Interim Report

January to September 2011

GRAMMER

Key Figures[1)]

in EUR m	Q3 2011	Q3 2010	01 – 09 2011	01 – 09 2010
Group revenues	272.9	232.5	810.4	677.0
Automotive revenue	167.1	147.7	508.1	443.9
Seating Systems revenue	112.0	89.5	322.4	249.1
Income statement				
EBITDA	17.0	14.8	56.0	42.6
EBITDA-margin (in %)	6.2	6.4	6.9	6.3
EBIT	10.2	8.1	36.0	23.0
EBIT-margin (in %)	3.7	3.5	4.4	3.4
Profit/loss (–) before income taxes	7.6	2.6	26.3	13.6
Net profit/loss (–)	6.1	1.0	15.8	8.9
Statement of financial position				
Total assets	611.0	568.1	611.0	568.1
Equity	202.5	164.5	202.5	164.5
Equity ratio (in %)	33	29	33	29
Net financial debt	115.1	127.9	115.1	127.9
Gearing (in %)	57	78	57	78
Investments	7.7	6.0	24.6	21.5
Depreciation and amortization	6.8	6.7	20.0	19.5
Employees (September 30)			8,644	7,904
Key share data			Sept. 30, 2011	Sept. 30, 2010
Share price (Xetra closing price, in EUR)			12.59	16.70
Number of shares			11,544,674	10,495,159
Market capitalization (in EUR m)			145.3	175.3

1) according to IFRS

Content

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), trucks, busses and trains.

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

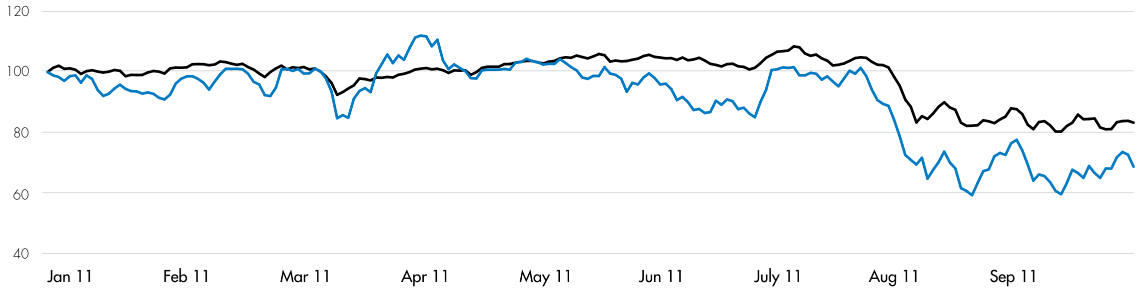
With more than 8,600 employees in 24 fully consolidated companies, GRAMMER has locations in 18 countries worldwide.

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

COMPANY PROFILE

GRAMMER Share

GRAMMER share and SDAX Performance Index – January to September 2011 (in %)



Closing price as of December 31, 2010 = 100 % — GRAMMER AG — SDAX Performance Index

DAX and SDAX

Equity markets have been extremely volatile over the past several weeks, with substantial declines hitting the DAX and SDAX. The general bear market environment is attributable, among other factors, to the eurozone debt crisis triggered by massive debt levels in certain euro member states. In addition to Greece, the acute debt crisis now threatens to spread to other EU countries.

Germany's benchmark index DAX closed on September 30, 2011 at 5,502 points – losing 20.42 % of its value compared to the 2010 year-end close. The SDAX, in which GRAMMER is listed, saw significant declines in the third quarter. It closed at 4,311 points on September 30, 2011, a decline of 16.68 % since the start of the year.

GRAMMER share

On September 30, 2011, the GRAMMER share price closed at EUR 12.59. This represents a decrease in price of 31.20 % in the period from January to September 2011. Following publication of the year-end financial figures for 2010 and announcement of a capital increase, the share price rose to over EUR 20. In May, however, it fell off slightly on lower trading volumes. In July, the price moved back above EUR 18. At the beginning of August, the share price was caught in the downward pressure hitting markets globally, and fell below EUR 15, since which time it has remained in a sideways pattern.

Investor relations

In the just-ended third quarter, intensive, transparent communication with shareholders and analysts remained the top priority of our financial communication. The Executive Board and Investor Relations department presented GRAMMER's market position, business model and future strategy at a number of road shows in Europe's key financial centers. GRAMMER also presented itself to investment professionals at the end of September at the German Investment Conference in Munich, and at other financial conferences.

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

In August 2011, GRAMMER AG received compulsory notification that the percentage of voting rights held by DWS Investment GmbH, Frankfurt am Main, exceeded the 3 % threshold on August 31, 2011, to 3.026 %. In October 2011, DWS Investment GmbH, Frankfurt am Main, also notified the Company that its proportion of voting shares exceeded the threshold of 5 % on October 07, 2011, and that it now holds 5.176 % of voting rights. Electra QMC Europe Development Capital Funds PLC in Dublin/Ireland owns 9.26 % of shares in GRAMMER AG. The percentage share of voting rights held by Wynnefield Partners Small Cap Value L.P., New York/USA, totals 3.04 %. Sparinvest Fondsmæglerselskab A/S, Taastrup/Denmark holds 3.03 % of voting capital in GRAMMER AG.

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

The third quarter of GRAMMER Group 2011

Strong revenue and earnings growth

In the nine-month period, both the Seating Systems and Automotive divisions saw significant revenue gains as compared to the previous year, based on positive economic developments as well as new production starts in 2010 and early 2011. Consolidated group revenue was up roughly 20% to EUR 810.4 million (01 – 09 10: 677.0). As expected, there was a substantial increase in Group EBIT, to EUR 36.0 million (01 – 09 10: 23.0). Third-quarter revenue performance was considerably better than last year, with an increase of 17.4% to EUR 272.9 million (Q3 10: 232.5). Despite costs for plant shutdowns and unfavorable exchange rate developments, operating profit likewise increased to EUR 10.2 million (Q3 10: 8.1).

On July 26, 2011, GRAMMER AG acquired and fully consolidated 100% of equity in Belgian electronics specialist, EiA Electronics N.V., based in Aartselaar/Belgium, for a price of EUR 10.5 million from the proceeds of the capital increase. With the purchase, GRAMMER is expanding its technological competence in the area of electronics. EiA Electronics N.V. specializes in the development, integration and distribution of electronic components for commercial vehicles. EiA Electronics N.V. has roughly 50 employees and generated revenue of approximately EUR 20 million in 2010.

Revenue and earnings

Global economic growth slow, risks on the rise

The global economy in the third quarter was characterized by significant slowing of growth and generalized uncertainty. Whereas indicators in the first half pointed to marginal recovery for the industrialized West, this trend tapered off over the course of Q3. This lies in contrast to the emerging market economies, which remain on a growth track. Among the key factors contributing to the present global economic situation are the Greek debt crisis, the turbulence in major European financial markets and persistent weakness of consumer demand in the US.

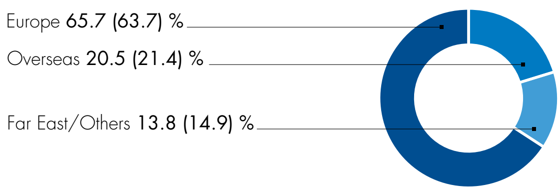
At present, there is no real improvement in sight for the US economy. Growth in the USA remains weak. The political debate with respect to the country high federal debt levels dominate the agenda and hampers economic recovery. With respect to employment as well, the US has yet to see a clear changing of the trend, with unemployment numbers receding only slightly.

China, despite the crisis, continues to exhibit impressive expansion and solidify its global market position. However, as a result of the decline in exports – attributable to weaker demand from the West – growth has been somewhat weaker as compared to the prior year.

Following surprising strength at the start of the first quarter, Europe's economies lost momentum in the second quarter. The slowdown continued unabated in Q3, resulting in zero or even negative growth for some EU members. The main issue remains the ongoing financial and debt crisis, which threatens to spread from Greece, Ireland, Portugal and Spain to Italy and France.

The German economy, after only minimal expansion in the second quarter, saw significant growth in Q3. In addition to the typical pick-up in business activity in the fall, the current strength of the economy is largely attributable to perceptible rises in private consumption and higher export volumes by German industry. The surprising improvement of the employment situation carried on despite financial market turbulence. Thus, the number of unemployed in September fell below 2.8 million for the first time in nearly 20 years.

Revenue by regions (previous year in brackets)



in EUR m

	01 – 09 2011	01 – 09 2010
Europe	532.8	431.5
Overseas	165.9	144.4
Far East/Others	111.7	101.1
Total	810.4	677.0

Group revenue again substantially higher year-over-year

In the current overall economic environment, Group revenue increased substantially in the period until September 30, to EUR 810.4 million (01 – 09 10: 677.0). Thus, the positive revenue trend continued from the previous two quarters, with both divisions again seeing higher revenues in the third quarter. Revenues increased across all regions. Europe saw strong growth of 23.5% to EUR 532.8 million (01 – 09 10: 431.5). Revenue growth was also solid in the Overseas region, climbing 14.9% to EUR 165.9 million (01 – 09 10: 144.4). Far East/Others likewise saw satisfactory growth continue, albeit at a somewhat slower pace following strong periods of growth last year, with revenue totaling EUR 111.7 million (01 – 09 10: 101.1).

The substantial increases in the Automotive division, especially in Europe and the US, were generated through new product launches as well as pleasing sales numbers and strong exports in the premium car segment.

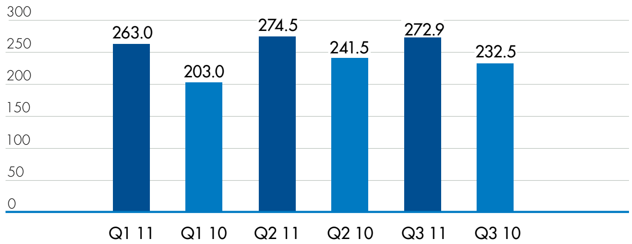
In the Seating Systems division, there has been a substantial recovery, which, alongside the booming markets of China and Brazil, has now led to stronger growth in Europe, too. After a weaker first quarter 2010, there has been a significant trend toward recovery, especially in the offroad segment. The increasing momentum gained from exports led to stronger than average growth in the Seating Systems division and contributed to further stabilization of strong demand. Additionally, revenues from the new subsidiary EiA Electronics N.V. were also included from August onward.

Both divisions achieved better sales in the Overseas region, and positive development continued on the back of improving sales in the US. In Brazil, despite the high rate of revenue growth last year, the markets remain robust. The market continues to expand, though future market development must be very closely monitored. Revenue performance in Asia was once again higher year-over-year in both divisions during the first nine months of 2011.

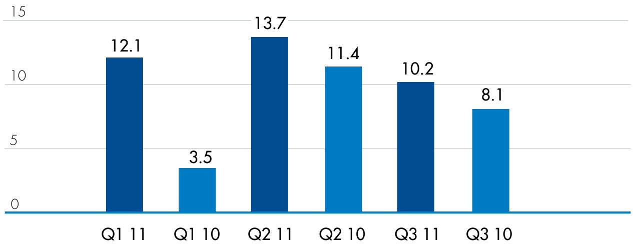
Consolidated earnings continue positive trend

Consolidated earnings before interest and taxes (EBIT) remained on the same successful course as in the first two quarters of 2011, receiving a boost from favorable market dynamics and the overall economic improvement. Operating profit was positive in the first nine months of 2011, at EUR 36.0 million, a substantial increase over the same period last year (01 – 09 10: 23.0). The third quarter was also up on the already strong prior-year quarter at EUR 10.2 million (Q3 10: 8.1). The measures implemented have taken hold and the high level of revenue in both divisions is bolstering earnings. Operating profit is influenced by the expansion of truck seat production and the costs for the plant shutdown in Immenstetten, as well as intense exchange rate volatility. Both the positive and negative effects on earnings from US dollar and emerging market currency exchange rates and their volatility are a cause of concern given our the international nature of our operations. Moreover, commodity prices have risen, strongly in some cases, as a result of economic developments and the associated rise in demand. Price risks are increasing, especially for steel and petroleum-based products.

Group revenue development by quarter (in EUR m)



Group EBIT development by quarter (in EUR m)



Automotive division

Automotive industry remains strong

Despite increasing economic uncertainty, the car industry saw pleasing development in the third quarter. Contrary to the general economic slowdown, international car markets, on the whole, saw positive development.

In the US, demand continued to improve, and even picked up pace. Much of the momentum came from the light trucks segment, where sales were up 13 % in August. Passenger car sales, on the other hand, were moderate, increasing by only 1 %. Across the whole of the light vehicles market, a total of 1.1 million vehicles were sold in August. This corresponds to a strong increase of 8 %. US carmakers lead the way, benefiting from stronger demand at home to raise sales by an above-average 19 %.

In Brazil as well, the automotive market has outperformed overall economic performance, though the rate of growth was slower than in the preceding two quarters. The light vehicles segment, with roughly 307,800 units sold, achieved solid growth of 4 %.

In India, however, demand continued to decline as it did in the preceding quarter. With just under 192,000 cars sold, sales were down 6% in August. In China, sales in August were once again stronger than expected. The previous year's level was exceeded by 10%, at 947,200 units sold.

As before, Japan's car market is suffering in the wake of the earthquake catastrophe in March, though the temporary production slowdowns and outages have now been largely rectified. The number of new vehicle registrations fell off sharply in August, down 26% from the prior year at 273,000 units.

In the Russian light vehicle market, demand was up as a result of improved credit availability and rising consumer confidence. In the first eight months of the year, light vehicle sales were 48% higher to nearly 1.7 million units.

The Western European market continued to lose ground in the third quarter. Since the beginning of the year, 8.7 million new cars have been sold, which represents a decline of 1% year-over-year.

The three large car manufacturing markets France, UK and Italy saw no further growth in the period from January to August 2011. In France, sales were constant at 1.5 million vehicles, the UK saw a decline of 6%, with 1.2 million units sold. In Italy, although sales were up slightly, they remain 12% lower compared to the previous year.

Against the general trend, the German automotive industry remained robust in the January to August period. With production of 400,000 new cars in August, which represents an increase of 19%, a new record was set for this summer month. A particularly bright picture emerged for German brands, which increased sales in the domestic market by as much as 23%. The growth in production and demand is being carried by both domestic and foreign markets. German car industry export volumes remained high, despite weaker tendencies in some foreign markets, especially within Europe.

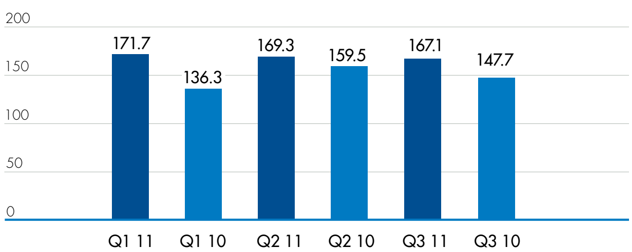
The German market also displayed a reverse trend in numbers of new vehicle registrations, growing at a remarkable rate. The number of new cars on the road from January to August was up 11% to 2.2 million units. The rate of growth then accelerated further in August, when registration numbers increased by 18%.

Automotive business characterized by new production starts and revenue growth

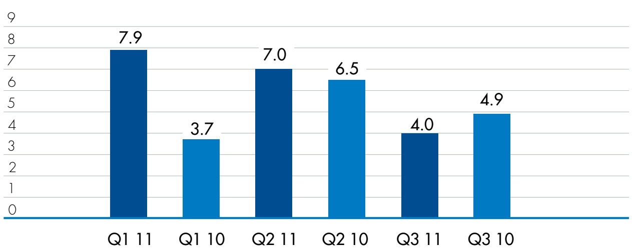
Business in our Automotive division in the three quarters 2011 was characterized by revenue growth from new production starts in 2010 and the start of 2011, as well as substantially stronger sales as compared to the same quarters the previous year. The further increase in demand for some of our customers' mid-size and premium vehicles, where sales were especially strong in places, as well as booming export markets for our products, meant that our revenue numbers continued to improve. On September 30, 2011, thanks to sales increases supported by a recovering economy in Europe and the US, revenues were up 14.5% or EUR 64.2 million year-over-year to EUR 508.1 million (01 – 09 10: 443.9). Focusing on the third quarter, revenues continued to increase despite the strong prior-year quarter, rising EUR 19.4 million to EUR 167.1 million (Q3 10: 147.7). Through the new product launches and growth in the US, Automotive business has stabilized considerably in the US dollar region.

Operating profit increased to EUR 18.9 million in the first nine months (01 – 09 10: 15.0), as a result of the above developments and the restructuring measures. In the third quarter, operating profit declined slightly to EUR 4.0 million (Q3 10: 4.9), due to the plant shutdown in Immenstetten and unfavorable exchange rate developments – particularly affecting the Mexican peso, Polish zloty and Czech koruna, especially in August and September. This turbulence was unavoidable for GRAMMER Group given the rapid onset and high rate of volatility. The pleasing developments in the first nine months demonstrate that the continued focus on growth strategy in core products during the crisis was the right decision. Nonetheless, the short-term growth rates with volatile exchange rates and commodity prices are an ongoing source of significant challenges for the Group.

Automotive segment revenue development by quarter (in EUR m)



Automotive segment EBIT development by quarter (in EUR m)



Seating Systems division

Commercial vehicle market continues to improve

The commercial vehicle market continued to grow in the third quarter. The positive development in the in the first half buoyed production and sales, further strengthening growth in key markets.

The US commercial vehicle market proved particularly robust. In August, 27,600 medium and heavy trucks were sold in the US – a 60% increase on the prior-year month. This marks an improvement of nearly 36% since the start of the year.

The Western European commercial vehicle industry also remains on a favorable trajectory. In August 2011, with 112,000 units sold, this market saw an increase of 13%. With a view to the more than 1.2 million vehicles sold over the course of the year thus far, this represents a 10% improvement year-over-year.

Likewise in the Eastern European (EU) countries, sales improved, with more than 11,000 new commercial vehicle registrations in August – an increase of 25%. Since the start of the year, there has been a 30% rise in sales in Eastern Europe.

New commercial vehicle registrations in Germany were up substantially once again. In the January to August 2011 period, the total number of newly registered vehicles rose 23% to 214,000 units. Commercial vehicles up to 6t saw a 25% higher increase than those over 6t, which grew by 15% – failing to match the 2007 record by just 1,000 vehicles.

Agricultural machinery

The German agricultural machinery industry was once again able to massively increase sales this year, increasing revenues to their second-highest ever level of EUR 3.91 billion in the first half of 2011. The only time more was produced over the same period was in record year 2008.

Material handling

After picking up in 2010, growth continues to thrive in the worldwide market for material handling equipment. Sales were once again positive in the third quarter of 2011.

Construction machinery

The upward momentum in the construction machine industry has abated somewhat. Nonetheless, it can be expected that 2011 will end with overall growth in new orders and sales. Asia continues to be the most important growth market for the construction industry.

Rail industry

The rail sector has been unmoved by the prevailing crises, and exhibited high-level growth in Q3, building on the strength of the previous two quarters. The positive mood of the industry is attributable to rising demand over the past three months.

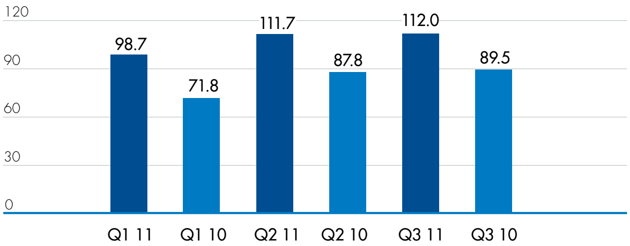
Business performance continues to improve

As in 2010, and the initial quarters of 2011, performance in the Seating Systems division remains very positive. The various product segments within the division have generated extremely positive results and we continue production at a very high level.

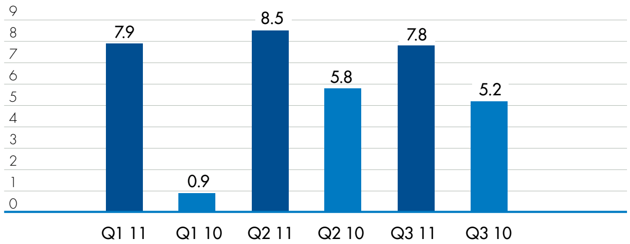
Also, in the third quarter of 2011, the positive trend of the preceding quarters continued in impressive fashion. Continued strong demand for offroad products in Europe and stable revenue performance in the Brazilian truck market were among the top contributors. In the Overseas and Asian offroad markets, revenues also continued to grow. The prior-year figures were once again exceeded significantly, which can be seen as a very positive sign considering the strength of Q3 2010. Moreover, with the acquisition of EiA Electronics N.V., additional product segments were integrated in sales and revenues as of August. In rail business, market development stagnated in the nine month period, but remained stronger year-over-year.

Thus, revenue in the Seating Systems division rose by 30% to EUR 322.4 million (01 – 09 10: 249.1). In the third quarter as well, the positive trend that began in the first half-year continued, with revenue increasing to EUR 112.0 million (Q3 10: 89.5). The cost and capacity rationalization offensive in the offroad segment completed in 2010 is now serving to bolster earnings, so that operating profit in the nine month period rose significantly to EUR 24.2 million compared to EUR 12.0 million in the comparable period. Impressive growth in earnings was also achieved in the third quarter of 2011, reaching a total of EUR 7.8 million (Q3 10: 5.2), despite the launch of major projects. On the back of strong revenue performance, the Company has thus far in 2011 been able to continue the pleasing developments of the past quarters. This underlines in an impressive manner the effects of the implemented restructuring measures, as well as the necessity of keeping structures adjusted to the low 2010 level.

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



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



Financial position

Note on accounting figures: 2010 = December 31, 2010

Higher balance sheet compared to previous year due to growth
As of September 30, 2011, the total assets of GRAMMER Group amounted to EUR 611.0 million (2010: 559.4). This equates to a rise of EUR 51.6 million as compared to the close of 2010, attributable on the one hand to the integration of EiA Electronics N.V., and on the other to the increase in trade accounts receivable and inventories as well as cash and short-term deposits from business growth. The uptrend in the performance of the divisions primarily affected current assets, which increased by EUR 46.5 million within GRAMMER Group to EUR 360.0 million. Trade accounts receivable increased to EUR 162.2 million (2010: 138.3) and other current financial assets to EUR 53.7 million (2010: 50.5). Inventories were higher year-over-year at EUR 102.6 million (2010: 88.9), as a result of business developments, particularly at the September 30 reporting date. Cash and short-term deposits at the reporting date were up moderately year-over-year at EUR 20.9 million (2010: 17.2). Non-current assets totaled EUR 251.0 million (2010: 245.9) in the year under review after acquisition of EiA Electronics N.V. and additions to fixed assets, whereas deferred taxes receded slightly as a result of earnings developments and utilization of tax loss carry forwards in some entities.

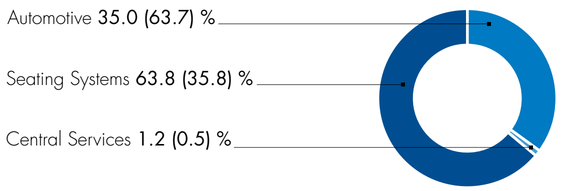
GRAMMER Group's equity was considerably higher than the 2010 year-end level at EUR 202.5 million (2010: 173.1), as a result of positive business performance and acquisition of EiA Electronics N.V. At roughly 33 % (2010: 31), the equity ratio is higher than it was on December 31, 2010.

In the previous quarter, GRAMMER Group restructured its financing, issuing a long-term debenture bond in the amount of EUR 60 million on August 22, 2011. 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 financing. The transaction also replaced, already in September 2011, the previous syndicated loan agreement totaling EUR 110 million that was set to expire in March 2013. Due to the new financing, non-current liabilities have increased by EUR 34.5 million to EUR 224.3 million (2010: 189.8).

At the same time, current financial liabilities were down EUR 27.2 million to EUR 6.0 million (2010: 33.2). In all, current liabilities were EUR 12.3 million lower at EUR 184.2 million (2010: 196.5), as business developments resulted in a EUR 11.3 million increase in trade accounts payable and other current liabilities to EUR 60.4 million (2010: 54.5). Restructuring of group financing has decisively improved the balance sheet structure and significantly align the maturities of liabilities.

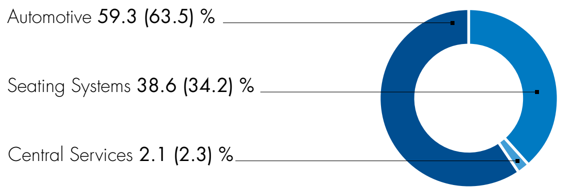
GRAMMER continues to push ahead with investments
In the third quarter 2011, investments by GRAMMER Group were up considerably at EUR 7.7 million (Q3 10: 6.0). With the setup of production for the new generation of truck seats and spending on expansion to optimize production in the Seating Systems division during Q3, the Company invested EUR 5.0 million (Q3 10: 2.3) in property, plant and equipment. In the Automotive division, investments totaled EUR 2.5 million (Q3 10: 3.6), which was used primarily for expansion as the result of orders received in 2010, for production starts in early 2011 and for building of production capacities in Mexico and Schmölln. In the Central Services division, we continued to hold back on investment.

Investments by segments, January to September 2011
(previous year in brackets)



in EUR m	01 – 09 2011	01 – 09 2010
Automotive	8.6	13.7
Seating Systems	15.7	7.7
Central Services	0.3	0.1
Total	24.6	21.5

Employees by segments, September 30, 2011
(previous year in brackets)



as of September 30	2011	2010
Automotive	5,128	5,021
Seating Systems	3,334	2,701
Central Services	182	182
Total	8,644	7,904

Employees

As of September 30, 2011, GRAMMER Group had a total of 8,644 employees (09/30/10: 7,904). The number of people employed in the Automotive division increased to 5,128 (09/30/10: 5,021). As of September 30, 2011, the Seating Systems division employed a total of 3,334 people (09/30/10: 2,701). The Central Services division employed 182 people (09/30/10: 182).

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 launched. In particular, the locations in China, Mexico and Serbia hired new employees due to new production starts and increasing sales. At the Immenstetten location, the restructuring measures resolved in 2010 have been implemented and were largely concluded by the end of August. In the Seating Systems division, personnel development was heavily influenced by strong sales growth, which necessitated increases in operating personnel capacity. Moreover, the number of employees increased as a result of the integration of EiA Electronics N.V.

Through implementation of the restructuring measures at GRAMMER AG's locations Immenstetten and Haselmühl as well as the location Wackersdorf, and additional efficiency enhancing measures, the improved cost structures and productivity levels in both divisions are to be further optimized, which has had significant impact on operating profit and led to slower than normal personnel expansion.

Outlook for full-year 2011

Global economic outlook

The nine month period under review was dominated by the ongoing debt crisis, negative economic news and financial market turbulence. In addition to the debt crisis woes facing EU member Greece, the acute federal budget crisis in the US was also a focus.

The International Monetary Fund (IMF) is expecting the global economy to grow by 4.0 % in full-year 2011 – this is 0.3 % lower than the June forecast. Growth is expected to weaken further in the fourth quarter, falling to 3.6 %.

There are still no expectations of a significant decline in unemployment for the USA, so that the domestic demand will not improve significantly. High government debt rates are, for the time being, the most significant challenge from an economic policy perspective.

For the emerging markets, indicators point to robust growth, despite the slowing demand as a result of the ongoing debt crisis in Europe and the US. This could dampen growth in these markets, which are growing rapidly but depend on the strength of their exports. For the Chinese economy, forecasts call for GDP (gross domestic product) growth of 9.5 % in 2011. Growth in GDP of 7.8 % is forecast for India. For Brazil, forecasters expect a slowdown in growth (3.8 %).

The economies and financial markets of the eurozone will remain volatile. For the time being, no sustained stabilization is in sight. Accordingly, observers are forecasting modest growth of 1.6 % for full-year 2011.

For Germany, growth is expected to exceed the eurozone average. Presently, forecasts are calling for a 2.9 % increase in GDP.

Automotive industry – outlook 2011

Growth despite weaker economies
Despite the growing uncertainties about overall economic developments and declines in key economic indicators, sentiment in the automotive industry worldwide remains positive. Driving growth is the demand for new technologies, attributable primarily to rising fuel prices and environmental regulations.

Solid prospects for the second half of the year
2011 will close with growth in global demand for cars. However, the volume of growth will vary widely by region, and derive from different economic events depending on the country in question.

Demand in the US car market is currently being driven by growing private consumption – and this trend is set to strengthen further. For full-year 2011, new vehicle registrations are expected to increase about 10 %, which corresponds to 12.6 million new vehicles on the roads. The substantial rise in fuel prices since the start of the year will lead to rising sales of smaller cars and new, fuel-efficient models. At the same time, the variety of new models in the US market will continue to generate positive impetus.

Brazil's car market is forecasted to add nearly 3.6 million new cars with robust growth of 7 % in 2011. And, over the medium-term horizon, this growth is expected to pick up even more momentum.

For the Asia/Pacific region, the situation in Japan and the cool-down of the market in China is likely to result in slightly lessened, but still strong growth. China will see an increase of 8 %, or 12.2 million new car registrations. India is expected to close the year up 17 %, with 2.8 million new cars on the road.

Particularly striking is the boom in the Russian car market. Here, forecasters expect growth of 22 %, with 2.3 million new vehicle registrations.

In light of the ongoing economic and debt crisis in the eurozone, Western Europe is expected to see a minor 1 % decline in new vehicle registrations.

The German automotive industry will close 2011 with several new records: At 6 million cars (+7 % year-over-year), more vehicles will be produced in the country than ever before. The number of new vehicle registrations will grow by 6 % to 3.1 million. And, export business will approach an all time high, rising 6 % by the end of 2011. Demand for cars outside of the eurozone is particularly strong.

Commercial vehicle industry – outlook 2011

Outstanding performance for commercial vehicle industry
The expectations of the commercial vehicle industry in current year 2011 are very optimistic, albeit at different levels for different regions.

In the US, it is expected that sales of commercial vehicles for the full year will increase 29 % to 280,000 units.

In China – the world's largest market for commercial vehicles – however, growth momentum will be substantially weaker with 6.9 million units for an increase of 2 %. In India, on the other hand, numbers of new vehicle registrations were up 10 % to 720,000.

For Russia, analysts expect 23 % growth in registrations of commercial vehicles to 240,000 units, roughly the same growth as in the car market.

For Western Europe, experts expect the commercial vehicle market to outpace the car market significantly – with 8 % growth to 1.8 million units.

The commercial vehicle market in Germany appears particularly strong, and will see significant growth by the end of the year. Forecasts call for a total of 323,000 newly registered commercial vehicles, which equates to growth of 14 % year-over-year. Trucks over 6 t will lead this trend with 92,000 new registrations for an increase of 25 %. The segment trucks under 6 t will see a rise of 11 % to 225,000 units.

Agricultural machinery industry optimistic for 2011
Forecasts for full-year 2011 remain optimistic despite prevailing turbulence. Accordingly, global agricultural machinery production is expected to rise by 11%. For the EU, growth is expected to reach 14%. Germany's agricultural machinery sector paints a particularly positive picture, with growth of 20% forecast for full-year 2011, despite a noticeable slowdown in Q4.

Material handling
The positive trend in material handling markets will carry on unabated through the remainder of the year.

Construction machinery
Global construction markets will continue to grow. The construction firms and construction machinery manufacturers expect sales to increase year-over-year in 2011. This optimism is founded primarily on the promising developments in volume and growth markets, especially the US, Russia and India, which will see strong growth over the near term. Alongside China, the most important market globally for German construction machine sales, growth potential is seen to be particularly good in India.

Rail industry
Despite generalized economic uncertainty, the outlook remains positive for rail business in Q4 2011. Order volumes are high and will continue to improve by the end of the year.

Automotive division – outlook 2011
In the Automotive division, GRAMMER continues to expect strong revenue growth for 2011, based on current forecasts. For a number of upper and premium vehicles, sales are seeing a stable rise since the model changeover, especially in German OEM and export business. This will also have a positive effect on our business performance. By year's end, revenues will be up 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 in the mid-size and upper class segments over the coming months will contribute to further strengthening in the coming months, though the impact of the euro crisis on export markets cannot be foreseen. Thus far, there have been no noticeable effects from these difficulties. Volume orders should continue to consistently improve up to the end of the year, though OEMs have significant flexibility when it comes to order quantities.

Besides revenues performance, operating profit in 2011 will be substantially affected by commodity market and exchange rate developments. The restructuring measures still to be implemented at the location Immenstetten and the expansion of production capacities for new products have not yet carried through to 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. GRAMMER is therefore expecting clearly positive operating results in the remaining quarter of the year as well.

Seating Systems division – outlook 2011
In the Seating Systems division, the significant year-over-year revenue increases stabilized in the offroad segment. The favorable order situation in the offroad segment since the start of the year improved further on seasonal factors, and will continue at this level for the foreseeable future. It is already resulting in atypical demand trends for this time of year. Truck business is showing constant positive development in Europe and the emerging markets, so that revenues will hold steady at a high level. In all, revenues in full-year 2011 will be substantially higher year-over-year, though the growth rates will slow due to seasonal reasons. Thus, the final months of the year will see positive revenue development that exceeds last year's expectations, provided no major turbulence emerges on exchange rates and commodity markets from 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 acceptable 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 impact 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, however, the earnings outlook is substantially improved over last year, even though weaker performance is to be expected as a result of seasonal factors over the remaining three months.

Outlook for full-year 2011 – GRAMMER Group

The positive momentum from economic developments and customer demand are stabilizing, resulting in a clearly positive outlook. Risks remain, however, as a result of exchange rates and commodity prices. In the latest quarter, revenues were up substantially, and indications are positive for the coming quarter as well, though orders are still characterized by short lead times and volatility, which could lead to production problems in the event of sudden 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. Consequently, despite relatively stable performance, problems could arise with revenue and earnings, over which the Company has no influence, especially in light of the euro crisis. After the good performance and rapid turnaround in 2010, GRAMMER Group is expecting solid revenue growth for the current year. Revenue performance for full-year 2011 will beat previous-year levels by percentages in the low-double digits. This situation will persist at a somewhat higher level than last year over the coming months. Conclusion of the planned conversion of the Immenstetten plant as R&D hub as well as the new truck seat production will remain the central focus at the headquarters of GRAMMER Group through the end of the year. Based on the current developments and the moderately positive environment, earnings in this fiscal year are to be seen with considerably more optimism and will once again be higher than the already strong previous year, despite seasonal weakness in the final quarter, provided no further risks arise from exchange rate and commodity developments and the euro crisis does not significantly impede economic development.

Summary statement by the Executive Board

With a view to the business situation in the nine months to September 30, 2011 and the economic environment, our outlook for GRAMMER Group remains very promising – despite the euro crisis. As in 2010, resulting from the effective measures and completed restructuring, cost advantages are expected, which will likely lead to a clearly positive full-year operating result that will exceed prior-year levels. The risks from exchange rates and commodity markets, as well as the euro crisis, are being closely monitored and may have a 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 profits in 2011, as well as a continuation of our growth in revenue and earnings – though indicators have turned weaker as a result of the euro crisis.

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, 2010, the facts described in the "Outlook" section of this report are currently relevant to the situation of the GRAMMER Group. 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 and bankruptcy among our suppliers, which our procurement 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.

Changes to the Supervisory Board

Effective August 22, 2011, Ms. Ingrid Hunger (lic. oec. HSG), Managing Partner and Management Spokesperson of Walter Hunger KG in Lohr am Main/Germany, was appointed by court order of the Amberg Local Court as a member of the Supervisory Board of GRAMMER AG. Ms. Hunger is the shareholder representative to the Supervisory Board and thus replaces Dr. Bernd Blankenstein, who stepped down from the Supervisory Board on June 30, 2011.

Amberg, November 2011

GRAMMER AG

The Executive Board

Consolidated Statement of Income as of September 30, 2011

EUR k

	Q3 2011	Q3 2010	01 – 09 2011	01 – 09 2010
Revenue	272,916	232,539	810,403	677,048
Cost of sales	−239,972	−200,778	−702,229	−586,780
Gross profit	**32,944**	**31,761**	**108,174**	**90,268**
Selling expenses	−6,939	−6,310	−19,719	−19,981
Administrative expenses	−17,563	−19,410	−59,091	−52,584
Other operating income	1,744	2,030	6,652	5,319
Operating profit/loss (–)	**10,186**	**8,071**	**36,016**	**23,022**
Financial income	318	457	964	1,027
Financial expenses	−4,627	−3,764	−10,903	−10,966
Other financial result	1,765	−2,165	236	525
Profit/loss (–) before income taxes	**7,642**	**2,599**	**26,313**	**13,608**
Income taxes	−1,498	−1,560	−10,529	−4,660
Net profit/loss (–)	**6,144**	**1,039**	**15,784**	**8,948**
Of which attributable to:				
Shareholders of the parent company	6,148	1,024	15,715	8,927
Non-controlling interests	−4	15	69	21
	6,144	**1,039**	**15,784**	**8,948**

Earnings/loss (–) per share

	01 – 09 2011	01 – 09 2010
Basic/diluted earnings/loss (–) per share in EUR	1.45	0.88

Group Statement of Comprehensive Income as of September 30, 2011

EUR k

	Q3 2011	Q3 2010	01 – 09 2011	01 – 09 2010
Net profit/loss (–)	6,144	1,039	15,784	8,948
Gains/Losses (–) from currency translation for foreign subsidiaries				
Gains/Losses (–) arising in the current period	1,183	–41	–1,392	1,656
Less transfers recognized in the Income Statement	0	0	0	0
Tax expenses (–)/Tax income	0	0	0	0
Gains/Losses (–) from currency translation for foreign subsidiaries (after tax)	1,183	–41	–1,392	1,656
Gains/Losses (–) from cash flow hedges				
Gains/Losses (–) arising in the current period	–1,065	0	–1,382	0
Less transfers recognized in the Income Statement	196	0	253	0
Tax expenses (–)/Tax income	253	0	303	0
Gains/Losses (–) from cash flow hedges (after tax)	–616	0	–826	0
Gains/Losses (–) from net investments in foreign operations				
Gains/Losses (–) arising in the current period	–1,845	–2,860	–2,999	2,877
Less transfers recognized in the Income Statement	0	0	0	0
Tax expenses (–)/Tax income	0	0	0	0
Gains/Losses (–) from net investments in foreign operations (after tax)	–1,845	–2,860	–2,999	2,877
Other comprehensive income	–1,278	–2,901	–5,217	4,533
Total comprehensive income (after tax)	4,866	–1,862	10,567	13,481
Of which attributable to:				
Shareholders of the parent company	4,874	–1,875	10,513	13,452
Non-controlling interests	–8	13	54	29

Consolidated Statement of Financial Position as of September 30, 2011

ASSETS

EUR k

	September 30, 2011	December 31, 2010
Non-current assets		
Property, plant and equipment	156,373	153,379
Intangible assets	54,010	50,249
Other financial assets	4,630	4,867
Income tax assets	473	0
Deferred tax assets	35,547	37,419
	251,033	245,914
Current assets		
Inventories	102,581	88,888
Trade accounts receivable	162,182	138,294
Other current financial assets	53,713	50,483
Short-term income tax assets	2,911	1,996
Cash and short-term deposits	20,869	17,170
Other current assets	17,735	16,656
	359,991	313,487
Total assets	611,024	559,401

EQUITY AND LIABILITIES

EUR k

	September 30, 2011	December 31, 2010
Equity		
Subscribed capital	29,554	26,868
Capital reserve	74,444	58,237
Own shares	–7,441	–7,441
Retained earnings	105,203	89,488
Accumulated other comprehensive income	284	5,486
Equity attributable to shareholders of the parent company	202,044	172,638
Non-controlling interests	482	463
Total equity	202,526	173,101
Non-current liabilities		
Non-current financial liabilities	129,980	97,852
Trade accounts payable	3,138	4,890
Other financial liabilities	6,405	6,169
Other liabilities	2,243	2,360
Retirement benefit obligations	63,918	61,078
Income tax liabilities	579	0
Deferred tax liabilities	18,015	17,430
	224,278	189,779
Current liabilities		
Current financial liabilities	5,984	33,149
Current trade accounts payable	103,384	92,115
Other current financial liabilities	3,816	3,459
Other current liabilities	60,398	54,502
Current income tax liabilities	3,969	5,004
Provisions	6,669	8,292
	184,220	196,521
Total liabilities	408,498	386,300
Total equity and liabilities	611,024	559,401

Consolidated Statement of Cash Flow as of September 30, 2011

EUR k	01 – 09 2011	01 – 09 2010
1. Cash flow from operating activities		
Profit/loss (–) before income taxes	26,313	13,608
Non-cash items		
Depreciation of property, plant and equipment	17,615	17,075
Amortization of intangible assets	2,380	2,473
Changes in provisions and pension provisions	1,346	4,070
Other non-cash changes	–3,231	–350
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–19,264	–39,630
Decrease/Increase (–) in inventories	–9,783	–17,436
Decrease/Increase (–) in other assets	484	423
Decrease (–)/Increase in accounts payable and other liabilities	7,175	23,545
Gains/Losses from disposal of assets	–705	–699
Income taxes paid	0	0
Cash flow from operating activities	**22,330**	**3,079**
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–23,807	–20,222
Purchase of intangible assets	–284	–1,322
Purchase of investments	0	–184
Aquisition of subsidiaries (less acquired cash)	–9,476	0
Disposals		
Disposal of property, plant and equipment	1,349	4,040
Disposal of intangible assets	8	0
Disposal of investments	177	48
Interest received	964	1,027
Government grants received	1,089	964
Cash flow from investing activities	**–29,980**	**–15,649**
3. Cash flow from financing activities		
Dividend payments	0	0
Purchase of own shares	0	0
Issue of shares	18,893	0
Repayment of bond	0	0
Changes in non-current liabilities to banks	31,821	28,056
Changes in current liabilities to banks	–32,669	11,422
Changes in lease liabilities	–1,285	–1,091
Interest paid	–8,816	–8,086
Cash flow from financing activities	**7,944**	**30,301**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1–3)	294	17,731
Effects of exchanges rate differences	0	0
Cash and cash equivalents as of January 1	16,391	–20,806
Cash and cash equivalents as of September 30	**16,685**	**–3,075**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	20,869	24,559
Securities	0	0
Bank overdrafts	–4,184	–27,634
Cash and cash equivalents as of September 30	**16,685**	**–3,075**

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

EUR k

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

Consolidated Statement of Changes in Equity as of September 30, 2010

EUR k

					Accumulated other comprehensive income					
	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Cash flow hedges	Currency translation	Net investments in foreign subsidiaries	Total	Non-controlling interests	Group equity
As of January 1, 2010	26,868	58,237	73,186	−7,441	0	8,317	−8,641	150,526	465	150,991
Net profit/loss (–) for the period	0	0	8,927	0	0	0	0	8,927	21	8,948
Other profit/loss for the period	0	0	0	0	0	1,648	2,877	4,525	8	4,533
Total net profit/loss (–)	0	0	8,927	0	0	1,648	2,877	13,452	29	13,481
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	−22	−22
As of September 30, 2010	26,868	58,237	82,113	−7,441	0	9,965	−5,764	163,978	472	164,450

Selected Notes to the GRAMMER AG Consolidated Statement of Income for the Period from January 1 to September 30, 2011 and the Consolidated Statement of Financial Position as of September 30, 2011

Accounting

GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2010 and the present Interim Financial Statements for the period ended September 30, 2011 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The name "IFRS" also refers to the still applicable International Accounting Standards (IAS), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this Interim Report for the period ended September 30, 2011, 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 2010. 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, 2011, 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, 2011. 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, 2011 did not have a significant impact on the net assets, financial position and earnings performance 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 Balance Sheet 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 periods under review. The results for the third quarter and/or the nine months to September 30, 2011 are not necessarily indicative of future business development.

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

Accounting and valuation principles

In preparing the Interim Financial Statements for the period ended September 30, 2011, 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, 2010. These principles and methods are described in detail in the Notes to the 2010 Consolidated Financial Statements, which were published in their entirety in the 2010 Annual Report. For 2011, 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 in the reporting period. Actual amounts may deviate from these estimates.

Scope of consolidation

After the acquisition of EiA Electronics N.V. in July 2011, a total of five domestic and 18 foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IAS 27, in addition to GRAMMER AG, are now included within the scope of consolidation. A joint venture within the meaning of IAS 31 is also proportionately consolidated. GRAMMER AG holds 50% of the voting rights in this joint venture. All intragroup transactions, balances and liabilities are eliminated in the course of consolidation. The uniform reporting date for all of the consolidated companies is September 30, 2011.

Acquisition of EiA Electronics N.V.

On July 26, 2011, GRAMMER AG acquired and fully consolidated 100% of equity in Belgian electronics specialist, EiA Electronics N.V., based in Aartselaar/Belgium, for a price of EUR 10.5 million from previous owners of the shares, VADO (van doorne's) Financieringsmaatschappij N.V. and DACO N.V. With the purchase, GRAMMER Group has expanded its technological competence in the area of electronics. EiA Electronics N.V. has roughly 50 employees and generated revenue of approximately EUR 20 million in 2010. The acquisition was financed by proceeds from the capital increase by GRAMMER AG in April of this year. Purchase price allocation is based on the fair values of the various assets and the purchase price share in excess of the total fair value is recognized as goodwill. The goodwill amount derives largely from the expected synergies resulting from joint operations and joint ventures. Goodwill, however (as with a number of individual assets) could not be conclusively quantified at the reporting date based on the available information. The amount of goodwill from this acquisition will be attributed in full to the cash-generating unit Seating Systems. In the current period, EiA Electronics N.V. has generated revenue of EUR 4.9 million since conclusion of the transaction, contributing after tax profit of EUR 0.3 million.

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. 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 daily rates. Monetary items are translated at the closing rate of the balance sheet date. Any resulting translation differences are recognized in profit or loss. An exception is made for translation differences from loans or credits in foreign currencies, insofar as they have been recognized directly in equity to hedge net investments that are included in net income for the period only after their disposal.

Any deferred taxes resulting from these translation differences are also recognized directly in equity. The financial statements of Group companies whose functional currency differs from the reporting currency of the Group (EUR) are translated using the modified closing rate method. In the consolidated financial statements, the assets and liabilities of foreign Group companies are translated into 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. 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 – 09 2011	01 – 09 2010	September 30, 2011	September 30, 2010
Brazil	BRL	0.434	0.425	0.399	0.431
China	CNY	0.109	0.111	0.116	0.110
United Kingdom	GBP	1.143	1.165	1.154	1.163
Japan	JPY	0.009	0.008	0.010	0.009
Mexico	MXN	0.059	0.059	0.054	0.058
Poland	PLN	0.248	0.249	0.227	0.251
Czech Republic	CZK	0.041	0.039	0.040	0.041
Turkey	TRY	0.437	0.498	0.398	0.505
USA	USD	0.710	0.756	0.741	0.733

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

EUR k	Q3 2011	Q3 2010	01 – 09 2011	01 – 09 2010
Gross revenue	274,127	233,503	813,508	679,578
Sales deductions	−1,211	−964	−3,105	−2,530
Net revenue	**272,916**	**232,539**	**810,403**	**677,048**

Revenue of EUR 810,403 thousand up to September 30, 2011 includes contract revenue of EUR 21,408 thousand (01 – 09 10: 12,132) determined using the PoC method. Revenue for the third quarter in the amount of EUR 272,916 thousand includes contract revenue of EUR 5,459 thousand (Q3 10: 4,868) determined in accordance with the PoC method. These revenues relate to development activities as well as operating funds 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 6,652 thousand as of September 30, 2011 (01 – 09 10: 5,319) 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

	Q3 2011	Q3 2010	01 – 09 2011	01 – 09 2010
Financial income	318	457	964	1,027
Financial expenses	−4,627	−3,764	−10,903	−10,966
Other financial result	1,765	−2,165	236	525
Financial result	**−2,544**	**−5,472**	**−9,703**	**−9,414**

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.

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. As of September 30, 2011, the costs of inventories, which are recognized as an expense in cost of sales, amount to EUR 672,590 thousand (01 – 09 10: 558,761).

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 movements until September 30, 2011 in the amount of EUR 11,877 thousand (01 - 09 10: 14,322) and mainly relates 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 13,698 thousand (01 – 09 10: 14,566) are also recognized under other administrative expenses.

Earnings per share

Basic earnings per share are calculated by dividing consolidated net income/net loss by the weighted average number of shares outstanding during the fiscal year.

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

	01 – 09 2011	01 – 09 2010
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,818,653	10,165,109
Consolidated net profit/loss (–) (in EUR thousand)	15,715	8,927
Basic/diluted earnings/loss (–) per share in EUR	1.45	0.88

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

The new shares were placed at a price of EUR 18.20 per share for gross proceeds totaling EUR 19.1 million. In the period between April 14, 2011 and preparation of the consolidated 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 September 30, 2011.

Intangible assets
Intangibe assets include capitalized goodwill as well as capitalized development costs. Acquisition of EiA Electronics N.V. lead to an increase in goodwill in the amount of EUR 5,886 thousand, but cannot be conclusively quantified based on the information available to date. In the period under review, EUR 330 thousand were invested in licenses, software and other intangible assets. Amortization costs totaled EUR 2,380 thousand (01 – 09 10: 2,473).

Property, plant and equipment
In the period until September 30, 2011, EUR 24,230 thousand were invested in property, plant and equipment. Depreciation in the same period totaled EUR 17,615 thousand (01 – 09 10: 17,075).

Inventories
The rise in inventories to EUR 102.6 million (2010: 88.9) is primarily attributable to the recovery of business activities and acquisition of EiA Electronics N.V. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable
Total receivables of EUR 162.2 million (2010: 138.3) can be attributed to the structure of revenue development over the past several months. The fair values of trade accounts receivables are equal to their carrying amount. Since financial restructuring, no more collateral cession via blanket assignment is in effect as of the reporting date, September 30, 2011.

Other current financial assets
Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 51.0 million (2010: 48.3), as well as other receivables in the amount of EUR 2.8 million (2010: 2.1).

Other current assets
Other current assets of EUR 17.7 million (2010: 16.7) include other assets totaling EUR 14.6 million (2010: 12.8) as well as EUR 3.2 million (2010: 3.9) 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, 2010, the subscribed capital of GRAMMER Group amounted to EUR 26,868 thousand divided into 10,495,159 no-par value shares. On April 14, 2011, GRAMMER AG implemented an accelerated bookbuilding 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. All shares accord the same rights; shareholders have a right to payment of the defined dividend (with the exception of own shares) and may exercise one vote for each share at the Annual General Meeting.

Capital reserve
The capital reserve amounted to EUR 74,444 thousand (2010: 58,237) as of September 30, 2011. The capital reserve includes share premiums from the capital increases in 1996 as well as the premium from the capital increases in 2001 and 2011.

Revenue reserves
The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand (2010: 1,183) on September 30, 2011, and is not available for the payment of dividends.

Revenue reserves 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 89,488 thousand the previous year to EUR 105,203 thousand as a result of the profit for the quarters.

Accumulated other comprehensive income
Accumulated other comprehensive income mainly comprise adjustments arising from the translation of the financial statements of foreign subsidiaries, the effect 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. As of December 31, 2010, GRAMMER AG posted a net loss of EUR –26.0 million. This takes into account the loss of EUR 19.8 million carried forward, the allocation of EUR 2.0 million to other revenue reserves, as well as the withdrawal of EUR 2.0 million from the reserve for own shares transferred to other revenue reserves. Due to the legally mandated assumption of loss utilization, the net loss as of December 31, 2010 will be carried forward. No dividend was paid in the reporting year. In the context of dividend decisions, it must be noted that the Company holds 330,050 non-dividend paying own shares.

Own shares
As of September 30, 2011, GRAMMER AG holds a total of 330,050 own shares, all of which were acquired in fiscal year 2006 for a total purchase price of EUR 7,441 thousand. These shares have a total value of EUR 884,928 and represent 2.8589 % of share capital (post capital increase) or 3.1448 % of share capital (pre capital increase).

Authorizations

Pursuant to section 5 (3) of the Articles of Association, the Executive Board is authorized, subject to approval by the Supervisory Board, in accordance with section 202 AktG to increase share capital by a maximum of EUR 14.78 million through one or more issuances of bearer shares. The Authorization expires after May 25, 2016. The Executive Board is further authorized, in each case subject to the approval of the Supervisory Board, to decide on exclusion of shareholders' statutory subscription rights, provided this is necessary to eliminate fractional amounts; 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; if a capital increase is 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.

In addition, the Annual General Meeting on May 28, 2009 also resolved to authorize acquisition of the Company's own shares amounting to no more than 10% of the share capital up to May 27, 2014, and to authorize the issuance of profit-participation rights with or without option or conversion obligations and/or bonds with warrants and/or convertible bonds and to exclude subscription rights, in addition to simultaneously creating contingent capital and amending the Articles of Association. This resolution was proposed to the Annual General Meeting on May 19, 2010 for a renewed or confirming resolution and the authorization was passed by the Annual General Meeting.

Non-current liabilities

As of August 22, 2011, GRAMMER AG issued a long-term debenture bond in the amount of EUR 60 million. The volume is distributed across three tranches with maturities of three, five and seven years. Simultaneously, a EUR 9.5 million tranche from an existing debenture bond entered early into prolongation. With this transaction, and a new global credit facility amounting to EUR 78.5 million until 2014, GRAMMER AG is taking a proactive approach to restructuring of the group's existing financing. The transaction also replaced, already in September 2011, the previous syndicated loan agreement totaling EUR 110 million that was set to expire in March 2013. The new structure of the group's financing serves to considerably align the maturities of its liabilities. At the same time, GRAMMER AG was able to improve the terms and conditions of financing in its favor, while expanding the creditor base. 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 million, featuring both fixed and variable rates of interest on tranches with maturities 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 63.9 million (2010: 61.1) 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

As a result of the new financing structure since the capital increase as well as debt restructuring, current financial liabilities totaling EUR 6.0 million are down considerably from the previous year's level (2010: 33.1) and include existing credit lines from the global credit agreement in the form of bank overdrafts, the majority of which bear interest at money market-based rates plus a fixed margin.

Other current liabilities of EUR 60.4 million are substantially higher than the prior-year level (2010: 54.5) 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 2010 and the nine months to September 30, 2011.

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.

Statement of cash flow

The cash flow statement presents the Group's cash flow broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification of the respective items. Cash flow from operating activities is derived indirectly from profit/loss before income 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, center consoles and integrated child safety seats, seat coverings and side upholstery elements. The segment is a supplier to automotive OEMs, particularly in the upper class 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 vehicles (agricultural machinery, construction machinery and forklifts), and marketing of these to commercial vehicle manufacturers in aftermarket sales. The segment also develops and produces driver and passenger seats for sale to makers of busses and railway vehicles, as well as 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, 2010. The segment information is as follows:

Operating segments

EUR k

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

EUR k

Fiscal year as of September 30, 2010	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	234,165	442,883	0	677,048
Inter-segment revenue	14,945	1,063	−16,008[1]	0
Total revenue	**249,110**	**443,946**	**−16,008**	**677,048**
Segment earnings (Operating profit)	**11,975**	**14,978**	**−3,931**	**23,022**

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

Reconciliation

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

EUR k	01 – 09 2011	01 – 09 2010
Segment earnings (Operating profit)	43,032	26,953
Central Services	– 11,789	–4,360
Eliminations	4,773	429
Group earnings (Operating profit)	36,016	23,022
Financial result	–9,703	–9,414
Profit/loss (–) before income taxes	26,313	13,608

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

Related party disclosures

The following table details transactions with related parties as of September 30, 2011 and 2010:

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	2011	968	0	11,014	0
	2010	614	0	9,402	0

Contingent liabilities

Guarantees in the amount of EUR 32 thousand are in place primarily for leased offices and as contract guarantees to ensure against breaches of contract as of September 30, 2011.

Other information

Effective August 22, 2011, Ms. Ingrid Hunger (lic. oec. HSG), Managing Partner and Management Spokesperson of Walter Hunger KG in Lohr am Main/Germany, was appointed by court order of the Amberg Local Court as a member of the Supervisory Board of GRAMMER AG. Ms. Hunger is the shareholder representative to the Supervisory Board and thus replaces Dr. Bernd Blankenstein, who stepped down from the Supervisory Board on June 30, 2011.

Financial calendar and trade fair dates 2011 [1]

Important dates for shareholders and analysts

Interim Report, third quarter 2011	11/09/2011
German Equity Forum, Frankfurt	11/21 – 11/23/2011

Trade fair dates

Agritechnica 2011, Hannover	11/13 – 11/19/2011
Mets 2011, Amsterdam	11/15 – 11/17/2011

[1] All dates are provisional only and subject to change without notice.

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