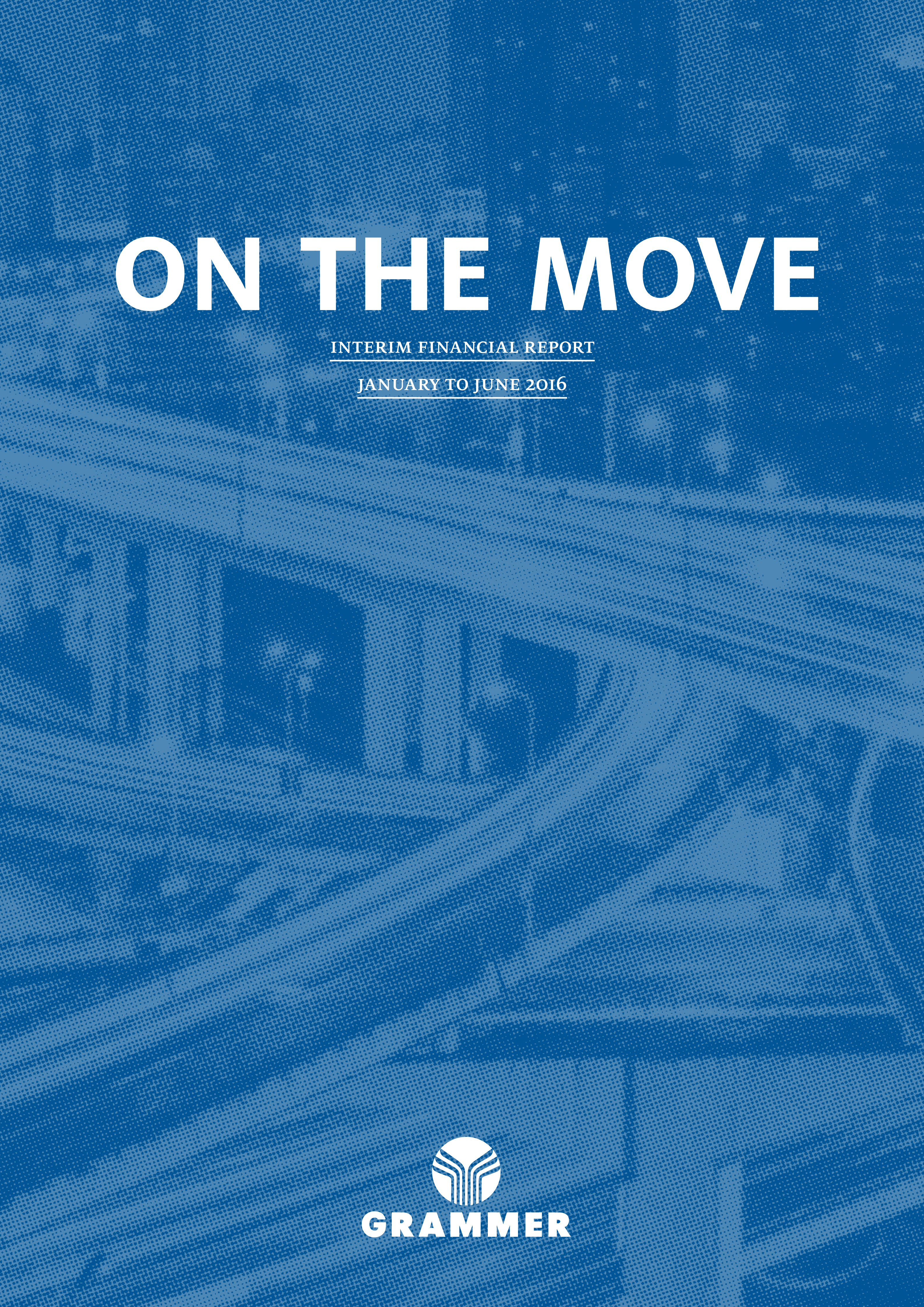

ON THE MOVE

INTERIM FINANCIAL REPORT

JANUARY TO JUNE 2016

GRAMMER

COMPANY PROFILE

GRAMMER AG, Amberg, Germany, specializes in the development and production of components and systems for automotive interiors as well as suspended driver and passenger seats for onroad and offroad vehicles.

In the Automotive Division, we supply headrests, armrests, center console systems and high-quality interior components and operating systems to premium automakers and automotive system suppliers. The Seating Systems Division comprises seats for the truck and off-road seat segments (tractors, construction machinery, forklifts) as well as train and bus seats.

With over 12,000 employees, GRAMMER operates in 20 countries around the world. GRAMMER shares are listed in the SDAX and traded on the Frankfurt and Munich stock exchanges via the electronic trading system Xetra as well as in over-the-counter trading at the Stuttgart, Berlin and Hamburg stock exchanges.

CONTENTS

GRAMMER GROUP WITH CONTINUED VERY POSITIVE BUSINESS PERFORMANCE

In the first half of 2016, the GRAMMER Group experienced a very strong second quarter with continued high revenue growth and the expected very large contribution to full-year earnings in 2016. In addition, important operating and strategic milestones for future profitable growth and a further increase in enterprise value were achieved. Order receipts and business transactions were also up sharply. The only exceptions, however, were the regions Brazil and China in the Seating Systems Division, which continue to face muted market conditions.

The GRAMMER Group achieved operating EBIT* of EUR 35.8 million in the period from January to June. This was in line with our expectations and within our target corridor for a sustainable increase in enterprise value. It was particularly underpinned by the steady and effective measures to optimize fixed costs and process structures.

- Very strong 21.2 % growth in revenue to EUR 860.6 million in January – June 2016
- 48.0 % rise in earnings before interest and taxes (EBIT) to EUR 36.4 million
- Operating EBIT of EUR 35.8 million almost twice as high as in the same period of the previous year
- Substantial 56.6 % growth in net profit to EUR 21.3 million

* The GRAMMER Group defines operating EBIT as EBIT adjusted for valuation-induced currency effects and other exceptional effects.

INTERIM GROUP MANAGEMENT REPORT

KEY FIGURES GRAMMER GROUP ACCORDING TO IFRS

IN EUR M

	01 – 06 2016	01 – 06 2015
Group revenue	860.6	710.2
Automotive revenue	635.0	494.9
Seating Systems revenue	250.5	233.1
Income statement		
EBITDA	59.8	44.1
EBITDA-margin (in %)	6.9	6.2
EBIT	36.4	24.6
EBIT-margin (in %)	4.2	3.5
Operating EBIT	35.8	18.0
Profit/loss (–) before income taxes	30.4	21.3
Net profit/loss (–)	21.3	13.6

NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE GRAMMER GROUP FROM JANUARY TO JUNE 2016

GROUP REVENUE

In the first half of 2016, GRAMMER was able to substantially boost its revenue over the same period of the previous year, continuing the successful performance which it had achieved in 2015. Thus, Group revenue came to EUR 860.6 million in the period under review (01 – 06 15: 710.2), marking an increase of EUR 150.4 million or 21.2 % over the same period in the previous year. This is due to the integration of the REUM Group and also the performance of the Automotive Division whose console business in particular continued to expand. The Seating Systems Division also performed well, posting an encouraging increase in revenue despite the persistent weakness of the Brazilian market.

REVENUE BY REGION

The GRAMMER Group continued to grow in all regions with the exception of the Americas, although momentum slowed slightly in China for market-related reasons. Revenue in the Group's domestic EMEA market climbed substantially by 30.4 % over the previous year to EUR 628.1 million (01 – 06 15: 481.7) due also to the acquisition of the former REUM Group. Given the sustained economic crisis afflicting Brazil, revenue in the Americas again fell short of the previous year in the last quarter, dropping by EUR 9.4 million to EUR 116.3 million in the first half of 2016 (01 – 06 15: 125.7). Despite the more muted economic conditions in China and Japan, revenue in APAC grew by 13.0 % to EUR 116.2 million (01 – 06 15: 102.8). The appreciable macroeconomic influences in Brazil and China in particular continued to leave traces on the Seating Systems Division in particular.

GROUP PROFIT

Consolidated earnings before interest and taxes (EBIT) came to EUR 36.4 million as of June 30, 2016, substantially higher than in the same period of the previous year (01 – 06 15: 24.6). What is more, the previous year's figure had been influenced by very positive currency translation effects of EUR 6.6 million, whereas currency translation gains came to only EUR 0.6 million in the first half of 2016. Signs of the planned operating improvements are clearly visible despite the protracted market weakness in Brazil. This is particularly also reflected in the EBIT-margin of 4.2 %, which was up on the same period of the previous year (01 – 06 15: 3.5 %) and also substantially higher than the full-year EBIT-margin of 3.0 % recorded in 2015. At EUR 21.3 million (01 – 06 15: 13.6 million), Group net profit was substantially higher than in the same period of the previous year.

KEY FIGURES GRAMMER GROUP ACCORDING TO IFRS

IN EUR M	01 – 06 2016	01 – 06 2015
Statement of financial position		
Total assets	1,071.6	858.6
Equity	245.0	247.1
Equity ratio (in %)	23	29
Net financial debt	155.8	131.5
Gearing (in %)	64	53
Investments (without acquisitions)	19.9	15.9
Depreciation and amortization	23.4	19.5
Employees (number, as of June 30)	12,105	10,791

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

As of June 30, 2016, the GRAMMER Group had total assets of EUR 1,071.6 million (2015: 992.0). This is equivalent to an increase of EUR 79.6 million compared with the end of 2015 and chiefly reflects the business-related growth in working capital as well as the expansion of the strategic funding base. The increase over the first half of 2015 is primarily due to the acquisition of the REUM Group and the strengthening of the Group's funding base.

Whereas non-current assets declined slightly from EUR 373.6 million at the end of 2015 to EUR 370.5 million, current assets climbed by EUR 82.6 million to EUR 701.0 million. Thus, trade accounts receivable rose from EUR 187.4 million to EUR 237.3 million due to the sharp growth in revenue. Cash and short-term deposits, which had already been strong at the end of the previous year, grew again to EUR 155.5 million (2015: 127.3) due to the expansion in strategic financing and, in this connection, the proceeds from a bonded loan issued at the end 2015.

Equity dropped slightly from EUR 253.4 million at the end of 2015 to EUR 245.0 million due to the recognition of actuarial losses from defined benefit pension plans as of the reporting date and the negative effects of currency translation. The recognition of retirement benefit obligations as of the reporting date caused equity to drop by EUR 14.2 million. As total assets increased due to the strategic financing reserve and the changed recognition of retirement benefit obligations as of the end of the quarter, the equity ratio dropped from 26 % (2015) to 23 %.

Non-current liabilities climbed from EUR 382.7 million at the end of 2015 to EUR 402.2 million, primarily as a result of the revaluation of retirement benefit provisions, which was due solely to the very sharp short-term change in the discount rate compared to December 31, 2015. At EUR 155.8 million, net financial debts were unchanged over the end of 2015 (155.5). The increase over the first half of 2015 is due to the acquisition of the REUM Group at the end of 2015.

Current liabilities increased slightly over the end of 2015 from EUR 355.9 million to EUR 424.4 million due to business performance as of the reporting date. This reflects the business-induced increase in current trade accounts payable to EUR 201.4 million (2015: 186.7) and in other current liabilities to EUR 95.4 million (2015: 70.2).

INVESTMENTS

As of June 30, 2016, capital spending by the GRAMMER Group stood at EUR 19.9 million and was thus up on the previous year (01 – 06 15: 15.9). Capital spending was used to expand business activities and to optimize business activities in all regions.

EMPLOYEES

As of June 30, 2016, the GRAMMER Group had a total of 12,105 employees (June 30, 2015: 10,791). The increase is predominantly due to the integration of the REUM Group.

[1] Note on accounting figures: 2015 = December 31, 2015.

AUTOMOTIVE DIVISION

KEY FIGURES AUTOMOTIVE DIVISION

IN EUR M

	01 – 06 2016	01 – 06 2015	CHANGE
Revenue	635.0	494.9	28.3 %
EBIT	20.7	14.4	43.8 %
EBIT-margin (in %)	3.3	2.9	0.4 %-points
Operating EBIT	21.4	11.0	94.5 %
Investments (without acquisitions)	14.9	11.1	34.2 %
Employees (number, as of June 30)	8,118	6,827	18.9 %

HEADRESTS

ARMRESTS

CENTER CONSOLES

NEW INTERIOR COMPONENTS

REVENUE

The Automotive Division posted substantial revenue growth in the first half of 2016. This was due to the first-time consolidation of the REUM Group as well as further growth from product start-ups in 2015 together with consistently strong demand in the premium segment all around the world. As of June 30, 2016, Division revenue was up 28.3 % or EUR 140.1 million, rising to EUR 635.0 million (01 – 06 15: 494.9). EMEA remained by far the Division's largest region in terms of business volumes, with revenue increasing again substantially in the period under review. This was partially due to the consolidation of the REUM Group as well as organic growth in console business in particular.

Revenue in the Americas did not quite reach the high level recorded in the same period of the previous year (down 4.8 %). At 15.2 %, growth in APAC gained considerable momentum again.

EBIT

Earnings before interest and taxes (EBIT) in the Automotive Division came to EUR 20.7 million in the first six months of the year (01 – 06 15: 14.4). Moreover, the figure recorded in the previous year had been influenced by positive currency translation effects of around EUR 3.4 million, while negative currency translation effects worth EUR 0.7 million arose in the first half of 2016. The Division achieved an EBIT-margin of 3.3 % in the period under review (01 – 06 15: 2.9). Accordingly, EBIT in the first half of year of 2016 reflects the preliminary successes of the measures implemented to improve and optimize operating performance.

INVESTMENTS

As of June 30, 2016, capital spending in the Division stood at EUR 14.9 million and was thus higher than in the previous year (01 – 06 15: 11.1) due, among other things, to the consolidation of the REUM Group. It was used to expand business activities.

EMPLOYEES

The headcount in the Automotive Division climbed to 8,118 (June 30, 2015: 6,827). This was due to the consolidation of the REUM Group as well as the expansion of production capacity in Serbia, the Czech Republic, Mexico and China.

SEATING SYSTEMS DIVISION

KEY FIGURES SEATING SYSTEMS DIVISION

IN EUR M

	01 – 06 2016	01 – 06 2015	CHANGE
Revenue	250.5	233.1	7.5 %
EBIT	20.0	16.0	25.0 %
EBIT-margin (in %)	8.0	6.9	1.1 %-points
Operating EBIT	18.6	13.2	40.9 %
Investments (without acquisitions)	3.9	4.1	–4.9 %
Employees (number, as of June 30)	3,716	3,701	0.4 %

REVENUE

Against the backdrop of continued market contraction in Brazil and China, the Seating Systems Division achieved a gratifying 7.5 % increase in revenue over the previous year in the first six months of 2016. In absolute figures, revenue in the Seating Systems Division came to EUR 250.5 million, EUR 17.4 million up on the same period in the previous year. Specifically, revenue in the truck segment dropped marginally due to the persistently weak market conditions in Brazil and the slower Chinese economy. However, this effect was more than made up for by growth in the other segments in Europe and APAC.

EBIT

Earnings before interest and taxes (EBIT) in the Seating Systems Division came to EUR 20.0 million in the first six months of the year (01 – 06 15: 16.0). The Division achieved an EBIT-margin of 8.0 % in the period under review (01 – 06 15: 6.9). Further improvements to EBIT arose from the slight recovery in the EMEA market and growth in business segments with wider margins.

INVESTMENTS

As of June 30, 2016, capital spending in the Division stood at EUR 3.9 million, thus falling slightly short of the previous year (01 – 06 15: 4.1). Capital spending particularly focused on the United States and China.

EMPLOYEES

As of June 30, 2016, the Seating Systems Division had a total of 3,716 employees, i.e. more or less unchanged over the previous year (June 30, 2015: 3,701).

OFFROAD
Driver seats for commercial vehicles (agricultural machinery, construction machinery, forklifts)

TRUCK & BUS
Driver seats for trucks and buses

RAILWAY
Passenger seats, driver seats

RISKS/OPPORTUNITIES

The opportunities and risks which we describe in detail in the Management Report of the Annual Report for the fiscal year ended December 31, 2015 continue to apply at this stage. We are observing market trends in Brazil as well as the ongoing public discussion on exhaust gas emissions critically.

OUTLOOK

On the basis of our macroeconomic assessment, we assume that the comments made in the 2015 Group Management Report still apply. We continue to anticipate a challenging and volatile environment in which political uncertainties have recently intensified again appreciably. Despite this, we expect the GRAMMER Group's business to remain very strong in the second half of the year. The pace of growth will be slightly slower than in the first half of 2016 due to seasonal effects, reduced project revenue and the possible impact of volatile markets in connection with the political instabilities referred to above.

Accordingly, we expect full-year revenue of the GRAMMER Group (including the REUM Group) to rise by over 15 % over the previous year to around EUR 1,66 billion in 2016. At over EUR 60 million, Group EBIT will also be very substantially up on the previous year. This places the GRAMMER Group firmly in its target corridor for a further sustained increase in revenue and profitability over the next few years. This assessment is based on current forecasts for the global economy, our main sell-side markets and customers as well as underlying economic and political conditions. Moreover, the GRAMMER Group's business may also deviate from the forecast as a result of the factors described in the risk and opportunity report in the 2015 Annual Report. We are observing the possible impact of the recent political developments very closely but are not yet able to assess them conclusively at this stage.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on current assumptions and estimates by GRAMMER's management of future trends. Such statements are subject to risks and uncertainties which GRAMMER can neither estimate nor influence with any precision, e.g. future market conditions and the macroeconomic environment, the behavior of other market participants, the successful integration of newly acquired companies, the materialization of expected synergistic benefits and government actions. If any of these or other factors of uncertainty or imponderabilities occur or if any of the assumptions on which these statements are based prove to be incorrect, actual results could differ materially from the results expressed or implied in these statements. GRAMMER neither intends nor is under any obligation to update any forward-looking statements in the light of any changes occurring after the publication of this document.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements/interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Cascade International Investment GmbH, Wolfsburg, Germany, notified us in accordance with Section 21 of the German Securities Trading Act that its share of the voting rights in GRAMMER AG stood at 5.01 % on July 28, 2016. Of this 5.01 % is attributable to Eastern Horizon Group Netherlands B.V., Mr. Nijaz Hastor, Mr. Kenan Hastor and Mr. Damir Hastor in accordance with Section 22 of the German Securities Trading Act. Including the voting rights attributable to him via HALOG GmbH & Co. KG (10.22 %), Mr. Nijaz Hastor now holds a total of 15.23 % of the voting rights in GRAMMER AG. Detailed information on the voting right notifications can be found on the GRAMMER AG website (www.grammer.com).

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF THE YEAR

GRAMMER GROUP KEY FIGURES ACCORDING TO IFRS

IN EUR M	01 – 06 2016	01 – 06 2015
Group revenue	860.6	710.2
Automotive revenue	635.0	494.9
Seating Systems revenue	250.5	233.1
Income Statement		
EBITDA	59.8	44.1
EBITDA-margin (in %)	6.9	6.2
EBIT	36.4	24.6
EBIT-margin (in %)	4.2	3.5
Operating EBIT	35.8	18.0
Profit/loss (–) before income taxes	30.4	21.3
Net profit/loss (–)	21.3	13.6
Statement of financial position		
Total assets	1,071.6	858.6
Equity	245.0	247.1
Equity ratio (in %)	23	29
Net financial debt	155.8	131.5
Gearing (in %)	64	53
Investments (without acquisitions)	19.9	15.9
Depreciation and amortization	23.4	19.5
Employees (number, as of June 30)	12,105	10,791
Key share data	JUNE 30, 2016	JUNE 30, 2015
Share price (Xetra closing price in EUR)	36.20	29.65
Market capitalization (in EUR m)	417.9	342.3
Earnings per share (basic/diluted, in EUR)	1.88	1.21

CONSOLIDATED STATEMENT OF INCOME

JANUARY 1 – JUNE 30 OF THE RESPECTIVE FINANCIAL YEAR

EUR k	01 – 06 2016	01 – 06 2015
Revenue	860,629	710,155
Cost of sales	–756,184	–634,864
Gross profit	**104,445**	**75,291**
Selling expenses	–18,742	–15,461
Administrative expenses	–53,477	–41,797
Other operating income	4,175	6,609
Earnings before interest and taxes (EBIT)[1]	**36,401**	**24,642**
Financial income	681	570
Financial expenses	–6,802	–5,065
Other financial result	77	1,167
Profit/loss (–) before income taxes	**30,357**	**21,314**
Income taxes	–9,107	–7,686
Net profit/loss (–)	**21,250**	**13,628**
Of which attributable to:		
Shareholders of the parent company	21,138	13,579
Non-controlling interests	112	49
Net profit/loss (–)	**21,250**	**13,628**
Earnings per share		
Basic/diluted earnings/loss (–) per share in EUR	1.88	1.21

[1] Operating profit/loss (–) is now referred to as earnings before interest and taxes (EBIT).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JANUARY 1 – JUNE 30 OF THE RESPECTIVE FINANCIAL YEAR

EUR K	01 – 06 2016	01 – 06 2015
Net profit/loss (–)	**21,250**	**13,628**
Amounts not to be recycled in income in future periods		
Actuarial gains/losses (–) from defined benefit plans		
Gains/losses (–) arising in the current period	–20,320	8,661
Tax expenses (–)/Tax income	6,096	–2,520
Actuarial gains/losses (–) from defined benefit plans (after tax)	**–14,224**	**6,141**
Total amount not to be recycled in income in future periods	**–14,224**	**6,141**
Amounts recycled in income in future periods		
Gains/losses (–) from currency translation of foreign subsidiaries		
Gains/losses (–) arising in the current period	–775	3,369
Gains/losses (–) from currency translation of foreign subsidiaries (after tax)	**–775**	**3,369**
Gains/losses (–) from cash flow hedges		
Gains/losses (–) arising in the current period	–1,259	–251
Less transfers recognized in the Income Statement	64	489
Tax expenses (–)/Tax income	324	–59
Gains/losses (–) from cash flow hedges (after tax)	**–871**	**179**
Gains/losses (–) from net investment in foreign operations		
Gains/losses (–) arising in the current period	–5,369	473
Gains/losses (–) from net investment in foreign operations (after tax)	**–5,369**	**473**
Total amount to be recycled in income in future periods	**–7,015**	**4,021**
Other comprehensive income	**–21,239**	**10,162**
Total comprehensive income (after tax)	**11**	**23,790**
Of which attributable to:		
Shareholders of the parent company	–101	23,745
Non-controlling interests	112	45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016 AND DECEMBER 31, 2015

ASSETS

EUR K

	JUNE 30, 2016	DECEMBER 31, 2015
Property, plant and equipment	218,748	221,109
Intangible assets	86,819	90,856
Other financial assets	4,035	4,038
Income tax assets	11	11
Deferred tax assets	57,188	53,852
Other assets	3,707	3,707
Non-current assets	**370,508**	**373,573**
Inventories	146,075	145,905
Trade accounts receivable	237,327	187,376
Other current financial assets	131,936	127,086
Short-term income tax assets	3,690	6,272
Cash and short-term deposits	155,513	127,300
Other current assets	26,505	24,440
Current assets	**701,046**	**618,379**
Total assets	**1,071,554**	**991,952**

EQUITY AND LIABILITIES

EUR K

	JUNE 30, 2016	DECEMBER 31, 2015
Subscribed capital	29,554	29,554
Capital reserve	74,444	74,444
Own shares	−7,441	−7,441
Retained earnings	212,425	199,698
Accumulated other comprehensive income	−64,871	−43,632
Equity attributable to shareholders of the parent company	**244,111**	**252,623**
Non-controlling interests	896	800
Equity	**245,007**	**253,423**
Non-current financial liabilities	217,479	218,707
Trade accounts payable	1,746	1,325
Other financial liabilities	5,597	6,814
Other liabilities	52	54
Retirement benefit obligations	145,548	123,419
Deferred tax liabilities	31,745	32,359
Non-current liabilities	**402,167**	**382,678**
Current financial liabilities	93,848	64,128
Current trade accounts payable	201,449	186,714
Other current financial liabilities	5,681	5,028
Other current liabilities	95,393	70,193
Current income tax liabilities	6,313	11,066
Provisions	21,696	18,722
Current liabilities	**424,380**	**355,851**
Total liabilities	**826,547**	**738,529**
Total equity and liabilities	**1,071,554**	**991,952**

CONSOLIDATED STATEMENT OF CASH FLOW

JANUARY 1 – JUNE 30 OF THE RESPECTIVE FINANCIAL YEAR

EUR K	01 – 06 2016	01 – 06 2015
1. Cash flow from operating activities		
Profit/loss (–) before income taxes	30,357	21,314
Reconciliation of earnings before tax with cash flow from operating activities		
Depreciation of property, plant and equipment	17,355	15,144
Amortization of intangible assets	6,075	4,347
Gains (–)/losses from the disposal of assets	287	0
Other non-cash changes	1,310	1,404
Financial result	6,044	3,328
Changes in operating assets and liabilities		
Decrease/increase (–) in trade accounts receivable and other assets	–57,187	–45,600
Decrease/increase (–) in inventories	–170	–5,902
Decrease (–)/increase in provisions and pension provisions	–1,782	–1,796
Decrease (–)/increase in accounts payable and other liabilities	39,778	–5,010
Income taxes paid	–8,780	–7,287
Cash flow from operating activities	**33,287**	**–20,058**
2. Cash flow from investing activities		
Purchases		
Purchases of property, plant and equipment	–17,973	–14,267
Purchases of intangible assets	–1,913	–1,665
Disposals		
Disposals of property, plant and equipment	241	477
Disposals of financial assets	37	50
Interest received	681	571
Government grants received	0	2,777
Cash flow from investing activities	**–18,927**	**–12,057**
3. Cash flow from financing activities		
Dividend payments	–8,427	–8,411
Payments received from raising financial liabilities	41,704	23,969
Payments made for the settlement of financial liabilities	–8,168	–1,631
Decrease (–)/increase in lease liabilities	–1,006	–764
Interest paid	–5,206	–3,594
Cash flow from financing activities	**18,897**	**9,569**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1–3)	33,257	–22,546
Cash and cash equivalents as of January 1	122,256	82,404
Cash and cash equivalents as of June 30	**155,513**	**59,858**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	155,513	59,858
Bank overdrafts	0	0
Cash and cash equivalents as of June 30	**155,513**	**59,858**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF JUNE 30, 2016

EUR K

	SUBSCRIBED CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	OWN SHARES
As of January 1, 2016	**29,554**	**74,444**	**199,698**	**−7,441**
Net profit/loss (−)	0	0	21,138	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**0**	**0**	**21,138**	**0**
Dividends	0	0	−8,411	0
As of June 30, 2016	**29,554**	**74,444**	**212,425**	**−7,441**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF JUNE 30, 2015

EUR K

	SUBSCRIBED CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	OWN SHARES
As of January 1, 2015	**29,554**	**74,444**	**184,505**	**−7,441**
Net profit/loss (−)	0	0	13,579	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**0**	**0**	**13,579**	**0**
Dividends	0	0	−8,411	0
As of June 30, 2015	**29,554**	**74,444**	**189,673**	**−7,441**

ACCUMULATED OTHER COMPREHENSIVE INCOME						
CASH FLOW HEDGES	CURRENCY TRANSLATION	NET INVESTMENTS IN FOREIGN OPERATIONS	ACTUARIAL GAINS/ LOSSES FROM DEFINED BENEFIT PLANS	TOTAL	NON-CONTROLLING INTERESTS	GROUP EQUITY
−869	**−231**	**−7,972**	**−34,560**	**252,623**	**800**	**253,423**
0	0	0	0	**21,138**	112	**21,250**
−871	−775	−5,369	−14,224	**−21,239**	0	**−21,239**
−871	**−775**	**−5,369**	**−14,224**	**−101**	**112**	**11**
0	0	0	0	**−8,411**	−16	**−8,427**
−1,740	**−1,006**	**−13,341**	**−48,784**	**244,111**	**896**	**245,007**

ACCUMULATED OTHER COMPREHENSIVE INCOME						
CASH FLOW HEDGES	CURRENCY TRANSLATION	NET INVESTMENTS IN FOREIGN OPERATIONS	ACTUARIAL GAINS/ LOSSES FROM DEFINED BENEFIT PLANS	TOTAL	NON-CONTROLLING INTERESTS	GROUP EQUITY
−1,846	**−836**	**−6,345**	**−41,002**	**231,033**	**728**	**231,761**
0	0	0	0	**13,579**	49	**13,628**
179	3,373	473	6,141	**10,166**	−4	**10,162**
179	**3,373**	**473**	**6,141**	**23,745**	**45**	**23,790**
0	0	0	0	**−8,411**	0	**−8,411**
−1,667	**2,537**	**−5,872**	**−34,861**	**246,367**	**773**	**247,140**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF THE YEAR

GENERAL INFORMATION

GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2015 and these Interim Financial Statements for the period ending June 30, 2016 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB).

In preparing the Interim Financial Statements for the period ending June 30, 2016, 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 ending December 31, 2015. These principles and methods are described in detail in the notes to the Consolidated Financial Statements for 2015, which were published in their entirety in the 2015 Annual Report and should therefore be read in conjunction with the financial report on the first half of the year.

These Interim Consolidated Financial Statements have not been audited and contain all customary and ongoing adjustments necessary to provide a true and fair representation of the Company's business development in the period under review. The results for the first half of the year/ first six months of 2016 are not necessarily indicative of future business performance.

The Consolidated Financial Statements were prepared in Euro (EUR). Unless otherwise indicated, all values are rounded to the nearest thousands of euros (EUR k). Individual amounts and percentages may not exactly equal the aggregated amounts due to rounding differences.

COMPANIES CONSOLIDATED

The following companies are included in the consolidated financial statements:

	NATIONAL	ABROAD	TOTAL
Fully consolidated companies (incl. GRAMMER AG)	6	25	31
Companies consolidated “at equity”	0	1	1
Companies	**6**	**26**	**32**

In addition to GRAMMER AG, five domestic and 25 foreign companies that are directly or indirectly controlled by GRAMMER AG are consolidated within the meaning of IFRS 10.

The company consolidated using the equity method of accounting is the GRA-MAG joint venture, in which GRAMMER AG holds 50 % of the voting rights.

FINANCIAL LIABILITIES

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities break down as follows:

EUR K	JUNE 30, 2016	DECEMBER 31, 2015
Bonded loan	200,950	202,097
Others	16,529	16,610
Non-current financial liabilities	**217,479**	**218,707**

There was a minor change in non-current financial liabilities in the first half of 2016.

GRAMMER AG issued a further bonded loan in 2015 with a total nominal value of EUR 120 million. The first tranche of EUR 81 million was issued on December 29, 2015 and the second one of EUR 39 million on January 4, 2016.

In addition, a part of a bonded loan of EUR 40 million was reclassified as a current financial liability in June 2016 due to its approaching maturity.

CURRENT FINANCIAL LIABILITIES

Current financial liabilities break down as follows:

EUR K	JUNE 30, 2016	DECEMBER 31, 2015
Bonded loan	82,099	41,417
Overdrafts	0	5,044
Others	11,749	17,667
Current financial liabilities	**93,848**	**64,128**

Current financial liabilities come to a total of EUR 93.8 million and are therefore up on the previous year (2015: 64.1). The increase is primarily due to the reclassification of part of a bonded loan of EUR 40 million as a current financial liability due to its approaching maturity.

EQUITY

Changes in GRAMMER Group's equity can be found in the Consolidated Statement of Changes in Equity on pages 12/13.

Retained earnings rose from EUR 199,698 thousand in the previous year to EUR 212,425 thousand on account of the quarterly earnings.

Accumulated other comprehensive income chiefly comprises the differences recorded within equity resulting from currency translation of the financial statements of foreign subsidiaries, the effects of cash flow hedges and adjustments to net investments in accordance with IAS 21 including related deferred taxes. In addition, it includes changes in the first half of the year arising from the application of the guidance in IAS 19 with respect to actuarial gains.

In accordance with the resolution passed at the Annual General Meeting on May 11, 2016, GRAMMER AG distributed a dividend of EUR 0.75 per share for the 2015 fiscal year. Excluding own shares (330,050 shares), on which no dividend is payable, the total distribution stood at EUR 8.4 million (2015: 8.4) which was paid out of the retained earnings. The balance of EUR 22.8 million was carried forward.

FINANCIAL INSTRUMENTS

ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

The following table shows the fair values and carrying amounts of financial assets and liabilities. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

EUR K	VALUATION CATEGORY ACC. TO IAS 39	CARRYING AMOUNT JUNE 30, 2016	FAIR VALUE JUNE 30, 2016	CARRYING AMOUNT DECEMBER 31, 2015	FAIR VALUE DECEMBER 31, 2015
Assets					
Cash and short-term deposits	LaR	155,513	155,513	127,300	127,300
Trade accounts receivable	LaR	237,327	237,327	187,376	187,376
Other financial assets					
Loans and receivables	LaR	11,575	11,575	13,394	13,394
Receivables from construction contracts	LaR	123,878	123,878	116,920	116,920
Financial assets available-for-sale	AfS	129	129	129	129
Financial assets held-for-trading	FAHfT	8	8	23	23
Derivatives with hedge relationship	n.a.	381	381	658	658
Liabilities					
Trade accounts payable	FLAC	203,195	203,195	188,039	188,045
Current and non-current financial liabilities to banks	FLAC	311,327	311,327	282,835	286,177
Other financial liabilities					
Other financial liabilities	FLAC	363	363	941	941
Liabilities from financial leases	n.a.	7,932	7,932	8,848	8,594
Derivatives without hedge relationship	FLHfT	50	50	43	43
Derivatives with hedge relationship	n.a.	2,933	2,933	2,010	2,010
Aggregated by valuation class pursuant to IAS 39:					
Loans and receivables	LaR	528,293	528,293	444,990	444,990
Financial assets available-for-sale	AfS	129	129	129	129
Financial assets held-for-trading	FAHfT	8	8	23	23
Financial liabilities measured at amortized cost	FLAC	514,885	514,885	471,815	475,163
Financial liabilities held-for-trading	FLHfT	50	50	43	43

FAIR VALUE MEASUREMENT

The following table sets out the quantitative parameters for measuring the fair value of the assets and liabilities on the basis of the fair value hierarchy as of June 30, 2016:

EUR K	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value				
Derivative financial assets				
Currency forwards	389	0	389	0
Interest-rate swaps	0	0	0	0
Liabilities measured at fair value				
Derivative financial liabilities				
Currency forwards	189	0	189	0
Interest-rate swaps	2,794	0	2,794	0
Liabilities for which a fair value is disclosed				
Interest-bearing loans				
Obligations under finance leases and rental contracts	10,337	0	10,337	0
Current and non-current financial liabilities	311,327	0	311,327	0

The following table sets out the quantitative parameters for measuring the fair value of the assets and liabilities on the basis of the fair value hierarchy as of December 31, 2015:

EUR K	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value				
Derivative financial assets				
Currency forwards	681	0	681	0
Interest-rate swaps	0	0	0	0
Liabilities measured at fair value				
Derivative financial liabilities				
Currency forwards	74	0	74	0
Interest-rate swaps	1,979	0	1,979	0
Liabilities for which a fair value is disclosed				
Interest-bearing loans				
Obligations under finance leases and rental contracts	11,124	0	11,124	0
Current and non-current financial liabilities	286,177	0	286,177	0

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

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

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

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

There were no changes between Level 1 and Level 2 in the year under review.

SEGMENT REPORTING

SEGMENT INFORMATION

Segment information is provided for the Automotive Division and the Seating Systems Division.

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

Details on the areas of activity are also included in the Consolidated Financial Statements as of December 31, 2015.

OPERATING SEGMENTS

AS OF JUNE 30, 2016

EUR K

	SEATING SYSTEMS	AUTOMOTIVE	CENTRAL SERVICES/ RECONCILIATION	GRAMMER GROUP
Revenue to external customers	231,724	628,905	0	860,629
Inter-segment revenue	18,809	6,104	–24,913[1]	0
Revenues	**250,533**	**635,009**	**–24,913**	**860,629**
Segment earnings (EBIT)	**20,004**	**20,681**	**–4,284**	**36,401**

AS OF JUNE 30, 2015

EUR K

	SEATING SYSTEMS	AUTOMOTIVE	CENTRAL SERVICES/ RECONCILIATION	GRAMMER GROUP
Revenue to external customers	218,890	491,265	0	710,155
Inter-segment revenue	14,236	3,686	–17,922[1]	0
Revenues	**233,126**	**494,951**	**–17,922**	**710,155**
Segment earnings (EBIT)	**16,022**	**14,378**	**–5,758**	**24,642**

[1] All sales and income with other segments are strictly at arm’s length terms.

RECONCILIATION

Total segment earnings (EBIT) are reconciled with earnings before tax in the following table:

EUR K	01 – 06 2016	01 – 06 2015
Segment earnings (EBIT)	**40,685**	**30,400**
Central Services[1]	–4,965	–4,687
Eliminations[2]	681	–1,071
Group earnings (EBIT)	**36,401**	**24,642**
Financial result	–6,044	–3,328
Profit/loss (–) before income taxes	**30,357**	**21,314**

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

RELATED PARTY DISCLOSURES

The following table sets out transactions with related parties as of June 30, 2016 and June 30, 2015:

EUR K RELATED PARTIES		SALES TO RELATED PARTIES	PURCHASES FROM RELATED PARTIES	RECEIVABLES FROM RELATED PARTIES	LIABILITIES TO RELATED PARTIES
GRA-MAG Truck Interior Systems LLC	**2016**	3,324	0	7,617	0
	2015	5,120	0	10,765	0

CONTINGENT LIABILITIES

Guarantees valued at EUR 600 thousand are outstanding as of June 30, 2016 primarily in the form of performance guarantees for contract breaches.

GRAMMER GROUP KEY FIGURS ACCORDING TO IFRS – QUARTERLY OVERVIEW

IN EUR M	Q2 2016	Q2 2015	01 – 06 2016	01 – 06 2015
Group revenue	434.7	357.5	860.6	710.2
Automotive revenue	318.9	249.6	635.0	494.9
Seating Systems revenue	128.5	116.5	250.5	233.1
Income Statement				
EBITDA	33.6	17.9	59.8	44.1
EBITDA-margin (in %)	7.7	5.0	6.9	6.2
EBIT	21.6	8.1	36.4	24.6
EBIT-margin (in %)	5.0	2.3	4.2	3.5
Operating EBIT	18.5	11.2	35.8	18.0
Profit/loss (–) before income taxes	19.7	5.5	30.4	21.3
Net profit/loss (–)	13.8	3.9	21.3	13.6
Statement of financial position				
Total assets	1,071.6	858.6	1,071.6	858.6
Equity	245.0	247.1	245.0	247.1
Equity ratio (in %)	23	29	23	29
Net financial debt	155.8	131.5	155.8	131.5
Gearing (in %)	64	53	64	53
Investments (without acquisitions)	10.9	7.1	19.9	15.9
Depreciation and amortization	12.0	9.8	23.4	19.5
Employees (number, as of June 30)			12,105	10,791
Key share data			JUNE 30, 2016	JUNE 30, 2015
Share price (Xetra closing price in EUR)			36.20	29.65
Market capitalization (in EUR m)			417.9	342.3
Earnings per share (basic/diluted, in EUR)			1.88	1.21

FINANCIAL CALENDAR FOR 2016 AND TRADE FAIR DATES[1]

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS

Interim Management Statement, third quarter of 2016	November 9, 2016

IMPORTANT TRADE FAIR DATES

Caravan Salon 2016, Dusseldorf, Germany	August 27 – September 4, 2016
IHMX 2016, Birmingham, United Kingdom	September 13 – 16, 2016
IBEX, Tampa, Florida, United States	September 15 – 17, 2016
Innotrans 2016, Berlin, Germany	September 20 – 23, 2016
IAA Nutzfahrzeuge 2016, Hanover, Germany	September 22 – 29, 2016
GIE Expo 2016, Louisville, Kentucky, United States	October 19 – 21, 2016
CeMAT 2016, Shanghai, China	November 1 – 4, 2016
EIMA 2016, Bologna, Italy	November 9 – 13, 2016
METS 2016, Amsterdam, Netherlands	November 15 – 17, 2016
Bauma China 2016, Shanghai, China	November 22 – 25, 2016

[1] All dates are tentative and subject to change. Subject to change without notice.

IMPRINT

Published by
GRAMMER AG
P.O. Box 14 54
D–92204 Amberg

Release date
August 10, 2016

Concept, Layout and Realization
Kirchhoff Consult AG, Hamburg

Printed by
Frischmann, Amberg

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Paper from responsible sources
FSC® C014539

The GRAMMER Group's Interim Management Statements are published in German and English.

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