GRAMMER FACTS

The first quarter: January until March 2008

Q1-2008

GRAMMER

KEY FIGURES

Grammer Group

according to IFRS	Mar. 31, 2008	Mar. 31, 2007
	EUR million	EUR million
Group revenue	**267.4**	**237.7**
Automotive revenue	174.0	150.8
Seating Systems revenue	102.0	88.4
Income statement		
EBITDA	13.6	15.8
EBITDA margin	5.1%	6.6%
EBIT	8.2	10.1
EBIT margin	3.1%	4.2%
Earnings before taxes	4.2	7.6
Net income after taxes	2.3	3.6
Balance sheet		
Total assets	515.1	499.1
Equity	184.1	178.7
Equity ratio	36%	36%
Net financial debt	86.9	80.0
Gearing	47%	45%
Capital expenditure	4.9	6.7
Depreciation and amortization	5.4	5.7
Employees (March 31)	**9,629**	**9,129**

Grammer Share

	Mar. 31, 2008	Mar. 31, 2007
Closing price (XETRA, in EUR)	16.65	23.20
Market capitalization (in EUR million)	174.74	243.49
52-week high (closing price)	23.80	25.95
52-week low (closing price)	15.16	18.20

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About Grammer

Grammer AG, Amberg, Germany, specializes 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 those for trains and buses. In the Automotive division, we supply headrests, armrests, center console systems and integrated child safety seats to premium automakers and to automotive system suppliers.

Grammer is represented in 16 countries worldwide with a workforce of more than 9,500 employees at its 21 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.

GRAMMER SHARE

Grammer share price gains slightly in first quarter

During the first quarter of the current year, despite a general market nervousness, the Grammer share fared well compared to leading German indices, posting a slight gain of about 4% from its 2007 year-end price.

Stock markets lose ground

Uncertainty on the international financial markets left its impact on the first quarter of the current year. The continuing crisis in the US subprime lending market and the deepening troubles of mortgage banks, both in the USA and internationally, exacted a fresh toll. Rising food and fuel prices, along with burgeoning fears of inflation, triggered nervousness among investors. As a result, the Dow Jones, the leading index in the USA, posted its worst quarterly performance in six years – after reaching new all-time highs as recently as 2007.

The German stock indices did not maintain the upswing of the previous year either. After closing out 2007 at 8,067, the DAX opened the current year at 7,949 points. In the weeks that followed, it succumbed to increasing pressure, dropping back to 6,182 points by mid-March. By the end of the quarter the DAX had recovered somewhat and ended the first three months at 6,535 points. That corresponds to a decline of roughly 19% from its 2007 year-end price.

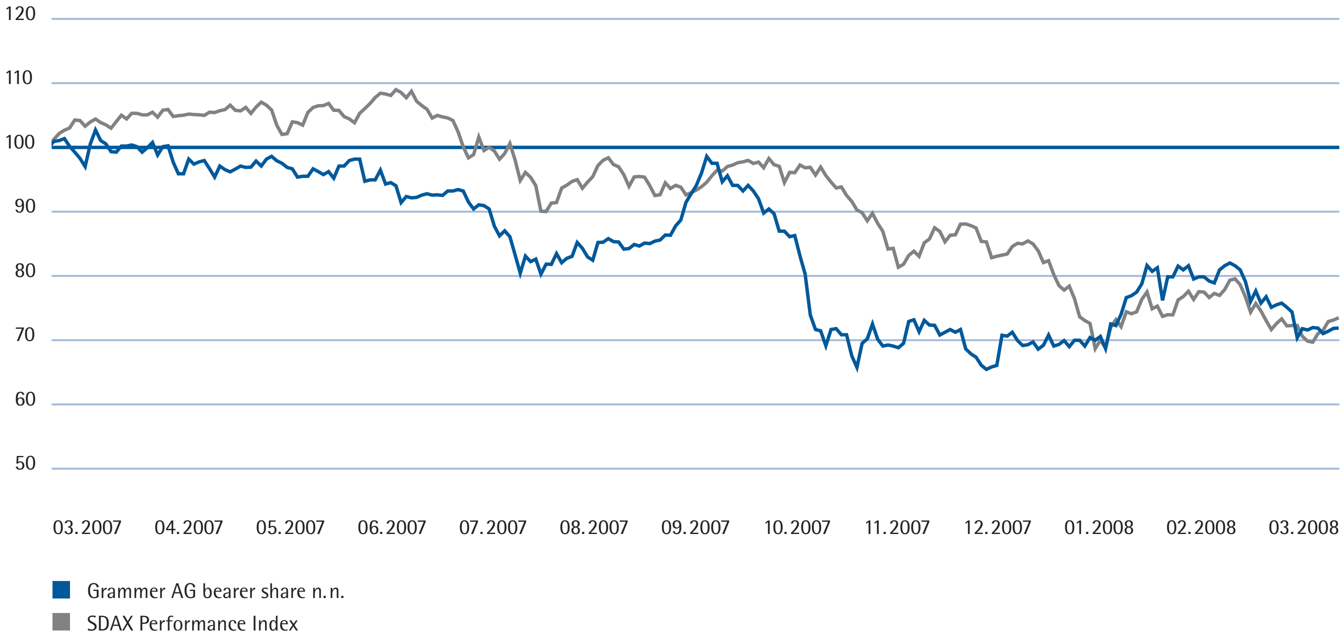
The SDAX showed a similar trend. Our benchmark index ended its past year on the exchange at 5,192 points. It began 2008 at 5,219 points, but then declined for the most part. On March 31, 2008, the index closed at 4,488 points, about 14% lower than its starting point.

Grammer share shows slight increases

During the first quarter the Grammer share bucked the general trend by increasing in value. Our share started the quarter under review virtually unchanged from its 2007 year-end closing price: On January 2, 2008 it traded at EUR 16.05. The price started rising in the last week of January. On February 26, 2008 the share reached an interim high of EUR 19.00 – which corresponds to a gain of 18.6% from the closing price of the previous year. In March 2008, the Grammer share not longer withstood the negative trends of the financial markets and by the end of the month had dropped to EUR 16.65. This still had the share beating its 2007 closing price by 3.9%. During the reporting period from March 31, 2007, to March 31, 2008, our share trailed the downwards trend of the SDAX. Compared to its closing price of EUR 23.20 on March 30, 2007, our share dropped roughly 28%.

Price performance of Grammer share and SDAX performance index

Indexed (closing price as of March 30, 2007 = 100 %)



Grammer once again shows attractive dividend yield

The Grammer share ranks as one of the highest dividend payers on the German stock indices. At the Annual Shareholders' Meeting on May 28, 2008, the Executive Board and Supervisory Board will propose paying a dividend of EUR 1.00 per share for fiscal 2007. Based on the 2007 closing price, this would mean a dividend yield of 6.2 %.

During the first quarter of 2008 the Austrian Polytec Group acquired approximately 9.6 % of our shares. In accordance with the most recent mandatory notifications, this makes it one of our largest shareholders, along with Electra QMC Europe Development Capital Funds plc (10.0 % of shares) and Axxion S.A. (5.6 %).

Transparent, prompt communication

In the past quarter, as is the norm, our financial communication was based on open dialog with investors and analysts. At a road show in London we explained to numerous investors and analysts how we are positioning Grammer AG for profitable growth. We also took advantage of the conference in Frankfurt to inform analysts about business development in the last year and the potential of our company.

GRAMMER IN THE FIRST QUARTER

First quarter with higher revenue

During the first quarter, the Grammer Group increased revenue in both its Automotive and its Seating Systems divisions. Group revenue thus grew by 12.5% to EUR 267.4 million (PY: 237.7). At EUR 8.2 million, consolidated EBIT after restructuring costs was somewhat lower than the previous year (EUR 10.1 million).

Revenue and Earnings

Financial crisis puts brakes on global economy

During the quarter under review, the global economy achieved only moderate growth. Although emerging Latin American and Asian economies and Russia functioned once again as strong growth drivers, the economic growth in the industrialized nations lost some of its force. In Western Europe and Japan, overall economic demand showed only a modest increase during the first quarter of the year. In the USA the gross domestic product (GDP) even dropped slightly according to initial surveys.

The persistent crisis in the US real estate and financial sectors are mainly to blame for the generally weaker development. The financial market turbulence triggered worldwide by these factors not only made business financing conditions more difficult, they also reined in the buying power of private households through equity losses and stricter lending terms. This effect could be seen most clearly in the USA.

Global economic development was also hit hard by another factor, an accelerated rise in prices. Increases centered on prices for food and – on a continuing basis – crude oil. In March, a barrel of crude oil sold for as much as USD 110, a new all-time high. High demand from China was one factor that brought on this drastic rise. Increased speculation, fueled by the weak US dollar, was also to blame.

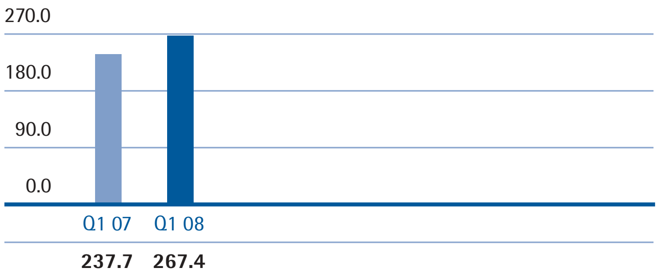
Worsening global conditions also put a damper on economic growth in Germany. In spite of this factor, the financial situation experienced overall positive growth, according to the Halle Institute for Economic Research (IWH). Favorable labor market conditions provided momentum for this development. The number of employed persons and particularly of those subject to mandatory social insurance contributions increased significantly: By March 2008, the unemployment rate had dropped to 7.8%, or 1.5% lower than one year before. The positive picture of the German economy was marred somewhat by the high rate of inflation, which stood at around 3% during the first three months of the year.

Group revenue increased significantely once again
In this economic environment, Group revenue rose during the reporting period to EUR 267.4 million (PY: 237.7). This corresponds to a rise of EUR 29.7 million or 12.5% in a year-over-year comparison. Both Europe – at EUR 199.1 million (PY: 184.5) – and overseas operations – with EUR 40.6 million (PY: 25.9) – played a major role in this rise. In Europe, high demand brought about growth in both product segments. Operations overseas met their full sales projections for the Automotive division following realignment of production the previous year, even with a weak US dollar. In Brazil, new sales records were achieved. In Asia the sales trends of the previous year continued on a steady course. Further growth in the Automotive division is expected by the end of the year due to new orders.

Restructuring impacts Group earnings
Group earnings before taxes and interest (EBIT) were significantly impacted by the restructuring effort, particularly in the Automotive division. For this reason, at EUR 8.2 million, earnings were slightly down from those of the previous year (EUR 10.1 million) despite a strong contribution of the Seating System division. In addition, the weak US dollar and the development of the plant-costs in the Eastern-EU-states negatively impacted the result of the first quarter 2008. Furthermore EUR 1.5 million were accounted for initial restructuring activities in the result of the central services.

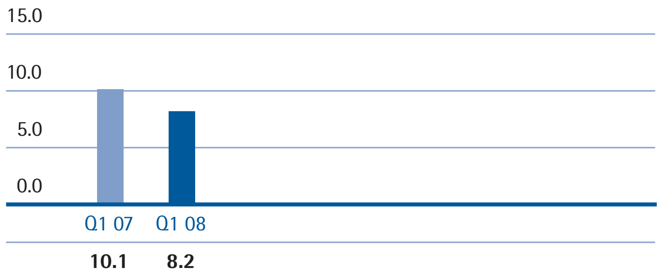
Group sales by quarter

in EUR million



Group EBIT by quarter

in EUR million



Automotive Division

Automotive: German auto market recovers

According to information from the German Association of the Automobile Industry (VDA), new car sales in the US market for light vehicles ran at roughly 3.6 million, down year-over-year by about 8%. German automakers fared better than the competition in this declining market. Despite the persistent impact of the exchange rate due to a strong Euro, their market share increased to 6%. Particularly in the automotive sector, business was good: In March, the German market share climbed to nearly 10%, almost one full percentage point higher than the same month of the previous year.

China continued to be strong as a growth market. The world's second largest market for vehicle sales increased by a good 22% from January to March. German automakers in particular benefited from a sustained boom. According to the VDA they sold some 36% more vehicles year-on-year.

The European vehicle market showed demand slightly down (– 1.7%) during the first quarter. According to surveys by the European Automobile Manufacturers Association ACEA, the volume markets of Spain and Italy suffered losses, to the tune of – 15.3% and – 10.0% respectively. The United Kingdom also saw less demand year-over-year (– 0.7%), whereas France reported a slight increase in new car registrations (+ 1.3%). The new members of the European Union posted remarkable growth rates. There, the number of new car registrations was 14.7% higher in a year-over-year comparison.

The German vehicle market enjoyed a positive first quarter. Although the early Easter holiday meant March came up three business days short, new vehicle registrations still came in at 736,000 for the quarter as a whole, or 2.6% more than in the first quarter of 2007. Enjoying particular demand was the small vehicle class, where sales were up 22.4%. Compacts also posted a significant growth rate of 8.8%. Sport utility vehicles (+ 4.5%) and vans (+ 2.8%) also saw gains. The higher-priced mid-size class was the only one to show a noticeable drop in sales (– 16.4%).

German automakers only benefited partially from the more robust sales figures on the domestic market. With an upturn of 6.6%, VW expanded its market leadership to reach a total market share of 19.3%. In the premium segment, both Audi (+ 4.1%) and BMW (+ 6.6%) on one hand and Mercedes (+ 3.0%) on the other recorded higher first-quarter sales figures year-over-year, while Ford (– 14.4%), Opel (– 5.7%) and Porsche (– 9.8%) all posted declines.

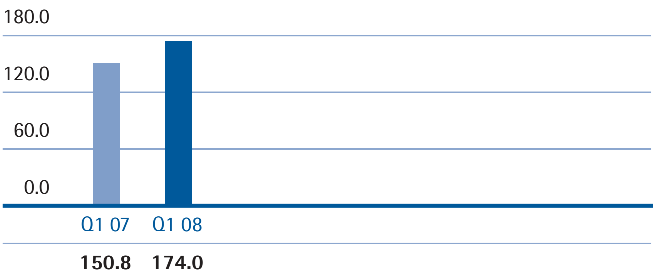
Domestic incoming orders for vehicles exceeded the volume year-over-year by a good 2.0%. The number of foreign orders also rose, by 3.0%. Based on this positive order flow, 1.5 million vehicles were manufactured from the beginning of the year – the second-highest production result ever. In exports, the previous year's level was maintained, in spite of a weakening global economy and a strong Euro: At 1.16 million vehicles, the number sold to foreign customers was equal to that of the same period in 2007.

Restructuring shapes Automotive earnings

During the first quarter of 2008, business in our Automotive division was impacted both by the restructuring and by currency developments with the US dollar and our locations in Eastern EU member states. Together with the increase of labour and structural costs, adjustments are necessary in our Eastern European plants to offset these disadvantages with the help of productivity increases. The continuing positive demand from German premium-carmakers in the USA is partly offset by a negative exchange rate situation. However, due to purchasing and production in the US-Dollar region, we managed to limit the negative impact on our results. Overall our sales development benefited from the positive economic climate and the corresponding volumes, showing an increase of EUR 23.2 million in this quarter to EUR 174.0 million (PY: 150.8). On the other hand, due to the problems described above the operating result declined from EUR 3.2 million to EUR 0.2 million. Overall, the restructuring measures and necessary changes appear to be having a significant effect.

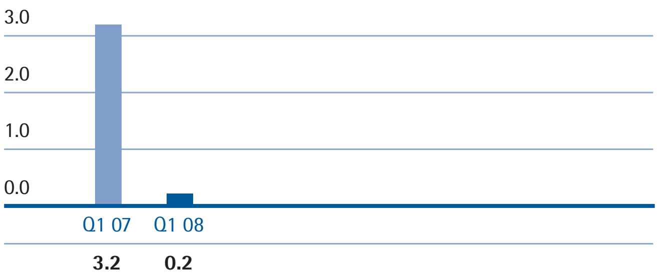
Automotive sales by quarter

in EUR million



Automotive EBIT by quarter

in EUR million



Seating Systems Division

Seating Systems: Truck markets continue to grow
The European truck market continued its upward movement in the first three months of 2008. According to ACEA, about 118,000 units were sold in the segment for vehicles 3.5 tons and above. This corresponds to an increase of 12.7% from the same period of the previous year. A strong increase was also evident in the segment for trucks above 16 tons: Just under 88,000 new truck registrations result in a 13.2% increase. According to the Federal Bureau of Motor Vehicles and Drivers, the German truck market could not fully keep pace with the European average. With a total of 64,333 units sold during the first quarter, the truck market still showed a clear increase of 2.8%.

New registrations of agricultural, forestry and construction machines dropped slightly: In the Federal Republic of Germany, 8,156 machines were registered, roughly 1% less than in the previous year. The German construction equipment industry benefited from a solid order situation and continued its positive trend. According to findings of the German Federal Association of Construction Machinery, Construction Tool and Industrial Machinery Suppliers (BBI), business in floor conveyors remained at a level equal to the same quarter in 2007.

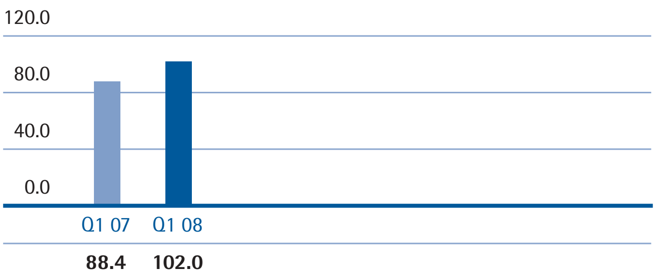
According to the SCI Rail Industry Barometer, the German rail industry also continued to enjoy positive order flow and favorable price trends. This fostered growth in employment at the companies, which continued to expand their staffs.

Business trends continue at high level
The Seating Systems division enjoyed outstanding performance during the first quarter. Grammer benefited both from a solid order situation in the Offroad segment and from continuous dynamism in the truck market. Development in the offroad markets of the Americas and Asia was even better than in the previous year, allowing us to expand our sales markets. Increased exports from chinese OEM's triggered an increase in local demand for higher-quality seats. Market trends in the Rail and Bus segment also proved stable. Thus the Seating Systems division increased sales by more than 15% from EUR 88.4 million in the previous year to 102.0 million. As a result of the cost reduction and productivity offensive implemented in the previous years, the higher volumes could be produced and the operative result could be increased disproportionately compared to the increase in sales.

Therefore the EBIT rose by almost 33% from 7.9 million in the previous year to now EUR 10.5 million.

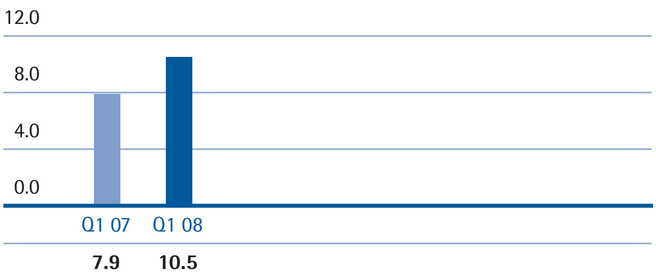
Seating Systems sales by quarter

in EUR million



Seating Systems EBIT by quarter

in EUR million



Financial Position

Note on key balance sheet figures: PY = December 31, 2007

Total assets increase

As of March 31, 2008 the total assets of the Grammer Group stood at EUR 515.1 million (PY: 497.5). This corresponds to an increase of EUR 17.6 million or 3.5% from the year-end of 2007. Seasonal influences and the higher business increased current assets by EUR 20.2 million, bringing them to EUR 316.2 million. This can be seen mainly in two positions of the current assets: the increase in trade accounts receivable to EUR 138.6 million (PY: 116.8) and an increase in other current assets of EUR 23.3 million (PY: 17.6). On the other hand, cash and short-term deposits shrank by EUR 8.5 million to EUR 14.4 million. Non-current assets dropped by EUR 2.7 million to EUR 198.9 million (PY: 201.6). This was due primarily to lower investment activity at the start of the current fiscal year.

Equity of the Grammer Group remained almost level at EUR 184.1 million (PY: 184.7). This change was due to offsetting differences in currency translation. The increase in total assets caused the equity ratio (36%) to decline slightly from its level as of December 31, 2007 (37%).

To finance the higher business activities current liabilities rose by EUR 17.6 million to EUR 189.6 million (PY: EUR 172.0 million). This change is mainly visible in current liabilities to banks (EUR + 8.4 million) and in other current liabilities (EUR + 11.3 million).

Non-current liabilities totaled EUR 141.4 million and were thus close to those of the reporting date of the previous year (PY: 140.9); non-current financial liabilities were repaid as scheduled, and there were increases due to pension obligations.

Investing activities continue at high level

Year-over-year the capital expenditure of the Grammer Group was slightly down at EUR 4.9 million (PY: 6.7). Following heavy investment in capacity expansion in the Seating Systems division the previous year, the current fiscal year saw a normal level of investment. EUR 2.3 million were invested in replacement and efficiency projects. In the Automotive division, investments totaled EUR 2.3 million as in the previous year (PY: 2.2), partly used to expand and to optimize our manufacturing capacities in the Czech Republic and Mexico. Central services invested EUR 0.3 million, almost the level of the previous year, primarily in hardware and software.

Investments by segment, January to March 2008

	%	EUR million
Automotive	47	2.3
Seating Systems	47	2.3
Central Services	6	0.3
Group	**100**	**4.9**

Employees

As of the end of the first quarter of 2008, the Grammer Group had a total of 9,629 employees (PY: 9,129). As a result of the productivity measures and streamlining of the work force, which have been implemented early this year, the number of employees only rose by 5.5%, which is a significantely lower rate than the inrease in sales (+ 12.5%). In the Automotive division, the number of employees rose to 6,199 (PY: 5,928). The Seating Systems division employed a staff of 3,268 as of March 31, 2008, which corresponds to an increase of 217 employees from March 31, 2007. A total of 162 employees worked in Central Services (PY: 150).

Employees by segment, March 31, 2008

	%	Employees
Automotive	64	6,199
Seating Systems	34	3,268
Central Services	2	162
Group	**100**	**9,629**

Outlook 2008

Growth slows in global economy

For the year as a whole, IWH projects 2.7% growth in the global gross domestic product. This would amount to more moderate worldwide expansion than was seen the previous year. The institute attributes this particularly to the sustained real estate and financial crisis in the USA and to turbulence on international financial markets. On the other hand, the continued high economic dynamism in emerging states is having a favorable effect. Accordingly, both the newly industrialized Asian and Latin American countries and Russia (+ 7.2%) are likely to see strong growth. The front-runner in this respect is China with a probable increase in economic growth of roughly 10%. Although the financial market crisis may leave its mark even on these countries – particularly in foreign trade – its scope will be more modest than in industrialized nations.

In the United States, experts forecast a slight gain of around 1.5% due primarily to a revitalized economy during the second half of the year. Modest economic growth is projected for Japan as well, amounting to 1.4%. The IWH expects more robust growth in the European Union, where 2008 GDP is expected to increase by 1.9%. An increase of 1.8% is forecast for Germany.

For 2009 it is expected a decline of the economic growth of the industrialized nations, mainly due to additional negative impacts of the subprime crisis. Accordingly the German economic institutions forecast a declining domestic economy.

Automotive: emerging nations advance
According to leading economic analysts, sales on the global automotive market will reach 59.6 million vehicles in 2008, 1.6 million vehicles more than in 2007. The USA will continue to defend its lead as the world's largest market for vehicle sales, although analysts at Standard & Poor's expect a drop in sales figures to about 15.5 million vehicles (– 3.7 %). In the emerging states of Brazil, Russia, India and above all China, on the other hand, a strong increase in demand for vehicles is expected. Experts forecast double-digit growth rates for the current year in the People's Republic – a total of approximately 6 million automobiles are likely to be sold there. This would allow China to defend its position as the second-largest automobile market in the world. For Germany the VDA forecasts a slight increase in new vehicle registrations – roughly 3.2 million units – due to new models and rising household incomes. However, this assumes that the costs of mobility will remain constant.

The association is expecting heavy export activity to continue; production is likely to remain at the high level of the previous year.

Seating Systems: offroad market in good shape
In the commercial vehicles sector, the German Motor Vehicle Manufacturers Association (VDIK) expects the German market to be somewhat slower than last year. Still, the number of new registrations is likely to reach a high level. Indicators for this are the consistently good domestic demand and the IAA Commercial Vehicles show coming up in the fall, both of which could provide further impulses.

The German Machinery and Plant Manufacturing Association (VDMA) expects further revenue increases in the agricultural engineering industry for the current year. It does so on the basis of the sharp increase in incoming orders at the end of 2007, which is currently ensuring high capacity utilization. Manufacturers of construction and building material equipment also see a bright future, expecting revenue growth of approximately 8.0 %. Somewhat more modest growth is likely for the floor conveyor business.

The rail industry expects positive business growth overall for the current year. High order inflows, attributable to strong growth in the Asian railway technology markets and added momentum from South America, the Middle East and South Africa, should contribute to this development.

In the **Automotive division** we expect a fresh increase in revenue for the year as a whole, based mainly on export business and the strong demand in premium segment. The operative result of the year 2008 will be impacted by potential material price increases in the second half-year, by the already described currency and cost developments at our locations and last but not least by the implemented restructuring activities.

Based on a stable economic situation we remain optimistic in the **Seating Systems division** to number among the growth drivers of the Grammer Group for the current year and correspondingly to have a positive impact on revenue and earnings.

Overall, we forecast moderate revenue growth for the current fiscal year of the **Grammer Group**. Because business reached a high level during 2007, particularly in the second half, it is impossible to project growth rates for fiscal 2008 as a whole based on a year-over-year comparison of 2008 first-quarter revenue. Despite one-time expenses for restructuring, we expect a moderate increase in EBIT over the previous year. However, this assumes that reasonable labour agreements and that purchase prices and exchange rates will see moderate development.

Summary statement concerning forecasts by the Board of Management
In view of the stable performance of the first three months of 2008 and in the context of the positive economic environment, we expect continued success for the Grammer Group for the next quarters. Conditions are good for further profitable growth in 2008 and especially 2009, as a result of the optimization measures introduced.

Risks and opportunities
In addition to the risks and opportunities outlined in the management report contained in the Annual Report for the year ending December 31, 2007, the Group may be affected by the risks and opportunities described in the "Outlook" section of this report. This section contains forward-looking statements that reflect the opinions of Grammer AG's management with regard to future events. These statements are based on current forecasts, estimates and expectations, and are therefore subject to a degree of risk and uncertainty.

Amberg, May 2008

Grammer AG
The Executive Board

Consolidated Income Statement as of March 31, 2008

	Jan, 1 – Mar. 31 2008	Jan, 1 – Mar. 31, 2007
	EUR '000s	EUR '000s
Revenue	267,437	237,670
Cost of sales	– 230,489	– 196,515
Gross profit	**36,948**	**41,156**
Selling expenses	– 8,266	– 9,752
Administrative expenses	– 21,452	– 22,793
Other operating income	948	1,462
Operating result	**8,178**	**10,072**
Net finance costs	– 3,952	– 2,507
Earnings before tax	**4,226**	**7,565**
Tax expense	– 1,900	– 3,943
Net income after taxes	**2,326**	**3,622**
Of which attributable to:		
Equity holders of the parent company	2,311	3,610
Minority interests	15	12

Consolidated Balance Sheet as of March 31, 2008

Assets	Mar. 31, 2008	Dec. 31, 2007
	EUR '000s	EUR '000s
Non-current assets		
Property, Plant and Equipment	129,240	131,043
Intangible Assets	44,188	44,593
Other financial assets	9,547	9,362
Deferred tax	15,875	16,567
	198,850	**201,565**
Current assets		
Inventories	98,516	95,128
Trade accounts receivable	138,565	116,822
Other current financial assets	40,196	38,582
Income tax assets	1,244	4,928
Cash and short-term deposits	14,440	22,904
Other current assets	23,268	17,606
	316,229	**295,970**
Total assets	**515,079**	**497,535**

Equity and liabilities	Mar. 31, 2008	Dec. 31, 2007
	EUR '000s	EUR '000s
Equity attributable to equity holders of the parent company		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Treasury shares	– 7,441	– 7,441
Retained earnings	105,926	106,551
Equity before minority interests	**183,590**	**184,215**
Minority interests	484	493
Total equity	**184,074**	**184,708**
Non-current liabilities		
Non-current financial liabilities	70,508	70,433
Other financial liabilities	3,525	3,769
Other liabilities	186	193
Retirement benefit obligations	51,709	50,903
Deferred tax liabilities	15,479	15,564
	141,407	**140,862**
Current liabilities		
Current financial liabilities	30,856	22,413
Trade accounts payable	85,827	89,783
Other financial liabilities	1,023	2,104
Other liabilities	55,245	43,960
Income tax liabilities	8,262	7,420
Provisions	8,385	6,285
	189,598	**171,965**
Total liabilities	**331,005**	**312,827**
Total equity and liabilities	**515,079**	**497,535**

Consolidated Cash Flow Statement as of March 31, 2008

	Q1 2008 EUR '000s	Q1 2007 EUR '000s
1. Cash flow from operating activities		
Earnings before taxes	4,226	7,565
Non-cash items		
Depreciation and impairment of property, plant and equipment	4,885	5,274
Amortization and impairment of intangible assets	530	456
Changes in provisions and pension obligations	3,663	4,771
Other non-cash changes	– 784	709
Changes in working capitals		
Increase (–) in trade accounts receivable and other receivables	– 29,600	– 34,243
Increase (–) in inventories	– 3,388	– 5,132
Decrease (+) in other assets	4,375	3,551
Increase (+) in trade accounts payable and other liabilities	8,360	3,559
Gains/losses from the disposal of assets	– 5	23
Income taxes paid	0	0
Cash flow from operating activities	**– 7,738**	**– 13,467**
2. Cash flow from investing activities		
Acquisitions		
Acquisition of property, plant and equipment	– 4,722	– 6,344
Acquisition of intangible assets	– 173	– 344
Acquisition of investment	– 447	– 243
Disposals		
Disposal of property, plant and equipment	161	160
Disposal of intangible assets	9	35
Disposal of investment	240	41
Interest received	562	559
Government grants received	0	0
Cash flow from investing activities	**– 4,370**	**– 6,136**
3. Cash flow from financing activities		
Dividend payments	0	0
Purchase of treasury shares	0	0
Changes in bond	0	0
Changes in noncurrent liabilities to banks	– 1,964	– 3,013
Changes in current liabilities to banks	– 401	1,953
Changes in lease liabilities	– 13	– 205
Interest paid	– 4,809	– 2,218
Cash flow from financing activities	**– 7,187**	**– 3,483**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of items 1– 3)	– 19,295	– 23,086
Effects of exchange rate differences in cash and cash equivalents	0	0
Cash and cash equivalents as of January 1, 2008	15,505	26,954
Cash and cash equivalents as of March 31, 2008	**– 3,790**	**3,868**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	14,440	15,515
Securities	0	0
Current account liabilities to banks	– 18,230	– 11,647
Cash and cash equivalents as of March 31, 2008	**– 3,790**	**3,868**

Consolidated Statement of Changes in Equity for the First Quarter Ended March 31, 2007

	Subcribed capital	Capital reserve	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Group equity
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Balance as of January 1, 2007	**26,868**	**58,237**	**90,158**	**– 7,441**	**6,470**	**174,292**	**468**	**174,760**
Dividend	0	0	0	0	0	0	0	0
Consolidated net income for the period	0	0	3,610	0	0	3,610	12	3,622
Subsequent measurement (IAS 39)	0	0	0	0	– 242	– 242	0	– 242
Exchange rate differences	0	0	0	0	590	590	2	592
Treasury shares/other	0	0	0	0	0	0	– 4	– 4
Change in net investments (IAS 21/39)	0	0	0	0	– 40	– 40	0	– 40
Balance as of March 31, 2007	**26,868**	**58,237**	**93,768**	**– 7,441**	**6,778**	**178,210**	**478**	**178,688**

Consolidated Statement of Changes in Equity for the First Quarter Ended March 31, 2008

	Subcribed capital	Capital reserve	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Group equity
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Balance as of January 1, 2008	**26,868**	**58,237**	**97,502**	**– 7,441**	**9,049**	**184,215**	**493**	**184,708**
Dividend	0	0	0	0	0	0	0	0
Consolidated net income for the period	0	0	2,311	0	0	2,311	15	2,326
Subsequent measurement (IAS 39)	0	0	0	0	39	39	0	39
Exchange rate differences	0	0	0	0	– 2,641	– 2,641	– 24	– 2,665
Treasury shares/other	0	0	0	0	0	0	0	0
Change in net investments (IAS 21/39)	0	0	0	0	– 334	– 334	0	– 334
Balance as of March 31, 2008	**26,868**	**58,237**	**99,813**	**– 7,441**	**6,113**	**183,590**	**484**	**184,074**

Selected Notes to the Consolidated Financial Statement of Grammer AG for the Period from January 1 to March 31, 2008 and the Consolidated Balance Sheet of Grammer AG as of March 31, 2008

Financial accounting

Grammer AG has prepared its consolidated financial statements for the 2007 financial year and the present interim financial statements for the period ending March 31, 2008 in accordance with the International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). The term "IFRS" also refers to the International Accounting Standards (IAS) still in effect, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this interim report as of March 31, 2008, has been prepared in accordance with IAS 34 and should be read in connection with the Consolidated Financial Statements published by the company for fiscal 2007. The possibility that the IASB will make further pronouncements before the final preparation of the consolidated financial statements as of December 31, 2008, and hence that the standards applied in preparing these interim financial statements will deviate from the standards applied in preparing the consolidated financial statements for the year ended December 31, 2008, cannot be excluded. In addition, the European Commission has yet to endorse certain individual pronouncements by the IASB. As such, it should be noted that the figures presented in this report are preliminary and may be subject to change. The new and revised standards and interpretations of the IASB and the IFRIC which came into effect on January 1, 2008, did not have a significant effect on the net assets, financial position and results of operations and were not relevant to the Consolidated Financial Statements. Standards, interpretations or amendments to previously published standards subject to mandatory application on or after January 1, 2009 have not been applied early. The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items which affect the carrying amounts of these items in the consolidated balance sheet and the consolidated income statement, as well as the disclosure of contingent assets and liabilities.

The present interim consolidated financial statements have not been audited and contain all adjustments of a normal and recurring nature and necessary for a true and fair presentation of the results of the company for the reporting periods. Results for the three months are not necessarily indicative of future business development.

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

Accounting policies

In preparing the interim financial statements as of March 31, 2008, and the comparative prior-year figures, the same accounting policies were applied as for the consolidated financial statements for the year ending December 31, 2007. These principles and methods are described in detail in the Notes to the 2007 consolidated financial statements, which were published in their entirety in the 2007 Annual Report. The application of new standards has been mandatory since January 1, 2008, and primarily entails more extensive disclosure requirements.

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.

Reclassifications
As described in the 2007 consolidated financial statements, selected data from the previous year has been adjusted to the current presentation to provide a better basis for comparison.

Scope of consolidation
In addition to Grammer AG, the basis of consolidation includes 4 domestic and 16 foreign companies that are directly or indirectly controlled by Grammer AG in accordance with IAS 27. In addition, a joint venture within the meaning of IAS 31 is proportionately consolidated. Grammer AG holds 50% of the voting rights in this joint venture. All intra-group transactions, balances and debt are eliminated in the course of consolidation. The uniform reporting date for all of the companies included in consolidation is March 31, 2008.

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

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

		Average rate Q1 2008 (2007)	Closing rate March 31 2008 (2007)
Argentina	ARS	0.209 (0.245)	0.200 (0.242)
Brazil	BRL	0.379 (0.360)	0.363 (0.368)
Bulgaria	BGN	0.511 (0.511)	0.511 (0.511)
Canada	CAD	0.664 (0.652)	0.618 (0.652)
China	CNY	0.092 (0.098)	0.090 (0.097)
Czech Republic	CZK	0.039 (0.036)	0.040 (0.036)
India	INR	0.017 (0.017)	0.016 (0.017)
Japan	JPY	0.006 (0.006)	0.006 (0.006)
Mexico	MXN	0.061 (0.069)	0.059 (0.068)
Poland	PLN	0.280 (0.257)	0.283 (0.258)
Russia	RUB	0.027 (0.029)	0.027 (0.029)
Switzerland	CHF	0.623 (0.619)	0.636 (0.616)
Turkey	TRY	0.546 (0.537)	0.482 (0.541)
United Kingdom	GBP	1.316 (1.489)	1.258 (1.472)
USA	USD	0.661 (0.760)	0.633 (0.752)

Revenue

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

	Q1 2008 EUR millions	Q1 2007 EUR millions
Gross revenue	268,500	239,104
Sales deductions	– 1,063	– 1,434
Net revenue	267,437	237,670

Net revenue of EUR 267,437 thousand includes contract revenue of EUR 4,149 thousand (PY: 5,090), recognized using the percentage-of-completion method. This relates to development activities and operating funds that are expensed and financed by the Grammer Group before a product reaches serial production. These are primarily attributable to the Automotive division.

Other income

Other operating income amounting to EUR 948 thousand (PY: 1,462) primarily includes income from the reversal of valuation allowances, proceeds from the sale of scrap metal and the transfer of materials handling costs, as well as proceeds from the disposal of property, plant and equipment.

Net finance costs

	Q1 2008	Q1 2007
	EUR '000s	EUR '000s
Financial income	562	560
Finance costs	(4,514)	(3,067)
Net finance costs	**(3,952)**	**(2,508)**

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

Cost of Sales

The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes the cost of operating below capacity and other production-related overheads and administration expenses. This item also includes expenses related to the allocation of provisions to cover warranties. The cost of sales also contains non-capitalized research and development costs and the amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production ("industrialization costs") are included in the cost of sales, unless these expenses can be deferred. Development in the Seating System division is generally undertaken on a "design to market" basis, with the costs recognized accordingly. The cost of sales includes the cost of inventories in the amount of EUR 230,489 thousand (PY: 196,515).

Selling expenses

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

Administrative expenses

Administrative expenses include all items of administrative expenditure that cannot be directly allocated to other functions, including expenditure for general administration, management and other staff departments. This item also includes foreign exchange gains in the amount of EUR 7,819 thousand (PY: 2,408) which primarily relate to changes in exchange rates between the origination and settlement of foreign-currency receivables and liabilities, as well as foreign exchange gains resulting from re-evaluation at the reporting date. Foreign exchange losses in the amount of EUR 7,663 thousand (PY: 3,043) are also reported in administrative expenses.

Earnings per share

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

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

	Q1 2008	Q1 2007
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,165,109
Consolidated net income (in EUR '000s)	2,326	3,622
Basic/diluted earnings per share (in EUR)	0.23	0.36

No transactions involving no-par value shares or potential no-par value shares of the Group were effected in the period between the reporting date and the preparation of the consolidated financial statements. As of the date of the preparation of the annual financial statements, no changes or further acquisitions of treasury shares occurred.

Intangible assets

Intangible assets include both goodwill and capitalized development costs. A total of EUR 173 thousand was invested in licenses and software. Amortization of intangible assets amounted to EUR 530 thousand (PY: 456).

Property, plant and equipment

In the first three months of 2008, a total of EUR 4,721 thousand was invested in property, plant and equipment. Depreciation for the same period amounted to EUR 4,885 thousand (PY: 5,274).

Inventories

The increase in inventories to EUR 98.5 million (PY: 95.1) is primarily attributable to the expansion of the Group's business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable

The amount of trade accounts receivable, EUR 138.6 million (PY: 116.8), is attributable to an increase in business activities. The fair values of trade accounts receivable correspond to their carrying amounts. Some foreign-currency trade accounts receivable were hedged by means of currency forwards. There were no restrictions on ownership or disposition.

Other current financial assets
Other current financial assets comprise mainly receivables from construction contracts amounting to EUR 34.3 million (PY: 32.9), as well as other receivables in the amount of EUR 5.5 million (PY: 4.7).

Other current assets
Other current assets of EUR 23.3 million (PY: 17.6) comprise other assets and prepaid expenses amounting to EUR 2.1 million (PY: 2.3). Other assets mainly include pass-through tax claims such as value-added tax, receivables due from employees, and receivables due from creditors.

Subscribed Capital and Reserves
The development of the Grammer Group's equity is presented in the statement of changes in equity. Based on the single-entity financial statements of Grammer AG, prepared in accordance with the German Commercial Code, the Company's distributable profits amount to EUR 21,841 thousand. The Board of Management and the Supervisory Board of Grammer AG will propose to the Annual Shareholders' Meeting of Grammer AG to pay a dividend of EUR 1.00 per common share, or a total of EUR 10,165 thousand, and to carry forward the remainder of the distributable profit of EUR 11,676 thousand, of which EUR 6,289 thousand is to be allocated to retained earnings. The proposed resolution on the appropriation of net retained profit takes into account the fact that the Company holds 330,050 treasury shares for which no dividends are payable. The number of common shares entitled to dividend payments may change before the Annual Shareholders' Meeting. In such a case, the Annual Shareholders' Meeting will present a correspondingly adjusted proposal for appropriation of accumulated profits.

Non-current liabilities
Non-current financial liabilities relate to a long-term debenture bond for the refinancing of the expired bond, as well as the long-term portion of various euro-denominated loans with interest rates of between 3.5% and 4.84% p.a., the final payments on which are due in 2009.

The increase in **pension obligations** to EUR 51.7 million (PY: 50.9) results from 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 totaled EUR 30.9 million, representing a slight increase from the previous year (PY: 22.4) due to the expansion of the Group's business activities. They include overdraft facilities due on demand and charged at the daily EONIA rate, and current loans denominated in Chinese currency to be repaid after one year and subject to interest rates of 5.6% and 6.6%.

Other current liabilities totaled EUR 55.2, representing a slight increase over the previous year (PY: 44.0) due to the expansion of the Group's business activities. This item primarily includes social security obligations owed to social security authorities, liabilities to employees from outstanding annual leave, overtime, flexi-time or similar. The item also includes liabilities relating to value-added tax and the procurement of goods.

In essence, tax liabilities contain income taxes for fiscal 2007 and the quarter ending March 31, 2008.

Provisions comprise provisions for risks resulting from the sale of parts and products, including development. These primarily relate to warranty claims calculated on the basis of previous 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 were occasioned by sales prior to the reporting date.

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

Cash Flow Statement

The cash flow statement presents the Group's cash flow situation broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification of the respective items. Cash flow from operating activities is derived indirectly from net profit before taxes. Net profit before taxes is adjusted to include non-cash expenses (primarily depreciation, amortization and impairment) and income. Changes in working capital are then taken into account, resulting in the cash flow from operating activities. Investing activities comprise payments for property, plant and equipment and investments in property, plant and equipment and financial assets, but not additions to capitalized development costs. Financing activities include cash outflows for dividend payments and repayments of loans, as well as changes in other financial liabilities. At the Grammer Group, cash and cash equivalents consist of cash and short-term money market funds, less current account liabilities to banks. Cash and cash equivalents were adjusted in the previous year to enable a comparison, because current revolving financing due in China was no longer included in the current account liabilities.

Segment reporting

Information on the Group's business segments can be found in the consolidated financial statements for the year ending December 31, 2007. The segments comprise the following:

	Seating Systems		Automotive		Central Services/ Elimination		Total Group	
EUR '000s	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007
Revenue	101,970	88,394	173,967	150,764	– 8,500	– 1,488	267,437	237,670
Earnings before net finance costs	10,470	7,882	174	3,182	– 2,466	– 992	8,178	10,072
Earnings before taxes	9,163	6,903	– 2,376	1,735	– 2,561	– 1,073	4,226	7,565

Contingent liabilities

Guarantees have been issued for all leased business premises and as contractual guarantees against breaches of contract. The guaranteed amount of EUR 2,749 thousand is unchanged from December 31, 2007.

Events after the balance sheet date

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

DATES AND CONTACTS

2008 Financial Calendar

Interim Report, First Quarter 2008:	May 8, 2008
2008 Annual Shareholders' Meeting:	May 28, 2008
Interim Report, Second Quarter and Half-Year 2008:	August 12, 2008
Interim Report, Third Quarter 2008:	November 11, 2008

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