.7
Seating Systems revenue	121.0	98.7
Income statement		
EBITDA	19.4	18.6
EBITDA-margin (in %)	6.8	7.1
EBIT	12.1	12.1
EBIT-margin (in %)	4.2	4.6
Profit/loss (–) before income taxes	9.0	7.8
Net profit/loss (–)	7.7	4.9
Statement of financial position		
Total assets	658.2	587.7
Equity	219.0	174.7
Equity ratio (in %)	33	30
Net financial debt	97.2	105.9
Gearing (in %)	44	61
Investments	7.8	9.9
Depreciation and amortization	7.3	6.5
Employees (March 31)	**8,838**	**8,145**
Key share data	March 31, 2012	March 31, 2011
Share price (Xetra closing price, in EUR)	17.50	19.04
Number of shares	11,544,674	10,495,159
Market capitalization (in EUR m)	202.0	199.8

Revenue by region January – March 2012 (previous year in brackets)



Group revenue by quarter (in EUR m)



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

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

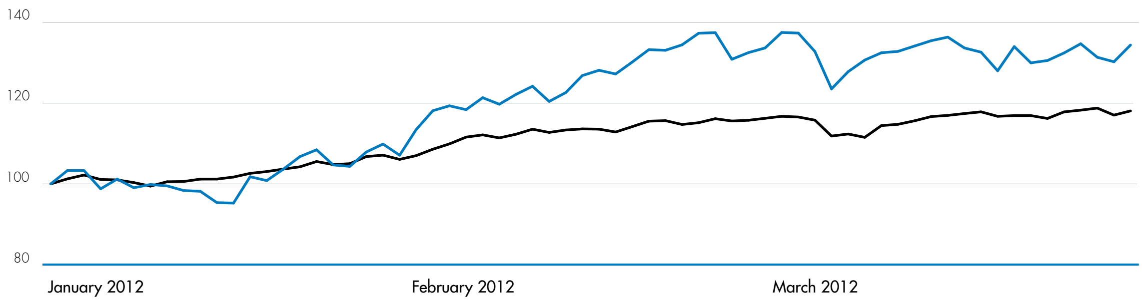
With approximately 9,000 employees in 24 fully consolidated companies, GRAMMER has locations in 18 countries worldwide.

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

Contents

GRAMMER Share

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



Closing price as of December 31, 2011 = 100 %

— GRAMMER AG
— SDAX Performance Index

DAX and SDAX

International stock markets started strong in 2012, and picked up considerable momentum by the end of the first quarter. In Germany too, index levels rose by double digits in the first three months of the year.

Germany's benchmark DAX closed on March 30, 2012 at 6,947 points – rising nearly 18 % compared to the 2011 year-end close. The SDAX, in which GRAMMER is listed, also saw significant gains in the first quarter. It closed at 5,221 points on March 30, 2012, an increase of 18 % since the start of the year.

GRAMMER share

On March 30, 2012, trading in GRAMMER shares closed at EUR 17.50. Thus, from January to March 2012, the share price improved continually, and was 34 % higher by the end of the quarter. After a strong start in January and February, GRAMMER shares have seen a stable sideways trend at a high level over the last weeks of the quarter.

Investor relations

Investor relations at GRAMMER are characterized by open, prompt and comprehensive communication. With publication of the 2011 Annual Report on March 29, 2012 – we informed shareholders, analysts and journalists about the full range of developments within GRAMMER Group. At the annual press conference, a teleconference and road shows in Frankfurt am Main, London and Paris, the Executive Board and investor relations department engaged in open dialogue with investors and analysts.

All financial reports, press releases, presentations and other important information about the share are always available in the investor relations section of the GRAMMER AG website.

Shareholder structure on March 31, 2012

In March 2012, GRAMMER AG received mandatory notification that the percentage of shares held by Sparinvest Fondsmæglerselskab A/S, Taastrup/Denmark passed below the 3 % threshold; the company now holds 2.95 % of voting capital (340,527 votes). The entire 2.95 % (340,527 votes) is attributable to Sparinvest Fondsmæglerselskab A/S pursuant to section 22 (1) sentence 1 no. 6 WpHG.

Electra QMC Europe Development Capital Funds plc in Dublin/Ireland continues to hold 9.26 % of voting shares in GRAMMER AG, followed by DWS Investment GmbH, Frankfurt/Germany which holds 5.176 %.

The percentage of voting rights held by Wynnefield Partners Small Cap Value L.P., New York/USA, totals 3.04 %.

Only notifications relating to voting rights holdings of greater than 3 % have been presented here.

The first quarter of the GRAMMER Group 2012

Positive development of revenues and earnings

In the first quarter of 2012, GRAMMER Group saw a further rise in revenue compared to the same quarter last year. The increase is largely attributable to the Seating Systems division, and was carried equally by positive macroeconomic performance and new product launches in early 2012. Consolidated group revenue was up roughly 8.7 % to EUR 285.8 million (01 – 03 11: 263.0). As a result of new production starts and set-up of new plant construction, Group EBIT totaled EUR 12.1 million (01 – 03 11: 12.1).

Revenue and earnings

Global economy continues positive trend

Global economic development in the first quarter was positive. The continued recovery is attributable for the most part to a better economic climate, along with a calming of non-European financial markets. On the negative side, the rising oil price is weighing on global economic growth. In the first two months of 2012 alone, the price of crude oil rose by approximately 10 %.

The United States, in particular, has shown signs of economic improvement. Employment and production figures continue to rise, along with private consumption. The US appears to have achieved a turnaround, with the economy returning gradually to its wonted strength.

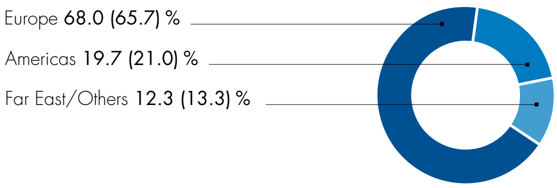
The Chinese economy, on the other hand, is slowly beginning to cool. The high rates of growth seen in the past are no longer materializing. Although industrial production growth remains in the double digits (11 %), it lags far behind last year's rates.

India is also showing signs of weakening. Like its neighbor, China, growth in this emerging market is still high, but it is exhibiting lower rates of growth than last year.

In the eurozone, the economic slowdown continues. The picture, however, varies from country to country within the EMU (European Monetary Union): Those countries that have been hardest hit by the debt crisis still suffering from economic contraction.

In Germany, on the other hand, the outlook has improved considerably thanks to a positive trend in domestic demand, which accelerated substantially in the first quarter. The impetus for rising demand within the country is coming from higher real household incomes and increased investment activity by the corporate sector.

Revenue by region (previous year in brackets)



in EUR m

	Q1 2012	Q1 2011
Europe	194.3	172.8
Americas	56.2	55.3
Far East/Others	35.3	34.9
Total	285.8	263.0

Group revenue once again substantially higher than previous year

Given the current macroeconomic environment, Group revenue increased in the period until March 31, 2012 to EUR 285.8 million (01 – 03 11: 263.0). Thus, the positive revenue trend carried over from the last quarter of 2011.

Especially in Europe revenues increased substantially, with a strong growth of more than 12.4 % to EUR 194.3 million (01 – 03 11: 172.8). The Americas region showed a slight growth as well, climbing 1.6 % to EUR 56.2 million (01 – 03 11: 55.3). With EUR 35.3 million (01 – 03 11: 34.9) revenue growth in the Far East/Others region was likewise satisfactory, albeit somewhat slower after strong periods of growth in the previous years.

Revenue in the Automotive division was on par with the high levels seen in the previous quarters. Strong revenue development in the various regions, especially Europe, resulted predominantly from new production starts as well as pleasing sales numbers and strong export growth in the premium car segment.

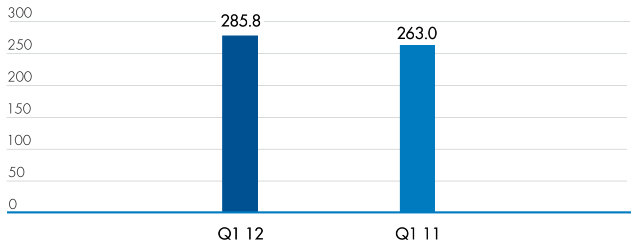
In the Seating Systems division, a significant recovery in Europe has continued, whereas the growth markets China and Brazil lagged behind as compared to the previous years' strength. After a weak first quarter 2011, there has been a significant trend toward recovery in the offroad segment. The growing impetus from exports led to stronger than average growth in the Seating Systems division and contributed to further stabilization of strong demand.

In both divisions, revenues in the Americas region attained prior-year levels, and held firm on the back of strong US sales. In Brazil, given the situation facing the nation's truck market in the wake of new emission rules, the markets contracted somewhat in January. Future market developments, however, have to be monitored very closely. In Asia, revenue development in the first three months of 2012 was roughly on par with last year in both divisions.

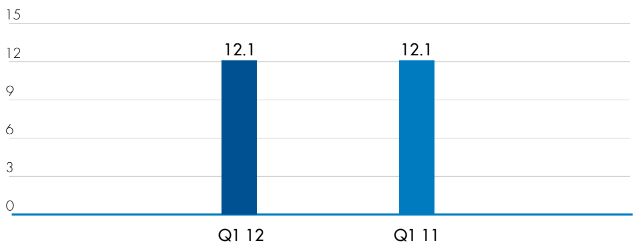
Consolidated earnings continue positive trend

Operating profit totaled EUR 12.1 million in the first quarter of 2012 (01 – 03 11: 12.1). The measures implemented have proved effective and the high level of revenue in both divisions has stabilized earnings. Operating profit is influenced by the expansion of truck production and the costs for plant set-up in Rastatt and Bremen, as well as intense volatility of commodity markets. Moreover, commodity prices have risen, strongly in some cases, as a result of economic developments and the associated increase in demand. Price risks are increasing, especially for steel and petroleum-based products. Both the positive and negative effects on earnings from US dollar and emerging market currency exchange rates and their volatility must be watched closely given our the international nature of our operations.

Group revenue by quarter (in EUR m)



Group EBIT by quarter (in EUR m)



Automotive division

Automotive industry coming on strong

The automotive industry worldwide has continued to see positive development throughout the early months of 2012. Here too, however, there are regional variations in the trend.

Positive momentum has carried over from last year in the US. Sales in the American light vehicles market (cars and light trucks) were up nearly 13 % year over year in the first quarter of 2012, to 3.5 million vehicles.

Demand in the Brazilian market, on the other hand, has dropped off. In the first three months, there was a 1 % decline to 772,300 light vehicles.

The Chinese market got off to a slow start in 2012 in the run-up to New Year's celebrations, with 3,773,700 cars sold in the first quarter. This represents a decline of 1.3 % compared to the prior year.

In India, new car sales rose by 15 % on news of possible tax hikes on diesel vehicles to nearly 814,100 vehicles.

After collapsing last year, the Japanese car market has seen double-digit growth rates in 2012. During the first two months of the year, 1.5 million new vehicles hit the roads – an increase of almost 50%. This is a result of pent-up demand as well as government incentive measures.

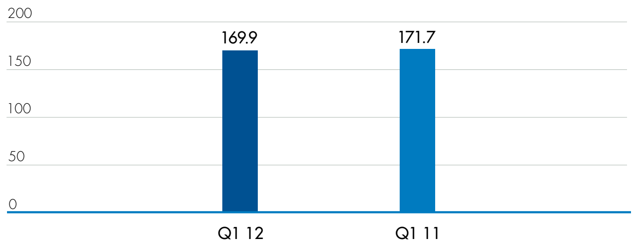
As expected, sales in the European market continued to decline in the first three months of the year. In all, 3.3 million vehicles were sold in the EU, equating to a decline of 7.7% compared to the prior year. France and Italy have seen significant market declines, falling 21.6% and 21% respectively. Sales were down moderately in Spain (minus 1.9%), whereas in the UK, there was a slight pickup of 0.9%.

With a total of 339,123 new vehicle registrations in March 2012, the German car market is experiencing a continuation of the positive trend started in 2011. In the first quarter of 2012, according to the German Federal Motor Transport Authority (KBA), 773,636 new vehicles were registered in Germany. This represents an increase of 1.3% on the prior-year period. Of the new vehicle fleet, 62.8% are cars from German manufacturers. Production figures remain strong. In the reporting period, 1.5 million cars were produced in Germany. March exports, at 417,400 vehicles, were down a bit, largely due to a change in statistical methods.

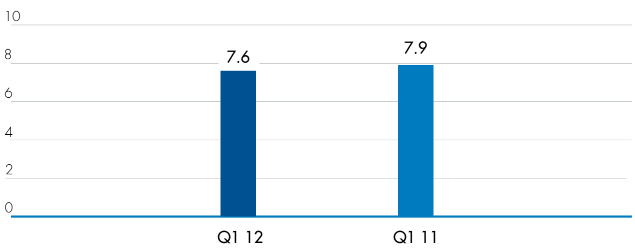
Automotive business characterized by new product launches and continuing high sales volumes
In the first quarter of 2012, revenue in our Automotive division was impacted by new production launches in 2011 and early 2012. A decline in revenue from China was more or less offset by further increases in demand for some of our customers' upper medium and premium class vehicles. Sales in the NAFTA region also maintained their previous strength. As of March 31, 2012 revenue was down by a moderate EUR 1.8 million as compared to the high levels of the previous year, to EUR 169.9 million (01 – 03 11: 171.7).

Operating profit in the Automotive division held steady in the three-month period at EUR 7.6 million (01 – 03 11: 7.9) as a result of the aforementioned developments and new plant set-ups; EBIT-margin reached 4.5%, which is slightly better than the full-year result for 2011. The increase in commodity price and exchange rate volatility, especially in the Mexican peso, Polish zloty and Czech koruna also influenced results. The turbulence was unavoidable for GRAMMER Group given the rapid onset and high rates of volatility. Yet, the satisfactory developments in the first quarter are a testament to the right product orientation, with a more diverse mix of core products. Nonetheless, the sudden growth spurts coupled with volatility in exchange rates and commodity prices are a growing source of significant challenges for the Group.

Automotive revenue by quarter (in EUR m)



Automotive EBIT by quarter (in EUR m)



Seating Systems division

Uneven performance continues in commercial vehicle market
In the period under review, as expected, the market for commercial vehicles saw a waning of its strong growth trend that began last year. Regionally, there were variations in performance.

Positive developments in the US light vehicles market led to strong growth in sales of medium and heavy trucks as well. Since January, 83,181 – or 32% – more trucks were sold than in the prior-year quarter. Heavy trucks made a major contribution to this result, with a 59% increase in sales.

In Brazil, on the other hand, the expected decline set in as a result of new emission regulations for heavy commercial vehicles, which caused buyers to push forward new purchases to the end of last year. This led to a 14 % decline in February sales. From January to March 7 % less heavy trucks were sold than in the previous year.

China saw 1,019,000 commercial vehicles sold in the reporting period, equating to a drop of 10.6 % compared to the first three months of last year. Demand for trucks was up, however, in India, which saw gains of 17 %. As in the car market, the commercial vehicle segment experienced effects from purchases being pushed forward in advance of possible tax hikes on diesel vehicles.

The Japanese market began 2012 with a return to double-digit growth rates. Pent-up demand and government incentives resulted in a 20 % rise in first quarter sales to 20,900 vehicles.

Demand for commercial vehicles in Western Europe was weaker in the initial three-month period. New registrations in the region have sunk nearly 10 % since the start of the year. The Eastern European commercial vehicle market, on the other hand, has improved by 12 % since January.

With 75,648 newly registered commercial vehicles in the first three months of 2012, the market in Germany is down by 1 %. In the segment commercial vehicles up to 6 tons, there was a modest improvement of roughly 0.2 % during the January to March period. In the segment trucks over 6 tons, however, 5 % fewer vehicles were sold year-over-year (20,450 vehicles).

Agricultural machinery
The business climate in the agricultural machinery industry remains a positive one. New order volumes were up once more throughout the first quarter in Germany.

Material handling
After a considerable revenue increase in 2011, market sentiment among the industry association, Bundesverband der Händler und Vermieter von mobilen Arbeitsmaschinen (bbi), also remained positive in the first quarter of 2012.

Construction machinery
New orders also remained strong in the construction machinery industry.

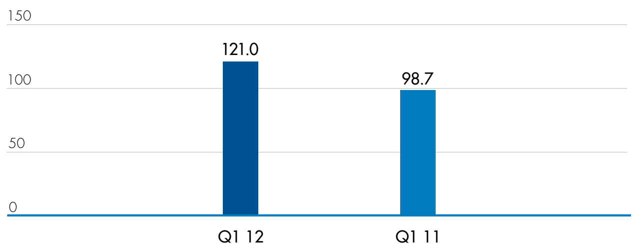
Rail industry
Last year, the German rail industry set a new record, with new orders totaling EUR 14.5 billion. In general, the German Railway Industry Association (VDB) is expecting further positive developments in railway technology business.

Business performance continues to improve
As in 2011, performance in the Seating Systems division remains very positive. The various business segments within the division have performed tremendously despite weakening of customer demand in the Brazilian market and have continued their high rates of production.

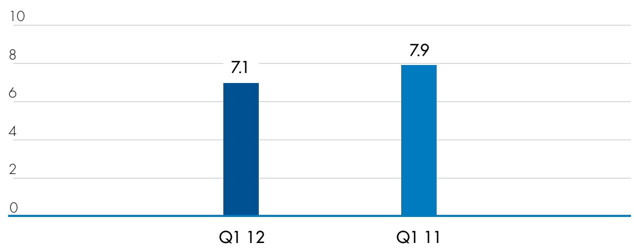
In the first quarter of 2012, the positive trend of the preceding quarters continued in impressive fashion. Strong demand for offroad products in Europe and stable revenue performance in truck markets due to new product launches in Europe were among the main sources of growth. In the American and Asian offroad markets, revenues also continued to grow. Once more, the division outperformed the prior-year quarter. However, weak order volumes and devaluation of the Brazilian real during the first quarter had a negative impact on results. In rail business, market development in the three month period 2012 remained slow, but was nonetheless stronger than in previous years.

Thus, revenue in the Seating Systems division rose by around 22.5 % to EUR 121.0 million (01 – 03 11: 98.7). New production starts at the new truck seat plant and the related capacity adjustments and retooling at the final assembly plants, along with lower revenue in Brazil had a negative impact on earnings. This could not be totally compensated by the offroad business. Accordingly, operating profit in the Seating Systems division was down marginally in the first three months of 2012, to EUR 7.1 million compared to EUR 7.9 million in the same period last year. Production capacities must be installed for the new truck seat production, and these activities have been on schedule thus far.

Seating Systems revenue by quarter (in EUR m)



Seating Systems EBIT by quarter (in EUR m)



Financial position

Note on accounting figures: 2011 = December 31, 2011

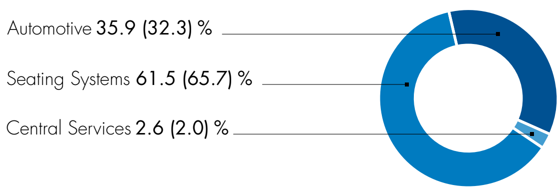
Totel assets higher due to growth
As of March 31, 2012, the total assets of GRAMMER Group amounted to EUR 658.2 million (2011: 625.2). This equates to a rise of EUR 33.0 million as compared to the close of 2011, attributable largely to the increase in trade accounts receivable and inventories as a result of business development. The revenue increase in Seating Systems and the inventory build-up for truck seat production have led to an increase in GRAMMER Group's current assets, which rose EUR 31.6 million to EUR 396.2 million. Trade accounts receivable increased to EUR 164.4 million (2010: 137.8) and other current financial assets to EUR 61.4 million (2011: 57.9). As a result of production launches, inventories were up on the prior-year level at EUR 108.6 million (2011: 104.0) Cash and short-term deposits at the reporting date were down slightly at EUR 42.8 million (2011: 46.7). Non-current assets increased to EUR 262.0 million in the period under review (2011: 260.6), after investment in property, plant and equipment at new production locations.

GRAMMER Group's equity was up from the 2011 year-end level at EUR 219.0 million (2011: 211.2), as a result of positive business performance. At roughly 33 % (2011: 34), the equity ratio is slightly lower than it was on December 31, 2011.

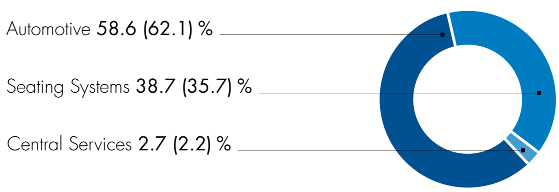
Non-current liabilities rose marginally to EUR 227.6 million (2011: 226.7), due primarily to retirement benefit obligations. Current liabilities were up by EUR 24.2 million. Current financial liabilities increased by only EUR 1.0 million to EUR 10.1 million (2011: 9.1). The business development resulted in a EUR 10.4 million increase in trade accounts payable, as well as a rise of EUR 13.6 million in other current liabilities. Thus, the asset-side expansion has been balanced predominantly through operating liabilities and not through our financing sources. Restructuring of group financing has decisively improved the balance sheet structure and significantly align the maturities of liabilities.

GRAMMER continues to push ahead with investments
At EUR 7.8 million (01 – 03 11: 9.9) investments by GRAMMER Group were below previous-year-levels. With the setup of production for the new generation of truck seats and spending on expansion to optimize production in the Seating Systems division during the first quarter, the Company invested EUR 4.8 million (01 – 03 11: 6.5) in property, plant and equipment. In the Automotive division, investments totaled EUR 2.8 million (01 – 03 11: 3.2), which was used primarily for expansion as the result of orders received in 2011 and for building of center console production capacities. In the Central Services division, we continued to hold back on investment.

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



Employees by segments, March 31, 2012 (previous year in brackets)



in EUR m

	Q1 2012	Q1 2011
Automotive	2.8	3.2
Seating Systems	4.8	6.5
Central Services	0.2	0.2
Total	7.8	9.9

as of March 31

	Q1 2012	Q1 2011
Automotive	5,180	5,063
Seating Systems	3,422	2,904
Central Services	236	178
Total	8,838	8,145

Employees

As of March 31, 2012, GRAMMER Group had a total of 8,838 employees (3/31/2011: 8,145). The number of people employed in the Automotive division increased to 5,180 (3/31/2011: 5,063). As of March 31, 2012, the Seating Systems division employed a total of 3,422 people (3/31/2011: 2,904). The Central Services division employed 236 (3/31/2011: 178).

In the Automotive division, the number of direct employees was increased, especially at plants outside of Germany, as the economy improved and new projects were begun. In particular, the locations in China, Mexico and Serbia hired new employees due to new production starts and increasing sales. In the Seating Systems division, personnel development was heavily influenced by strong sales growth, which necessitated increases in operating personnel capacity.

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

Outlook for full-year 2012

Global economic outlook

The debt crisis in the eurozone continues to keep the brakes on world economic growth. In its most recent forecast, the IMF (International Monetary Fund) is predicting 3.5 % growth in the global economy for 2012. The IMF has thus lowered its September 2011 forecast predicting 4 % growth.

The IMF is expecting a growth rate of 2.3 % in the USA, assuming a slight strengthening of the labor market and continued reduction in private household debt.

For Brazil, the IMF is counting on 3.0 % growth in 2012.

The IMF sees China's economy being carried increasingly by domestic demand as exports slow down. Overall growth in 2012 is expected to come in at 8.2 %, after 9.2 % last year. For India, too, the IMF is predicting renewed strong growth of 7.0 %.

After predicting 1.1 % economic growth for the eurozone in September 2011, the IMF now sees the economy shrinking by 0.3 %. The outlook for Germany is more positive. According to the current joint economic forecast from leading economic research institutes, Germany's gross domestic product in 2012 might even increase by 0.9 %.

Automotive industry – outlook 2012

Continued growth with regional differences expected
Hand in hand with stabilization of the overall business situation, the German Automobile Manufacturers Association (VDA) is also optimistic about the 2012 outlook for the automotive industry. They see the worldwide car market growing by up to 4 %.

In the US, the market is expected to grow by about 8 % to over 13.7 million new light vehicles. Significantly higher growth rates are possible if the positive trend in labor market data and private consumption continues to strengthen.

The VDA expects China to likewise see 8 % growth in new vehicle registrations.

New vehicle sales in India may even reach double-digit growth of 10 %.

After the collapse last year, the recovery effect in Japan should produce a strong growth rate of 17 %.

Reflecting the continuing effects of the debt crisis in the eurozone, the outlook for Western Europe is negative. Accordingly, the VDA is expecting a 2 to 5 % drop in car sales.

In Germany, the VDA is expecting a slight drop overall in the number of new vehicle registrations in 2012, which will come in about 2 % below last year. Passenger car production could also fall slightly below the high level of the preceding year.

Commercial vehicles industry – outlook 2012

Uneven development in the commercial vehicle industry
Developments in the commercial vehicle industry will vary by region in 2012.

According to VDA estimates, the American commercial vehicle market will continue to recover at a high level and could also again grow at a strong 17 % in 2012.

Purchases brought forward into 2011 could cause the commercial vehicle market in Brazil to shrink by about 10 % in 2012.

The overall commercial vehicle market in both India and China is expected to grow by about 5 % with weaker developments in the heavy commercial vehicle segment, especially in China.

In Western Europe the VDA expects that the market for light and medium trucks will grow by about 1 %. The class heavy vehicles over 6 tons could even see a drop by as much as 5 %.

The German market will follow the Western European trend; the VDA estimates it could contract by roughly 5 %.

Agricultural machinery
The business outlook in the European agricultural machine industry is optimistic. Worldwide agricultural machinery production is expected to increase by 4 %. For the EU, growth is expected to reach 4.2 %. In 2012, the association expects total revenue for the German agricultural machine industry to rise by 5 % to EUR 7.4 billion.

Material handling
The market for material handling vehicles is expected to grow by about 1 %; new machine sales are likely to see a slight decline (minus 1.5 %), while used machinery business could rise by as much as 5.5 %.

Construction machinery
The worldwide construction machine industry will grow moderately in 2012. Construction and construction materials machine manufacturers are predicting 5 % growth in worldwide revenues, with regional differences. The greatest growth is expected in Asia and Latin America, but even Germany can expect to see significant revenue increases in its construction machinery market. In southern Europe, on the other hand, only slight growth is expected.

Railway
The outlook for 2012 remain positive. The German Railway Industry Association (VDB) estimates revenue growth of 2 % for rail vehicles.

Automotive division – outlook 2012

In the Automotive division, we continue to expect a positive revenue development for 2012, based on current forecasts. For a number of premium and luxury class vehicles, sales are still seeing stable increases since the model changeover, especially in German OEMs and export business. This will also have a positive effect on our business performance. By year's end, revenues will be up slightly on the previous year's levels thanks to various new production starts and market trends. Developments in export and emerging markets, however, are increasingly difficult to gauge, as a result of higher order volatility in exchange rates and export performance. On the whole, assuming forecasts hold true, the new production starts over the coming months will contribute to further recovery, though the impact of the further development of the euro crisis on export markets cannot be foreseen. Thus far, there have been no noticeable effects from these difficulties. Order volumes should continue to consistently improve up to the end of the year, though OEMs have significant flexibility when it comes to order quantities.

Operating profit in 2012 will be substantially affected by commodity market and exchange rate developments, as well as revenue performance. The upcoming restructuring of the Wackersdorf plant, the build up of production capacity in Rastatt and Bremen as well as in China for new products will also impact results. With the expected stable revenues, operating profit could improve further, as long as production continues as planned by the customer and no additional costs arise from substantially higher commodity prices. We are therefore expecting operating profit to be clearly positive in the coming quarter as well.

Seating Systems division – outlook 2012

In the Seating Systems division, the positive revenue trend continues in the offroad segment. The favorable order situation in the offroad segment since the start of the year improved further on non-seasonal factors, and will continue at this level for the foreseeable future. It is already resulting in typical demand trends for this time of the year. Steady developments in Europe and Brazil should cause the truck business to show a significant revenue increases in subsequent quarters. This means that revenues will remain at a high level and, overall, the further development of revenues in all of 2012 should be even higher than the already high level achieved the year earlier, though growth rates are likely to fall-off on seasonal factors if there is no greater turbulence in the currency and commodities markets in the wake of the euro crisis.

As a result of the better level of revenue in offroad business and improving sector performance, we expect that our favorable market position and the still satisfactory exchange rate environment will help Seating Systems business remain at the same pleasing level over the remaining months. The start of truck seat production will naturally burden the cost situation. Moreover, there is a level of risk from commodity prices, which can be especially problematic for this division since the market already exerts substantial price pressures given the oligopolistic structures in steel and petroleum-based products. Exchange rate volatility is also a difficult risk to calculate given our growth in the emerging markets. On the whole, the earnings outlook is higher than last year, though production startups are likely to lead to lower earnings over the coming months as a result.

GRAMMER Group – outlook for full-year 2012

The positive impetus from economic developments and customer demand are stabilizing, giving rise to a positive outlook. Risks remain, however, as a result of exchange rates and commodity price developments, and slightly more subdued economic forecasts. In the latest quarter, although revenues were up substantially and indications are positive for the coming quarter as well, orders are still characterized by short lead times and volatility, which could lead to production changes. Customers continue to hold back with concrete forecasts and reliable, long-term order volumes. GRAMMER Group's business performance is closely tied to macroeconomic and industry-specific conditions, and is thus largely determined by external factors. In particular, the development of the euro crisis and its effects on global economic conditions and export markets can hardly be realistically foreseen by a single company. The political situation in the Middle East is not developing well and could threaten world economic performance. Consequently, despite relatively stable performance, problems could arise with revenue and earnings, over which the Company has no influence. After an excellent year in 2011, GRAMMER Group is expecting continued moderate revenue growth in the current fiscal year. Revenue performance for full-year 2012 will beat previous-year levels by percentages in the mid-single digits. This situation will persist at a somewhat higher level than last year as the year progresses. The startup of truck seat production will be the central focus of GRAMMER Group in the coming months. Given current developments and mildly positive external factors, our expectations for results this fiscal year are cautiously optimistic. If no further risks from currency and commodities developments arise and the euro crisis has no greater adverse impact on business developments, then, despite possible seasonal weaknesses in the last quarter, results at year's end should again exceed the already very good results achieved last year.

Summary statement by the Executive Board

With a view to the business situation in the first three months of 2012 and the euro crisis, our outlook for GRAMMER Group remains positive. As in 2011, based on the efficiency measures and further optimizations, cost advantages are expected, which will likely lead to a clearly positive full-year operating result that will exceed prior-year levels, despite new production starts. The risks from exchange rates and commodity markets, as well as the euro crisis, are being closely monitored and may have a slight slowing effect in the event of extreme developments. With the signs of a stabilizing economic environment, we also see the pieces in place for substantial profitability in 2012, as well as a continuation of our growth in revenue and earnings – though indicators have turned weaker as a result of downward revisions of economic forecasts.

Opportunities and risks

In addition to the risks and opportunities to which we refer in the Management Report of the Annual Report for the fiscal year ended December 31, 2011, the facts described in the "Outlook" section of this report are also currently relevant to the situation of the Company. This section contains forward-looking statements reflecting the opinions of the management of GRAMMER AG with respect to future events. These statements are based on the currently applicable plans, estimates and expectations of the Company. Consequently, they are subject to risks and factors of uncertainty. Moreover, there is an increased risk of price increases for materials, which our purchasing department is attempting to mitigate through expanded monitoring activities and global sourcing.

Responsibility statement

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

Amberg, April 2012

GRAMMER AG
The Executive Board

Consolidated Statement of Income
January 1 – March 31

EUR k	01 – 03 2012	01 – 03 2011
Revenue	285,777	262,952
Cost of sales	–247,558	–223,437
Gross profit	**38,219**	**39,515**
Selling expenses	–6,314	–6,400
Administrative expenses	–21,543	–22,784
Other operating income	1,726	1,780
Operating profit/loss (–)	**12,088**	**12,111**
Financial income	333	306
Financial expenses	–3,211	–3,111
Other financial result	–179	–1,534
Profit/loss (–) before income taxes	**9,031**	**7,772**
Income taxes	–1,356	–2,867
Net profit/loss (–)	**7,675**	**4,905**
Of which attributable to:		
Shareholders of the parent company	7,641	4,865
Non-controlling interests	34	40
	7,675	**4,905**

Earnings/loss (–) per share

	01 – 03 2012	01 – 03 2011
Basic/diluted earnings/loss (–) per share in EUR	0.68	0.48

Consolidated Statement of Comprehensive Income January 1 – March 31

EUR k

	01 – 03 2012	01 – 03 2011
Net profit/loss (–)	7,675	4,905
Gains/Losses (–) from currency translation for foreign subsidiaries		
Gains/Losses (–) arising in the current period	–855	–2,291
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	0	0
Gains/Losses (–) from currency translation for foreign subsidiaries (after tax)	–855	–2,291
Gains/Losses (–) from cash flow hedges		
Gains/Losses (–) arising in the current period	–292	0
Less transfers recognized in the Income Statement	–35	0
Tax expenses (–)/Tax income	71	0
Gains/Losses (–) from cash flow hedges (after tax)	–256	0
Gains/Losses (–) from net investments in foreign operations		
Gains/Losses (–) arising in the current period	1,235	–972
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	0	0
Gains/Losses (–) from net investments in foreign operations (after tax)	1,235	–972
Other comprehensive income	124	–3,263
Total comprehensive income (after tax)	7,799	1,642
Of which attributable to:		
Shareholders of the parent company	7,763	1,606
Non-controlling interests	36	36

Consolidated Statement of Financial Position as of March 31, 2012

ASSETS

EUR k

	March 31, 2012	December 31, 2011
Non-current assets		
Property, plant and equipment	162,506	159,680
Intangible assets	56,575	57,393
Other financial assets	4,716	4,866
Income tax assets	70	70
Deferred tax assets	38,162	38,577
	262,029	**260,586**
Current assets		
Inventories	108,590	103,993
Trade accounts receivable	164,408	137,801
Other current financial assets	61,382	57,930
Short-term income tax assets	2,568	2,781
Cash and short-term deposits	42,848	46,749
Other current assets	16,365	15,339
	396,161	**364,593**
Total assets	**658,190**	**625,179**

EQUITY AND LIABILITIES

EUR k

	March 31, 2012	December 31, 2011
Equity		
Subscribed capital	29,554	29,554
Capital reserve	74,444	74,444
Own shares	−7,441	−7,441
Retained earnings	119,169	111,528
Accumulated other comprehensive income	2,728	2,606
Equity attributable to shareholders of the parent company	**218,454**	**210,691**
Non-controlling interests	518	474
Total equity	**218,972**	**211,165**
Non-current liabilities		
Non-current financial liabilities	129,898	129,776
Trade accounts payable	2,267	3,260
Other financial liabilities	9,201	6,532
Other liabilities	0	2,302
Retirement benefit obligations	65,770	64,495
Income tax liabilities	989	786
Deferred tax liabilities	19,505	19,506
	227,630	**226,657**
Current liabilities		
Current financial liabilities	10,127	9,090
Current trade accounts payable	122,030	110,619
Other current financial liabilities	3,634	4,465
Other current liabilities	63,223	49,625
Current income tax liabilities	1,403	4,499
Provisions	11,171	9,059
	211,588	**187,357**
Total liabilities	**439,218**	**414,014**
Total equity and liabilities	**658,190**	**625,179**

Consolidated Statement of Cash Flow
January 1 – March 31

EUR k

	01 – 03 2012	01 – 03 2011
1. Cash flow from operating activities		
Profit/Loss (–) before income taxes	9,031	7,772
Non-cash items		
Depreciation of property, plant and equipment	6,278	5,723
Amortization of intangible assets	1,016	806
Changes in provisions and pension provisions	493	2,071
Other non-cash changes	–1,757	–2,068
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–31,085	–19,932
Decrease/Increase (–) in inventories	–4,597	–5,174
Decrease/Increase (–) in other assets	628	737
Decrease (–)/Increase in accounts payable and other liabilities	21,743	30,363
Gains/Losses from disposal of assets	–170	–210
Income taxes paid	0	0
Cash flow from operating activities	**1,580**	**20,088**
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–7,647	–9,864
Purchase of intangible assets	–186	–51
Purchase of investments	0	0
Aquisition of subsidiaries (less acquired cash)	0	0
Disposals		
Disposal of property, plant and equipment	233	301
Disposal of intangible assets	5	0
Disposal of investments	147	245
Interest received	333	306
Government grants received	356	0
Cash flow from investing activities	**–6,759**	**–9,063**
3. Cash flow from financing activities		
Changes in non-current liabilities to banks	122	56
Changes in current liabilities to banks	351	–12,570
Changes in lease liabilities	2,592	–348
Interest paid	–2,472	–2,778
Cash flow from financing activities	**593**	**–15,640**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1–3)	–4,586	–4,615
Effects of exchanges rate differences of cash and cash equivalents	0	0
Cash and cash equivalents as of January 1	44,904	16,391
Cash and cash equivalents as of March 31	**40,318**	**11,776**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	42,848	19,242
Securities	0	0
Bank overdrafts	–2,530	–7,466
Cash and cash equivalents as of March 31	**40,318**	**11,776**

Consolidated Statement of Changes in Equity as of March 31, 2012

EUR k

					Accumulated other comprehensive income					
	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Cash flow hedges	Currency translation	Net investments in foreign operations	Total	Non-controlling interests	Group equity
As of January 1, 2012	29,554	74,444	111,528	−7,441	−662	9,939	−6,671	210,691	474	211,165
Net profit/loss (–) for the period	0	0	7,641	0	0	0	0	7,641	34	7,675
Other comprehensive income	0	0	0	0	−256	−857	1,235	122	2	124
Total comprehensive income	0	0	7,641	0	−256	−857	1,235	7,763	36	7,799
Capital increase by issuing new shares	0	0	0	0	0	0	0	0	0	0
Transaction costs	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	8	8
As of March 31, 2012	29,554	74,444	119,169	−7,441	−918	9,082	−5,436	218,454	518	218,972

Consolidated Statement of Changes in Equity as of March 31, 2011

EUR k

					Accumulated other comprehensive income					
	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Cash flow hedges	Currency translation	Net investments in foreign operations	Total	Non-controlling interests	Group equity
As of January 1, 2011	26,868	58,237	89,488	−7,441	0	10,257	−4,771	172,638	463	173,101
Net profit/loss (−) for the period	0	0	4,865	0	0	0	0	4,865	40	4,905
Other comprehensive income	0	0	0	0	0	−2,287	−972	−3,259	−4	−3,263
Total comprehensive income	0	0	4,865	0	0	−2,287	−972	1,606	36	1,642
Capital increase by issuing new shares	0	0	0	0	0	0	0	0	0	0
Transaction costs	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0
As of March 31, 2011	26,868	58,237	94,353	−7,441	0	7,970	−5,743	174,244	499	174,743

Selected Notes to the GRAMMER AG Consolidated Statement of Income for the period from January 1 to March 31, 2012 and the Consolidated Statement of Financial Position of as of March 31, 2012

Accounting

GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2011 and the present Interim Financial Statements for the period ended March 31, 2012 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The name "IFRS" also refers to the still applicable International Accounting Standards (IAS), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this Interim Report for the period ended March 31, 2012, has been prepared in accordance with IAS 34 and should be read in context with the Consolidated Financial Statements published by the Company for fiscal year 2011. The possibility cannot be excluded that the IASB will make further pronouncements before the final preparation of the Consolidated Financial Statements for the fiscal year ending December 31, 2012, and that the standards applied in preparing these Interim Financial Statements will therefore deviate from the standards applied in preparing the Consolidated Financial Statements for the year ending December 31, 2012. Furthermore, there are currently individual pronouncements by the IASB that have yet to be endorsed by the European Commission and, as such, it should be noted that the figures presented in this report are preliminary and subject to change. The new or revised standards and interpretations of the IASB and IFRIC that came into effect on January 01, 2012 did not have a significant impact on the net assets, financial position and results of operations of the Company, or were not relevant to the preparation of the Consolidated Financial Statements and will generally result in additional information in the Notes or changes in the form of presentation. The preparation of the Consolidated Financial Statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items, which affect the carrying amounts in the Consolidated Statement of Financial Position and the Consolidated Income Statement, as well as the data on contingent assets and liabilities.

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

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

Accounting and valuation principles

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

Estimates and assumptions

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

Scope of consolidation

In addition to GRAMMER AG, the scope of consolidation now includes five domestic and 18 foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IAS 27. A joint venture within the meaning of IAS 31 is also proportionately consolidated. GRAMMER AG holds 50% of the voting rights in this joint venture. All intragroup transactions, balances and liabilities are eliminated in the course of consolidation. The uniform reporting date for all of the consolidated companies is March 31, 2012.

Currency translation

In the single-entity financial statements of GRAMMER AG and its consolidated subsidiaries, foreign currency transactions are translated at the exchange rate applicable on the date of initial recognition of the respective transaction. Any resulting gains or losses are recognized in profit or loss. Financial statements prepared in foreign currencies and transactions denominated in foreign currencies are translated in accordance with the functional currency concept as set out in IAS 21. Accordingly, the functional currency is the currency of the primary economic environment in which the entity operates; its activities and financial structure are to be presented in the consolidated financial statements as they present themselves in that currency. Transactions in foreign currencies are translated into the functional currency at historical rates. Monetary items are translated at the closing rate. Any resulting translation differences are recognized in 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 resulting translation differences are recognized in the income statement.

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 – 03 2012	01 – 03 2011	March 31, 2012	March 31, 2011
Brazil	BRL	0.425	0.439	0.411	0.434
China	CNY	0.120	0.110	0.119	0.107
United Kingdom	GBP	1.195	1.157	1.199	1.132
Japan	JPY	0.010	0.009	0.009	0.009
Mexico	MXN	0.058	0.060	0.059	0.059
Poland	PLN	0.236	0.252	0.241	0.249
Czech Republic	CZK	0.040	0.041	0.040	0.041
Turkey	TRY	0.421	0.462	0.421	0.456
USA	USD	0.756	0.726	0.749	0.704

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

EUR k

	01 – 03 2012	01 – 03 2011
Gross revenue	286,842	263,978
Sales deductions	–1,065	–1,026
Net revenue	**285,777**	**262,952**

Revenue of EUR 285,777 thousand up to March 31, 2012 includes contract revenue of EUR 5,023 thousand (01 – 03 11: 8,835) determined using the PoC-method. This revenue relates 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 1,726 thousand as of March 31, 2012 (01 – 03 11: 1,780) includes income from the reversal of provisions and valuation allowances and proceeds from the sale of scrap metal and materials handling costs, as well as proceeds from the sale of property, plant and equipment.

Financial result

EUR k

	01 – 03 2012	01 – 03 2011
Financial income	333	306
Financial expenses	–3,211	–3,111
Other financial result	–179	–1,534
Financial result	**–3,057**	**–4,339**

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

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

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

Cost of sales
The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses. The expenditure required to set up reserves for warranty purposes is covered by this item as well. The cost of sales also includes non-capitalized research and development costs as well as amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production ("industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Seating Systems division is generally performed on a "design to market" basis, with the corresponding costs recognized accordingly. The costs of inventories until March 31, 2012, which are recognized as an expense in cost of sales, amounted to EUR 237,104 thousand (01 – 03 11: 214,014).

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 March 31, 2012 in the amount of EUR 2,229 thousand (01 – 03 11: 4,688) 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 2,839 thousand (01 – 03 11: 6,119) 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 – 03 2012	01 – 03 2011
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	11,214,624	10,165,109
Consolidated net profit/loss (–) (in EUR thousand)	7,641	4,865
Basic/diluted earnings/loss (–) per share in EUR	0.68	0.48

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 March 31, 2012.

Intangible assets
Intangible assets include capitalized goodwill as well as capitalized development costs. In the period under review, EUR 186 thousand were invested in licenses, software and other intangible assets. Amortization costs totaled EUR 1,016 thousand (01 – 03 11: 806).

Property, plant and equipment
In the period until March 31, 2012, EUR 7,647 thousand were invested in property, plant and equipment. Depreciation in the same period totaled EUR 6,278 (01 – 03 11: 5,723).

Inventories

The rise in inventories to EUR 108.6 million (2011: 104.0) is primarily attributable to the recovery of business activities and the launch of truck seat production. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable

Total receivables of EUR 164.4 million (2011: 137.8) can be attributed to the structure of revenue development over the past several months. The fair values of trade receivables are equal to their carrying amount.

Other current financial assets

Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 56.0 million (2011: 54.1), as well as other receivables in the amount of EUR 5.2 million (2011: 3.8).

Other current assets

Other current assets of EUR 16.4 million (2011: 15.3) include other assets totaling EUR 14.9 million (2011: 13.4) as well as EUR 1.5 million (2011: 1.9) from accruals and deferrals. Other assets primarily comprise pass-through tax claims such as value added tax, receivables from employees and receivables due from creditors with debit balances.

Subscribed capital

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

Capital reserve

The capital reserve amounted to EUR 74,444 thousand (2011: 74,444) as of March 31, 2012. The capital reserve includes share premiums from the capital increases in 1996, 2001 and 2011, less transaction costs.

Revenue reserves

The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand on March 31, 2012 (2011: 1,183), and is not available for the payment of dividends.

Revenue reserves also reflect income earned in the past by the companies included in consolidation, provided such income was not paid out as dividends. Revenue reserves increased from EUR 111,528 thousand the previous year to EUR 119,169 thousand as a result of the profit for the quarter.

Accumulated other comprehensive income

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

Dividends

The Company distributes dividends in accordance with section 58 (2) AktG based on net profit in the financial statements of GRAMMER AG, which are prepared according to the German Commercial Code. GRAMMER AG posted net retained earnings of EUR 13.1 million on the balance sheet date December 31, 2011. This takes into account the loss of EUR 26.0 million carried forward, the withdrawal of EUR 24.8 million from other revenue reserves and net profit of EUR 14.3 million. No dividend was paid in the most recent fiscal year. The Executive Board will propose to the Supervisory Board and the Annual General Meeting that a dividend of EUR 0.40 be paid per share and that the remaining EUR 8.6 million be carried forward. This takes into account the fact that the Company holds 330,050 own shares, which accord no dividend rights. If the number of shares according dividend rights should increase before the date of the Annual General Meeting, the Executive Board will present an adjusted dividend proposal to the Annual General Meeting.

Own shares

As of March 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 884,928 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 guaranteed by the Company until May 27, 2014 on the basis of the authorization given to the Executive Board, and provided no other forms of performance are implemented with respect to the condition (conditional capital 2009).

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

a) if necessary to eliminate fractional amounts;

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

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

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

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

(2) to limit use of the authorization to exclude shareholders' statutory subscription rights in the event that shares are issued against contributions in kind for the purpose of acquiring companies, parts of companies, or for the purpose of acquiring receivables 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
On August 22, 2011, GRAMMER AG issued a long-term debenture bond in the amount of EUR 60.0 million. The volume is distributed across three tranches with maturities of three, five and seven years. Simultaneously, a EUR 9.5 million tranche from an existing debenture bond entered early into prolongation. With this transaction, and a new global credit facility amounting to EUR 78.5 million until 2014, GRAMMER AG is taking a proactive approach to restructuring of the Group's existing financing. The transaction also replaced, already in September 2011, the previous syndicated loan agreement totaling EUR 110.0 million that was set to expire in August 2013. The new structure of the Group's financing serves to considerably align the maturities of its liabilities. At the same time, GRAMMER AG was able to improve the terms and conditions of financing in its favor, while expanding the creditor base. Long-term financial liabilities comprise a debenture bond with a fixed interest rate of 4.8% and a total nominal value of EUR 70.0 million, which is payable primarily at the end of August 2013, as well as a further debenture bond with a total nominal amount of EUR 60.0 million, featuring both fixed and variable rates of interest on tranches of three, five and seven years.

Debts secured by mortgages and collateral pledged or assigned from fixed and current assets were eliminated through the debt restructuring.

The increase in pension and other obligations to EUR 65.8 million (2011: 64.5) is due to existing commitments. The pension expense for the interim period is calculated on a year-to-date basis using a preliminary estimate based on the previous year's expert opinion adjusted to reflect significant events.

Current liabilities
Current financial liabilities totaling EUR 10.1 million are up slightly from the previous year's level (2011: 9.1) and include existing credit lines from bank overdrafts, the majority of which bear interest at money market-based rates.

Other current liabilities of EUR 63.2 million are substantially higher than the prior-year level (2011: 49.6) as a result of business developments. This item consists primarily of social security obligations owed to social security authorities and liabilities to employees from outstanding leave, overtime, flextime etc. It also includes liabilities relating to value added tax.

Income tax liabilities principally comprise income taxes for fiscal year 2011 and the first three months of 2012.

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

Other provisions contain obligations related to personnel and social benefits such as partial retirement schemes and anniversary bonuses, as well as a number of identifiable specific risks and contingent liabilities, such as provisions for litigation costs, which are recognized at their probable amounts.

Cash flow statement

The statement of cash flow presents the Group's cash flow situation broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification of the respective items. Cash flow from operating activities is derived indirectly from net profit before taxes, which is adjusted to include non-cash expenses (primarily depreciation and amortization) and income. Cash flow from operating activities is calculated under consideration of the change in working capital. Investing activities comprise payments for property, plant and equipment 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.

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, 2011. The segment information is as follows:

Operating segments

EUR k

Fiscal year as of March 31, 2012	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	115,913	169,864	0	285,777
Inter-segment revenue	5,060	29	–5,089[1]	0
Total revenue	120,973	169,893	–5,089	285,777
Segment earnings (Operating profit)	7,068	7,566	–2,546	12,088

EUR k

Fiscal year as of March 31, 2011	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	91,950	171,002	0	262,952
Inter-segment revenue	6,784	673	–7,457[1]	0
Total revenue	98,734	171,675	–7,457	262,952
Segment earnings (Operating profit)	7,948	7,875	–3,712	12,111

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

Reconciliation

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

EUR k

	01 – 03 2012	01 – 03 2011
Segment earnings (Operating profit)	14,634	15,823
Central Services	–1,780	–4,889
Eliminations	–766	1,177
Group earnings (Operating profit)	12,088	12,111
Financial result	–3,057	–4,339
Profit/loss (–) before income taxes	9,031	7,772

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 March 31, 2012 and 2011:

EUR k

Related parties		Sales to related parties	Purchases to related parties	Receivables from related parties	Liabilities to related parties
Jointly-controlled entities in which the parent is a venturer					
GRA-MAG Truck Interior Systems LLC	2012	561	0	12,290	–40
	2011	579	0	9,863	0

Contingent liabilities

Guarantees in the amount of EUR 32 thousand are in place primarily for leased offices and as contract guarantees to ensure against breaches of contract as of March 31, 2012.

Financial Calendar and Trade Fair Dates 2012

Important dates for shareholders and analysts

Interim Report, first quarter 2012	05/09/2012
Annual General Meeting 2012 Location: ACC (Amberger Congress Centrum), 92224 Amberg	05/23/2012
Interim Report, second quarter and first half-year 2012	08/08/2012
Interim Report, third quarter 2012	11/07/2012

Important trade fair dates

Innotrans 2012, Berlin	09/18 – 09/21/2012
IAA Nutzfahrzeuge 2012, Hanover	09/20 – 09/27/2012
IZB 2012, Wolfsburg	10/10 – 10/12/2012
GIE+EXPO 2012, Louisville, USA	10/24 – 10/26/2012
METS 2012, Amsterdam, The Netherlands	11/13 – 11/15/2012
Bauma China 2012, Shanghai, China	11/27 – 11/30/2012

Contact

GRAMMER AG
Georg-Grammer-Strasse 2
D–92224 Amberg

P.O. Box 1454
D–92204 Amberg

Phone +49 (0) 9621 660
Fax +49 (0) 9621 66000
www.grammer.com

Investor Relations
Ralf Hoppe
Phone +49 (0) 9621 662200
Fax +49 (0) 9621 6632200
Email: investor-relations@grammer.com

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GRAMMER AG

P.O. Box 14 54
D – 92204 Amberg
Phone +49 (0) 96 21 66 0

www.grammer.com