Grammer 07
January until September

THE FIRST THREE QUARTERS OF 2007

Q3

GRAMMER

Key Figures for the Group

	Sept. 30, 2007	Sept. 30, 2006
	EUR million	EUR million
Revenue	735.1	657.9
Automotive	479.9	425.7
Driver Seats	228.3	202.8
Passenger Seats	41.6	33.1
Gross profit	113.8	103.9
Profit from operations (EBIT)	26.9	29.1
Profit before income taxes	20.0	24.5
Net income after income taxes	13.0	14.4
Earnings per share in EUR (without Treasury shares)	1.28	1.39
Employees (September 30)	9,470	8,755
Total equity and liabilities	501.9	454.8
Equity ratio in %	35.9	37.7
Gearing ratio in %	49.7	44.6
Capital expenditure (intangible assets and property plant and equipment)	19.5	17.9

Key Figures for Grammer Stock

	Sept. 30, 2007	Sept. 30, 2006
Share price (XETRA closing price in EUR)	22.25	21.22
Number of shares	10,165,109	10,365,764
Market capitalization (in EUR million)	233.5	222.7
52-week high/low (daily high/low in EUR)	26.49/18.17	22.10/16.00
German Securities Code Number (WKN): 589540		
ISIN: DE 0005895403		
Stock exchange symbol: GMM		
Reuters symbol: GMMG.DE		
Bloomberg symbol: GMM:GR		
Market segment: Prime Standard		
Index: SDAX		

Contents

About Grammer

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

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

Grammer is represented in 17 countries worldwide, employing more than 9,000 employees at its 21 fully consolidated subsidiaries. Grammer's shares are listed in the SDAX segment of the German Stock Exchange, and are traded on the Munich and Frankfurt stock exchanges via the XETRA electronic trading platform and on the OTC markets of the Stuttgart, Berlin and Hamburg stock exchanges.

Grammer's Shares

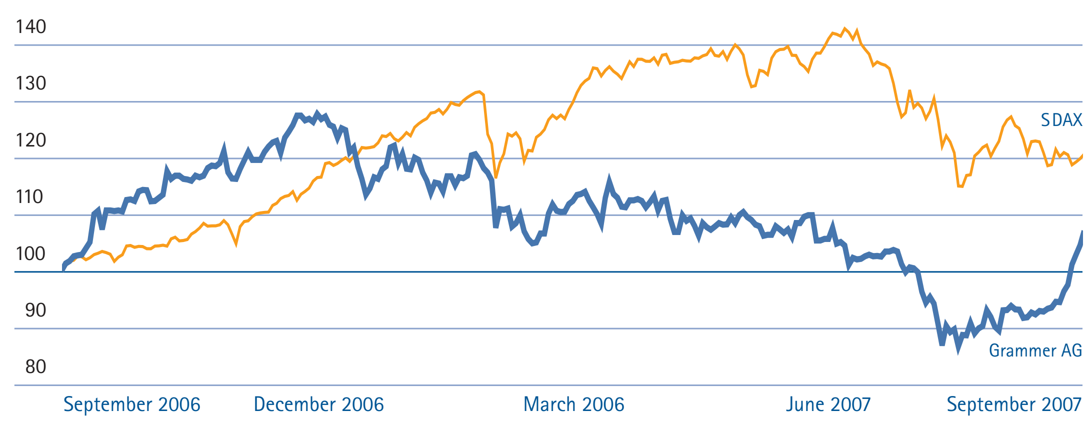
Stock Market Environment and Grammer's Share Price Performance

Following a temporary high between July and mid-August, the stock markets were hit by a significant downward trend. This was triggered by the uncertainty on the financial markets as a result of the sub-prime crisis. The DAX reached a high of 8,105 points in July, falling to a low for the quarter of 7,270 points in August. The index recovered in September and closed the month at around 8,000 points. Our benchmark index, the SDAX, recorded a similar performance. At 5,735.9 points, it closed September 11.5 % down on the start of the quarter, but 3 % higher than the level of 5,567.4 points recorded at year-end 2006.

Grammer's share price started July at EUR 21.95 and closed the quarter at EUR 22.25, down EUR 3.54 on the end of the 2006 financial year. The shares fell to a low of EUR 18.17 in August. Compared with the same period of the previous year, however, Grammer's share price increased by EUR 1.03.

In accordance with the most recent mandatory notifications, our largest shareholders remain EQMC with over 10 % and Axxion with 5.6 %. Accordingly, the free float is approximately 84 %.

Performance in comparison to the S DAX, indexed



Group Interim Report

General Economic Conditions

Global Economic Growth Despite Risks

The global economy remained on its growth path in the period under review. The main drivers were the emerging Asian economies, primarily China and India. By contrast, production rates in industrialized nations were moderate. The real estate crisis and rising oil prices meant that the U.S. economy recorded only muted growth. In Japan and Europe, where real GDP initially increased, the economy also slowed down to an extent in the third quarter.

The German economy continues to enjoy a phase of recovery, although this expansion decelerated in the past three months as a result of a restrictive fiscal policy and exchange rate effects. The appreciation of the euro had a negative impact on sales opportunities in the dollar area, among other things. At the same time, the appreciation of the Turkish lira, the Czech koruna and the Polish zloty led to an increase in the cost of production at sites in these countries. Rising raw material prices also had an adverse effect. The global market price for crude oil increased further in the third quarter, reaching around US$ 80 per barrel by the end of September.

Further Increase in German Automotive Production

According to the German Association of the Automobile Industry (VDA), a total of 12.3 million new cars were sold in the USA in the period from January to September 2007, down 3 % on the same period of the previous year. In the third quarter, the U.S. automotive market also saw a fall in the number of new registrations. German manufacturers bucked this trend, increasing their sales figures once again and expanding their market share to 10.2 % by the end of September.

The Western European passenger car market has also declined over the course of the year to date (– 0.2 %), although the key high-volume markets have recorded growth: in France (+ 0.3 %), Italy (+ 6.6 %) and the United Kingdom (+ 2.0 %), more cars were newly registered than in the same period of the previous year. According to the European Automobile Manufacturers Association (ACEA), only Spain registered a slight decrease of 2.0 %. At the same time, the automotive markets of the new European Union member states enjoyed substantial growth of some 15.5 %.

The performance of the German market was significantly below the Western European average. New registrations in the first nine months of 2007 totaled 2.3 million, down 8.0 % on the same period of the previous year. However, sales in 2006 benefited from the substantial number of purchases brought forward as a result of the VAT increase in Germany. There was no weakness of demand in two vehicle categories in particular: new registrations of all-terrain vehicles and sports cars increased by 4.8 % and 12.3 % respectively.

The strong growth in the sports car segment allowed Porsche to record sales growth of 3.5 % in Germany in the period from January to September. Mercedes' new registration figures remained unchanged at around 250,000, while all other brands recorded declines that were, in some cases, significant. Ford (– 15.0 %) and Opel (– 13.2 %) were impacted by this development to the largest extent. Volkswagen also recorded 9.8% fewer new registrations than in the same period of the previous year, but remained the clear market leader with a share of 19.1 %.

Domestic production by the German automotive industry continued to grow despite the weak local market environment. In the first three quarters, the year-on-year growth rate was 6.0 %, while growth of 9.0 % was recorded at foreign production sites. The reason for this development is the ongoing expansion of exports. Despite the weakness of the dollar, German manufacturers have increased their exports by 11.0 % over the course of the year to date, significantly increasing the volumes shipped to key markets such as the USA, the United Kingdom and Russia.

Continued Record Levels for Commercial Vehicles

The European commercial vehicle market exceeded the strong performance recorded in the previous period by 2.6 %. There were 322,582 new registrations of vehicles over 3.5 tons, representing growth of 2.2 %. In the area of heavy-duty semi-trailer tractors over 16 tons, the number of new registrations increased by 4.1 %. While initial registrations in Western Europe declined slightly compared with the first three quarters of 2006, the new EU member states were a key driver behind the positive development, recording growth of more than 40 %. The German commercial vehicle market outperformed the European average in the period from January to September of the current financial year. According to the German Federal Motor Transport Authority, registrations of trucks increased by 10.1 % to 200,581 in the period under review.

Developments on the market for agricultural and forestry tractors were also positive, with the number of new registrations in Germany increasing by 3.7 % to 26,782.

The German construction machine industry benefited from high export rates in the first half of the year. Despite the contraction of markets such as the USA, business development in the third quarter remained positive.

Rail Industry Enjoys Constantly Positive Business Climate

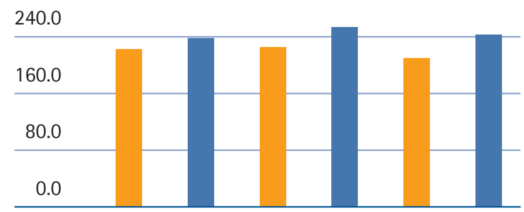
According to the SCI Rail Industry Barometer, the performance of the German rail industry between July and September remained at the same high level as previously. This is due to the healthy order situation and the continued favorable development of prices for products and services. However, further growth was restricted by rising costs for supplier products, raw materials and energy.

Business Development

Continued Significant Growth in Group Revenue

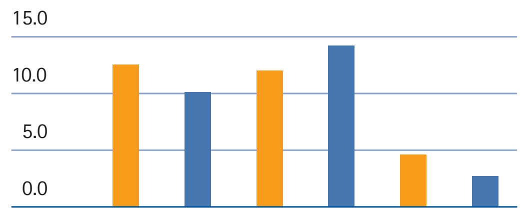
The revenue recorded by the Grammer Group increased by EUR 77.2 million to EUR 735.1 million in the first nine months of the year (PY: EUR 657.9 million). In the third quarter alone, Group revenue amounted to EUR 243.1 million, up 15.9 % on the figure of EUR 209.8 million recorded in the same period of the previous year. As in the first half of the year, this strong development reflects our stable order backlog in all three segments and the dynamic economic environment in which we are active. On a regional basis, our continued strong presence in Europe meant that we were able to generate revenue of EUR 554.7 million in this area (PY: EUR 509.3 million). Overseas revenue increased by 31 % to EUR 112.8 million (PY: EUR 86.1 million), while Group revenue in the rest of the world climbed to EUR 67.6 million (PY: EUR 62.6 million).

Group sales by quarter
in EUR million



Q1 06	Q1 07	Q2 06	Q2 07	Q3 06	Q3 07
222.6	237.7	225.5	254.2	209.8	243.1

Group EBIT by quarter
in EUR million



Q1 06	Q1 07	Q2 06	Q2 07	Q3 06	Q3 07
12.5	10.1	12.0	14.2	4.6	2.7

Group Earnings Impacted by Higher Prices

Earnings in the period under review were primarily affected by the following factors: in addition to the significant increase in raw material prices in the first nine months of the year, the weakness of the U.S. dollar and, in particular, the growing cost of production at some Eastern European sites in the third quarter had an adverse effect. Development in the Automotive segment was hit particularly hard by these factors, whereas our other two segments, Driver Seats and Passenger Seats, succeeded in generating higher earnings. As a result, profit from operations (EBIT) of the Grammer Group for the period from January to September 2007 amounted to EUR 26.9 million (PY: EUR 29.1 million), while EBIT for the third quarter totaled EUR 2.7 million (PY: EUR 4.6 million).

Net income for the first nine months amounted to EUR 13 million (PY: EUR 14.4 million).

Automotive Segment

Slowdown in Growth due to Lower Earnings

The strong order situation in the first half of the year was the key factor in the business development of the Automotive segment in the third quarter. In September, we started the delivery of crash-active headrests for the BMW 5 and 6 Series and X3 and X5 models. We also succeeded in gaining a center console development order for a premium German manufacturer, thereby underlining the fact that we are increasingly establishing ourselves as a recognized systems provider in this product area. We also made progress in establishing our new locations for the supply of the General Motors Epsilon platform in Shanghai and the expansion of our sewing capacities in Serbia.

This positive growth momentum was offset by negative effects that impacted the earnings generated by the Automotive segment. In the third quarter, a number of Eastern European currencies enjoyed a period of appreciation. The strengthening of these currencies led to significantly higher wage and infrastructure costs at some of our production sites. The sharp increase in the raw material prices and the weakness of the U.S. dollar also impacted the segment's earnings in the first nine months of the year.

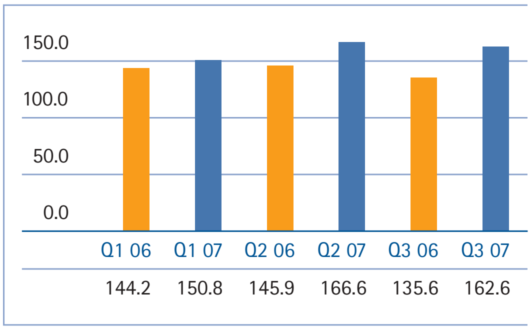
Significant Revenue Growth

Revenue in the Automotive segment amounted to EUR 479.9 million, up 12.7 % on the same period of the previous year (EUR 425.7 million). In the third quarter, segment revenue increased by EUR 162.6 million (PY: EUR 135.7 million).

The Automotive segment recorded EBIT of EUR 11.1 million, down EUR 5.5 million year-on-year (PY: EUR 16.6 million).

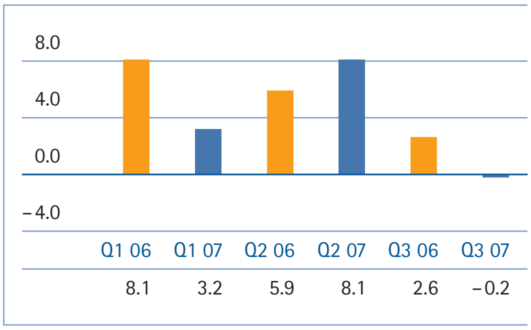
Automotive sales by quarter

in EUR million



Automotive EBIT by quarter

in EUR million



Driver Seats Segment

Profitable Growth Across All Sectors

The strong order pipeline in our Driver Seats segment in the first half of the year continued into the third quarter. Even the summer break at a number of our customers in August had a negligible impact on the segment's dynamic development. This reflects our strong market position in the offroad and truck sectors, as well as the growth in the economy as a whole. In the offroad area in particular, Grammer benefited from product innovations and its market leadership in Europe, which has been established for several decades. The positive investment climate led to revenue growth in Europe and additional sales momentum in Brazil and China.

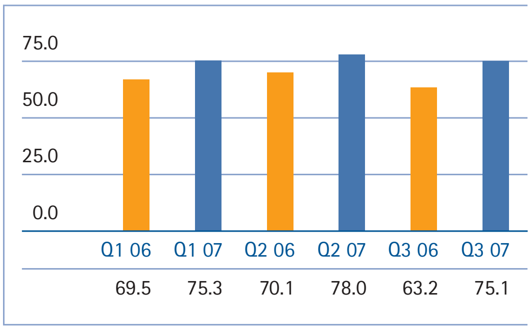
A similar development was recorded in the truck sector, where the Grammer Group increased its revenue in Brazil, Europe and the Middle East, as well as further reinforcing its market leadership in South America.

By contrast, our truck business in North America has been adversely affected by new exhaust gas regulations in the USA. The vehicle price increases resulting from the new legislation have led to an initial reluctance to invest on the part of hauliers.

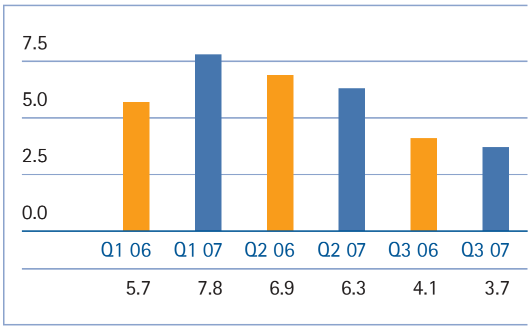
Continued Revenue and Earnings Growth

In the first nine months of 2007, the Driver Seats segment increased its revenue by 12.6 % to EUR 228.3 million (PY: EUR 202.8 million). Segment revenue for the third quarter improved by a further 2.8 % compared with the first half of the year. In the months from July to September, revenue increased by EUR 75 million year-on-year (PY: EUR 63.2 million). The EBIT recorded by the segment also underlines this strong performance: at EUR 17.8 million (PY: EUR 16.6 million), it was up 7.2 % on the first nine months of the previous year.

Driver Seats sales by quarter
in EUR million



Driver Seats EBIT by quarter
in EUR million



Passenger Seats Segment

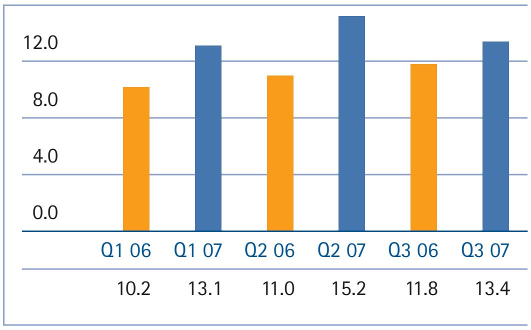
Restructuring Starts to Take Effect

Business development in the Passenger Seats segment reflects the progress in our activities in the rail sector, particularly since the disposal of the Bus unit in June 2007. Segment performance improved as a result of the projects initiated in 2007 with the aim of reducing the cost of materials and optimizing and stabilizing process capability. The strong order situation in the first three quarters also had a positive effect. We benefited in particular from the growing internationalization of our rail activities: for example, we started delivery for a Spanish customer in the third quarter.

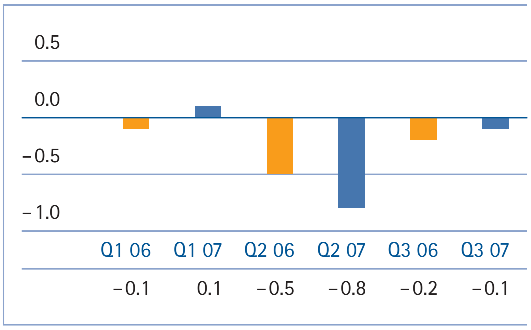
Further Growth Despite Summer Break

Revenue in the Passenger Seats segment climbed 26 % to EUR 41.6 million in the first nine months of the year (PY: EUR 33.1 million). In the third quarter of 2007, segment revenue increased by EUR 13.4 million compared with the first half of the year. Earnings before income and taxes improved by 7 % to EUR – 0,79 million (PY: EUR – 0,84 million).

Passenger Seats sales by quarter
in EUR million



Passenger Seats EBIT by quarter
in EUR million



Financial Situation

Balance Sheet with Solid Financial Structures

Due to the expansion of its business activities, the Grammer Group's total assets increased by 10.4 % to EUR 501.9 million as of September 30, 2007 (PY: EUR 454.8 million).

Noncurrent assets rose by EUR 11.2 million to EUR 195.1 million (PY: EUR 183.9 million). Key factors included year-on-year growth in property, plant and equipment and deferred taxes, which had already increased during the course of 2006. The growth in noncurrent financial assets is primarily attributable to the investment in Serbia with the aim of expanding production. Current assets also increased significantly by 13.3 % to EUR 306.8 million (PY: EUR 270.9 million). This was due in particular to the rise in trade accounts receivable, which was primarily attributable to the higher level of revenue: at EUR 134.9 million, they comfortably exceeded the corresponding figure for the previous year (EUR 122.4 million). Due to the expansion of the Group's business activities, other assets also increased from EUR 46.4 million to EUR 59.2 million.

The Grammar Group's equity increased by EUR 8.5 million to EUR 180.2 million (PY: EUR 171.7 million). At 35.9 %, the equity ratio was down slightly on the comparative figure for the previous year (37.8 %); this was directly attributable to the higher total assets and the share buyback program.

Noncurrent liabilities totaled EUR 143.0 million (PY: EUR 103.2 million). This development primarily reflects noncurrent liabilities to banks, which increased by EUR 36.4 million. The latter resulted from a borrower's note loan in the amount of EUR 70.0 million that was successfully placed by Grammer in the second half of 2006. The loan provided for the refinancing of the expiring bond, which was therefore reported as a current liability.

At EUR 178.7 million, current liabilities at September 30, 2007 were down slightly on the previous year (EUR 179.9 million). The changes in liabilities to banks and bonds as against the previous year are due to the restructuring of the financing of the long-term borrower's note loan that was concluded in the third quarter of 2006. The growth in trade accounts receivable from EUR 63.9 million to EUR 81.0 million is attributable to the expansion of the Group's business activities and its revenue growth. The gearing ratio amounted to 49.7 % (PY: 44.6 %).

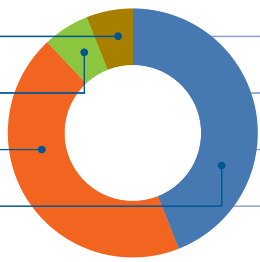
Investment in Value Added

Capital expenditure by the Grammer Group amounted to EUR 19.5 million (PY: EUR 17.9 million), up slightly on the previous year. In the Automotive segment, we invested a total of EUR 8.6 million (PY: EUR 10.7 million), the majority of which was concentrated in production facilities for pending new customer projects and the expansion of our sites in China and overseas. The focus of investment in the Driver Seats segment, which saw capital expenditure of EUR 8.5 million (previous year: EUR 4.7 million), remained the new metal processing facilities at the German Haselmühl site. The optimization performed in this area allowed us to generate higher value added and improve the cost-efficiency of production. Capital expenditure in the Passenger Seats segment totaled EUR 1.2 million (PY: EUR 1.5 million), while the same amount was invested at Central Services (PY: EUR 1.1 million). This primarily related to the expansion of corporate software systems.

Headcount by segment, January to September 2007

in percent, in EUR million

Central Services	6	1.2
Passenger Seats	6	1.2
Driver Seats	44	8.5
Automotive	44	8.6
	100	19.5



Employees

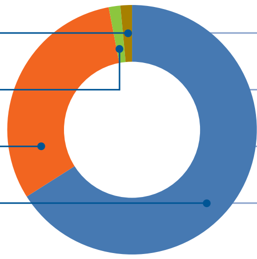
Grammer Expands Workforce

The growth recorded by the Grammar Group is reflected in its employee numbers. On September 30, a total of 9,470 people were employed by Grammar worldwide – up 8.3 % on the previous year (8,755 employees). The Automotive segment saw a particularly large expansion in its workforce: at the balance sheet date, 6,244 people were employed in this segment, 9.8 % more than one year previously (PY: 5,686). The Driver Seats segment also increased its workforce from 2,702 in the previous year to 2,927 at the reporting date. The disposal of the Bus unit meant that the number of employees in the Passenger Seats segment fell by 80 year-on-year to 144. Central Services employed a total of 155 people (PY: 143).

Employees by segment, January to September 2007

in percent, total number

Central Services	2	155
Passenger Seats	2	144
Driver Seats	31	2,927
Automotive	65	6,244
	100	9,470



Outlook for the Year as a Whole

Global Economic Recovery Continues

The International Monetary Fund (IMF) is forecasting global economic growth of 5.2 % for the year as a whole. This projection is based on the stable condition of the wider economy and the dynamic economic development in emerging economies, where the trailblazers remain China (+ 11.5 %) and India (+ 8.9 %). The IMF expects the USA to record growth of 1.9 % for the whole year. This represents a downgrading of 0.1 % due to the crisis in the real estate sector. Economic development in the euro zone is expected to be more robust, with the IMF forecasting growth in economic output of 2.5 %. The German economy is expected to expand by 2.4 %.

Automotive: Record Exports and Production Expected

For 2007, B&D Forecast estimates global passenger car sales of 57.8 million vehicles, up 2.9 % compared with the previous year. The largest market remains the USA, with projected sales of 16.5 million. China is expected to continue to record strong growth rates, and could replace Japan as the world's second-largest market with a total of 5.1 million vehicles sold. According to the VDA, around 3.2 million vehicles will be newly registered in Germany this year, down 7.6 % on the figure for 2006.

The VDA believes that German manufacturers will achieve a new export and production record in 2007. All in all, a total of 4.2 million vehicles are expected to be exported – up 8 % on the previous year. This will benefit domestic production, with growth of 4 % to 5.6 million units manufactured.

In the Group's largest segment, Automotive, we still expect revenue for the year as a whole to be driven by our premium segment with its stable growth rates. In terms of EBIT, however, we expect muted development in 2007 compared with the previous year. The segment's profitability will return to its forecast path by 2009 on the back of extensive measures aimed at streamlining processes and organizational structures.

Driver Seats: All Signs Point to Success

According to projections, the boom in the commercial vehicle industry will continue across all sectors. Strong growth rates are expected in the traditional export markets of Western Europe, while high demand from the new EU countries, Russia and the OPEC nations will also have a positive impact.

The German Machinery and Plant Manufacturing Association (VDMA) expects manufacturers of agricultural machinery to enjoy a strong business environment in 2007 as a whole, with high sales forecast with neighboring European countries in particular. The German Federal Association of Construction Machinery, Construction Tool and Industrial Machinery Manufacturers (bbi) is also optimistic with regard to the continued promising development of the market for construction machinery.

For the year as a whole, we expect the Driver Seats segment to continue to perform well. The main agricultural trade fair in the fourth quarter will contribute to the positive revenue development. Our order pipeline for offroad and truck seats is strong.

Passenger Seats: Rail Industry Provides Positive Signals

Due to stable prices and the positive order situation, the German rail industry is expecting a successful year as a whole. In addition to heightened domestic demand, exports are again likely to be a key driver.

Due to additional cost factors, we are forecasting a slight improvement in the segment's performance compared with 2006, but earnings are still expected to be negative. By contrast, revenue will be boosted by the extensive order backlog.

Significant Revenue Growth Forecast

On account of the strong third quarter, we expect Group revenue growth for the year as a whole to total around 10 %. In terms of earnings, consolidated EBIT is forecast to amount to EUR 32 million. This is due to the developments in the third quarter and, in particular, the higher costs resulting from exchange rate effects and the sharp rise in raw material prices, particularly for steel and mineral oil-based products such as plastics and foam. We are countering the effects of these cost increases with systematic programs aimed at streamlining workflows, reducing quality costs and saving materials. The organizational structure within the Automotive segment is also being streamlined, a process which is expected to be completed within the next few months. We expect revenue to increase to more than EUR 1 billion by 2009, and are forecasting an EBIT return in excess of 5 %.

We are harnessing our growth potential in order to develop international markets and expand our customer portfolio. In Asia and North America in particular, there is potential for significant expansion in both business segments. We are therefore intensifying our business activities both within and outside the euro zone, as well as focusing strongly on generating additional orders from Asian and U.S.-based manufacturers.

Risks and Opportunities

In addition to the risks and opportunities outlined in the management report contained in the Annual Report for the year ended December 31, 2006, the Group may be affected by the risks and opportunities described in the "Outlook" section of this report. This section contains forward-looking statements that reflect the opinions of Grammer AG's management with regard to future events. These statements are based on current forecasts, estimates and expectations, and are therefore subject to a degree of risk and uncertainty.

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

On July 24, the Supervisory Board of Grammer AG appointed Dr. Rolf-Dieter Kempis as the new Chairman of the Board of Management for a term of two years. Dr. Kempis was previously a member of the Supervisory Board, and stepped down from this position following his appointment. Dr. Kempis assumed the Chair of the Board of Management on August 1. Alois Ponnath, who was previously the Speaker of the Board of Management, remains in his position as CFO.

Amberg, November 2007

Grammer AG
The Board of Management

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

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

Amberg, November 2007
The Board of Management

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

	Jan. 1 – Sept. 30, 2007	Jan. 1 – Sept. 30, 2006
	EUR '000s	EUR '000s
Revenue	735,051	657,915
Cost of sales	621,231	552,560
Gross profit	**113,820**	**105,355**
Selling expenses	30,907	29,047
Administrative expenses	61,083	51,189
Other operating income	5,115	4,004
Profit from operations	**26,944**	**29,122**
Net finance costs	– 6,984	– 4,662
Profit before income taxes	**19,960**	**24,461**
Income tax expense	6,920	10,060
Net income after income taxes	**13,040**	**14,401**
Minority interests	29	56
Net income attributable to the shareholders of the parent	**13,011**	**13,345**

Balance Sheet *as of September 30, 2007*

Assets	Sept. 30, 2007	Sept. 30, 2006
	EUR '000	EUR '000
Non-current assets		
Intangible assets	41,726	40,588
Property, plant and equipment	128,268	125,183
Shares in affiliates	526	484
Non-current financial assets	8,348	4,815
Deferred tax assets	16,192	12,830
	195,060	**183,900**
Current assets		
Inventories	97,594	86,214
Trade accounts receivable	134,929	122,384
Other receivables and assets	59,206	46,446
Property, plant and equipment held for sale	0	0
Current financial assets	803	331
Income tax assets	91	126
Cash and cash equivalents	14,173	15,388
	306,796	**270,889**
Total assets	**501,855**	**454,789**

Equity and liabilities	Sept. 30, 2007	Sept. 30, 2006
	EUR '000	EUR '000
Equity		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Retained earnings	94,602	86,107
Equity before minority interests	179,707	171,212
Minority interests	480	467
	180,187	**171,678**
Non-current liabilities		
Bond	0	0
Non-current liabilities to banks	71,138	34,752
Non-current loans of affiliated companies	0	0
Other non-current liabilities	3,953	5,528
Pension obligations	50,085	48,766
Deferred tax liabilities	17,829	14,166
	143,005	**103,211**
Current liabilities		
Bond	0	42,000
Current liabilities to banks	32,542	15,206
Trade accounts payable	81,016	63,928
Financial obligations	126	316
Other current liabilities	46,877	36,276
Income tax liabilities	6,980	9,616
Other provisions	11,122	12,557
	178,663	**179,899**
Total equity and liabilities	**501,855**	**454,789**

Cash Flow Statement *for the third quarter of 2007*

	Q3 2007	Q3 2006
	EUR '000s	EUR '000s
1. Cash flow from operating activities		
Net income for the period	13,040	14,401
Non-cash items:		
Depreciation and impairment of property, plant and equipment	16,155	16,286
Amortization and impairment of intangible assets	1,331	1,260
Changes in provisions and pension obligations	4,569	4,290
Other non-cash changes	1,590	– 4,181
Changes in working capital		
Increase in trade accounts receivable and other receivables	– 31,196	– 29,496
Increase in inventories	– 12,194	– 5,993
Decrease in other assets	2,589	2,457
Increase in trade accounts payable and other liabilities	3,207	– 9,397
Gains on the disposal of assets	– 76	– 202
Income taxes paid		
Net cash used in operating activities	**– 985**	**– 10,575**
2. Cash flow from investing activities		
Acquisitions		
Acquisition of property, plant and equipment	– 18,120	– 15,971
Acquisition of intangible assets	– 1,330	– 1,967
Acquisition of investments	– 3,803	– 189
Disposals		
Disposal of property, plant and equipment	4,323	3,225
Disposal of intangible assets	1,440	– 322
Disposal of investments	340	1,504
Interest received	1,574	908
Net cash used in investing activities	**– 15,576**	**– 12,812**
3. Cash flow from financing activities		
Dividend payments	– 10,170	– 10,518
Purchase of treasury shares		
Repayment of bond		
Changes in non-current liabilities to banks	– 1,994	30,016
Changes in lease liabilities	– 705	– 783
Interest paid	– 5,197	– 4,409
Net cash used in financing activities	**– 18,066**	**14,306**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of items 1 – 3)	– 34,627	– 9,081
Exchange rate-related changes to cash and cash equivalents		
Cash and cash equivalents at January 1	16,258	9,594
Cash and cash equivalents at September 30, 2007	**– 18,369**	**513**
5. Composition of cash and cash equivalents		
Cash and short-term deposits	14,173	15,388
Securities		331
Current account liabilities to banks	– 32,542	– 15,206
Cash and cash equivalents at September 30, 2007	**– 18,369**	**513**

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

	Subscribed capital	Capital reserve	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Group equity
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Balance as of December 31, 2006	**26,868**	**58,237**	**90,158**	**– 7,441**	**6,470**	**174,292**	**468**	**174,760**
Dividend			– 10,170			– 10,170		– 10,170
Consolidated net income for the period			13,011			13,011	29	13,040
Subsequent measurement (IAS 39)					– 207	– 207		– 207
Exchange rate differences					3,091	3,091	11	3,102
Other changes in equity					313	313	– 28	285
Change in net investments (IAS 21/39)					– 621	– 621		– 621
Balance as of September 30, 2007	**26,868**	**58,237**	**92,999**	**– 7,441**	**9,046**	**179,709**	**480**	**180,189**

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

Basis of Presentation

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

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

The present interim consolidated financial statements have not been audited.

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

Accounting Policies

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

Basis of Consolidation

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

Currency Translation

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

		Average rate Q3 2007 (2006)	Closing rate September, 30 2007 (2006)
Argentina	ARS	0.239 (0.262)	0.224 (0.254)
Brazil	BRL	0.371 (0.367)	0.382 (0.363)
Bulgaria	BGN	0.511 (0.511)	0.511 (0.511)
Canada	CAD	0.676 (0.713)	0.706 (0.708)
China	CNY	0.097 (0.101)	0.094 (0.100)
Czech Republic	CZK	0.036 (0.035)	0.036 (0.035)
India	INR	0.018 (0.018)	0.018 (0.017)
Japan	JPY	0.006 (0.007)	0.006 (0.007)
Mexico	MXN	0.068 (0.074)	0.065 (0.072)
Poland	PLN	0.261 (0.255)	0.265 (0.252)
Russia	RUB	0.029 (0.029)	0.029 (0.030)
Slovenia*	SIT	(0.004)	(0.004)
Switzerland	CHF	0.611 (0.637)	0.602 (0.630)
Turkey	TRY	0.553 (0.569)	0.580 (0.524)
United Kingdom	GBP	1.477 (1.459)	1.432 (1.476)
USA	USD	0.743 (0.805)	0.705 (0.789)

* Slovenia adopted the euro with effect from January 1, 2007

Revenue

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

	Q3 2007	Q3 2006
	EUR '000s	EUR '000s
Gross revenue	739,445	660,811
Sales deductions	– 4,394	– 2,896
Net revenue	**735,051**	**657,915**

Net revenue of EUR 735,051 thousand includes contract revenue of EUR 13,123 thousand (PY: EUR 13,498 thousand) recognized using the percentage-of-completion method. This relates to development activities and operating funds that are expensed and financed by the Grammer Group before a product reaches serial production and starts to generate sales. These are primarily attributable to the Automotive segment.

Other Income

Other operating income in the amount of EUR 5,115 thousand (PY: EUR 5,424 thousand) includes income from the reversal of valuation allowances, proceeds from the sale of scrap metal and the oncharging of materials handling costs and warranties, as well as gains on the disposal of property, plant and equipment and income from the transaction for the disposal of Grammer s.r.l.

Cost of Sales

The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes the cost of operating below capacity and other production-related overheads and administration expenses, as well as expenses for warranty provisions. The cost of sales also contains non-capitalized research and development costs and the amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production ("industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Driver Seats and Passenger Seats segments is generally performed on a "design to market" basis, with the corresponding costs recognized accordingly. The cost of sales includes the cost of inventories in the amount of EUR 587,492 thousand (PY: EUR 521,952 thousand).

Selling Expenses

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

Administrative Expenses

Administrative expenses include all items of administrative expenditure that cannot be directly allocated to other functions, including expenditure for general administration, management and other staff departments. This item also includes foreign exchange gains in the amount of EUR 9,384 thousand (PY: EUR 10,269 thousand) which primarily relate to changes in exchange rates between the origination and settlement of foreign-currency receivables and liabilities, as well as foreign exchange gains resulting from remeasurement at the reporting date. Foreign exchange losses in the amount of EUR 12,585 thousand (PY: EUR 12,294 thousand) are also reported in administrative expenses.

Net Finance Costs

	Q3 2007	Q3 2006
	EUR '000s	EUR '000s
Financial income	1,574	908
Finance costs	– 8,558	– 5,570
Net finance costs	**– 6,984**	**– 4,662**

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

Taxes

The decline in income taxes from EUR 8,870 thousand to EUR 7,283 thousand is primarily due to slightly lower earnings before tax.

Earnings Per Share

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

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

	Q3 2007	Q3 2006
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,365,764
Consolidated net income (in EUR thousands)	13,040	14,401
Basic/diluted earnings per share (in EUR)	1.28	1.39

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

Intangible Assets

Intangible assets include goodwill as well as capitalized development costs. A total of EUR 1,330 thousand was invested in licenses and software. Amortization of intangible assets amounted to EUR 1,331 thousand (PY: EUR 1,260 thousand). In addition, goodwill with a carrying amount of EUR 1,359 thousand was derecognized as a result of disposals (PY: EUR 0 thousand).

Property, Plant and Equipment

In the first nine months of 2007, a total of EUR 18,120 thousand was invested in property, plant and equipment. Depreciation for the same period amounted to EUR 16,148 thousand (PY: EUR 16,286 thousand).

Inventories

The increase in inventories to EUR 97.6 million (PY: EUR 86.2 million) is primarily attributable to the expansion of the Group's business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade Accounts Receivable

The increase in trade accounts receivable to EUR 134.9 million (PY: EUR 122.4 million) is attributable to the expansion of the Group's business activities. The fair values of trade accounts receivable correspond to their carrying amounts. Some foreign-currency trade accounts receivable were hedged by means of currency forwards. There were no restrictions on ownership or disposition.

Other Receivables and Assets

Other receivables primarily relate to receivables from construction contracts in the amount of EUR 32.3 million (PY: EUR 25.4 million), other assets of EUR 23.1 million (PY: EUR 17.2 million) and prepaid expenses of EUR 3.0 million (PY: EUR 3.3 million). Other assets are mainly composed of other tax claims, creditors with debit balances and receivables from affiliates.

Subscribed Capital and Reserves

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

Current and Noncurrent Liabilities

The increase in **pension obligations** to EUR 50.1 million (PY: EUR 48.8 million) 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.

Noncurrent liabilities to banks relate to a long-term borrower's note loan for the refinancing of the expired bond, as well as the long-term portion of various euro-denominated loans with interest rates of between 3.5% and 4.84% p.a., the final payments on which are due in 2009.

Other current liabilities totaled EUR 46.9 million, representing a slight increase on the previous year (EUR 36.3 million) due to the expansion of the Group's business activities. This item primarily contains obligations relating to human resources, other taxes and current business operations.

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

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

Disposal of Grammer s.r.l.

Grammer s.r.l. was sold by way of an MBO transaction dated June 26, 2007. Grammer s.r.l. had been part of the Grammer Group since 1996. With the disposal of the Italian company, Grammer AG also sold its European headquarters for the production of bus passenger seats. The sale was implemented with economic effect from January 1, 2007 and the company was deconsolidated on June 26, 2007. The Passenger Seats unit is not being discontinued. For Grammer, the Bus Passenger Seats unit formed part of the smallest of its segments, “Passenger Seats”, together with the Rail unit, which was not impacted by the sale. For the Grammer Group, the operations of Grammer s.r.l. did not represent a special or material segment, nor does the Group plan to dispose of the entire segment, particularly since Grammer still manufactures and sells passenger seats via other subsidiaries. Furthermore, the new company will still be supplied with bus seats, meaning that some of the business will remain within the Group.

The transaction can be broken down as follows:

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

Cash Flow Statement

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

Business Segments

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

	Driver Seats	Passenger Seats	Automotive	Central Services/ elimination	Total Group
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Q3 2007					
Revenue	228,345	41,634	479,923	– 14,850	735,051
Profit before net finance costs and taxes	17,807	– 787	11,074	– 1,150	26,944
Q3 2006					
Revenue	202,845	33,091	425,710	– 3,731	657,915
Profit before net finance costs and taxes	16,605	– 843	16,601	– 3,240	29,122

Contingent Liabilities

Guarantees have been issued for all leased business premises and as contractual guarantees against breaches of contract. The guaranteed amount of EUR 1,647 thousand is unchanged as against December 31, 2006.

Other Information

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

Mr. Uwe Wöhner, the Board member responsible for the Automotive product area and Director of Labor Relations, left the Company on September 27, 2007. The Supervisory Board appointed Dr. Rolf-Dieter Kempis as the head of the segment and Director of Labor Relations. Dr. Kempis will jointly assume this function in addition to his position as Chairman of the Board of Management of Grammer AG.

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