INTERIM REPORT
January to March 2014

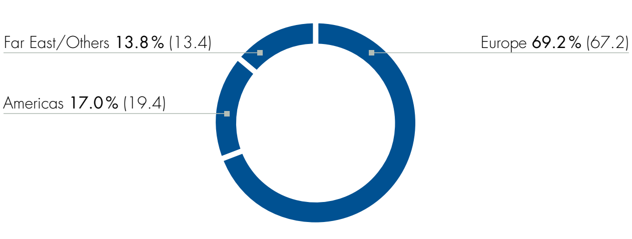
GRAMMER

Key figures according to IFRS

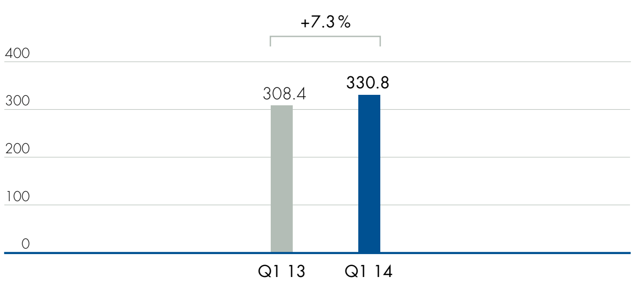
GRAMMER Group

in EUR m	Q1 2014	Q1 2013
Group revenue	330.8	308.4
Automotive revenue	209.6	193.7
Seating Systems revenue	126.9	119.6
Income statement		
EBITDA	23.4	22.1
EBITDA margin (in %)	7.1	7.2
EBIT	14.8	13.8
EBIT margin (in %)	4.5	4.5
Profit/loss (–) before income taxes	12.2	11.4
Net profit/loss (–)	8.5	8.0
Statement of financial position		
Total assets	778.2	718.9
Equity	228.1	221.3
Equity ratio (in %)	29	31
Net financial debt	120.9	107.1
Gearing (in %)	53	48
Investments (without M&A)	10.1	7.2
Depreciation and amortization	8.6	8.3
Employees (March 31)	**10,476**	**8,934**
Key share data	**March 31, 2014**	**March 31, 2013**
Share price (Xetra closing price in EUR)	35.55	21.74
Earnings per share (in EUR)	0.78	0.71
Market capitalization (in EUR m)	410.4	251.0

Revenue by regions (previous year in brackets)



Group revenue development by quarter (in EUR m)



Company Profile

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

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

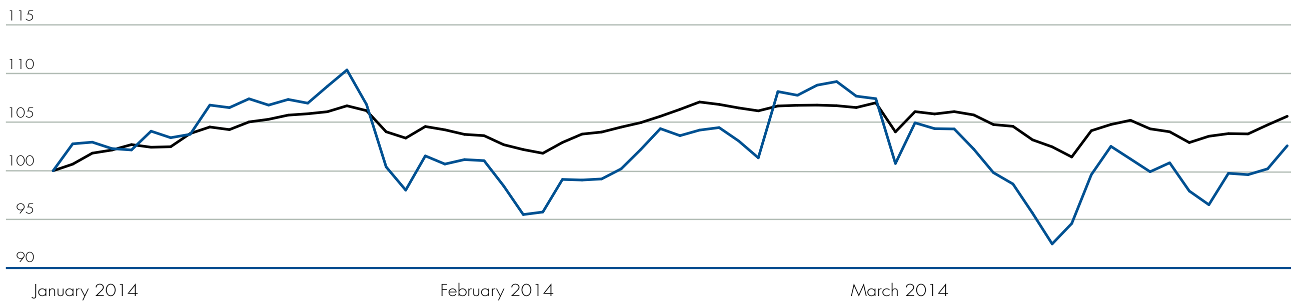
With more than 10,000 employees in 30 companies, GRAMMER has locations in 19 countries worldwide.

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.

Content

GRAMMER Share

Price trend GRAMMER share and SDAX Performance Index – January to March 2014 (in %)



December 31, 2013 = 100%

DAX und SDAX

In the first quarter of 2014, the international equities markets continued the positive trend which had emerged in 2013. This was underpinned by the continued plentiful supply of liquidity being provided by the central banks together with improved macroeconomic data and the persistent absence of any alternative investments in the form of fixed-income securities. Pressure was exerted by the conflict in Ukraine with uncertainty surrounding developments in this region triggering strong uncertainty in the equities markets.

In January, the DAX hit 9,700 points, the highest level in its 25-year history. It closed the quarter on March 31, 2014 at 9,556 points and, thus, at the same level as on the final day of trading in 2013. The SDAX, an index of selected small and mid-cap companies, in which GRAMMER is also included, closed at 7,169 points on March 31, 2014, achieving a gain of a good 5% in the first quarter.

New highs for GRAMMER share

The GRAMMER share performed at a high level in the first quarter of 2014, reaching a new all-time high of EUR 38.25 on January 22, 2014. Following on from this upbeat start to the year, the share was additionally spurred in February by the announcement of the preliminary figures for 2013. The GRAMMER share closed the first quarter at EUR 35.55 on March 31, 2014, equivalent to a gain of just under 3%.

Key figures GRAMMER share

as of March 31

	2014	2013
Share price (in EUR, Xetra)	35.55	21.74
Annual high (in EUR)	38.25	24.63
Annual low (in EUR)	32.06	16.39
Number of shares	11,544,674	11,544,674
Market capitalization (in EUR m)	410.4	251.0
Earnings per share (in EUR)	0.78	0.71

Investor Relations

GRAMMER reports openly, immediately and comprehensively on the latest developments within the Group. To this end, the Executive Board of GRAMMER AG and the GRAMMER investor relations team were again available on various occasions in the first quarter. Thus, in addition to numerous one-on-ones, we attended various roadshows in European financial centers including Helsinki, Madrid and Warsaw during the first quarter.

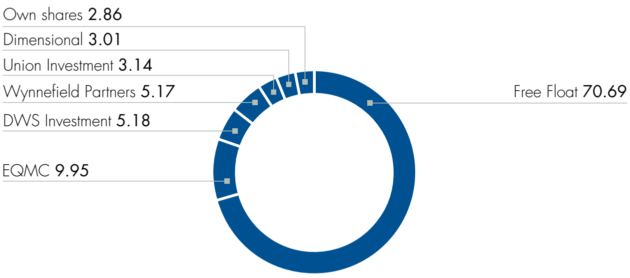
GRAMMER AG published its full annual report for 2013 on March 31, 2014. At the analyst and annual press conference taking place on the same day, GRAMMER's Executive Board outlined the Group's performance in 2013 and provided an outlook for its future business.

Financial reports, press releases, presentations and all other important information on the share are available permanently in the Investor Relations section of the GRAMMER AG website.

Shareholder structure

The shareholder structure was as follows on March 31, 2014:

Shareholder structure (in %)



as of March 31, 2014

In the first quarter of 2014, GRAMMER AG received the following voting right notifications in accordance with Section 21 (1) of the German Securities Trading Act (WpHG):

Date on which threshold was crossed	Notifying shareholder	Threshold crossed	Share of voting rights according to notification
January 29, 2014	JP Morgan Asset Management	Under 5%	4.86% (561,429)
February 6, 2014	JP Morgan Asset Management	Over 5%	5.15% (595,046)
February 7, 2014	JP Morgan Asset Management	Under 5%	4.98% (575,300)
February 10, 2014	JP Morgan Asset Management	Under 5%	4.74% (546,859)
February 25, 2014	JP Morgan Asset Management	Over 5%	5.13% (592,135)
March 3, 2014	JP Morgan Asset Management	Under 5%	4.88% (562,936)
March 11, 2014	JP Morgan Asset Management	Under 3%	2.41% (278,794)

Interim Management Report

Net Assets, Financial Position and Results of Operations

GRAMMER Group from January to March 2014

- Continued revenue growth of 7.3 % to EUR 330.8 million
- Increase in EBIT to EUR 14.8 million
- Increase in net profit to EUR 8.5 million

Global economy continuing to recover
As of the beginning of the new year, a mixed picture is being painted: The industrialized nations are able to maintain their rate of expansion thanks to strong consumer spending and growing capital expenditure. In the emerging markets, the deterioration in external funding conditions is increasingly exerting pressure.

In the United States, winter weather conditions placed a drag on the economy in January. However, conditions brightened in March, with both retail sales (up 1.1 %) and industrial production (up 0.7 %) improving. With the recovery in the job market, leading economic research institutes expect consumer spending to strengthen and to boost the economy.

In China, growth is increasingly slowing. Chinese economy in the first three months of 2014 grew by only 7.4 % year on year, with retail sales climbing from January to March by 11.8 %, i.e. at the lowest rate in three years.

In the fourth quarter of 2013, the Japanese economy expanded substantially more slowly than forecast, thus placing a damper on the recovery. The first quarter of 2014 saw pull-forward effects on account of the planned increase in value added tax as of April 1, 2014. This tax hike is likely to exert a drag on the Japanese economy over the next few quarters.

In the Eurozone, the economic recovery continued, spurred by consumer spending and an appreciable increase in capital expenditure alongside rising exports. The leading economic research institutes all agree that this trend has also emerged in the crisis-stricken countries in Europe, which have particularly been able to adjust their price-based competitiveness and economic structures to foreign demand.

The German economy is also continuing on its growth trajectory, underpinned in particular by domestic demand which remains strong due to growth in employment and rising wages. Capital spending is also displaying strong momentum and is being driven by the effects of unleashed pent-up demand after weak years in 2012 and 2013. Finally, the construction industry is robust thanks to the low interest rates.

Key figures of GRAMMER Group

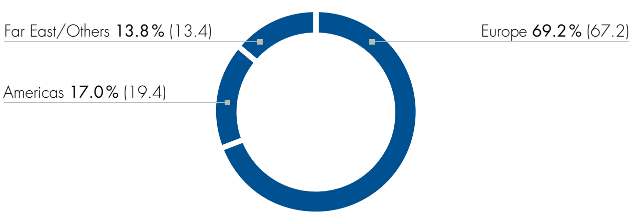
in EUR m

	01 – 03 2014	01 – 03 2013	Change
Revenue	330.8	308.4	7.3%
EBIT	14.8	13.8	7.2%
EBIT margin	4.5%	4.5%	0%pts
Investments	10.1	7.2	40.3%
Employees (reporting date)	10,476	8,934	17.3%

GRAMMER entering the new year on a dynamic note
In the first quarter of 2014, GRAMMER was able to boost revenue over the year-ago period once more, continuing the successful performance which it had achieved in 2013. Thus, Group revenue came to EUR 330.8 million in the period under review (01 – 03 13: 308.4), an increase of EUR 22.4 million or 7.3 % over the same period in the previous year. Business volumes expanded in both divisions, with the Automotive Division recording a higher growth rate (8.2 %) than the Seating Systems Division (6.1 %).

Regionally, revenue painted a mixed picture. Whereas the Group achieved significant increases in both divisions in the domestic European market, with revenue rising by 10.5 % to EUR 228.9 million (01 – 03 13: 207.2), the Americas region sustained a 5.6 % decline to EUR 56.3 million (01 – 03 13: 59.7) due to muted conditions in the Brazilian market and the weak Brazilian real. The Far East/Others region performed very encouragingly, with revenue climbing by 9.6 % to EUR 45.5 million (01 – 03 13: 41.5) despite negative currency effects (primarily the Chinese renminbi) thanks to strong seating business.

Revenue by regions (previous year in brackets)



in EUR m

	01 – 03 2014	01 – 03 2013	Change
Europe	228.9	207.2	10.5%
Americas	56.3	59.7	–5.7%
Far East/Others	45.6	41.5	9.9%
Total	330.8	308.4	7.3%

The Automotive Division recorded a sharp rise in revenue, even though the rate of growth fell short of the previous year, in which the effects of the acquisition of nectec Automotive s.r.o. had arisen in full. Head rest business was very dynamic, while revenue from consoles was only marginally up on the previous year during the reporting period in line with expectations. All told, the Division achieved significant growth in Europe, underpinned by high revenue from existing orders in the premium segment and the ramping-up of new orders. Revenue in the Americas and Far East/Others remained stable compared with the previous year. This flat performance was primarily due to timing factors arising from the expiry of existing contracts and the ramp-up curves for new ones in these regions as well as changed exchange-rate parities.

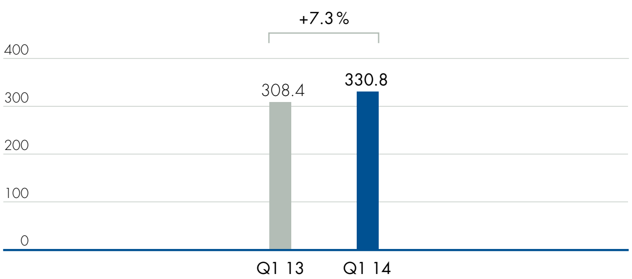
In the Seating Systems Division, the main sell-side markets performed disparately, although business volumes as a whole continued to grow. Thus, the Brazilian truck market, which is important for GRAMMER, contracted, a situation which was additionally exacerbated by the depreciation of the euro against the real. However, the resultant decline in revenue was more than compensated by substantial growth in China, primarily thanks to the contribution made by the new joint venture GRAMMER Seating (Jiangsu) Co. Ltd. and in Europe as a result of a further increase in sales of the new truck seat generation MSG 115. The offroad markets were also disparate. Whereas OEM business with construction machinery and agricultural vehicles generated stable revenue on account of market conditions, after-market business was up. The railway segment registered significant gains over the previous year thanks to ongoing deliveries for the HGV/Eurostar trains.

Further increase in consolidated earnings

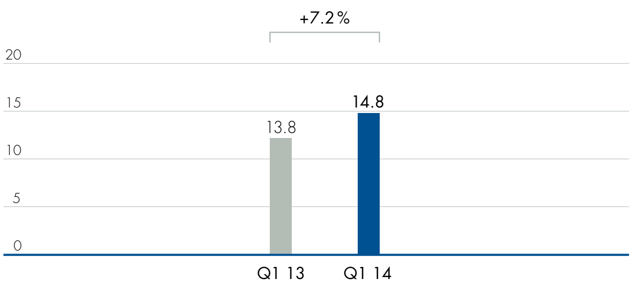
Consolidated earnings before interest and taxes (EBIT) came to EUR 14.8 million in the first quarter of 2014 (01 – 03 13: 13.8), translating into a margin of 4.5%, i.e. unchanged over the previous year. Operating earnings were underpinned by the substantially larger contribution made by the Seating Systems Division. On the other hand, operating earnings in the Automotive Division fell short of the previous year as expected. This was due, firstly, to ongoing expenditure on capacity enlargements in all three regions and, secondly, to targeted projects for optimizing production structures in Eastern Europe.

Net consolidated profit after tax came to EUR 8.5 million in the reporting period (01-03 13: 8.0). At the same time, net finance result was slightly weaker than in the year-ago period due to exchange rate effects.

Group revenue development by quarter (in EUR m)



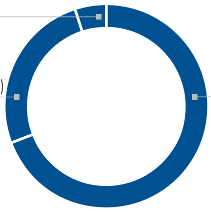
EBIT development Group by quarter (in EUR m)



Capital spending focused on extensions and optimization
At EUR 10.1 million, capital spending by the GRAMMER Group was up EUR 2.9 million on the same quarter of the previous year (01 – 03 13: 7.2). Spending on property, plant and equipment and intangible assets in the Seating Systems Division was lower than in the previous year, coming to EUR 2.6 million (01 – 03 13: 4.1).

On the other hand, capital spending in the Automotive Division totaled EUR 7.0 million (01 – 03 13: 3.0) and was chiefly related to enlargements of production capacities and optimization of production structures. Capital spending in the Central Services Division was again distinctly restrained.

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



in EUR m

	01 – 03 2014	01 – 03 2013
Automotive	7.0	3.0
Seating Systems	2.6	4.1
Central Services	0.5	0.1
Total	10.1	7.2

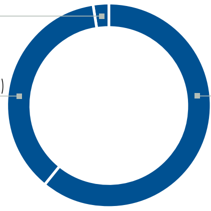
Employees
As of March 31, 2014, the GRAMMER Group had a total of 10,476 employees (March 31, 2013: 8,934). The headcount in the Automotive Division climbed to 6,383 (March 31, 2013: 5,476). Specifically, internal sewing capacity was enlarged in Serbia to accommodate high demand and new product launches. The number of employees in the Czech Republic and Mexico also continued to rise due to further additions to production activities in these countries.

The headcount in the Seating Systems Division climbed to 3,838 as of March 31, 2014 (March 31, 2013: 3,204). This increase is attributable to the business-induced expansion of sewing capacities in Bulgaria as well as the effects of the first-time consolidation of the GRAMMER Seating (Jiangsu) Co. Ltd, which had been established in April 2013.

The Central Services Division had 255 employees (March 31, 2013: 254).

Despite the higher headcount, efficiency gains were achieved together with a reduction in the labour cost ratio over the same period of the previous year.

Employees by segments, March 31, 2014 (previous year in brackets)



as of March 31

	2014	2013
Automotive	6,383	5,476
Seating Systems	3,838	3,204
Central Services	255	254
Total	10,476	8,934

Total assets up versus the previous year due to business growth

Condensed Balance sheet of the GRAMMER Group

in EUR k

	March 31, 2014	December 31, 2013	Change
Non-current assets	301,832	298,453	3,379
Current assets	476,221	467,431	8,790
Held-for-sale assets	144	144	0
ASSETS	778,197	766,028	12,169
Equity	228,080	224,671	3,409
Non-current liabilities	282,845	276,051	6,794
Current liabilities	267,272	265,306	1,966
EQUITY AND LIABILITIES	778,197	766,028	12,169

Note on accounting figures: 2013 = December 31, 2013

As of March 31, 2014, the GRAMMER Group had total assets of EUR 778.2 million (2013: 766.0). This is equivalent to an increase of EUR 12.2 million compared with the end of 2013 and chiefly reflects the revenue-driven increase in working capital.

Non-current assets rose by EUR 3.4 million to EUR 301.8 million. Within this item, property, plant and equipment rose by EUR 4.0 million to EUR 184.2 million. At EUR 74.3 million, intangible assets remained almost at the previous year's level (2013: 75.1). Deferred taxes rose by EUR 0.7 million to EUR 47.9 million.

Current assets climbed by EUR 8.8 million to EUR 476.2 million as a result of the higher revenue in both the Automotive Division and the Seating System Division. Trade accounts receivable rose to EUR 182.0 million (2013: 153.9), with other current financial assets also increasing to EUR 88.3 million (2013: 86.2) due to growth in the Automotive Division. At EUR 129.6 million, inventories were up on the previous year (2013: 115.6) for business-related reasons. Cash and short-term deposits stood at EUR 55.8 million as of the reporting date (2013: 91.3).

The GRAMMER Group's equity rose from EUR 224.7 million to EUR 228.1 million. However, the increased earnings are not fully reflected in equity due to the higher actuarial losses on pension obligations recorded within equity.

The equity ratio came to around 29 %, i.e. on a par with the previous year (2013: 29).

At EUR 282.8 million, non-current liabilities were up on the previous year (2013: 276.1) primarily as a result of an EUR 8.1 million increase in pension provisions, arising from the substantially lower discount rate compared with the end of the previous year. At EUR 146.7 million, non-current financial liabilities remained at the previous year's level (2013: 146.8).

Current liabilities came to EUR 267.3 million and were thus also largely unchanged over the previous year (2013: 265.3). Gearing stood at 53 % as of March 31, 2014 (2013: 48), with net financial debt coming to EUR 120.9 (2013: 107.1).

Business performance resulted in an increase of EUR 0.6 million in trade payables to EUR 153.3 million and of EUR 9.3 million in other current liabilities to EUR 66.2 million.

Automotive Division

Global automotive markets on a growth trajectory
With the global economy picking up, the global automotive sector is also growing.

The long winter took its toll on new registrations in the United States. However, they recovered in March (5.6 %). As a result, new registrations from January to March came to 3,728,000 (up 1.3 %).

On the other hand, the Chinese passenger vehicle market rose sharply, with 4,472,200 vehicles registered for the first time from January to March 2014 (up 14 %). In fact, an increase of as much as 22 % (1,202,061 vehicles) was recorded in February.

The Brazilian market softened slightly. New registrations of light vehicles came to 775,400 in the first three months of the year (down 1.7 %).

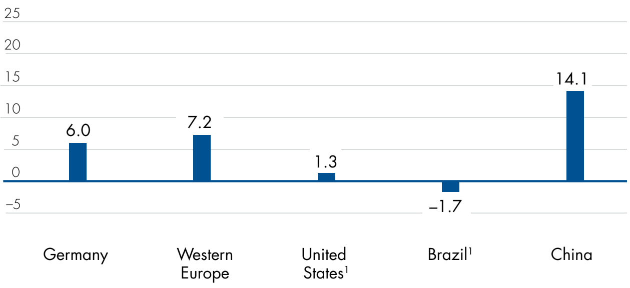
The planned increase in value added tax in April triggered pull-forward effects in new vehicles sales. With new registrations coming to 1,590,100, the automotive market has expanded by some 21 % in the year to date.

New registrations of passenger vehicles in Western Europe were up for the seventh consecutive time. coming to 3,128,144 from January to March, an increase of 7.2 % over the same period in the previous year.

All major passenger vehicle markets in Europe expanded: Italy grew by 6 % (376,519 vehicles). The United Kingdom showed a double-digit growth of 14 % (688,122 vehicles). In Spain, demand for passenger vehicles was substantially stronger due to a scrappage premium. New registrations came to 202,128 in the first three months of the year, up 12 % on the previous year. The French market grew by 3 % (446,609 vehicles).

In Germany, there are also signs of heightened willingness to buy, with new registrations up sharply. 6 % more vehicles were registered in the first three months (711,700 vehicles), while passenger vehicle production rose even more sharply. 1,475,200 passenger vehicles left the factories in the first three months, up 11 % on the same period in the previous year. Demand came from the domestic market as well as other European countries.

Change in automotive sales volumes in selected countries
January to March 2014 (in %)



[1] including light vehicles
Source: VDA

Business performance of the Automotive Division dominated by new plants and optimization measures

Key figures Automotive division

in EUR m

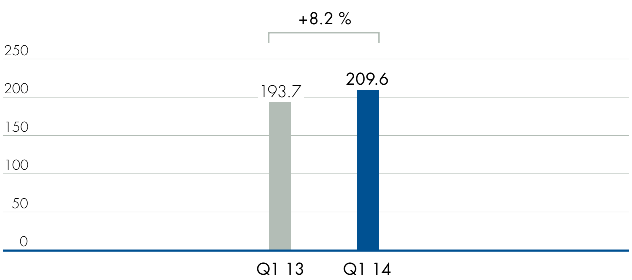
	01 – 03 2014	01 – 03 2013	Change
Revenue	209.6	193.7	8.2%
EBIT	7.5	9.0	–16.7%
EBIT margin	3.6%	4.7%	–1.1%pts
Investments	7.0	3.0	133.3%
Employees (reporting date)	6,383	5,476	16.6%

Despite the negative exchange rate effects, the Automotive Division posted substantial revenue growth in the first three months of 2014. As of March 31, 2014, revenue in the Division was up 8.2% or EUR 15.9 million, coming to EUR 209.6 million (01 – 03 13: 193.7) due to persistently strong demand in the premium segment and the stabilisation of our market position. Substantial gains were recorded in the head rest key business segment, whereas business in consoles and arm rests expanded only marginally in the period under review. This was primarily due to the end of production of a major contract in China in tandem with a delay of a few months in the commencement of the follow-up one.

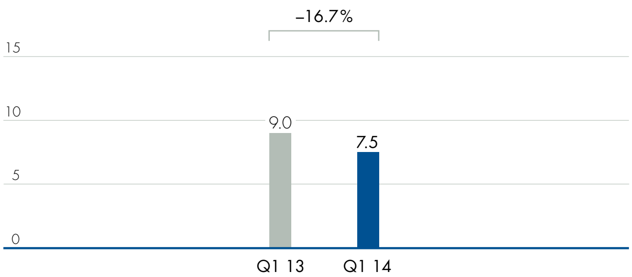
Consequently, the Division recorded an increase in business volumes across all key business segments in Europe and was able to further fortify its market position in the upper mid-size and premium segment in its domestic region. Revenue in the Far East/Others region rose only marginally in the first quarter due to the above-mentioned contract run-off as well as for currency-translation reasons. Revenue in the Americas dropped slightly due to product-mix effects.

Operating profit in the Automotive Division came to EUR 7.5 million in the first three months of the year, thus falling short of the previous year's figure of EUR 9.0 million as expected. The Division achieved an EBIT margin of 3.6% in the reporting period (01 – 03 13: 4.7). Earnings in the first quarter of 2014 were influenced by planned cost-side pressure caused by the optimization of production structures in Eastern Europe as well as capacity enlargements and start-up costs in all three regions. However, this expense is necessary to ensure future growth and to additionally enhance the Division's earnings potential. In addition, earnings came under strain from the appreciation of the euro against the US dollar and the Chinese renminbi.

Revenue development Automotive division by quarter (in EUR m)



EBIT development Automotive division by quarter (in EUR m)



Seating Systems Division

Disparate trends in the commercial vehicle markets
There were signs of heightened demand in the commercial vehicle market against the backdrop of easing economic uncertainties. Even so, there were major differences from region to region.

In the United States, the market for heavy trucks (over 6t) widened by 12 % to 84,497 units from January through March.

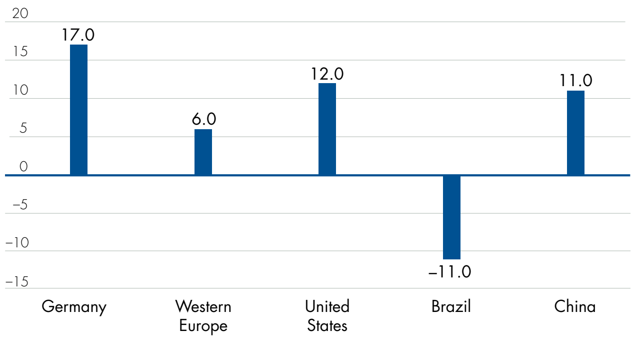
The Brazilian market slumped by 25 % in March. In the year to date, a total of 29,400 heavy trucks have been sold in Brazil, down 11 % on the previous year.

On the other hand, the Chinese market for trucks over 6t got off to a very dynamic start to the new year. New registrations in the over 6t segment came to 269,639 from January to March (up 11 %), with an increase of as much as 33 % (72,759 vehicles) recorded in February.

Western Europe is continuing to paint a very mixed picture. Total new registrations of heavy trucks came to 54,365 from January to March (up 6 %). There was a sharp decline in the United Kingdom (down 32 % to 5,682 units). In France 10,422 trucks over 6t were newly registered from January to March (+7 %).

Strengthening macroeconomic conditions are buoying the commercial vehicle market in Germany, where new registrations of heavy trucks reached 19,388 in the first three months of the year (up +17 %). In February, sales of heavy trucks were up 35 % over the same month of the previous year.

Change in commercial vehicle sales volumes (trucks above 6t) in selected countries
January to March 2014 (in %)



Source: VDA

Agricultural machinery industry
7,921 new tractors were sold in Germany from January through March, 8.9 % up on the same period of the previous year.

Material handling
According to industry association bbi (Bundesverband der Baumaschinen-, Baugeräte und Industriemaschinenfirmen e. V.), companies in the industry are guardedly optimistic. A recent bbi survey indicates that most of the producers of material handling equipment expect sales to remain flat or rise in the first quarter of 2014.

Construction machinery
The construction machinery industry entered the new year with considerable momentum. Order receipts in the first quarter were up on the previous year.

Railway industry
The railway industry achieved record order intake in 2013, entering the new year with well-filled order books.

Further increase in revenue and earnings in the Seating Systems Division

Key figures Seating Systems division

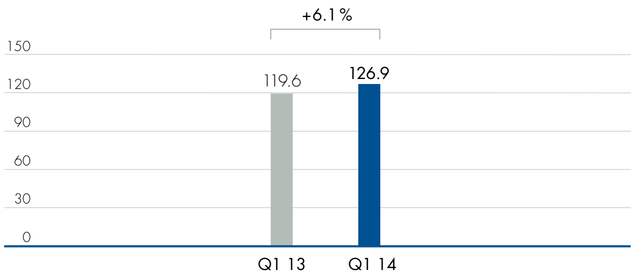
in EUR m

	01 – 03 2014	01 – 03 2013	Change
Revenue	126.9	119.6	6.1%
EBIT	10.3	8.9	15.7%
EBIT margin	8.1%	7.4%	0.7% pts
Investments	2.6	4.1	–36.6%
Employees (reporting date)	3,838	3,204	19.8%

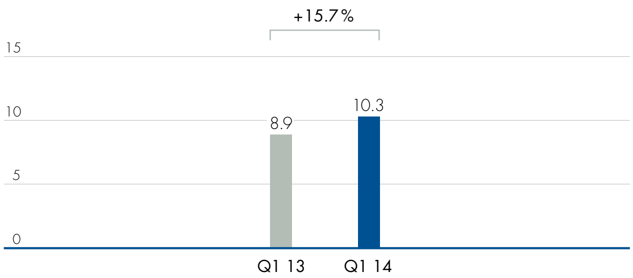
In the period under review, revenue in the Seating Systems Division was appreciably higher than in the previous year. Reflecting macroeconomic conditions in the main markets, it performed disparately but was able to hold on to and, in some cases, extend its market position. All told, revenue in the Seating Systems Division came to EUR 126.9 million, EUR 7.3 million higher than in the same period of the previous year. Despite market contraction and the negative trend in exchange rates in Brazil, a further improvement was also achieved in earnings. The Division's operating earnings came to EUR 10.3 million (01 – 03 13: 8.9). As a result, the operating margin widened to 8.1 %, well up on the year-ago quarter (7.4 %).

Specifically, the truck segment recorded an increase in revenue, underpinned by a further increase in volume sales of the new truck seat generation MSG 115 in Europe and the contributions made by the new joint venture in China, GRAMMER Seating (Jiangsu) Co. Ltd., which made up for the market and exchange-rate-induced declines in Brazil. Revenue in the offroad segment remained stable against the backdrop of mixed market conditions. The rail segment performed encouragingly, recording substantial top-line growth with the delivery of seats for the HGV/Eurostar trains.

Revenue development Seating Systems division by quarter (in EUR m)



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



Full-Year Outlook for 2014

Global economic outlook

Leading economic research institutes and the IMF (International Monetary Fund) assume that the industrialized nations will be the main drivers of economic growth this year, underpinned in particular by consumption. On the other hand, external funding conditions are taking their toll on the emerging markets.

The IMF expects the global economy to expand by 3.6 % this year.

The US economy will continue to gain momentum, with consumer spending in particular likely to provide decisive support. After the strain exerted on the economy by the winter conditions in January, the economy should return to the recovery which had emerged last year as the year progresses. The IMF forecasts growth of 2.8 % in gross domestic product.

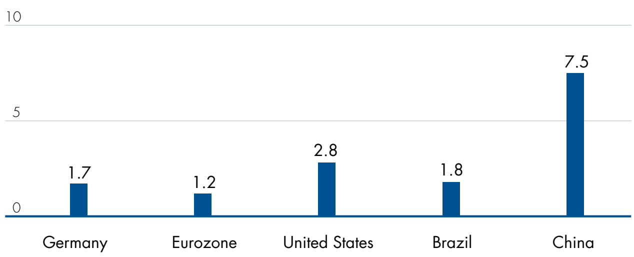
The Brazilian economy is expected to grow by 1.8 % this year according to the IMF, down 0.5 percentage points on the January forecast.

The growth rate of the Chinese economy is set to cool off this year. In its latest forecast, the IMF projects growth of 7.5 % for China.

The upward trend should continue in the Eurozone, where gross domestic product widened by 0.3 % in the fourth quarter of 2013. With production output rising, the unemployment rate is declining in most countries. However, domestic demand will continue to be dragged down by public and private debt. The IMF expects growth of 1.2 % this year.

The German economy will continue to expand this year. Even so, leading economic research institutes do not expect any noticeable upswing due to underlying global conditions and the modest outlook for German exports. Domestic demand will remain the driving force, with capital spending unleashing even greater momentum. The effects of unleashed pent-up demand are likely to be felt at the end of 2014 and beginning of 2015 in particular. The IMF expects economic growth of 1.7 % this year.

Economic growth (gross domestic product) in selected countries
2014 (in %)



Source: IMF

Automotive industry – outlook for 2014

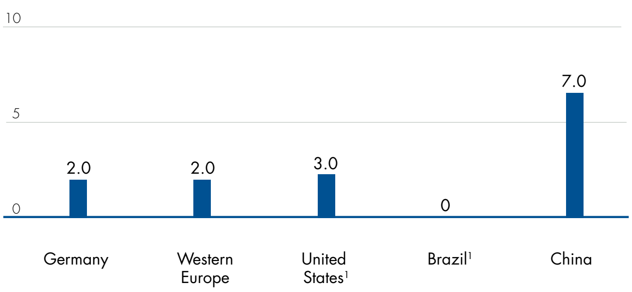
Upbeat outlook for the global automotive industry

The German Association of the Automotive Industry (VDA) projects global new registrations of around 74.7 million vehicles this year, equivalent to an increase of 2 % over 2013. This means that forecast growth will be weaker than in the previous year.

VDA expects growth of 3 % in the United States (15.7 million vehicles). China should see an increase of 7 % (17.4 million vehicles) following on from the previous year's growth of 23 %. New registrations in Japan are expected to drop 4 % to 4.4 million while the figure for Brazil should hold steady at the previous year's level at 3.6 million vehicles.

VDA expects new registrations of around 11.7 million vehicles this year in Western Europe, an increase of 2 % over 2013. It also forecasts growth of 2 % in each of the major European automotive markets: Germany (3.0 million units), the United Kingdom (2.3 million units), France (1.8 million units), Italy (1.3 million units) and Spain (0.7 million) units.

Expected development of automotive sales volumes in selected countries 2014 (in %)



[1] including light vehicles
Source: VDA

Commercial vehicle industry – outlook for 2014

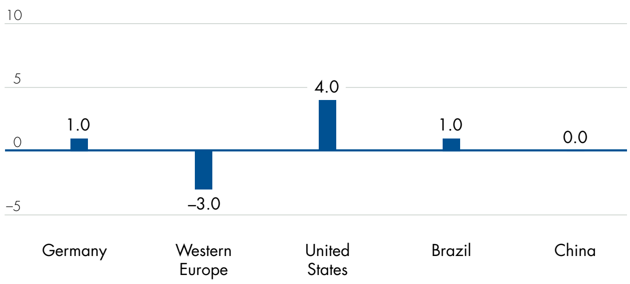
Disparate trends in the commercial vehicle markets

The commercial vehicle markets will continue to perform disparately in 2014.

VDA forecasts 4 % growth in heavy trucks to 366 thousand units, while the Brazilian market is also likely to increase slightly to 151 thousand trucks over 6t (up +1 %) On the other hand, demand in China for heavy trucks looks set to remain steady at the previous year's level (1,061 thousand units).

VDA sees a mixed picture being painted in Western Europe this year. Thus, a 1 % increase to 81 thousand trucks over 6t is forecast for Germany. On the other hand, it expects the French market to contract by 5 % to 40 thousand heavy trucks. The Italian market for heavy trucks should remain steady at the previous year's level (11 thousand units). A 10 % decline to 44 thousand heavy trucks is forecast for the United Kingdom. VDA forecasts overall contraction of 3 % in the Western European market to around 240 thousand-heavy trucks.

Expected development of commercial vehicle sales volumes (trucks above 6t) in selected countries 2014 (in %)



Source: VDA

Agricultural machinery industry

The German Mechanical and Plant Engineering Association (VDMA) assumes that sales in the German agricultural machinery industry will come to around EUR 8.1 billion this year, thus contracting 3 % over the previous year.

Material handling

According to industry association bbi (Bundesverband der Baumaschinen-, Baugeräte- und Industriemaschinenfirmen), companies in this sector are optimistic with regard to 2014 and are mostly expecting 6 % growth in business this year.

Construction machinery

VDMA projects further global growth of 5 % in construction machinery this year. The European construction sector is taking time to build up momentum, with impetus coming from Germany and Scandinavia. The Chinese construction industry should also continue expanding.

Railway industry

The German Railway Industry Association (VDB) expects the global market for rail technology to expand by 2.7 % per year through 2017. The regions with the largest sales will be Latin America (excluding Mexico) as well as Africa and the Middle East.

Opportunities and risks

In addition to the opportunities and risks to which we refer in the Management Report of the Annual Report for the fiscal year ended December 31, 2013, the facts described in the "Outlook" section of this report are additionally relevant to the Company's situation at this stage. This section contains forward-looking statements reflecting the opinions of GRAMMER AG's management with respect to future events. These statements are based on the Company's current planning, estimates and expectations. Consequently, they are subject to risks and uncertainty. In particular, it should be noted that further shifts in the exchange-rate parities between the euro and the foreign currencies of main importance for the Group as well as a deterioration in the underlying macroeconomic environment in the markets which we address may exert a negative effect on our net assets, financial position and results of operations. Similarly, other risks which are currently not known to us or considered to be immaterial may also influence the results of our business. In the Executive Board's view, the risks described and known are currently manageable and do not pose any risk to the Group's going-concern status either individually or in their entirety.

In addition, the Executive Board takes the view that the Group has not yet utilized all potential for further optimization of its processes and cost structures. Accordingly, various projects are currently ongoing to render our organization more efficient and effective and these may have a positive impact on our net assets, financial condition and results of operations.

Outlook for the GRAMMER Group

Our forecast for the GRAMMER Group and its Divisions is based on the general trends expected for global economy and the projections for the markets addressed by the Automotive Division and the Seating Systems Division as outlined above. The Group is exposed to currency translation effects particularly in the countries of importance for its business such as Brazil, China, Mexico, the Czech Republic, Turkey and the United States. By making adjustments to our production activities, we have been able to improve natural hedging effects all around the world, however, the persistent strength of the euro, particularly against the aforementioned currencies, is having an adverse effect on revenue and earnings.

As the year progresses, the Automotive Division will see new ramp-ups, related capacity enlargements and specific measures to optimize production structures particularly in Eastern Europe. We expect revenue in this Division to grow appreciably in 2014, although the above-mentioned activities will exert pressure on the cost side.

With respect to the Seating Systems Division, we continue to project a slight increase in revenue. Business in the offroad segment in particular may level off. The Brazilian truck market, which is important for GRAMMER, is currently contracting. However, it should be possible to more than make up for these effects with growth in China and favorable business performance in Europe.

All told, we still consider the outlook for the GRAMMER Group to be favorable in 2014. We project an appreciable increase in revenue over the previous year to more than EUR 1.3 billion, accompanied by stable operating earnings. This assessment is based on the above forecasts for the global economy as well as our main sell-side markets. At this stage, we do not expect the political tension in Eastern Europe to have any material adverse effects on the global economy. However, any deterioration in these underlying economic or political conditions may have negative repercussions for GRAMMER's business and earnings. Moreover, the GRAMMER Group's business may generally also deviate from the forecast as a result of the opportunities and risks described in the risk and opportunity report. Looking ahead to 2015, we project further top-line growth assuming stable macroeconomic conditions.

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 Group Management Report 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.

Amberg, May 5, 2014

GRAMMER AG
The Executive Board

Consolidated Statement of Income

January 1 – March 31 of the respective financial year

EUR k	01 – 03 2014	01 – 03 2013
Continuing operations		
Revenue	330,752	308,357
Cost of sales	–289,486	–267,456
Gross profit	**41,266**	**40,901**
Selling expenses	–7,105	–6,284
Administrative expenses	–23,599	–21,664
Other operating income	4,204	861
Operating profit/loss (–)	**14,766**	**13,814**
Financial income	426	325
Financial expenses	–2,860	–3,057
Other financial result	–135	337
Profit/loss (–) before income taxes	**12,197**	**11,419**
Income taxes	–3,659	–3,426
Net profit from continuing operations	**8,538**	**7,993**
Discontinued operations		
Net profit/loss (–) from discontinued operations	0	0
Net profit/loss (–)	**8,538**	**7,993**
Of which attributable to:		
Shareholders of the parent company	8,742	7,969
Non-controlling interests	–204	24
	8,538	**7,993**
Earnings/loss per share		
Basic/diluted earnings/loss (–) per share in EUR	0.78	0.71

Consolidated Statement of Comprehensive Income

January 1 – March 31 of the respective financial year

EUR k	01 – 03 2014	01 – 03 2013
Net profit/loss (–)	8,538	7,993
Amounts not to be recycled in income in future periods		
Actuarial Gains/Losses (–) from defined benefit plans		
Gains/Losses (–) in the current period	–7,204	0
Tax expenses (–)/Tax income	2,096	0
Actuarial Gains/Losses (–) from defined benefit plans (after tax)	–5,108	0
Total amount not to be recycled in income in future periods	–5,108	0
Amounts recycled in income in future periods		
Gains/Losses (–) from currency translation of foreign subsidiaries		
Gains/Losses (–) arising in the current period	–597	–2,056
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	0	0
Gains/Losses (–) from currency translation of foreign subsidiaries (after tax)	–597	–2,056
Gains/Losses (–) from cash flow hedges		
Gains/Losses (–) arising in the current period	–985	199
Less transfers recognized in the Income Statement	159	–44
Tax expenses (–)/Tax income	240	–20
Gains/Losses (–) from cash flow hedges (after tax)	–586	135
Gains/Losses (–) from net investments in foreign operations		
Gains/Losses (–) arising in the current period	78	2,115
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	0	0
Gains/Losses (–) from net investments in foreign operations (after tax)	78	2,115
Total amount to be recycled in income in future periods	–1,105	194
Other comprehensive income	–6,213	194
Total comprehensive income (after tax)	2,325	8,187
Of which attributable to:		
Shareholders of the parent company	2,575	8,162
Non-controlling interests	–250	25

Consolidated Statement of Financial Position

as of March 31, 2014 and December 31, 2013

ASSETS

EUR k

	March 31, 2014	December 31, 2013
Non-current assets		
Property, plant and equipment	184,189	180,194
Intangible assets	74,256	75,116
Other financial assets	469	865
Income tax assets	33	44
Deferred tax assets	42,885	42,234
	301,832	**298,453**
Current assets		
Inventories	129,642	115,649
Trade accounts receivable	182,048	153,928
Other current financial assets	88,271	86,203
Short-term income tax assets	4,539	4,867
Cash and short-term deposits	55,765	91,315
Other current assets	15,956	15,469
	476,221	**467,431**
Assets classified as held for sale	**144**	**144**
Total assets	**778,197**	**766,028**

EQUITY AND LIABILITIES

EUR k

	March 31, 2014	December 31, 2013
Equity		
Subscribed capital	29,554	29,554
Capital reserve	74,444	74,444
Own shares	–7,441	–7,441
Retained earnings	169,248	159,423
Accumulated other comprehensive income	–39,988	–33,821
Equity attributable to shareholders of the parent company	**225,817**	**222,159**
Non-controlling interests	2,263	2,512
Total equity	**228,080**	**224,671**
Non-current liabilities		
Non-current financial liabilities	146,743	146,788
Trade accounts payable	1,913	2,320
Other financial liabilities	4,283	4,648
Other liabilities	19	93
Retirement benefit obligations	104,457	96,330
Income tax liabilities	58	575
Deferred tax liabilities	25,372	25,297
	282,845	**276,051**
Current liabilities		
Current financial liabilities	29,928	37,682
Current trade accounts payable	151,434	150,381
Other current financial liabilities	3,971	3,784
Other current liabilities	66,218	56,889
Current income tax liabilities	4,439	5,024
Provisions	11,282	11,546
	267,272	**265,306**
Total liabilities	**550,117**	**541,357**
Total equity and liabilities	**778,197**	**766,028**

Consolidated Statement of Cash Flow
January 1 – March 31 of the respective financial year

EUR k	01 – 03 2014	01 – 03 2013
1. Cash flow from operating activities		
Profit/Loss (–) before income taxes	12,197	11,419
Non-cash items		
Depreciation of property, plant and equipment	6,756	6,488
Amortization of intangible assets	1,840	1,841
Changes in provisions and pension provisions	6,746	4,211
Other non-cash changes	–5,920	8,582
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–29,665	–44,350
Decrease/Increase (–) in inventories	–13,343	1,009
Decrease/Increase (–) in other assets	–276	–8,023
Decrease (–)/Increase in accounts payable and other liabilities	4,962	18,812
Gains/Losses from disposal of assets	1	115
Income taxes paid	0	0
Cash flow from operating activities	**–16,702**	**104**
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–9,140	–6,765
Purchase of intangible assets	–991	–426
Purchase of financial investments	0	0
Acquisition of subsidiaries (less acquired cash)	0	–21,896
Disposals	0	0
Disposal of property, plant and equipment	279	0
Disposal of intangible assets	0	0
Disposal of financial investments	15	15
Interest received	425	326
Government grants received	0	0
Cash flow from investing activities	**–9,412**	**–28,746**
3. Cash flow from financing activities		
Changes in non-current liabilities to banks	–45	248
Changes in current liabilities to banks	2,723	910
Changes in lease liabilities	–177	2,292
Interest paid	–1,880	–2,120
Cash flow from financing activities	**621**	**1,330**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1–3)	–25,493	–27,312
Other changes	421	0
Effects of exchanges rate differences of cash and cash equivalents	0	0
Cash and cash equivalents as of January 1	78,919	71,400
Cash and cash equivalents as of March 31	**53,847**	**44,088**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	55,765	45,910
Securities	0	0
Bank overdrafts	–1,918	–1,822
Cash and cash equivalents as of March 31	**53,847**	**44,088**

Consolidated Statement of Changes in Equity
as of March 31, 2014

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares
As of January 1, 2014	29,554	74,444	159,423	–7,441
Net profit/loss (–) for the period	0	0	8,742	0
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	8,742	0
Dividends	0	0	0	0
Own shares	0	0	0	0
Other changes	0	0	1,083	0
As of March 31, 2014	29,554	74,444	169,248	–7,441

Consolidated Statement of Changes in Equity
as of March 31, 2013 (adjusted)[1]

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares
As of January 1, 2013 before adjustments	29,554	74,444	131,426	–7,441
Accounting method changes	0	0	3,609	0
As of January 1, 2013 (adjusted)[1]	29,554	74,444	135,035	–7,441
Net profit/loss (–) for the period	0	0	7,969	0
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	7,969	0
Dividends	0	0	0	0
Own shares	0	0	0	0
Other changes	0	0	0	0
As of March 31, 2013	29,554	74,444	143,004	–7,441

[1] adjusted prior-year figures

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
–816	–6,058	–6,608	–20,339	222,159	2,512	224,671
0	0	0	0	8,742	–204	8,538
–586	–551	78	–5,108	–6,167	–46	–6,213
–586	–551	78	-5,108	2,575	–250	2,325
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	1,083	1	1,084
–1,402	–6,609	–6,530	–25,447	225,817	2,263	228,080

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
–1,831	6,946	–5,575	0	227,523	522	228,045
0	–3,251	172	–18,325	–17,795	0	–17,795
–1,831	3,695	–5,403	–18,325	209,728	522	210,250
0	0	0	0	7,969	24	7,993
135	–2,057	2,115	0	193	1	194
135	–2,057	2,115	0	8,162	25	8,187
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
–1,696	1,638	–3,288	–18,325	217,890	547	218,437

Selected Notes on the consolidated Statement of Income period from January 1 to March 31, 2014 and on the Consolidated Statement of financial position of GRAMMER AG as of March 31, 2014

Principles and methods of accounting in the Interim Financial Statements

GRAMMER AG prepared its Consolidated Financial Statements for fiscal year 2013 and the present Interim Financial Statements for the period ended March 31, 2014 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The name "IFRS" also refers to the still applicable International Accounting Standards (IAS), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this Interim Report for the period ended March 31, 2014, 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 2013. 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, 2014, 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, 2014. 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 preparation of the Consolidated Financial Statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items, which affect the carrying amounts in the Consolidated Statement of Financial Position and the Consolidated Income Statement, as well as the data on contingent assets and liabilities.

The present Interim Consolidated Financial Statements have not been audited and contain all customary and ongoing adjustments necessary to provide a true and fair representation of the Company's business development in the period under review. The results for the initial three months of 2014 are not necessarily indicative of future business development.

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

Accounting and valuation principles

In preparing the Interim Financial Statements for the period ended March 31, 2014, and the comparative prior-year figures, the same accounting policies and principles of consolidation were applied as for the Consolidated Financial Statements for the year ended December 31, 2013. These principles and methods are described in detail in the Notes to the 2013 Consolidated Financial Statements, which were published in their entirety in the 2013 Annual Report.

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 of the reporting period. Actual amounts may deviate from these estimates.

Companies consolidated

The following companies are included in the consolidated financial statements:

	National	Abroad	Total
Fully consolidated companies (incl. GRAMMER AG)	6	23	29
Companies consolidated "at equity"	0	1	1
Group	6	24	30

In addition to GRAMMER AG, five domestic and 23 foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IFRS 10 are consolidated.

The companies consolidated "at equity" comprise the GRA-MAG joint venture, in which GRAMMER AG holds 50% of the voting rights. The Ningbo nectec Jifeng Automotive Parts Company, Limited joint venture acquired through the takeover of nectec Automotive s.r.o. was also recognized in the consolidated financial statements "at equity" in accordance with IFRS 5.

GRAMMER Argentina S.A, with registered offices in Buenos Aires, Argentina, was consolidated for the first time with retroactive effect from January 1, 2014.

All intragroup transactions, balances and liabilities are eliminated in the course of consolidation. The uniform reporting date for all of the consolidated companies is March 31, 2014.

Currency translation

In the single-entity financial statements of GRAMMER AG and its consolidated subsidiaries, foreign currency transactions are translated at the exchange rate applicable on the date of initial recognition of the respective transaction. Any resulting gains or losses are recognized in profit or loss. Financial statements prepared in foreign currencies and transactions denominated in foreign currencies are translated in accordance with the functional currency concept as set out in IAS 21. Accordingly, the functional currency is the currency of the primary economic environment in which the entity operates, its activities and financial structure are to be presented in the consolidated financial statements as they present themselves in that currency. Transactions in foreign currencies are translated into the functional currency at historical rates. Monetary items are translated at the closing rate. Any resulting translation differences are recognized in profit or loss. An exception is made for translation differences from loans or credits in foreign currencies, insofar as they have been recognized directly in equity to hedge net investments that are included in net income for the period only after their disposal.

Any deferred taxes resulting from these translation differences are also recognized directly in equity. The financial statements of Group companies whose functional currency differs from the reporting currency of the Group (EUR) are translated using the modified closing rate method. In the consolidated financial statements, the assets and liabilities of foreign Group companies are translated into EUR from the respective local currency at the middle rate on the balance sheet date.

Income statement items are translated into EUR at the average exchange rate for the year. The net income for the year so determined is taken to the consolidated balance sheet. Any translation differences are recorded in equity with no effect on income.

For currency translation purposes, the following exchange rates were applied for the major currencies outside the eurozone that are of relevance to the Group:

		Average rate		Closing rate	
		01 – 03 2014	01 – 03 2013	31.03.2014	31.03.2013
Argentina	ARS	0.097	0.151	0.091	0.152
Brazil	BRL	0.311	0.379	0.320	0.389
China	CNY	0.119	0.122	0.117	0.126
United Kingdom	GBP	1.209	1.183	1.207	1.183
Japan	JPY	0.007	0.008	0.007	0.008
Mexico	MXN	0.055	0.060	0.056	0.063
Poland	PLN	0.239	0.241	0.240	0.239
Czech Republic	CZK	0.036	0.039	0.036	0.039
Turkey	TRY	0.332	0.425	0.337	0.431
USA	USD	0.729	0.760	0.725	0.781

Revenue

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

EUR k

	01 – 03 2014	01 – 03 2013
Gross revenue	331,403	309,264
Sales deductions	–651	–907
Net-revenue	**330,752**	**308,357**

The revenue of EUR 330,752 thousand for the period ending March 31, 2014 includes a sum of EUR 13,823 thousand calculated using the POC method (01 – 03 13: 10,848). This revenue arises from development activities as well as supplies which the GRAMMER Group must expense and prefinance until a product reached series production and generates initial revenue. It is chiefly attributable to the Automotive Division.

Other income

Other operating income totaling EUR 4,204 thousand as of March 31, 2014 (01 – 03 13: 861) includes income from the reversal of provisions and valuation allowances and proceeds from the sale of scrap metal and material handling costs, as well as proceeds from the sale of property, plant and equipment.

Financial result

EUR k

	01 – 03 2014	01 – 03 2013
Financial income	426	325
Financial expenses	–2,860	–3,057
Other financial result	–135	337
Financial result	**–2,569**	**–2,395**

Financial income chiefly comprises surpluses from active cash management which are deposited in short-term investments. Changes in the fair value of interest rate swaps which do not qualify for hedge accounting must be recorded through profit and loss in accordance with IAS 39, resulting in unrealized expenses and income within the financial result.

Financial expenses include the corresponding interest expense on loans and current-account facilities. They also include additions to retirement benefits and the interest component of lease payments in accordance with IAS 17.

Other financial result mainly comprises gains and losses from the currency translation of borrowings and loans as well as from the measurement of financial assets and liabilities at the reporting date.

Cost of sales
The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses. The expenditure required to set up reserves for warranty purposes is covered by this item as well. The cost of sales also includes non-capitalized research and development costs as well as amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production ("industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Seating Systems division is generally performed on a "design to market" basis, with the corresponding costs recognized accordingly. The costs of inventories until March 31, 2014, which are recognized as an expense in cost of sales, amounted to EUR 274,092 thousand (01 – 03 13: 255,011).

Selling expenses
Selling expenses involve all sales-related costs and primarily refer to costs incurred by the Sales, Advertising and Marketing departments as well as overheads allocable to these departments or activities. Freight, commissions and forwarding charges are also included in selling expenses.

Administrative expenses
Administrative expenses include all administrative expenditure which cannot be assigned directly to other functions, including expenditure for general administration, management and centralized departments. Other administrative expenses include income from exchange rate differences until March 31, 2014 in the amount of EUR 3,298 thousand (01 – 03 13: 6,549) and mainly relate to foreign exchange gains between the origination and settlement of foreign currency receivables and liabilities as well as foreign exchange gains resulting from measurement at the balance sheet date. Foreign exchange losses amounting to EUR 3,592 thousand (01 – 03 13: 4,648) are also recognized under other administrative expenses.

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

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

	01 – 03 2014	01 – 03 2013
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	11,214,624	11,214,624
Consolidated net profit/loss (–) (in EUR k)	8,742	7,969
Basic/diluted earnings/loss (–) per share in EUR	0.78	0.71

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

The new shares were placed at a price of EUR 18.20 per share for gross proceeds totaling EUR 19.1 million. In the period between April 14, 2011 and the preparation of the consolidated annual financial statements, no further transactions have been concluded with ordinary shares or potential ordinary shares of the Company. No changes or further acquisitions of own shares occurred as of March 31, 2014.

Intangible assets
Intangible assets include capitalized goodwill as well as capitalized development expenses. In the period under review, a sum of EUR 991 thousand was spent on licenses, software and other intangible assets. Amortization expense came to EUR 1,840 thousand (01 – 03 13: 1,841).

Property, plant and equipment
Capital spending on property, plant and equipment came to EUR 9,140 thousand in the year to March 31, 2014. Depreciation expense equaled EUR 6,756 thousand in the same period (01 – 03 13: 6,488).

Investments measured at equity
The GRAMMER Group early adopted as of January 1, 2013 the new IFRS 11 standard, which must be applied to financial statements for accounting periods commencing on or after January 1, 2014. Application of the standard resulted in a change in the recognition of the joint venture GRA-MAG Truck Interior Systems LLC (GRA-MAG LLC), as a result of which it is now accounted for using the equity method in lieu of proportionate consolidation. GRA-MAG LLC is not recorded in the balance sheet due to its negative equity.

As the shares held by the Group in Ningbo nectec Jifeng Automotive Parts Company, Limited were classified as non-current assets held for sale in the consolidated financial statements for 2013 in accordance with IFRS 5, it is no longer included in this list.

EUR k

	GRA-MAG LLC
March 31, 2014	
Percentage stake	50%
At Equity carrying amount	0
At Equity result (01 – 03 2014)	–250
December 31, 2013	
Percentage stake	50%
At Equity carrying amount	0
At Equity result (01 – 03 2013)	–1,847

Inventories
Inventories rose to EUR 129.6 million (2013: 115.6) for revenue-related reasons. All inventories are carried at cost. No significant fair-value impairments were recorded.

Trade accounts receivable
The receivables of EUR 182.0 million (2013: 153.9) reflect the structure of the revenue generated in the last few months. The fair value of the trade accounts receivable matches their carrying amounts.

Other current financial assets
Other current financial assets chiefly comprise receivables from construction contracts of EUR 79.7 million (2013: 74.5) and other receivables of EUR 8.5 million (2013: 11.1).

Other current assets
Other current assets of EUR 16.0 million (2013: 15.5) include other assets of EUR 13.0 million (2013: 13.0) and prepaid expenses of EUR 2.9 million (2013: 2.4). Other assets mainly comprise pass-though taxes such as valued added tax, receivables from employees and receivables from creditors with a debit balance.

Subscribed capital
As of December 31, 2013 and March 31, 2014, subscribed capital of GRAMMER Group amounted to EUR 29,554 thousand divided into 11,544,674 no-par value shares. All shares accord the same rights, shareholders have a right to payment of the defined dividend (with the exception of own shares) and may exercise one vote for each share at the Annual General Meeting.

Capital reserve
As of March 31, 2014, the capital reserve totaled EUR 74,444 thousand (2013: 74,444). The capital reserve includes share premiums from the capital increases in 1996, 2001 and 2011, less incurred costs.

Revenue reserves
The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand on March 31, 2014 (2013: 1,183), and is not available for the payment of dividends.

Retained earnings reflect income earned in the past by the consolidated companies provided such income was not paid out as dividends. Retained earnings rose from EUR 159,423 thousand in the previous year to EUR 169,248 thousand on account of the quarterly earnings.

Accumulated other comprehensive income
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 arising from the application of the new guidance in IAS 19 with respect to actuarial losses.

This item also includes cumulative currency-translation effects on loans classified as net investments in a foreign operation in accordance with IAS 21 including the currency-translation effects accruing up until adjustments under IFRS 11 to the loan to GRA-MAG LLC.

Dividends
The GRAMMER Group distributes dividends pursuant to section 58 (2) AktG based on the annual financial statements prepared by GRAMMER AG in accordance with the German Commercial Code. GRAMMER AG posted an unappropriated surplus of EUR 15.4 million as of December 31, 2013. This takes into account the profit of EUR 9.8 million carried forward, the allocation of EUR 5.6 million to retained earnings and the net profit of EUR 11.2 million. The Executive Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 0.65 be paid per share and that the balance of EUR 8.2 million be carried forward. This decision takes into account that the Company holds a total of 330,050 own shares, which are not dividend bearing. If the number of dividend-entitled shares changes before the date of the Annual General Meeting on May 28, 2014, the Executive Board and Supervisory Board of GRAMMER AG will present a duly adjusted dividend proposal to the meeting.

A dividend of EUR 5.6 million was paid in the reporting year (2012: 4.5).

Own shares
As of March 31, 2014 and as of December 31, 2013, GRAMMER AG holds a total of 330,050 own shares, all of which were acquired in fiscal year 2006 for a total purchase price of EUR 7,441 thousand. These shares have a total value of EUR 844,928 and represent 2.8589 % of share capital.

Authorizations
The Annual General Meeting on May 28, 2009 approved a conditional increase in share capital in the amount of EUR 13,434 thousand. The conditional capital increase will be carried out only to the extent that holders of options or conversion rights exercise their rights, or the bond holders who are under the obligation to convert their bonds or exercise their options comply with such obligations under bonds with warrants or convertible bonds issued or guaranteed by the Company until May 27, 2014 on the basis of the authorization given to the Executive Board, and provided no other forms of performance are implemented with respect to the condition (conditional capital 2009).

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

a) if necessary to eliminate fractional amounts;

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

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

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

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

(2) to limit use of the authorization to exclude shareholders' statutory subscription rights in the event that shares are issued against contributions in kind for the purpose of acquiring companies, parts of companies, or for the purpose of acquiring receivables payable by the Company during the term of the authorization to no more than 20% of the Company's existing share capital.

(3) to ensure that the sum of any capital increases from authorized capital excluding shareholder subscription rights during the term of the authorization does not exceed 20% of existing share capital.

Non-current liabilities

Non-current liabilities break down as follows:

EUR k	31.03.14	31.12.13
Debenture bond	141,097	140,952
KfW loan	5,000	5,000
Others	646	836
Total non-current liabilities	**146,743**	**146,788**

The debenture bond item of EUR 141.1 million (2013: 141.0) comprises a debenture bond issued in 2011 with a total nominal value of EUR 60.0 million, of which an amount of EUR 18.0 million has been reclassified as a current liability as it is due for repayment in September 2014. This debenture bond is subject to both fixed and floating interest rates and has differing maturities of five and seven years. A renewed part of the 2006 debenture bond of EUR 9.5 million is also included in this line.

In addition, GRAMMER AG issued a new debenture bond in May 2013 with a total nominal value of EUR 73.5 million and renewed part of the 2006 debenture bond in an amount of EUR 16.5 million. This resulted in a reclassification of current financial liabilities in this amount as non-current financial liabilities. The new debenture bond comprises four tranches of up to 6 years with both fixed and floating interest rates.

In addition, there is a KfW loan of EUR 5.0 million and non-current liabilities on the part of foreign subsidiaries.

Retirement benefits and similar obligations

Provisions for retirement benefit obligations are calculated on the basis of benefit plans for the provision of old-age, invalidity and surviving dependents benefits. The benefits provided by the Group vary according to the legal, tax and economic situation in the individual countries and generally depend on the employees' service period and remuneration. The Group's occupational pension scheme is based on defined benefit obligations. Retirement benefits and similar obligations are valued at EUR 104.5 million (2013: 96.3). The increase in the first three months of 2014 is due to a lower interest rate.

Retirement benefit expense for the interim period is calculated during the year on the basis of a preliminary estimate derived from the previous year's report, which is adjusted to allow for significant material events.

Current liabilities

The current liabilities break down as follows:

EUR k	31.03.14	31.12.13
Debenture bond	20,147	19,562
KfW loan	2,500	2,500
Others	7,282	15,620
Total current liabilities	29,928	37,682

Current financial liabilities come to a total of EUR 29.9 million and are therefore down on the previous year (2013: 37.7). The debenture bond item includes an amount of EUR 18.0 million constituting a part of the 2011 debenture bond which is due for repayment in September 2014 and has therefore been reclassified as a current financial liability. The remaining part of this item relates to interest on the debenture bond.

In addition, there is a KfW loan of EUR 2.5 million and current liabilities on the part of foreign subsidiaries.

As well as this, there is a global credit facility of EUR 110.0 million expiring in mid 2015.

Other current liabilities

Other current liabilities stand at EUR 66.2 million and are substantially up on the previous year (2013: 56.9) for business reasons. They chiefly comprise social security liabilities, liabilities to employees arising from unused vacation entitlement, overtime, flexible working hours or the like as well as valued added tax liabilities. Income tax liabilities primarily comprise income tax for 2013 and the first three months of 2014.

Provisions

Provisions are made up of amounts set side for risks arising from the sale of parts and products including development. These are chiefly warranty claims calculated on the basis of past and estimated future claims. Provisions are also set aside for legal or constructive obligations to grant discounts, bonuses or the like arising after the reporting date but caused by revenue generated prior to the reporting date.

Provisions also include personnel and social benefit obligations such as partial retirement schemes and long-service bonuses as well as a large number of discernible risks and contingent liabilities such as litigation costs, which are recognized at their probable amounts.

Cash flow statement

The statement of cash flow presents the Group's cash flow situation broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification of the respective items. Cash flow from operating activities is derived indirectly from net profit before taxes, which is adjusted to include non-cash expenses (primarily depreciation and amortization) and income. Cash flow from operating activities is calculated under consideration of the change in working capital. Investing activities comprise payments for property, plant and equipment and investments in intangible assets and investment property. Financing activities include cash outflows for dividend payments and repayments of loans, as well as changes in other financial liabilities. At GRAMMER Group, cash and cash equivalents consists of cash and short-term money market funds, less current account liabilities to banks.

Additional information on financial instruments

The following table shows the market values and carrying amounts of financial assets and liabilities:

EUR k

	Classification under IAS 39	Carrying amount 31.03.2014	Fair Value 31.03.2014	Carrying amount 31.12.2013	Fair Value 31.12.2013
Assets					
Cash and short-term deposits	LaR	55,765	55,765	91,315	91,315
Trade accounts receivable	LaR	182,048	182,048	153,928	153,928
Other financial assets					
Loans and receivables	LaR	8,885	8,885	11,521	11,521
Receivables from construction contracts	LaR	79,696	79,696	74,523	74,523
Financial assets available for sale	AfS	129	129	442	442
Financial assets held for trading	FAHfT	0	0	1	1
Derivatives (hedging instruments)	n.a.	30	30	581	581
Liabilities					
Trade accounts payable	FLAC	153,347	153,347	152,701	152,724
Current and non-current financial liabilities	FLAC	176,671	176,671	184,470	185,897
Other financial liabilities					
Other financial liabilities	FLAC	468	468	743	743
Liabilities from financial leases	n.a.	5,774	5,774	5,950	6,039
Derivatives (non-hedging instruments)	FLHfT	0	0	0	0
Derivatives (hedging instruments)	n.a.	2,012	2,012	1,739	1,739
Aggregated by valuation class pursuant to IAS 39					
Loans and receivables	LaR	326,394	326,394	331,287	331,287
Financial assets available for sale	AfS	129	129	442	442
Financial assets held for trading	FAHfT	0	0	1	1
Financial liabilities measured at amortized cost	FLAC	330,486	330,486	337,914	339,364
Financial liabilities held for trading	FLHfT	0	0	0	0

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 March 31, 2014 and December 31, 2013.

Quantitative disclosures on the measurement of the fair value of assets and liabilities by hierarchical level as of March 31, 2014

EUR k

	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Derivative financial assets				
Currency forwards	30	0	30	0
Interest-rate swaps	0	0	0	0
Liabilities measured at fair value				
Derivative financial liabilities				
Interest-rate swaps	1,968	0	1,968	0
Currency forwards	44	0	44	0
Liabilities for which a fair value is disclosed				
Interest-bearing loans				
Obligations under finance leases and rental contracts	8,906	0	8,906	0
Current and non-current financial liabilities	176,671	0	176,671	0

Quantitative disclosures on the measurement of the fair value of assets and liabilities by hierarchical level as of December 31, 2013

EUR k

	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Derivative financial assets				
Currency forwards	38	0	38	0
Interest-rate swaps	544	0	544	0
Liabilities measured at fair value				
Derivative financial liabilities				
Interest-rate swaps	1,686	0	1,686	0
Currency forwards	53	0	53	0
Liabilities for which a fair value is disclosed				
Interest-bearing loans				
Obligations under finance leases and rental contracts	11,280	0	11,280	0
Current and non-current financial liabilities	185,897	0	185,897	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
For the purpose of management control, the Group is organized into operating segments by relevant products and services. The breakdown of segments is based on the corresponding internal organizational and reporting structure. The Group comprises two reportable segments:

The **Automotive** division is the segment involved in development and production of headrests, armrests and center consoles. The segment is a supplier to automotive OEMs, particularly in the luxury and premium segments, as well as their tier 1 suppliers.

In the **Seating Systems** division, the Company is a supplier to the commercial vehicle industry. Activities here involve the development and production of driver and passenger seats for trucks and driver seats for offroad equipment (agricultural machinery, construction machinery and forklifts), and marketing of these to commercial vehicle manufacturers and in aftermarket sales. The division also develops and produces driver and passenger seats for bus and railway vehicle manufacturers and railway operators.

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

Details on the areas of activity are also included in the consolidated financial statements as of December 31, 2013. Segment information is presented below:

Operating segments

EUR k

Fiscal year as of March 31, 2014	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	121,236	209,516	0	330,752
Inter-segment revenue	5,615	59	–5,674[1]	0
Total revenue	126,851	209,575	–5,674	330,752
Segment earnings (Operating profit)	10,318	7,529	–3,081	14,766

EUR k

Fiscal year as of March 31, 2013	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	115,064	193,293	0	308,357
Inter-segment revenue	4,514	446	–4,960[1]	0
Total revenue	119,578	193,739	–4,960	308,357
Segment earnings (Operating profit)	8,851	9,027	–4,064	13,814

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

Reconciliation

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

EUR k

	01 – 03 2014	01 – 03 2013
Segment earnings (Operating profit)	17,847	17,878
Central Services	–2,840	–4,961
Eliminations	–241	897
Group earnings (Operating profit)	14,766	13,814
Financial result	–2,569	–2,395
Profit/loss (–) before income taxes	12,197	11,419

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

Related party disclosures

The following table sets out transactions with related parties as of March 31, 2014 and March 31, 2013.

EUR k

Related parties		Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Jointly-controlled entity in which the parent is a venturer:					
GRA-MAG Truck Interior Systems LLC	2014	1,740	0	8,470	0
	2013	838	0	7,662	0

Contingent liabilities

Guarantees valued at EUR 1,256 thousand are outstanding as of March 31, 2014 primarily for leased offices and in the form of performance guarantees for contract breaches.

Changes to the Supervisory Board and the Executive Board

Effective January 31, 2014, Ms. Tanja Jacquemin, an employee representative, stepped down from the Supervisory Board. She was replaced by employee representative Ms. Tanja Fondel effective February 8, 2014. Similarly, Mr. Bernhard Hausmann, who had replaced Mr. Martin Bodensteiner and had stepped down from the Supervisory Board on January 21, 2014, returned to the Supervisory Board again on February 8, 2014 as an employee representative.

Financial calendar and trade fair dates 2014 [1]

Important dates for shareholders and analysts

Annual General Meeting 2014 Location: ACC (Amberger Congress Centrum), 92224 Amberg	May 28, 2014
Interim Report, second quarter of 2014 and first half of 2014	Aug. 6, 2014
Interim Report, third quarter of 2014	Nov. 12, 2014

Important Trade Fair Dates [1]

CEMAT 2014, Hannover, Germany	May 19, 2014 – May 23, 2014
Innotrans 2014, Berlin, Germany	Sep. 23, 2014 – Sep. 26, 2014
IAA Nutzfahrzeuge, Hannover, Germany	Sep. 25, 2014 – Oct. 2, 2014
IBEX 2014, Tampa, USA	Sep. 30, 2014 – Oct. 2, 2014
IZB 2014, Wolfsburg, Germany	Oct. 14, 2014 – Oct. 16, 2014
GIE EXPO 2014, Louisville, USA	Oct. 22, 2014 – Oct. 24, 2014
EIMA, Bologna, Italy	Nov. 12, 2014 – Nov. 16, 2014
METS 2014, Amsterdam, Netherlands	Nov. 18, 2014 – Nov. 20, 2014
Bauma China 2014, Shanghai, China	Nov. 25, 2014 – Nov. 28, 2014

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

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