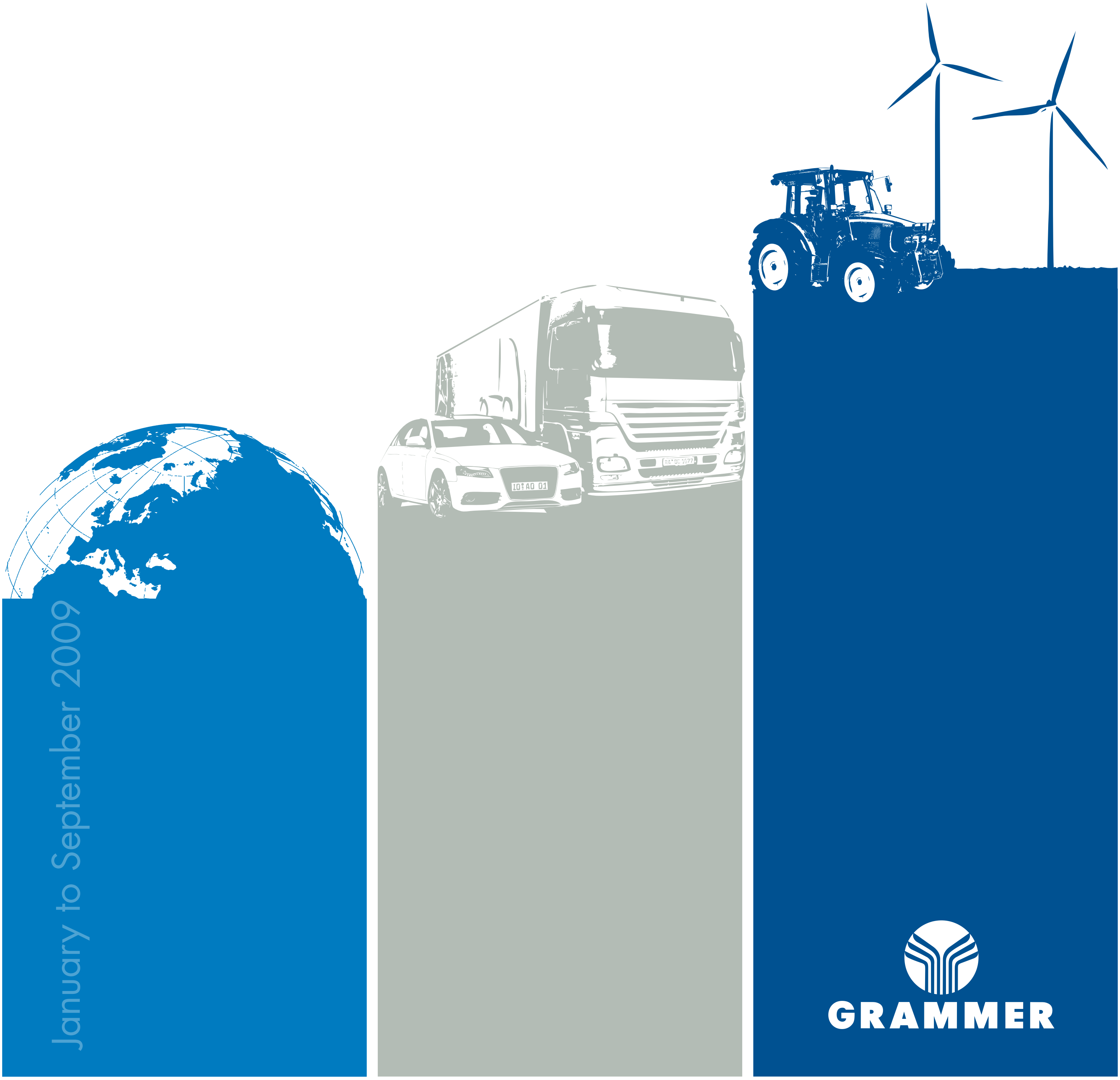
The third quarter

January to September 2009

GRAMMER Facts



Key Figures[1)]

in EUR m

	Q3 2009	Q3 2008	01 – 09 2009	01 – 09 2008
Group revenue	176.8	239.6	518.5	787.4
Automotive revenue	124.4	149.6	345.9	500.8
Seating Systems revenue	57.8	93.6	183.7	304.0
Income statement				
EBITDA	1.1	7.6	–6.0	40.6
EBITDA margin (in %)	0.6	3.2	–1.2	5.2
EBIT	–5.2	1.7	–24.7	23.5
EBIT margin (in %)	–3.0	0.7	–4.8	3.0
Profit/loss (–) before income tax	–8.1	0.9	–30.5	18.1
Net profit/loss (–)	–8.4	–0.4	–31.2	10.8
Statement of financial position				
Total assets	490.3	525.2	490.3	525.2
Equity	147.7	184.2	147.7	184.2
Equity ratio (in %)	30	35	30	35
Net financial debt	109.5	109.4	109.5	109.4
Gearing (in %)	74	59	74	59
Investments	5.2	9.1	19.8	22.3
Depreciation and amortization	6.3	5.9	18.6	17.1
Employees (September 30)			7,265	9,335
Key share data			September 30, 2009	September 30, 2008
Share price (Xetra closing price in EUR)			6.75	12.22
Number of shares			10,495,159	10,495,159
Market capitalization (in EUR m)			70.8	128.3
52-week high (closing price)			11.71	22.85
52-week low (closing price)			2.53	12.20

1) according to IFRS

Contents

Company Profile

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

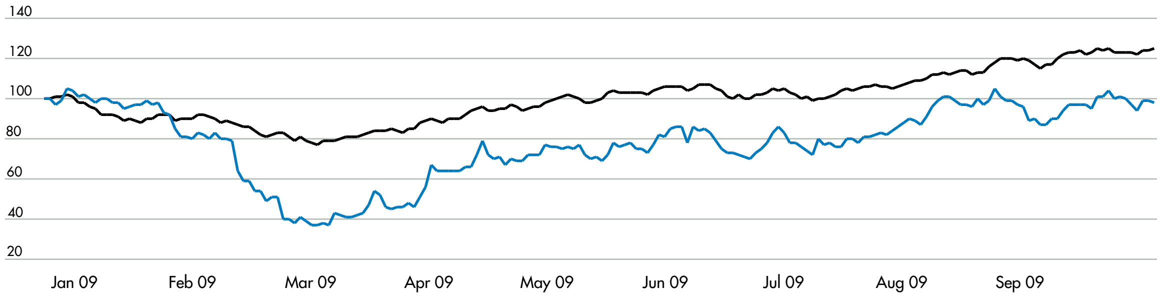
Our Seating Systems division comprises the truck and offroad seat segments as well as train and bus seating. In the Automotive division, we supply headrests, armrests, center console systems and integrated child safety seats to premium automakers and automotive system suppliers.

GRAMMER is represented in 17 countries worldwide with a workforce of approx. 7,200 employees across its 24 fully consolidated subsidiaries.

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

Share

Price trend GRAMMER share and SDAX Performance Index – January to September 2009 (in %)



Closing price as of December 31, 2008 = 100%

— GRAMMER AG
— SDAX Performance Index

GRAMMER share price benefits from economic upswing

The price of the GRAMMER share, which ended the second quarter at EUR 5.90, closed on September 30, 2009 at EUR 6.75. This represents a near return to the 2008 year-end price (EUR 6.90), after climbing 14% in the third quarter.

German equity market gains strength

The index levels of both the DAX and the SDAX rose in the third quarter of 2009.

Whereas the DAX closed at 4,810 points on December 31, 2008, it has now crossed the 5,000 threshold. Nine months into the year, it closed at 5,675 points – an increase of nearly 18%. As the benchmark index for German small caps, the SDAX ended 2008 at 2,801 points. On June 30, 2009, it closed at 2,905 points already risen above the initial level, and by September 30, was up another 590 points.

Shareholder structure

Electra QMC Europe Development Capital Funds plc remains the largest shareholder of GRAMMER AG (10.001% of shares, notification in accordance with section 21 (1) of the German Securities Trading Act (WpHG) dated November 24, 2006). Austria's Polytec Group continues to hold 9.59% of our shares (notifications in accordance with section 21 (1) WpHG dated January 15, 2008 and sections 21 (1), 22 (1) sentence 1 WpHG dated April 17 and 28, 2008). Furthermore, Axxion S.A. (5.5475%, section 21 (1) WpHG notification dated September 14, 2005) is among our shareholders. On October 5, 2009, we received the notification in accordance with section 21 (1) and (2) WpHG, that Wynnefield Capital (USA) holds 4.05% of the shares in GRAMMER AG.

No dividend for fiscal year 2008

As proposed by the Executive Board and Supervisory Board, the Annual General Meeting on May 28, 2009 resolved not to pay a dividend for the past fiscal year, in order to further strengthen the equity base of the Company in time of crisis.

Investor Relations

Because conditions on the financial markets remain difficult, GRAMMER AG is striving for an intensive dialogue with shareholders and analysts. A significant aspect of this is the open and prompt provision of information on current developments. In this quarter as well, we placed major emphasis on close contact and regular communication with investors and analysts. In addition to numerous individual conversations with the analysts and investors, our Company presented itself to a large group of investment professionals in September at the German Investment Conference hosted by UniCredit in Munich.

GRAMMER Group in the third quarter

Revenues decline as a result of the financial crisis

Both the Automotive and Seating Systems divisions of GRAMMER Group were faced with serious revenue declines through the third quarter of 2009 as a result of the financial and economic crisis. Consolidated group revenue fell by 34.2 % to EUR 518.5 million (01 – 09 2008: 787.4). Group EBIT deteriorated substantially, falling EUR – 24.7 million (01 – 09 2008: 23.5) after restructuring costs. However, the revenue decline in the third quarter, at – 26.2 %, was less pronounced than it was in the previous quarters.

Revenue and Earnings

Signs of recovery in the global economy

Since the summer, the global economy has noticeably regained momentum, and it seems that the worldwide recession is gradually nearing its end. Trends in global trade and industrial production have begun to turn positive over the past several months, and low commodity prices have fuelled growth in the industrial nations. However, the IMF is expecting 2009 to see the largest contraction since World War II, with a decline of 1.1 %. This underlines just how deep the economic wounds suffered in 2009 will be. The world economy is not out of the woods yet.

After contracting by 0.7 % in the second quarter according to the Commerce Department, there are increasing signs that the US economy returned to growth in Q3. Industrial production in the United States rose in August by 0.8 % compared to July levels. For full-year 2009, the IMF is anticipating that GDP will fall by 2.7 % in the US.

Growth in the emerging market countries of Asia has also picked up, especially in China with 7.1 % growth in the first half of the year 2009. According to estimates, China's GDP in the third and fourth quarters will be even higher. For 2009, global growth is expected to reach 8 to 8.5 %.

In the Eurozone, signs are once again beginning to indicate a return to growth after five quarters of decline. For the fourth consecutive month, industrial production in the Eurozone rose in August. According to Eurostat, production increased by 0.9 %. However, the European Commission is expecting GDP to be 4 % lower on the whole in 2009.

The economic situation in Germany is improving only slowly, but the worst seems to be over. In the second quarter, seasonally adjusted GDP rose by 0.3 % quarter-over-quarter. The outlook for the third quarter is markedly better, with a further improvement expected over the second quarter level. Based on the increase in industrial orders, it is likely that the fourth quarter will also see positive growth. The German Federal Ministry of Economics and Technology reports that the country's industrial production rose by 2.0 % in August. This was spurred largely by industrial exports. For the year as a whole, the Hamburg Institute of International Economics (HWWI) expects a 5 % decline in GDP.

It is also a hopeful sign that the ifo Business Climate Index rose for the sixth consecutive month. In September, the index was up 0.8 points at 91.3.

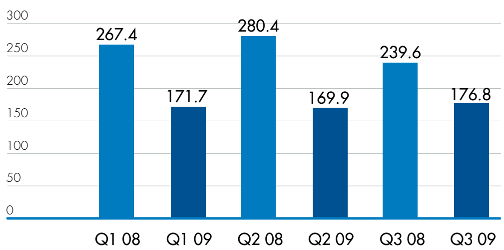
Group revenue remains far behind the previous year

In the current overall economic environment, Group revenue sank considerably in the period to September 30, to EUR 518.5 million (01 – 09 2008: 787.4). In the quarter under review, weaker demand again resulted in a pronounced decline of 26.2 % in revenues to EUR 176.8 million (Q3 2008: 239.6). Thus, the downward trend of the first two quarters of 2009 continued at a slightly slower pace. The decline impacted all regions, but particularly Europe at EUR 370.6 million (01 – 09 2008: 572.9), Overseas at EUR 85.3 million (01 – 09 2008: 128,1) and RoW at EUR 62.7 million (01 – 09 2008: 86.4).

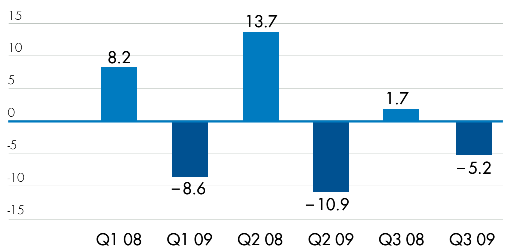
In Europe, the Automotive division saw at least a low-level stabilization of revenues. The second-quarter collapse of the offroad market had a substantial impact on the Seating Systems division. The infrastructure measures implemented by the government have not yet provided any significant impetus for this product segment. Exports were also unable to muster a turnaround, instead contributing merely to a stabilization at an extremely low level. Overseas sales volumes in both divisions of the Company were also down substantially. At least in the Automotive division, however, an initial stabilization has begun. In Brazil, markets deteriorated after record-setting sales last year – though a recovery has begun and economic data continue to improve. In Asia, sales performance by both divisions in the third quarter of 2009 was only marginally down from the previous year. The only region failing to show a turnaround is the Near East.

Consolidated earnings impacted by the crisis and restructuring
The measures aimed at overcoming the crisis and restructuring continued to affect consolidated earnings before interest and tax (EBIT). Consequently, the Company is reporting an operating loss of EUR 24.7 million, after generating a profit last year (01 – 09 2008: 23.5). The capacity adjustment measures implemented by the Company have begun to have an effect, but the abrupt fall-off in demand has prevented the rationalization of costs in Seating Systems from keeping pace with the decline in sales. The necessary restructuring costs along with currency volatility and bankruptcies within the industry continue to weigh on operating results.

Group revenue development by quarter (in EUR m)



Group EBIT development by quarter (in EUR m)



Automotive Division

New vehicle registrations in Germany give rise to hope in the car industry
Car sales abroad stabilized in September 2009, but BDW Automotive expects to see a total decline in global demand for cars at 9.7 % this year.

In the US, the "Cash for Clunkers" program ended in August, after which new vehicle registrations already began to decline in September. Sales were particularly hard hit at the Big Three. As compared to the previous year, car sales were down by 25 % in September. In the first nine months of the year, 7,795,800 vehicles were registered, which equates to a 22.7 % decline. Experts do not anticipate seeing registrations hit the 10 million mark in 2009.

The automotive market in China grew considerably in 2009 thanks to economic stimulus programs and tax breaks for vehicles with up to 1.6 liter engines, which has fuelled a boom in small cars. In September, auto sales were up 77 %. In the third quarter alone, according to the German Association of the Automotive Industry (VDA), sales increased by 75 %. Consequently, new vehicle registrations were up 36 % in the first nine months of 2009 as a whole, to 5.8 million.

So far in 2009, the Russian automotive industry has failed to get off the ground. The consulting company Roland Berger is expecting to see total sales of 1.2 million vehicles this year. In 2008, sales were significantly higher, at 2.7 million vehicles. In September, Russian car sales, at 118,000 new vehicles, were down 52 % year-over-year. In the first nine months of the year, the VDA puts the total decline at 51 %.

The West European car market grew by 9.6 % in September as a result of numerous government subsidies. On the whole, the number of new car registrations is down 4.8 % over the first three quarters of 2009. The total number of new vehicles on the road so far this year is 10.3 million. The situation in the individual countries, however, is varied. Whereas France (+ 2.4), Austria (+ 6.7) and Germany (+ 26.1) saw increases, new order volumes in other countries were down considerably. In the UK, car market volumes dropped by 15.5 % – the Spanish market deteriorated by as much as 28.6 %.

The performance of the German auto market has been positive over the past few months. The German Association of the Automotive Industry puts the number of September vehicle registrations at 316,166, which equates to an increase of 21 %. As a result, nearly three million cars have hit the roads over the first nine months of the year, or 26.1 % more than last year. The VDA estimates that a total of 3.7 million cars will be sold in 2009. This represents a rise of nearly 20 % in Germany. The scrap bonus in Germany benefitted the small car segment in particular, whereas premium cars continued to stay on showroom floors.

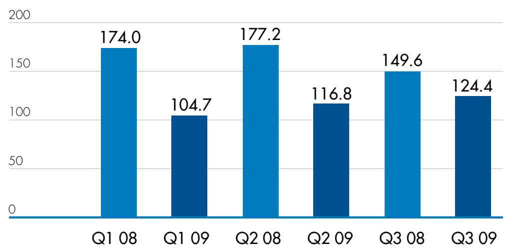
The situation in new orders has developed better than expected. Over the first nine months of the year, order volumes increased by a total of 22 %. In September, the order backlog was 33 % larger than at the same time last year. The full order books are an indication of strong new vehicle registration volumes until the end of 2009.

New foreign order volumes were 5 % higher year-over-year in September. German manufacturers saw an 11 % decline in exports during September according to the VDA. Whereas September registrations were down 23 % in the key US market, registrations of German car brands slipped by only 3 %.

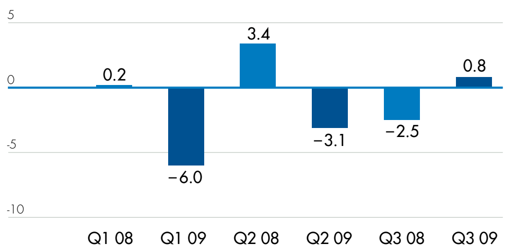
Production stabilized as the important premium car segment saw better numbers in the third quarter. Despite seasonal effects from the summer vacation months, new orders in the third quarter were satisfactory.

Automotive business stable at a low level
Business in our Automotive division continued to be influenced by restructuring and capacity adjustment measures in Germany and at our eastern EU locations in the third quarter of 2009. Nonetheless, sales were not as far off prior-year levels as they had been – the changes are beginning to have an impact. Although the continued gradual growth in demand for some premium vehicles of our customers is being negatively impacted by the unfavorable exchange rate situation caused by the strengthening of the euro in their export markets, Eurozone demand is stabilizing. In the third quarter of 2009, sales revenue declined due to the weak economic situation in Europe and the US by 16.8 % year-over-year, or EUR 25.2 million, to EUR 124.4 million (Q3 2008: 149.6). With this, the signs are increasing that the bottom has been reached in Automotive business. The problem areas described above weighed on the operating result, so that the division generated a profit of EUR 0.8 million for the quarter. In a sign that the implemented measures have begun to have an effect, despite lower revenues, the division saw a significant improvement of EUR 3.3 million as compared to the same period last year, in which a loss of EUR 2.5 million was recorded. Accordingly, results in the third quarter of 2009 were also up considerably on the levels in the first and second quarters of the year.

Automotive revenue development by quarter (in EUR m)



Automotive EBIT development by quarter (in EUR m)



Seating Systems Division

Commercial vehicle market in a virtual standstill
The worldwide economic troubles have hit the commercial vehicle industry full force. The commercial vehicle markets of Europe have now been on this downward trajectory for nearly a year, and even longer in the United States. There is no end to the crisis in sight.

The European market once again endured steep declines, falling 33.7 % in July and 35.1 % in August.

After nine months, the German commercial vehicle market was well below its prior-year level (– 27). The main cause for this development is the extreme fall-off in demand as a result of the economic crisis. German truck makers have cut production by 50 % since the beginning of the year. Commercial vehicle business continued to decline in September. According to data from the VDA, 21,660 vehicles were registered in September – 33 % fewer than in the previous year. Registrations for vehicles under 6 t were down 23 %. Manufacturers of commercial vehicles over 6 t were faced with a drastic decline of 52 %, to 5,856 units.

Export and production volumes were also negative in September: exports were down by 51 % and production was cut by 48 %. In all, 109,000 commercial vehicles were exported in the first three quarters of 2009, which equates to a decline of 63 %.

Beginning in the early summer months, markets for agricultural machines fell flat. This was due to the enormous price pressures and low producer prices for agricultural products, as well as the restrictive lending practices of the banks. In the first half of 2009, agricultural machinery production in Germany was already 15 % lower, and according to the German Engineering Federation (VDMA), 39 % fewer orders were received in August. On the whole, VDMA is forecasting a decline of 25 % for 2009. The decline in domestic demand was relatively moderate at – 11 % year-over-year as compared to foreign demand, which fell by 46 %.

In September 2009 alone, 11.3 % fewer tractors were registered in Germany than in 2008. The total number of new tractor registrations in the first nine months was 23,307, equating to a decline of 4.7 %.

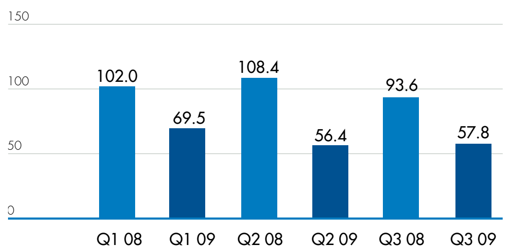
The construction machinery industry is expecting 2009 revenues to be markedly lower than last year. Already in September, there was an average of 59 % free capacity in the industry.

The economic crisis is also taking its toll on the railway industry. According to the market research institute SCI, the business climate in the German rail industry worsened considerably in the third quarter of 2009, due primarily to the deterioration of the market.

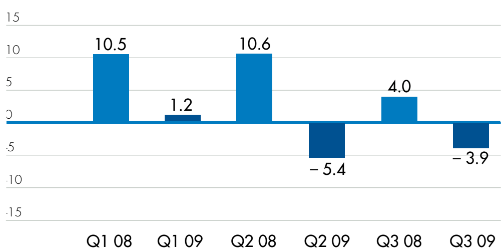
Business trend remains critical

The development of the Seating Systems division remained negative in the third quarter of 2009. Sales declines in all of the division's business segments continued unabated after the fall-off in the second quarter. The bad situation in new truck orders persisted, as did the extreme weakness of demand in the offroad segment. The prevailing economic difficulties were compounded by seasonal influences, as offroad orders traditionally slow down in the summer months. The performance of offroad markets in the Overseas and Asian regions was also down considerably from last year's levels, so that we were unable to meet our sales targets. In the railway segment as well, market development in the third quarter of 2009 was surprisingly negative, and the expected boost from the infrastructure measures failed to materialize. Consequently, revenue in the Seating Systems division fell by 39.6 % from EUR 304.0 million in the first nine months of 2008 to EUR 183.7 million this year. In Q3 2009, the decline in revenue was similar to the drop in the second quarter. At EUR 57.8 million, only 62 % of the prior-year level of EUR 93.6 million was reached. Without the positive development seen in Brazil, the drop-off would have been more pronounced. The initiated cost and capacity rationalization offensive failed to counteract the rapid decline in the offroad segment quickly enough, and the operating result consequently fell to EUR – 3.9 million in the third quarter, as compared to EUR + 4.0 million in Q3 2008. As a consolation, at least a further decline was avoided and results were slightly up from the level in the second quarter.

Seating Systems revenue development by quarter (in EUR m)



Seating Systems EBIT development by quarter (in EUR m)



Financial Position

Note on accounting figures: 2008 = December 31, 2008

Balance sheet on par with 2008
As of September 30, 2009, the total assets of GRAMMER Group amounted to EUR 490.3 million (2008: 481.0). This equates to a modest rise of EUR 9.3 million as compared to the close of 2008, attributable largely to the increase in trade receivables. The gradual uptrend in the performance of the Automotive division primarily affected current assets, which increased by EUR 8.4 million within GRAMMER Group to EUR 272.7 million. Trade receivables increased to EUR 103.1 million (2008: 88.2) and other current financial assets to EUR 46.5 million (2008: 45.9). Inventories were on a level with last year at EUR 91.3 million (2008: 90.8) Non-current assets were up EUR 0.9 million to EUR 217.6 million (2008: 216.7).

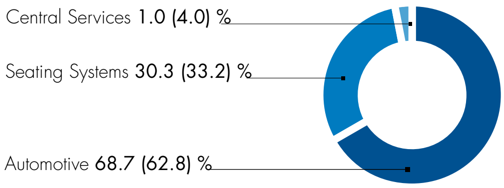
GRAMMER Group's equity was down from the 2008 year-end level at EUR 147.7 million (2008: 173.0), as a result of the year-to-date loss. The equity ratio is 30 % (2008: 36).

To finance ongoing business and the restructuring programs, current liabilities increased by EUR 28.1 million to EUR 187.9 million (2008: 159.8) as a result of the difficult environment. The change is manifest primarily in the EUR + 22.4 million rise in current financial liabilities. Trade liabilities were EUR 9.9 million lower as a result of the decline in business volumes.

Non-current liabilities totaled EUR 154.7 million, more or less on a level with last year (2008: 148.2); non-current financial liabilities were repaid in regular installments, resulting in the increase in pension obligations and other financial liabilities.

Investments in new product launches intensified
Compared to the same period last year, investments by GRAMMER Group were down considerably at EUR 5.2 million (Q3 2008: 9.1). After heavy spending on expansion in the Seating Systems division last year, the Company invested somewhat less in property, plant and equipment in the course of this year. In the Automotive division, investments totaled EUR 4.5 million (Q3 2008: 5.4), which was used primarily for expansion as the result of orders received in 2008, for production starts in early 2010 and for building of production capacities in Mexico and Schmölln. In light of the economic environment, we held back on investment in the Central Services division.

Investments by division, January to September 2009
(Previous year in brackets)



in EUR m

	01 – 09 2009	01 – 09 2008
Automotive	13.6	14.0
Seating Systems	6.0	7.4
Central Services	0.2	0.9
Total	19.8	22.3

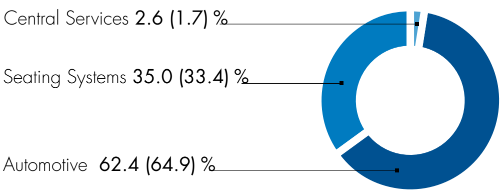
Employees

As of September 30, 2009, GRAMMER Group had a total of 7,265 employees (September 30, 2008: 9,335). In the Automotive division, the number of employees was reduced by roughly 25 % to 4,535 (September 30, 2008: 6,060). New production starts and restructuring measures resulted in increased numbers of employees in China and Serbia; the other production locations made significant staffing cuts. On the reporting date, the Seating Systems division employed a total of 2,541 people (September 30, 2008: 3,115), and 189 were employed in the Central Services division (September 30, 2008: 160). The increase is primarily attributable to the merging of functions and reorganization.

As a result of the collapse in order volumes and the continued slump in revenues, the number of employees was further reduced in all areas compared to the same period last year as of September 30, 2009. In July 2009, capacities were adjusted in line with the declining orders of our customers through the social plan signed for the locations of GRAMMER AG in April. Furthermore, additional steps have been initiated at the Amberg location, to adjust to the declines in the offroad segment.

The cost structures and productivity in both divisions of the Company are being optimized through the restructuring and capacity adjustment measures introduced at GRAMMER AG, as well as the plant closure in the Czech Republic and other workforce adjustments in the remaining countries. The financial position and earnings of the Company are additionally being supported by the short-time work program implemented across the board in Germany and other similar steps taken in other countries to overcome the crisis.

Employees by division, September 30, 2009
(Previous year in brackets)



as of September 30

	2009	2008
Automotive	4,535	6,060
Seating Systems	2,541	3,115
Central Services	189	160
Group	7,265	9,335

Outlook

More optimistic forecasts for the global economy
The outlook for the global economy has become more optimistic in recent weeks. Whereas the IMF was forecasting growth of 2.5 % this past spring, it is now expecting to see 3.1 % expansion in 2010. This growth, however, will be largely concentrated in the emerging market countries of Asia, while the nations of the industrialized world will expand at a much lower rate. On the whole, the IMF foresees a worldwide decline in production of 1.2 % this year, and an increase of 2.8 % next year. Global trade is expected to grow by 5 % in 2010.

The Asian emerging markets have been hard hit by the slump in international trade and the flight of investors from the financial and economic crisis. But, the trend has turned toward recovery with surprising speed. For China, the IMF is projecting a 9 % increase in GDP next year.

The National Association of Business considers the recession to be over and is anticipating a return to growth in the US economy next year. Its forecast is for a 2.9 % increase in GDP.

Numerous indicators point to the fact that the Eurozone economy bottomed out in the second quarter of 2009, e.g. industrial production and new orders are showing positive signs. According to the fall reports of various economic research institutes, production is expected to increase in the second half of the year. The Association of German Banks is also forecasting marginal growth (1 %) for the Eurozone in 2010.

The export-driven German economy is on the road to recovery. A number of economic research institutes are predicting a 1 % rise in GDP for 2010. This represents a slight improvement on the spring forecasts. Nonetheless, growth has been on the weak side, and it will be some time before the levels seen prior to the crisis are reached. This will increase pressure on the job market. Accordingly, it is expected that the short-time work implemented by many companies in reaction to the abrupt fall-off in demand will be tapered off and staff cuts increased. For 2010, unemployment numbers will likely exceed 4 million.

And government debt also continues to grow as a result of the crisis, with research institutes projecting a deficit of 5.2 % in 2010.

The growing economic impetus and gradual stabilization of the financial markets are signs that the global economy could continue its low level recovery in the fourth quarter of 2009.

General consensus is that the recovery in industrial production will persist in 2010. It must be borne in mind, however, that it will take years before a return to 2008 levels, even with high rates of growth, given the drastic extent of the declines.

Automotive: gradual recovery continues
As a result of the numerous government aid measures for the automotive industry, it is probable that worldwide sales in 2009 will top the forecasts made at the beginning of the year. According to a study from the Center for Automotive Research, as many as 50.9 million vehicles could be sold in 2009.

In the United States, just under 10 million new vehicle registrations are forecast for 2009, as compared to more than 13 million in 2008.

The emerging market countries China, India and Brazil are certain to see positive growth rates in the coming months. Already over the past several years, the Chinese car market has expanded rapidly. The 7 % growth rate in 2008 was the lowest level since 2000. In the current year, car sales in China will grow by more than 30 %, overtaking the US market. And 2010 promises to continue this growth, albeit at a slower pace than in 2009. Brazil will also see positive growth numbers in 2009, on the heels of a 14 % increase in 2008. The Brazilian automotive industry association Anfavea is expecting a 6.4 % increase in new vehicle registrations this year.

It is expected that the Russian car market will also enter into a gradual recovery in 2010. The Russian government is currently formalizing plans to introduce a scrap bonus in 2010. According to the Ministry for Economic Development and Trade, the Kremlin recently approved RUB 10 billion for realization of the program. A Roland Berger study puts the number of new vehicle registrations that could result from the measure at 1.5 to 1.7 million.

In 2009, the total number of vehicles registered in Western Europe will be around 13.2 million, according to market research institute J.D. Power. Next year, without the support of government stimulus programs, this number is expected to fall below 12 million vehicles. This would mean a decline of roughly 9 %.

In Germany, the scrap bonus prevented a break down of the industry in 2009. For 2009 as a whole, car sales are expected to reach 3.7 million, 20 % more than in 2008. It must be assumed, however, that the scrap bonus will lead to market distortions in the coming year. Because many purchases were pushed forward to 2009, the German Institute for the Automotive Industry (IFA) is projecting a decline to roughly 3 million vehicles sold in 2010. Since premium vehicle manufacturers in Germany benefited only slightly from the scrap bonus in 2009, the economic recovery in 2010 could have a positive impact on this segment.

Seating Systems: massive decline in 2009, low level stabilization expected in 2010

The commercial vehicle industry is in the grips of the global crisis. The lower rates of industrial production, the decreased volumes of global trade and the lower investment activities have led to massive declines in sales. Now, however, the bottom seems to have been reached and all signs are pointing to a gradual stabilization at a low level in 2010.

For the North American market, the number of new vehicle registrations is expected to fall to 200,000 in 2009 – almost halving the volume of sales in the commercial vehicle market as compared to 2008.

The Russian truck market has come to a virtual standstill, and will end 2009 70 to 80 % lower according to consulting firm McKinsey. Based on manufacturers' data, sales in Europe will also be down roughly 50 % this year as a result of massive problems in sales. If the economy begins to grow in the coming year, McKinsey concludes that demand for trucks in the BRIC countries will grow more rapidly than in the industrialized nations. This growth could reach into the double digits. In Europe, the US and Japan, on the other hand, only moderate increases of less than 10 % are expected.

For the German commercial vehicle market, Germany's Association of Motor Vehicle Importers (VDIK) is projecting 250,000 new registrations in 2009, as compared to 335,000 in 2008. This corresponds to a decline of approximately 25 %.

The outlook for the agricultural machinery segment in Germany remains dim. Full-year 2009 numbers are expected to be down by 25 % according to VDMA. A further 5 % decline is anticipated by the association in 2010.

Business in the construction machinery industry will not pick up in the next few months, so that very little hope exists for a rapid recovery. Estimates by the VDMA foresee an end to the downward trend in 2010, but no significant recovery.

It seems that the bottom has been reached in the railway market, and there are signs of a return to growth. SCI Verkehr is expecting growth in the industry, which it attributed largely to the economic stimulus measures in Germany.

Automotive

In Automotive business, we expect 2009 revenues to be down substantially year-over-year as a result of the financial crisis and its effects on the real economy, as well as the production cuts announced by car manufacturers. Sales will remain comparatively low until the end of the year, despite various production starts and initial signs of recovery. But, the downward slide seems to be at an end, and sales volumes are beginning to increase from a low level. Assuming that demand remains at the current level, the new production starts already begun in the midsize and uppersize segments will contribute to further recovery in the coming months.

In addition to the revenue expectations, the 2009 operating result will also be affected by the above-mentioned restructuring measures as well as a reduction in fixed costs and exchange rate developments. The initiated measures are beginning to have an effect on results. Alongside a moderate improvement in sales, operating results could climb further, as long as ongoing production is continued as planned by our customer and no changes arise that could result in additional fixed costs. We are therefore expecting to generate an operating profit in the final quarter of 2009.

Seating Systems

In the Seating Systems division, the considerable revenue declines have continued in the offroad segment, resulting in structural problems and weighing on earnings. The Q3 2009 decline in revenue reflects the lagging effect of the projects aimed at cost cutting, which counter the impact of the drastic decline in orders only after a significant delay. In addition to the very weak order situation in the offroad segment the situation in the truck segment remains difficult. The business outlook for full-year 2009 remains poor, since seasonal factors make it unlikely that significant impetus will materialize in the latter months of the year, so that the losses in the first half will not be offset. Additional complications are now also arising in rail business, as infrastructure projects in some countries like Russia have been unexpectedly put on hold as a result of inadequate income from raw materials exports.

Given the weakness of revenue in offroad and the ongoing slump within the industry, we expect that the lack of demand from our customers will continue to have a negative impact on the performance of the Seating Systems division in the remaining months of 2009, despite our good market position. Through introduction of additional structural and capacity rationalization measures, we will continue our work to mitigate the effects on our business, but this will also result in further restructuring costs.

Outlook for full-year 2009 – GRAMMER Group

The worldwide economic situation remains extremely tense given the drastic effects of the financial crisis. Although positive factors seem to be on the rise, there are still risks arising from further economic developments. Hopeful signs are matched by the effects of negative indications. GRAMMER Group's business performance is closely tied to macroeconomic and industry-specific conditions, and is thus largely determined by external factors. The risks of bankruptcy among OEMs and other customers are very difficult to assess in the current environment, as bank lending remains very restrictive, putting even companies without economic problems at risk of falling into financial difficulties and impacting decisions with respect to necessary investments . Consequently, despite relatively stable debt levels, significant earnings and liquidity problems could result for the Company. For the current fiscal year, GRAMMER continues to expect substantial declines in revenue and significant expenses relating to capacity adjustment. Revenue performance for full-year 2009 will lag behind previous-year levels by double-digit percentages. This situation will not improve within the next few months, as the positive trend in the Automotive division is being partially offset by negative developments in Seating Systems. Continued capacity adjustments and fixed cost reduction will remain the central focus at the headquarters of GRAMMER Group in the coming months. Given the projected costs of these measures and the marked decline in revenues, the earnings outlook for the current fiscal year cannot be seen as positive. The operating result will continue to improve through implementation of the measures, but the full-year result is expected to be negative as a result of restructuring costs.

Summary statement by the Executive Board

With a view to the business situation in the first nine months of 2009 and the only gradual improvement of the economic environment, our outlook for GRAMMER Group remains very subdued. Additional costs must be reckoned with as a result of the initiated restructuring measures and workforce reductions, which will lead to a loss for the fiscal year as a whole. In all, after the deterioration of business in the offroad segment, 2009 is set to be a very difficult year, as falling revenues already had a significant impact in the second quarter and could persist in the Seating Systems division for some time. Nevertheless, given the signs of a global economic stabilization, we also have a foundation in place for continued growth after 2009 and a successful turnaround in 2010, which will return the Company to profitability.

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, 2008, the facts described in the "Outlook" section of this report are currently relevant to the situation of the Company. This section contains forward-looking statements reflecting the opinions of the management of GRAMMER AG with respect to future events. These statements are based on the currently applicable plans, estimates and expectations of the Company. Consequently, they are subject to risks and factors of uncertainty. Moreover, there is an increased risk of bankruptcy among our suppliers, which our procurement department is attempting to mitigate through expanded monitoring activities. We see only limited risks resulting from the Chapter 11 filing of our customer Lear in the US.

Responsibility statement

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

Amberg, November 2009

GRAMMER AG
Executive Board

Consolidated Statement of Income as of September 30, 2009

EUR k	Q3 2009	Q3 2008	01 – 09 2009	01 – 09 2008
Revenue	**176,839**	**239,594**	**518,523**	**787,396**
Cost of sales	–156,815	–216,466	–465,786	–687,592
Gross profit	**20,024**	**23,128**	**52,737**	**99,804**
Selling expenses	–6,583	–8,432	–20,698	–25,800
Administrative expenses	–19,830	–14,758	–61,023	–55,944
Other operating income	1,160	1,728	4,323	5,468
Operating profit/loss (–)	**–5,229**	**1,666**	**–24,661**	**23,528**
Financial income	381	597	1,527	1,708
Financial expenses	–3,295	–1,411	–7,377	–7,183
Profit/loss (–) before income tax	**–8,143**	**852**	**–30,511**	**18,053**
Income tax expenses	–258	–1,202	–717	–7,251
Net profit/loss (–)	**–8,401**	**– 350**	**–31,228**	**10,802**
Of which attributable to:				
Shareholders of the parent company	–8,414	–351	–31,221	10,767
Minority interests	13	1	–7	35
	–8,401	**–350**	**–31,228**	**10,802**

Consolidated Statement of Recognized Income and Expenses as of September 30, 2009

EUR k	Q3 2009	Q3 2008	01 – 09 2009	01 – 09 2008
Net profit/loss (–)	**–8,401**	**–350**	**–31,228**	**10,802**
Gains/losses (–) from currency translation for foreign subsidiaries	1,967	–2,636	4,718	–1,355
Gains/losses (–) from cash flow hedges	769	230	2,076	174
Gains/losses (–) from hedging of a net investment	–1,773	400	–779	44
Income and expenses recognized directly in equity after tax	**963**	**–2,006**	**6,015**	**–1,137**
Income and expenses recognized in equity	**–7,438**	**–2,356**	**–25,213**	**9,665**
Of which attributable to:				
Shareholders of the parent company	**–7,451**	**–2,365**	**–25,205**	**9,638**
Minority interests	**13**	**9**	**–8**	**27**

Earnings/loss (–) per share

	01 – 09 2009	01 – 09 2008
Basic/diluted earnings/loss (–) per share in EUR	–3.07	1.06

Consolidated Statement of Financial Position as of September 30, 2009

ASSETS

EUR k

	September 30, 2009	December 31, 2008
Non-current assets		
Property, plant and equipment	138,776	138,132
Intangible assets	48,405	49,526
Other financial assets	7,857	8,043
Deferred income tax assets	22,529	21,044
	217,567	**216,745**
Current assets		
Inventories	91,254	90,836
Trade accounts receivable	103,051	88,195
Other current financial assets	46,484	45,893
Income tax assets	690	6,113
Cash and short-term deposits	6,454	13,330
Other current assets	24,766	19,894
	272,699	**264,261**
Total assets	**490,266**	**481,006**

EQUITY AND LIABILITIES

EUR k

	September 30, 2009	December 31, 2008
Equity attributable to shareholders of the parent company		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Own shares	−7,441	−7,441
Retained earnings	69,587	94,792
Equity before miniority interests	**147,251**	**172,456**
Minority interests	489	526
Total equity	**147,740**	**172,982**
Non-current liabilities		
Non-current financial liabilities	69,741	69,741
Other financial liabilities	8,866	4,159
Other liabilities	1,298	1,200
Retirement benefit obligations	56,516	54,450
Deferred income tax liabilities	18,239	18,634
	154,660	**148,184**
Current liabilities		
Current financial liabilities	46,173	23,785
Trade accounts payable	66,597	76,476
Other current financial liabilities	4,670	8,535
Other current liabilities	56,163	40,401
Current income tax liabilities	3,102	3,008
Provisions	11,161	7,635
	187,866	**159,840**
Total liabilities	**342,526**	**308,024**
Total equity and liabilities	**490,266**	**481,006**

Consolidated Statement of Cash flows as of September 30, 2009

EUR k	01 – 09 2009	01 – 09 2008
1. Cash flow from operating activities		
Profit/loss (–) before income tax	–30,511	18,054
Non-cash items:		
Depreciation and impairment of property, plant and equipment	16,346	15,349
Amortization and impairment of intangible assets	2,268	1,726
Changes in provisions and pension provisions	5,292	4,712
Other non-cash changes	4,300	–1,455
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–20,319	–32,985
Decrease/Increase (–) in inventories	–417	–9,476
Decrease/Increase (–) in other assets	3,938	1,335
Decrease(–)/Increase in accounts payable and other liabilities	4,743	–3,111
Gains/Losses from disposal of assets	–567	–17
Income taxes paid	0	0
Cash flow from operating activities	**–14,927**	**–5,868**
2. Cash flow from investing activities		
Purchases		
Purchases of property, plant and equipment	–18,581	–20,992
Purchases of intangible assets	–1,185	–1,288
Purchases of investments	–626	–619
Disposals		
Disposal of property, plant and equipment	3,793	424
Disposal of intangible assets	–1	12
Disposal of investments	903	2,894
Interest received	1,527	1,708
Government grants received	0	0
Cash flow from investing activities	**–14,170**	**–17,861**
3. Cash flow from financing activities		
Dividend payments	0	–10,170
Purchase of own shares	0	0
Repayment of bond	0	0
Changes in non-current liabilities to banks	0	–2,731
Changes in current liabilities to banks	–3,389	–1,715
Changes in lease liabilities	4,960	–64
Interest paid	–5,127	–5,416
Cash flow from financing activities	**–3,556**	**–20,096**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (sub-total of items 1 – 3)	–32,653	–43,825
Effects of exchange rate differences	0	0
Cash and cash equivalents as of January 1	736	15,505
Cash and cash equivalents as of September 30	**–31,917**	**–28,320**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	6,454	6,546
Securities	0	0
Bank overdrafts	–38,371	–34,866
Cash and cash equivalents as of September 30	**–31,917**	**–28,320**

Consolidated Statement of Changes in Equity as of September 30, 2009

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Other reserves	Total	Minority interests	Group equity
As of January 1, 2009	26,868	58,237	101,387	−7,441	−6,595	172,456	526	172,982
Net gains/losses (–) from cash flow hedges	0	0	0	0	2,076	2,076	0	2,076
Currency translation	0	0	0	0	4,719	4,719	−1	4,718
Net gains/losses (–) from hedging of a net investment	0	0	0	0	−779	−779	0	−779
Sum of gains/losses recognized directly in equity	0	0	0	0	6,016	6,016	−1	6,015
Net profit/loss (–) for the period	0	0	−31,221	0	0	−31,221	−7	−31,228
Total net profit/loss (–)	0	0	−31,221	0	6,016	−25,205	−8	−25,213
Dividends	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0
Purchase of minority interests	0	0	0	0	0	0	−29	−29
As of September 30, 2009	26,868	58.237	70,166	−7,441	−579	147,251	489	147,740

as of September 30, 2008

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Other reserves	Total	Minority interests	Group equity
As of January 1, 2008	26,868	58,237	97,502	−7,441	9,049	184,215	493	184,708
Net gains/losses (–) from cash flow hedges	0	0	0	0	174	174	0	174
Currency translation	0	0	0	0	−1,347	−1,347	−8	−1,355
Net gains/losses (–) from hedging of a net investment	0	0	0	0	44	44	0	44
Sum of gains/losses recognized directly in equity	0	0	0	0	−1,129	−1,129	−8	−1,137
Net profit/loss (–) for the period	0	0	10,767	0	0	10,767	35	10,802
Total net profit/loss (–)	0	0	10,767	0	−1,129	9,638	27	9,665
Dividends	0	0	−10,170	0	0	−10,170	0	−10,170
Own shares	0	0	0	0	0	0	0	0
Purchase of minority interests	0	0	0	0	0	0	−10	−10
As of September 30, 2008	26,868	58,237	98,099	−7,441	7,920	183,683	510	184,193

Selected Notes to the GRAMMER AG Consolidated Statement of Income for the Period from January 1 to September 30, 2009 and the Consolidated Statement of Financial Position as of September 30, 2009

Accounting

GRAMMER AG prepared its consolidated financial statements for fiscal year 2008 and the present interim financial statements for the period ended September 30, 2009 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, 2009, 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 2008. 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, 2009, 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, 2009. 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 1, 2009 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 statement of financial position and the consolidated income statement, as well as the data on contingent assets and liabilities.

The present interim consolidated financial statements have not been audited and contain all customary and ongoing adjustments necessary to provide a true and fair representation of the Company's business development in the periods under review. The results for the third quarter or in the initial nine months of 2009 are no 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, 2009, and the comparative prior-year figures, the same accounting and valuation methods and principles of consolidation were applied as for the consolidated financial statements for the year ended December 31, 2008. These principles and methods are described in detail in the notes to the 2008 consolidated financial statements, which were published in their entirety in the 2008 annual report. As of January 01, 2009, new standards have been applicable for reporting. The changes primarily related to IAS 1 on presentation of financial statements, IAS 23 on Capitalization of borrowing costs and IFRS 8 on segment reporting. The revised version of IAS 1 "Presentation of Financial Statements" now requires a separate statement of comprehensive income in addition to the income statement, which presents both period income and all non-owner changes in equity in the period not recognized in the income statement. The new version of IAS 23 requires that qualifying assets, for which the commencement date for acquisition, construction or production is on or after January 01, 2009, be capitalized at directly attributable costs. The change to IAS 23 has no material impact on the net assets, financial position and results of operations of GRAMMER Group. IFRS 8 "Operating Segments" now provides disclosure requirements in the context of segment reporting. The Company has determined that the operating segments identified under IAS 14 are in line with those identified under IFRS 8. The remaining accounting standards to be applied for the first time in fiscal year 2009 have no material impact on the net assets, financial position and results of operations of GRAMMER Group.

Estimates and assumptions

In preparing the interim 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 launch of GRAMMER Railway Interior GmbH in September 2009, a total of five domestic and eighteen 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. Moreover, a joint venture within the meaning of IAS 31 is proportionately consolidated. GRAMMER AG holds 50% of the voting rights in this joint venture. All intragroup transactions, balances and liabilities are eliminated in the course of consolidation. The uniform reporting date for all of the consolidated companies is September 30, 2009.

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 statement of financial position. 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 Euro zone that are of relevance to the Group:

		Average rate		Closing rate	
		01–09 2009	01–09 2008	September 30, 2009	September 30, 2008
Argentina	ARS	0.198	0.212	0.178	0.223
Brazil	BRL	0.350	0.386	0.384	0.355
Bulgaria	BGN	0.511	0.511	0.511	0.511
China	CNY	0.107	0.094	0.100	0.102
United Kingdom	GBP	1.120	1.283	1.100	1.256
India	INR	0.015	0.016	0.014	0.015
Japan	JPY	0.008	0.006	0.008	0.007
Canada	CAD	0.626	0.651	0.637	0.666
Mexico	MXN	0.053	0.062	0.051	0.063
Poland	PLN	0.229	0.290	0.236	0.293
Russia	RUB	0.023	0.027	0.023	0.027
Switzerland	CHF	0.663	0.621	0.663	0.634
Serbia	RSD	0.011	0.013	0.011	0.013
Czech Republic	CZK	0.038	0.040	0.040	0.041
Turkey	TRY	0.465	0.540	0.460	0.548
USA	USD	0.729	0.658	0.683	0.697

Revenue

GRAMMER Group generates revenue primarily from the sale and delivery of its products to customers. Revenue is composed as follows:

EUR k	Q3 2009	Q3 2008	01 – 09 2009	01 – 09 2008
Gross revenue	177,268	240,488	520,847	790,459
Sales deductions	−429	−894	−2,324	−3,063
Net revenue	176,839	239,594	518,523	787,396

Revenue as of September 30, 2009 of EUR 518,523 thousand includes contract revenue of EUR 16,420 thousand (01 – 09 2008: 17,265) determined using the PoC method.

Revenue for the third quarter in the amount of EUR 176,839 thousand includes contract revenue of EUR 7,319 thousand (Q3 2008: 6,606) determined in accordance with 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 4,323 thousand as of September 30, 2009 (01 – 09 2008: 5,468) includes income from the reversal of provisions 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 2009	Q3 2008	01 – 09 2009	01 – 09 2008
Financial income	381	597	1,527	1,708
Financial expenses	−3,295	−1,411	−7,377	−7,183
Financial result	−2,914	−814	−5,850	−5,475

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

Cost of sales

The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses. The expenditure required to set up reserves for warranty purposes is covered by this item as well. The cost of sales also includes non-capitalized research and development costs as well as amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production („industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Seating Systems division is generally performed on a „design to market" basis, with the corresponding costs recognized accordingly. The costs of inventories as of September 30, 2009, which are recognized as an expense in cost of sales amount to EUR 439,081 thousand (01 – 09 2008: 652,008).

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 other staff departments. This item also includes income from exchange rate fluctuations during the period to September 30, 2009 in the amount of EUR 10,047 thousand (01 – 09 2008: 20,220) 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 14,900 thousand (01 – 09 2008: 15,998) are also recognized under other administrative expenses.

Restructuring costs

As a result of the restructuring of GRAMMER Group initiated in the current fiscal year to optimize operations due to the re-orientation of business and ongoing weakness of demand, costs were incurred in the nine month of 2009 in the amount of EUR 12,225 thousand. The majority of these costs are recognized with EUR 10,531 thousand under administrative costs.

Earnings per share

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

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

	01 – 09 2009	01 – 09 2008
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,165,109
Consolidated net profit/loss (–) (in EUR thousand)	–31,221	10,767
Basic/diluted earnings/loss (–) per share in EUR	–3.07	1.06

No transactions involving no-par value shares or potential no-par value shares of the Group were effected in the period between the reporting date and preparation of the consolidated financial statements. No changes or further acquisitions of own shares occurred as of December 31, 2008.

Intangible assets

Intangible assets include capitalized goodwill as well as capitalized development costs. In the period under review, EUR 435 thousand were invested in licenses and software. Amortization costs totaled EUR 2,268 thousand (01 – 09 2008: 1,726).

Property, plant and equipment

In the period to September 30, 2009, EUR 18,581 thousand was invested in property, plant and equipment. Depreciation in the same period totaled EUR 16,346 thousand (01 – 09 2008: 15,349).

Inventories

The rise in inventories to EUR 91.3 million (2008: 90.8) is primarily attributable to the marginal recovery of business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable

The EUR 103.1 million (2008: 88.2) in trade accounts receivable can be attributed to revenue performance in the last month of 2009. The fair values of trade accounts receivables are equal to their carrying amount. Some trade accounts receivable in foreign currency were hedged by means of currency forwards. There are no restrictions on ownership or disposition.

Other current financial assets

Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 45.6 million (2008: 44.9), as well as other receivables in the amount of EUR 0.8 million (2008: 1.0).

Other current assets

Other current assets of EUR 24.8 million (2008: 19.9) include other assets totaling EUR 21.3 million (2008: 17.6) and prepaid expenses totaling EUR 3.4 million (2008: 2.3). 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 and reserves

The development of the GRAMMER Group's equity is presented in the consolidated statement of changes in equity. The Group's balance sheet profit as of September 30, 2009 amounted to EUR 31.0 million after EUR 60.9 million for the 2008 fiscal year. The Company distributes dividends in accordance with section 58 (2) AktG balance sheet profit net profit in the financial statements of GRAMMER AG, which totaled EUR 10.3 million as of December 31, 2008. This takes into account EUR 21.8 million carried forward, the dividend payout of EUR 10.2 million and the allocation of EUR 4.8 million to other revenue reserves in accordance with section 58 (2a) AktG, as well as the neutral transfer from the reserve for own shares totaling EUR 3.0 million to other revenue reserves. At the Annual General Meeting of GRAMMER AG, the required majority voted to suspend payment of a dividend for the past fiscal year, and to allocate EUR 7.0 million to revenue reserves and carry forward the remaining EUR 3.3 million to the current fiscal year. For resolutions on dividends, the fact that the Company holds 330,050 own shares must be taken into account.

Other reserves mainly comprise differences arising from the translation of the financial statements of foreign subsidiaries and the effects of the subsequent measurement of financial instruments in equity, as well as adjustments from net investments in accordance with IAS 21 and the related deferred taxes. Other reserves developed as follows:

Development of other reserves

EUR k

	Unrealized gain/losses (–)	Foreign exchange differences	Total
As of January 1, 2009	–2,284	–4,311	–6,595
Currency translation adjustment for foreign subsidiaries	0	4,719	4,719
Gains/Losses (–) from cash flow hedges	2,076	0	2,076
Exchange differences arising on monetary items that form part of a net investment	0	–779	–779
As of September 30, 2009	–208	–371	–579

EUR k

	Unrealized gain/losses (–)	Foreign exchange differences	Total
As of January 1, 2008	–272	9,321	9,049
Currency translation adjustment for foreign subsidiaries	0	–1,347	–1,347
Gains/Losses (–) from cash flow hedges	174	0	174
Exchange differences arising on monetary items that form part of a net investment	0	44	44
As of September 30, 2008	–98	8,018	7,920

Non-current liabilities

Non-current financial liabilities relate to a long-term debenture bond with a fixed interest rate of 4.8 % and maturity at the end of August 2013.

The increase in pension obligations to EUR 56.5 million (2008: 54.5) is due to existing commitments. The pension expense for the interim period is calculated on a year-to-date basis using a preliminary estimate based on the previous year's expert opinion adjusted to reflect significant events.

Current liabilities

Current financial liabilities totaling EUR 46.2 million are substantially higher than the prior-year level (2008: 23.8) as a result of business developments. They include bank overdrafts due on demand on which interest is charged at the daily EONIA rate, and current loans which are due for repayment after one year.

Other current liabilities of EUR 56.2 million are substantially higher than the prior-year level (2008: 40.4) 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 and the procurement of goods.

Tax liabilities principally comprise income taxes for fiscal 2008 and the first nine month of 2009.

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. Additionally, it comprises costs for Group restructuring.

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 flows

The cash flow statement presents the Group's cash flows 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 tax, which is adjusted to include non-cash expenses (primarily depreciation, amortization and impairment) and income. Cash flow from operating activities is calculated under consideration of the changes in working capital. Investing activities comprise payments for property, intangible assets and investment property. Financing activities include cash outflows for dividend payments and repayments of debt, as well as changes in other financial liabilities. GRAMMER Group includes cash and short-term money market funds, less current account liabilities to banks in cash and cash equivalents.

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 luxury and premium segments, as well as their tier 1 suppliers.

In the **Seating Systems** division, the Company is a supplier to the commercial vehicle industry. Activities here involve the development and production of driver and passenger seats for trucks and driver seats for offroad equipment (agricultural machines, construction machines 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, 2008. The segment information is as follows:

Operating segments

EUR k

Fiscal year as of September 30, 2009	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	173,737	344,786	0	518,523
Inter-segment revenue	9,968	1,153	−11,121[1]	0
Total revenue	183,705	345,939	−11,121	518,523
Segment earnings (Operating profit)	−8,120	−8,260	−8,281	−24,661
Segment assets	143,397	312,217	34,652	490,266

EUR k

Fiscal year as of September 30, 2008	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	291,929	495,467	0	787,396
Inter-segment revenue	12,068	5,364	−17,432[1]	0
Total revenue	303,997	500,831	−17,432	787,396
Segment earnings (Operating profit)	25,108	1,086	−2,666	23,528
Segment assets	182,020	309,979	33,174	525,173

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

Reconciliation:

Reconciliation of the total segment earnings (operating profit) to profit before income taxes is as follows:

EUR k	01 – 09 2009	01 – 09 2008
Segment earnings (Operating profit)	−16,380	26,194
Central Services	−8,594	−4,806
Eliminations	313	2,140
Group earnings (Operating profit)	−24,661	23,528
Financial Result	−5,850	−5,475
Profit/loss (–) before income tax	−30,511	18,053

The line item Central Services includes corporate items for which headquarters is responsible.
Transactions between the segments are eliminated in the reconciliation.

Related party disclosures

The following table details transactions with related parties as of September 30, 2009 and 2008:

EUR k Related parties		Sales to related parties	Purchase from 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	2009	7	0	7,837	0
	2008	216	0	7,605	0

Contingent liabilities

Guarantees in the amount of EUR 3,272 thousand, primarily for leased offices and as contract guarantees to ensure against breaches of contract, remained.

Events after the balance sheet date

No significant events occurred between the balance sheet date and the date of publication.

Financial Calendar 2009

Important dates for shareholders and analysts

Interim Report, third quarter 2009	11/10/2009
German Equity Forum (Frankfurt)	11/09 to 11/11/2009

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