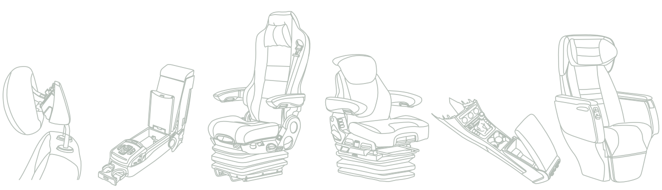
GRAMMER

Interim Report

January to March 2010



Key Figures[1)]

in EUR m	Q1 2010	Q1 2009
Group revenue	203.0	171.7
Automotive revenue	136.3	104.7
Seating Systems revenue	71.8	69.5
Income statement		
EBITDA	9.8	–2.3
EBITDA margin (in %)	4.8	–1.3
EBIT	3.5	–8.6
EBIT margin (in %)	1.7	–5.0
Profit/loss (–) before income taxes	1.6	–9.9
Net profit/loss (–)	0.1	–9.9
Statement of financial position		
Total assets	521.2	477.7
Equity	154.4	163.0
Equity ratio (in %)	30	34
Net financial debt	114.5	88.6
Gearing (in %)	74	54
Investments	8.4	8.8
Depreciation and amortization	6.3	6.2
Employees (March 31)	**7,617**	**7,773**
Key share data	**March 31, 2010**	**March 31, 2009**
Share price (Xetra closing price, in EUR)	8.35	3.29
Number of shares	10,495,159	10,495,159
Market capitalization (in EUR m)	87.6	34.5

1) according to IFRS

Content

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

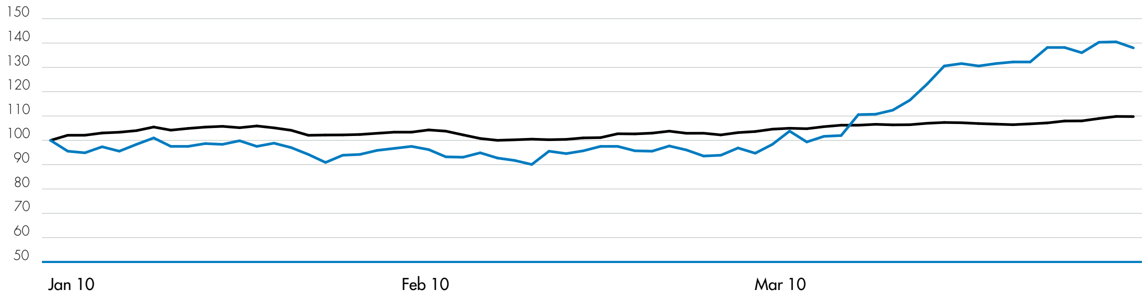
Our Seating Systems division comprises the truck and offroad seat segments as well as train and bus seating. In the Automotive division, we supply headrests, armrests, center console systems and integrated child safety seats to premium automakers and automotive system suppliers.

GRAMMER is represented in 17 countries worldwide with a workforce of more than 7,600 employees across its 23 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.

COMPANY PROFILE △

GRAMMER Share

GRAMMER share and SDAX Performance Index – January to March 2010 (in %)



Closing price as of December 31, 2009 = 100 %

— GRAMMER AG
— SDAX Performance Index

Significant gains for the GRAMMER share in the first three months of the year

After a slow start in 2010, the GRAMMER share has been gaining significant ground since the middle of February. Following announcement of the preliminary figures for fiscal year 2009, the prolongation of our credit line and various recommendations from research briefs and analysts, the GRAMMER share closed at a price of EUR 8.35 (Xetra) on March 31, 2010. This represents sizeable growth of 38 % for the share after a price of EUR 6.05 on December 31, 2009. Thus, the share performance was considerably better than the SDAX and the German benchmark DAX. The bottom reached last year thus seems to have been overcome and the GRAMMER share is heading higher. After the end of the quarter, the GRAMMER share price even moved at times above the EUR 10 mark. On April 30, 2010, the closing price was EUR 9.32, which represents an increase of 54 % over the 2009 close.

Overall equity market

In Germany, the equity markets have once again gained strength over the past several months. The index for small caps (SDAX), in which GRAMMER is listed, saw a nearly 10 % in the period from January to March. The DAX equity index has also improved by 3 % since the start of the year to 6,154 points. The Dow Jones Industrial Average has also increased since January.

Shareholder structure

Axxion S.A. headquartered in Munsbach/Luxemburg holds 5.5475 % and Electra QMC Europe Development Capital Funds plc in Dublin/Irland owns 10.001 % of shares in GRAMMER AG. POLYTEC Invest GmbH headquartered in Geretsried/Germany, according to the notification received by GRAMMER AG, holds 9.59 %. These shares are fully attributable to POLYTEC Holding AG pursuant to section 22 (1) sentence 1 no. 1 WpHG. In October 2009, GRAMMER AG received notification that the share of voting rights held by Wynnefield Partners Small Cap Value L.P. totals 4.05 %.

Investor Relations

Our financial communication is based on an open dialogue and transparent communication with all stakeholder groups – especially in times of crisis. In this quarter as well, we placed major emphasis on close contact and regular communication with investors and analysts. On March 31, 2010, we informed our target group at the annual press and analyst conference in Frankfurt with respect to the current market situation and fiscal year 2009.

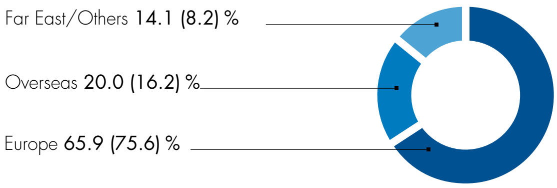
All financial reports, press releases, presentations, audio recordings of the quarterly telephone conferences and other important information about the share are always available in the Investor Relations section of the GRAMMER AG website.

GRAMMER Group in the first quarter 2010

Revenues on the rise

Especially in the Automotive division, GRAMMER Group recorded higher revenues in the first quarter of 2010, which is attributable to the improvement of the economic picture as well as new production starts. Consolidated group revenue was up 18.2 % to EUR 203.0 million (01 – 03 2009: 171.7). Despite the second restructuring package, GRAMMER Group EBIT exceeded the break even point at EUR 3.5 million (01 – 03 2009: - 8.6).

Revenue by regions (previous year in brackets)



Revenue and Earnings

Strong growth in emerging markets, industrial countries lag behind

The economy is improving as a result of stimulus programs and government investments in the wake of the financial crisis. The recovery, however, is proceeding differently in different regions of the world. Some emerging countries, especially in Asia, are making significant contributions to global output as they return to pre-crisis levels of growth.

The Chinese economy grew once again in the first quarter of 2010, with two-digit expansion of 11.9 % year-over-year. Industrial production in the world's most populous country also increased, by 18.1 % in March alone.

The US economy is also in recovery, and the employment situation has improved with job cuts slowing or even coming to a standstill. At present, some companies have already begun to hire once again.

The Eurozone economies, on the other hand, are emerging from the recession much more slowly than expected, as utilization of aggregate economic capacities remains low in the industrialized countries. The structural problems in Spain, Greece, Portugal and Ireland are also presenting a substantial challenge.

The German economy got off to a weak start in 2010. According to estimates, gross domestic product (GDP) in Germany was down slightly due to the effects of the long, harsh winter. Nonetheless, indicators have recently risen from their lows. The ifo Business Climate Index improved in March, climbing to 98.1 points from a level of 95.2 in February. The expectation survey of the ZEW Centre for European Economic Research for Germany was also positive in April, increasing from 44.5 points in March to 53.0 points in April. The outlook for the remainder of 2010 has therefore brightened again somewhat.

in EUR m

	Q1 2010	Q1 2009
Far East/Others	28.5	14.0
Overseas	40.7	27.9
Europe	133.8	129.8
Total	203.0	171.7

Significant improvement in Group revenue

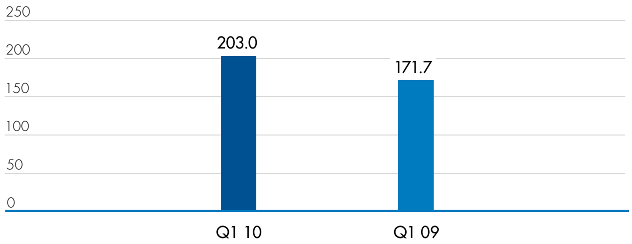
In this overall economic environment, Group revenue in the period to March 31, 2010 was significantly higher year-over-year at EUR 203.0 million (01 – 03 09: 171.7). Thus, the positive revenue trend of Q4 2009 continued in the first quarter of this year. All regions, especially the Far East/Others with EUR 28.5 million (01 – 03 09: 14.0), Overseas with EUR 40.7 million (01 – 03 09: 27.9) and Europe with EUR 133.8 million (01 – 03 09: 129.8) contributed to the rise.

The clear improvement in the Automotive division, particularly in Europe, resulted from new production starts. The development of the market was particularly positive in China and the US. In Seating Systems, the low-level recovery will improve growth in China and Brazil especially. After the period of steep declines, the offroad market showed itself to be robust at a low level, though no significant recovery was to be seen, particularly in Europe. The increasing impetus from exports has also failed to bring about a turnaround in the Seating Systems division, instead merely contributing to stabilization at the same weak level. In Overseas, both divisions recorded better sales and, at least in the Automotive division, the stabilized situation continues to improve. In Brazil, the markets have developed very favorably following the drop off in sales last year. There has been some initial weak expansion here, but the further development of the market will have to be watched carefully. Revenue growth in Asia for both divisions remained better than last year – the only region in which no change has been seen in the trend is the Near East.

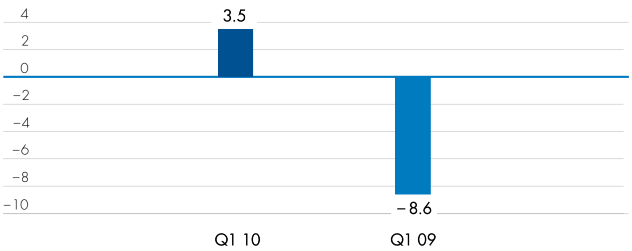
Consolidated earnings continue positive trend

Consolidated earnings before interest and taxes (EBIT) continued the positive trend from the fourth quarter of 2009, bolstered by the measures implemented in response to the crisis and restructuring. Operating profit was therefore positive at EUR 3.5 million, after a loss of EUR – 8.6 million in the same quarter last year. The capacity adjustment measures have taken hold, though the recovery in the Seating Systems division is still too weak after the abrupt drop in the second quarter of 2009 in Europe. The second phase of restructuring in GRAMMER AG and currency volatility continue to affect operating profit.

Group revenue development by quarter (in EUR m)



Group EBIT development by quarter (in EUR m)



Automotive Division

Positive development in the international automotive industry

The financial and economic crisis will continue to present a challenge for the auto industry in 2010. As before, automotive sales are being driven by demand in emerging Asia. Sentiment is also on the rise in the US automotive industry. European markets are following a growth trajectory in the first months of 2010.

The US auto market got off to a good start, with a 15.5 % increase in new car and light truck registrations to roughly 2.5 million. In March alone, 1.07 million cars hit US streets, which equates to an increase of 24 % year-over-year.

The Asian market continues to grow. Registration numbers in China during the first three months of 2010 rose to 2.8 million, a rise of 77 %. Thus, 1.2 million more vehicles entered the roads in China than in Western Europe in the period under review. Japanese registrations were also higher than last year, with a 24 % increase to 1.3 million vehicles. Positive development was also seen in the automotive sector of India, where car sales were up 30 % from the start of the year.

The Russian automotive market stabilized in March as a result of government stimulus measures. This was not enough, however, to stem the decline of 25 % in the first three months of 2010.

The new countries of the EU are also reporting a significant slump in registrations. In this region, 18 % fewer new cars were registered than last year.

The market in Western Europe, on the other hand, exhibited an 11 % increase to nearly 3.6 million vehicles in the first quarter of the year 2010 as a result of state-sponsored measures to promote auto sales. Numerous countries, e.g. Italy (+ 31.1 %), France (+ 16.9 %), Portugal (+ 69.2 %), Spain (+ 44.5 %) and UK (+ 27.3 %) saw double-digit growth in Q1.

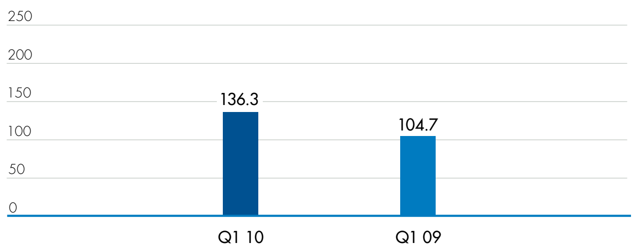
In Germany, new vehicle registrations were down 22.8 % year-over-year in the January to March period. The substantial decline is attributable to purchases that had previously been brought forward to take advantage of the scrap bonus in 2009. These resulted in a significant stimulation of the automotive market last year. The bonus program, however, also led to a skewing of the segment structure towards small and compact cars in 2009. This changed in the first three months of 2010. New vehicle registrations in the mini and small car segments were down in the first quarter. The upper and premium car segments as well as sports cars recorded growth. Although registrations were down in Germany, production at German plants increased 32 % in the first quarter. Strong demand abroad led to a substantial rise of 47 % in German car exports.

Automotive business characterized by new production starts and rising revenues

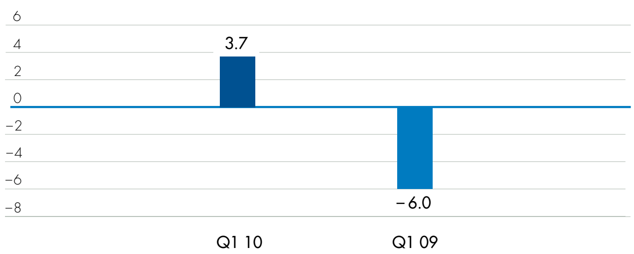
Business in our Automotive division was characterized by new production starts and higher revenues year-over-year in the first quarter of 2010. The further strengthening of demand for some of our customers' upper and premium class vehicles, as well as the improving export markets had a positive impact on revenue figures. In the first quarter of 2010, revenues increased by 30.2 % or EUR 31.6 million year-over-year to EUR 136.3 million (01 - 03 09: 104.7) as a result of higher sales in the wake of the economic recovery in Europe and the US. Thus, the positive trend begun in the fourth quarter of 2009 continued, and Automotive business stabilized thanks to new production starts.

Operating profit increased to EUR 3.7 million in light of the developments described above and the restructuring measures implemented last year. As compared to the same period in 2009, with a loss of EUR 6.0 million, this represents a significant improvement of EUR 9.7 million, which can be attributed to the operational adjustments and restructuring. On the whole, this performance demonstrates that the measures were introduced in good time and in the right way.

Automotive segment revenue development by quarter (in EUR m)



Automotive segment EBIT development by quarter (in EUR m)



Seating Systems Division

Stabilization in the commercial vehicle sector
The commercial vehicle sector was very strongly impacted by the global economic downturn in 2009. In the meantime, however, the low point has been more or less left behind and the market is again stabilizing.

The US truck market saw positive development in the first two months of 2010, with a 3 % rise in new registrations.

In China as well, the commercial vehicle market once again experienced enormous growth in the initial months of the year, expanding by 79 %. Similarly dynamic performance was seen in India's commercial vehicle market, where growth totaled 106 % in the first two months.

By contrast, registration figures in the EU were down 1.3 % in January to March 2010, to 431,454 vehicles.

In the initial quarter of 2010, 58,400 commercial vehicles were registered in Germany, which equates to a marginal decrease of 1 %. The decline, however, was primarily attributable to the heavy commercial vehicle segment (> 6 t). The fact that the crisis here has not yet been overcome is evidenced by the number of new registrations, which fell by 19 % in the first quarter. At the same time, production was down by 16 %.

On the other hand, commercial vehicles up to 6 t saw a 7 % increase in registrations during the January to March quarter. This also affected production figures, which rose by 52 %.

Foreign demand was also extremely positive over the past several months. In all, 50,650 commercial vehicles were exported, representing an increase of 38 %. This improvement is attributable primarily to the segment commercial vehicles up to 6 t (38,300 vehicles). In the first quarter, 78 % more vehicles were delivered in this segment than last year. Heavy commercial vehicles over 6 t experienced a 13 % decline from January to March. The number of new orders in March, however, sent a positive signal for this segment as well. Orders for commercial vehicles over 6 t increased 120 %, while vehicles up to 6 t were up 45 % over the very weak previous-year level.

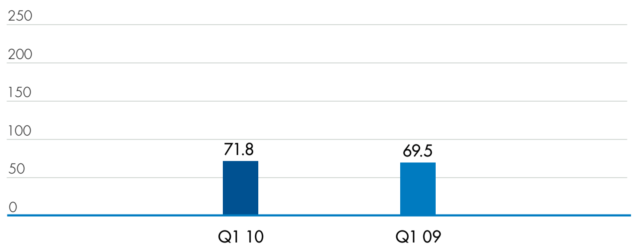
In the first three months of 2010, 5,233 tractors were registered in Germany – a drop of 25.9 % year-over-year.

In the construction equipment industry, a low-level stabilization has set in over the past several months.

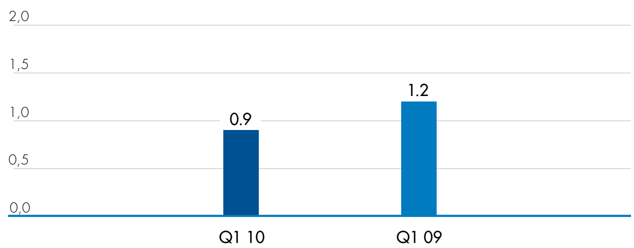
The railway sector continues to suffer from the effects of the financial and economic crisis. Accordingly, the business climate index published by the market research institute SCI was marginally lower in the first quarter.

Business development continues to gradually improve
Business in the Seating Systems division was slightly positive in the first quarter of 2010 after the difficult situation in the final quarters of last year. Slumping sales in all business segments stabilized at a low level and the upward trend continued after the drop off in the second quarter of 2009. A positive order situation in truck business, especially in Brazil, and a stable, gradual improvement in offroad demand both contributed to this positive development. Revenue was also better in Overseas and Asian offroad markets, topping prior-year levels, even though the first quarter of 2009 was the strongest and least affected by the crisis. In the railway segment, market development in the first quarter of 2010 was down slightly, as a result of project postponements from 2009. In all, revenue in the Seating Systems division increased by 3.3 % from EUR 69.5 million in the first three months of 2009 to EUR 71.8 million this year. In particular, the positive developments in Brazil led to stable earnings. The initiated cost and capacity rationalization offensive is increasingly serving to counteract the decline in the Offroad segment, so that operating profit was down only slightly to EUR 0.9 million in the first quarter, as compared to EUR 1.2 million in Q1 2009. In particular the return to a positive operating profit after the heavy losses last year underscores the economic benefits of the implemented restructuring measures.

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



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



Financial Position

Note on accounting figures: 2009= December 31, 2009

Balance sheet improves over prior year on growth

On March 31, 2010 the total assets of GRAMMER Group climbed close to the prior-year level at EUR 521.2 million (2009: 500.4). This equates to a modest rise of EUR 20.8 million as compared to the close of 2009, attributable largely to the increase in trade receivables as well as inventories. The uptrend in the performance of the Automotive division primarily affected current assets, which increased by EUR 18.5 million within GRAMMER Group to EUR 290.9 million. Trade receivables increased to EUR 122.4 million (2009: 109.4) and other current financial assets remained unchanged at EUR 56.0 million (2009: 56.0). Inventories were slightly higher year-over-year at EUR 84.9 million (2009: 77.2) Non-current assets were up EUR 2.4 million to EUR 230.4 million (2009: 228.0).

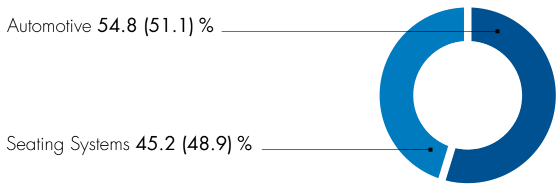
GRAMMER Group's equity improved to EUR 154.4 million (2009: 151.0), as a result of the more favorable business situation. Due to the moderate rise in total assets, the equity ratio was on par with the level on December 31, 2009 at 30 % (2009: 30).

To finance ongoing business, current liabilities increased by EUR 17.8 million to EUR 211.7 million (2009: 193.9). This change is manifest primarily in the EUR 13.1 million rise in other current liabilities and a slight increase in current financial liabilities by EUR 3.1 million. Non-current liabilities were more or less on a level with last year at EUR 155.2 million (2009: 155.5).

GRAMMER continues to push ahead with investments

As compared to the same period last year, investments by GRAMMER Group were down only slightly to EUR 8.4 million (01 – 03 09: 8.8). With the building of production capacity for the new generation of truck seats, investments have been made for expansion and production optimization totaling EUR 3.8 million (01 – 03 09: 3.6) in the current fiscal year. In the Automotive division, investments totaled EUR 4.6 million (01 – 03 09: 4.5), which was used primarily for expansion as the result of orders received in 2009 for production starts in early 2010, as well as building of production capacities in Mexico and Schmölln. In light of the economic environment, there were no investments made in the Central Services division.

Investments by segments, January to March 2010 (previous year in brackets)



in EUR m

	Q1 2010	Q1 2009
Automotive	4.6	4.5
Seating Systems	3.8	4.3
Central Services	0.0	0.0
Total	8.4	8.8

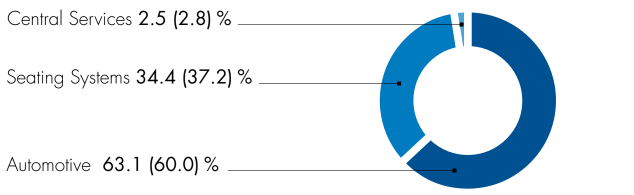
Employees

As of March 31, 2010, GRAMMER Group had a total of 7,617 employees (March 31, 2009: 7,773). The number of people employed in the Automotive division increased slightly to 4,804 (March 31, 2009: 4,661). New production starts and restructuring measures resulted in increased numbers of employees in Mexico and Serbia, while the remaining production locations made significant staffing cuts. As of March 31, 2010, the Seating Systems division employed a total of 2,623 people (March 31, 2009: 2,895). The Central Services division had 190 employees (March 31, 2009: 217), as a result of the restructuring and fixed cost reduction measures.

In the Automotive division, numbers of direct employees were increased, especially at plants outside of Germany, as a result of the economic recovery and the new project starts. Due to the Q2 2009 decline in orders and the continuation of low revenue numbers, the number of employees in the Seating Systems division was lower in March 31, 2010 as compared to the first quarter of last year. In the initial quarter of the current year, the social plan negotiated within GRAMMER AG in December 2009 allowed us to continue systematic alignment of capacities with declining customer orders. As a result, further cuts were made at the Amberg location in light of lower order volumes in the Offroad segment.

Implementation of the measures aimed at restructuring and personnel cuts introduced at GRAMMER AG, as well as other adequate capacity adjustments in the remaining countries will result in a substantial optimization of cost structures and productivity in both divisions of the Company. The benefits have already begun to show, as evidenced by both segments breaking even in operating profit despite lower revenues.

Employees by segments, March 31, 2010 (previous year in brackets)



as of March 31

	Q1 2010	Q1 2009
Central Services	190	217
Seating Systems	2,623	2,895
Automotive	4,804	4,661
Total	7,617	7,773

Outlook for Full-year 2010

More optimistic forecasts for the global economy

Following a long period of recession, the global economy has begun to gain strength once again. The IMF (International Monetary Fund) has raised its forecast for global GDP as a result of the strong recovery in the USA, Japan and emerging countries to 4.2 % in 2010.

For the United States, the IMF is forecasting growth of 3.1 % in 2010.

China is also expected to grow in the current year by double-digits (10.0 %). Moreover, it is expected that the Japanese economy will expand by 1.9 %. The outlook is similarly positive for Brazil, where growth of more than 7 % is expected in 2010. Thus, the most important impetus for the global economy will come from emerging countries.

For industrialized countries, on the other hand, economic activity is likely to be weaker. Accordingly, the recovery in Europe is expected to be more moderate, with a rise in GDP of only 0.9 %. Dangers for the European economy stem primarily from the debt problems in Greece and other EU countries.

As an export economy, Germany is particularly susceptible to fluctuations in the global economy. As a result, exports in 2009 were down by a substantial 14.2 %. Starting from this extremely low level, Germany can look to expect robust real export growth in 2010 totaling roughly 7.5 % year-over-year. For the second quarter, although an increase in GDP is expected in Germany, economic growth for the full year is likely to be a more moderate 1.5 %.

Automotive: modest recovery continues

As a result of the improving environment, the number of new car registrations will continue to grow in 2010. The automotive market information provider Polk is forecasting a 5 % increase to roughly 58.1 million vehicles for full-year 2010.

The US market is expected to see a substantial improvement in 2010 after a year marked by massive declines. According to the VDA, new vehicle registrations are expected to rise 11 % to 11.5 million vehicles.

In Asia, China is set to boom in 2010. Based on the Polk forecasts, a total of 12.56 million new cars will hit the road here by year's end. For the Japanese car market, an increase of 3.1 % is anticipated for the current year thanks to a government incentive program.

New car demand in Russia will trend higher in 2010. As a result of the junk bonus that has been introduced, market observers are expecting a recovery in sales.

The full-year 2010 forecast for Western Europe foresees a decline of 12 %. A key factor here will be the end of the scrap bonus in the region's largest automotive market, Germany. New vehicle registrations will also be affected by the conclusion of other programs designed to promote sales in Western Europe. For France, Italy and the UK, a negative number is thus expected for the year as a whole.

For the German automotive market in particular, the VDA is anticipating a decline of 26 %. This means that approximately 2.8 million new vehicles will be registered in Germany in 2010. The lower number is primarily attributable to the pull-forward effects from the environmental bonus introduced and expired in 2009. Nonetheless, the German automotive industry could benefit for strong export business. The VDA is expecting domestic production by German car manufacturers to fall slightly from 4.96 million to 4.94 million vehicles. Foreign production, by contrast, is set to increase in 2010 according to the German Institute for the Automobile Industry (IFA). Compared to the 4.85 million vehicles manufactured in 2009, the IFA is expecting 4.90 million vehicles to be produced this year. In particular the upper car and premium segments have potential for positive development in 2010, as they did not benefit from the scrap bonus in 2009.

Seating Systems: commercial vehicle industry recovering slowly
It can be expected that the commercial vehicle industry will recovery only slowly from the crisis. In China, growth in this segment is expected to reach only 5%, as compared to 49% last year. As before, however, this will make China the largest market for commercial vehicles. In Europe as well, only marginal increases are expected, given that the economic recovery here will be sluggish, as a result of which transport volume will increase only slightly. For 2010 as a whole, the VDA forecast a 10% increase of commercial vehicle production in the US and a 13% increase in Germany, after considerable declines in the previous year.

Given the decline in agricultural income, there will be no significant impetus from this segment. The German Engineering Federation (VDMA) is anticipating lower total new registrations of tractors in Germany in 2010 as compared to 2009. The projections call for a decrease of 10% to 15%.

The construction industry is set to face a challenging year on the whole. Although revenue forecasts for construction machines are indicating up to 5% growth, revenues are expected to be down by a further 10% for building materials machines. Any growth impulses will come largely from the Far East region.

Automotive Division
Based on the latest forecasts, we are expecting moderately positive revenue development for the Automotive division in 2010. Some upper and premium class vehicles are experiencing stable growth after model changeovers, which is also benefiting our development. By the end of the year, various new production starts, coupled with the slight trend toward recovery, will also push revenues clearly higher than levels in crisis year 2009. However, as a result of the greater volatility in orders and currencies, the development of the markets is more difficult to assess. Assuming the new production starts already begun in the upper and luxury segments continue to perform as planned, they will contribute to further recovery in the coming months.

In addition to the revenue expectations, operating profit in 2010 will also be affected by the already implemented restructuring measures, fixed cost reductions and exchange rate developments. The measures initiated at Company locations for restructuring and adjustment of production capacities are having an impact on results. With the moderate improvement in sales, operating profit could climb further, as long as ongoing production is continued as planned by the customer and no changes arise that could result in additional fixed costs. Thus, a positive operating result is also likely for the remaining quarters of the year.

Seating Systems Division
For the Seating System division, the pronounced revenue declines in the Offroad segment that led to structural problems and lower profits have begun to stabilize. The dramatic drop in revenue figures in 2009 underscored the much too slow impact of infrastructure projects, which influenced sinking orders only after a long time lag. The weak order situation in the Offroad segment will gradually improve and there is potential for a recovery from the difficult situation in Truck business, at least in emerging markets. The further development for full-year 2010 will remain challenging, given that seasonal conditions prevented any significant impetus in the final months of last year and that fundamental revenue weakness cannot be counteracted in the first half of the year in normal cycles. Additional problem situations are now also arising in Railway business since the development of infrastructure projects is progressing haltingly in some countries like Russia.

Given the weak revenues in Offroad business and the very slow recovery within the industry, we expect that the continued lack of demand from our customers will continue to hinder the performance of the Seating Systems division throughout 2010, despite our good market position. With implementation of the structure and capacity adjustment measures within GRAMMER AG in December 2009, further positive effects and a sustainable break-even structure will be achieved, so that modest improvement can be expected for the remaining quarters, although other restructuring costs will also result.

Outlook for full-year 2010 – GRAMMER Group
Although the positive signals appear to be increasing, the economic situation going forward still presents risks. For instance, revenues in the first quarter and indications for the second quarter are positive, but the short-term nature and volatility of orders has also increased. Customers remain cautious with forecasts and long-term order volumes. GRAMMER Group's business performance is also tied to macroeconomic and industry-specific conditions, and is thus largely dependent on external factors. Consequently, despite relatively stable performance, significant earnings and liquidity problems could result for the Company. After a difficult year in 2009, GRAMMER Group is expecting moderate revenue growth in the current fiscal year. Revenue performance for full-year 2010 will single-digit top previous-year levels, and is likely to improve in the coming months, as the positive trend in the Automotive division is being accompanied by stable revenues in Seating Systems. The central focus at the headquarters of GRAMMER Group in the coming months will be on conclusion of the capacity adjustment and fixed cost reduction measures. Based on the current state of the business and the somewhat more positive environment, the profit outlook is favorable for this fiscal year. The development of operating profit will further improve as a result of the implemented measures, and earnings for the total year will be positive after the losses of the previous year.

Summary statement by the Executive Board

In view of the business situation in the initial months of 2010, and in light of the gradually improving economic environment, our outlook on the performance of GRAMMER Group is cautiously optimistic. The initiated and completed restructuring measures and workforce reductions in 2009 will bring about cost advantages, which are expected to result in an operating profit for the fiscal year as a whole. In all, 2010 promises to be a positive year, despite the weak Offroad segment, also because the revenue stabilization in the fourth quarter of 2009 has already had a favorable impact and some low-level growth is expected in the Seating Systems division. With the stabilization of the economic environment, we also see the foundation for a successful turnaround and a profitable year in 2010, as well as a continuation of growth in revenue and earnings.

Opportunities and risks

In addition to the risks and opportunities to which we refer in the Management Report of the Annual Report for the fiscal year ended December 31, 2009, the facts described in the "Outlook" section of this report are currently relevant to the situation of the Company. This section contains forward-looking statements reflecting the opinions of the management of GRAMMER AG with respect to future events. These statements are based on the currently applicable plans, estimates and expectations of the Company. Consequently, they are subject to risks and factors of uncertainty. Moreover, there is an increased risk of bankruptcy among our suppliers, which our procurement department is attempting to mitigate through expanded monitoring activities.

Responsibility statement

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

Amberg, May 2010

GRAMMER AG

Executive Board

Consolidated Statement of Income as of March 31, 2010

EUR k

	01 – 03 2010	01 – 03 2009
Revenue	203,038	171,739
Cost of sales	−177,349	−155,610
Gross profit	25,689	16,129
Selling expenses	−6,684	−7,320
Administrative expenses	−16,943	−18,555
Other operating income	1,479	1,186
Operating profit/loss (–)	3,541	−8,560
Financial income	299	564
Financial expenses	−2,215	−1,949
Profit/loss (–) before income taxes	1,625	−9,945
Income taxes	−1,565	0
Net profit/loss (–)	60	−9,945
Of which attributable to:		
Shareholders of the parent company	63	−9,940
Non-controlling interests	−3	−5
	60	−9,945

Earnings/loss (–) per share

	01 – 03 2010	01 – 03 2009
Basic/diluted earnings/loss (–) per share in EUR	0.01	−0.98

Group Statement of Comprehensive Income as of March 31, 2010

EUR k

	01 – 03 2010	01 – 03 2009
Net profit/loss (–)	60	–9,945
Gains/losses (–) from currency translation for foreign subsidiaries		
Gains/losses (–) arising in the current period	–74	–394
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	0	0
Gains/losses (–) from currency translation by foreign subsidiaries (after tax)	–74	–394
Gains/losses (–) from Cash flow hedges		
Gains/losses (–) arising in the current period	0	–1,346
Less transfers recognized in the Income Statement	0	1,059
Tax expenses (–)/Tax income	0	–72
Gains/losses (–) from Cash flow hedges (after tax)	0	–359
Gains/losses (–) from net investments in foreign operations		
Gains/losses (–) arising in the current period	3,531	824
Less transfers recognized in the Income Statement	0	0
Tax expenses (–)/Tax income	–136	–100
Gains/losses (–) from net investments in foreign operations	3,395	724
Sum of income and expenses recognized directly in equity (after tax)	3,321	–29
Sum of income and expenses recognized in equity	3,381	–9,974
Of which attributable to:		
Shareholders of the parent company	3,379	–9,964
Non-controlling interests	2	–10

Consolidated Statement of Financial Position as of March 31, 2010

ASSETS

EUR k

	March 31, 2010	December 31, 2009
Non-current assets		
Property, plant and equipment	144,052	141,879
Intangible assets	50,107	49,836
Other financial assets	4,829	4,596
Deferred income tax assets	31,402	31,643
	230,390	**227,954**
Current assets		
Inventories	84,854	77,223
Trade accounts receivable	122,390	109,445
Other current financial assets	56,000	56,031
Property, plant and equipment held for sale	0	30
Income tax assets	754	1,709
Cash and short-term deposits	11,049	16,126
Other current assets	15,806	11,835
	290,853	**272,399**
Total assets	**521,243**	**500,353**

EQUITY AND LIABILITIES

EUR k

	March 31, 2010	December 31, 2009
Equity		
Subscribed capital	26,868	26,868
Capital reserve	58,237	58,237
Own shares	−7,441	−7,441
Retained earnings[1]	73,249	73,186
Accumulated other income[1]	2,992	−324
Equity attributable to shareholders of the parent company	**153,905**	**150,526**
Non-controlling interests	458	465
Total equity	**154,363**	**150,991**
Non-current liabilities		
Non-current financial liabilities	69,852	69,797
Other financial liabilities	8,151	8,078
Other liabilities	1,303	1,428
Retirement and benefit obligations	58,096	57,260
Deferred income tax liabilities	17,790	18,893
	155,192	**155,456**
Current liabilities		
Current financial liabilities	55,648	52,500
Trade accounts payable	87,378	86,193
Other current financial liabilities	2,744	2,461
Other current liabilities	56,139	42,988
Current income tax liabilities	2,165	1,904
Provisions	7,614	7,860
	211,688	**193,906**
Total liabilities	**366,880**	**349,362**
Total equity and liabilities	**521,243**	**500,353**

1 The prior-year figure has been revised. Please refer to the notes for an explanation.

Consolidated Statement of Cash Flow as of March 31, 2010

EUR k

	01 – 03 2010	01 – 03 2009
1. Cash flow form operating activities		
Profit/loss (–) before income taxes	1,625	–9,945
Non-cash items:		
Depreciation and impairment of property, plant and equipment	5,493	5,365
Amortization and impairment of intangible assets	794	869
Changes in provisions and pension provisions	–252	5,323
Other non-cash changes	–105	–453
Changes in net working capital		
Decrease/Increase (–) in trade accounts receivable and other receivables	–16,884	–4,606
Decrease/Increase (–) in inventories	–7,631	7,263
Decrease/Increase (–) in other assets	1,227	2,760
Decrease (–)/Increase in accounts payable and other liabilities	15,331	–9,177
Gains/losses from disposal of assets	–228	–207
Income taxes paid	0	0
Cash flow from operating activities	**–630**	**–2,808**
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–7,547	–8,007
Purchase of intangible assets	–892	–833
Purchase of investments	–227	–362
Disposals		
Disposal of property, plant and equipment	3,329	2,042
Disposal of intangible assets	0	–2
Disposal of investments	16	36
Interest received	299	564
Government grants received	0	0
Cash flow from investing activities	**–5,022**	**–6,562**
3. Cash flow from financing activities		
Dividend payments	0	0
Purchase of own shares	0	0
Repayment of bond	0	0
Changes in non-current liabilities to banks	56	0
Changes in current liabilities to banks	1,311	5,874
Changes in lease liabilities	–365	2,746
Interest paid	–2,264	–1,756
Cash flow from financing activities	**–1,262**	**6,864**
4. Cash and cash equivalents at end of period		
Net changes in cash and cash equivalents (sub-total of items 1 – 3)	–6,914	–2,506
Effects of exchange rate differences	0	0
Cash and cash equivalents as of January 1	–20,806	736
Cash and cash equivalents as of March 31	**–27,720**	**–1,770**
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	11,049	13,897
Securities	0	0
Bank overdrafts	–38,769	–15,667
Cash and cash equivalents as of March 31	**–27,720**	**–1,770**

Consolidated Statement of Changes in Equity as of March 31, 2010

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Accumulated other income: Cash Flow Hedges	Accumulated other income: Currency translation	Accumulated other income: Net investments in foreign subsidiaries	Total	Non-controlling interests	Group equity
As of January 1, 2010	26,868	58,237	73,186	−7,441	0	8,317	−8,641	150,526	465	150,991
Net profit/loss (–) for the period	0	0	63	0	0	0	0	63	−3	60
Other profit/loss (–) for the period	0	0	0	0	0	−79	3,395	3,316	5	3,321
Total net profit/loss (–)	0	0	63	0	0	−79	3,395	3,379	2	3,381
Dividends	0	0	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	−9	−9
As of March 31, 2010	26,868	58,237	73,249	−7,441	0	8,238	−5,246	153,905	458	154,363

as of March 31, 2009

EUR k

	Subscribed capital	Capital reserve	Revenue reserve	Own shares	Accumulated other income: Cash Flow Hedges	Accumulated other income: Currency translation	Accumulated other income: Net investments in foreign subsidiaries	Total	Non-controlling interests	Group equity
As of January 1, 2009	26,868	58,237	101,387	−7,441	−2,284	2,907	−7,218	172,456	526	172,982
Net profit/loss (–) for the period	0	0	−9,940	0	0	0	0	−9,940	−5	−9,945
Other profit/loss (–) for the period	0	0	0	0	−359	−389	724	−24	−5	−29
Total net profit/loss (–)	0	0	−9,940	0	−359	−389	724	−9,964	−10	−9,974
Dividends	0	0	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	−1	−1
As of March 31, 2009	26,868	58,237	91,447	−7,441	−2,643	2,518	−6,494	162,492	515	163,007

Selected Notes to the GRAMMER AG Consolidated Statement of Income for the Period from January 1 to March 31, 2010 and the Consolidated Statement of Financial Position as of March 31, 2010

Accounting

GRAMMER AG prepared its consolidated financial statements for fiscal year 2009 and the present interim financial statements for the period ended March 31, 2010 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, 2010, 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 2009. 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, 2010, 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, 2010. Furthermore, there are currently individual pronouncements by the IASB that have yet to be endorsed by the European Commission and, as such, it should be noted that the figures presented in this report are preliminary and subject to change. The new or revised standards and interpretations of the IASB and IFRIC that came into effect on January 1, 2010 did not have a significant impact on the net assets, financial position and earnings performance of the Company, or were not relevant to the preparation of the consolidated financial statements and will generally result in additional information in the notes or changes in the form of presentation. The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made for certain items, which affect the carrying amounts in the consolidated statement of financial position and the consolidated income statement, as well as the data on contingent assets and liabilities.

The present interim consolidated financial statements have not been audited and contain all customary and ongoing adjustments necessary to provide a true and fair representation of the Company's business development in the periods under review. The results for the first of 2010 are no necessarily indicative of future business development.

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

Accounting and valuation principles

In preparing the interim financial statements for the period ended March 31, 2010, and the comparative prior-year figures, the same accounting and valuation methods and principles of consolidation were applied as for the consolidated financial statements for the year ended December 31, 2009. These principles and methods are described in detail in the notes to the 2009 consolidated financial statements, which were published in their entirety in the 2009 annual report. For 2010, the IASB has published additonal standards and interpretations that, from the current perspective, will have no significant effect on the consolidated financial statements.

Estimates and assumptions

In preparing the interim consolidated financial statements, discretionary decisions, assumptions and estimates have to be made to a certain degree, which have an impact on the measurement and recognition of reported assets and liabilities, income and expenses and contingent liabilities in the reporting period. Actual amounts may deviate from these estimates.

Scope of consolidation

In addition to GRAMMER AG, the scope of consolidation includes five domestic and seventeen foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of 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 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, 2010.

Currency translation

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

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

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

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

		Average rate		Closing rate	
		01 – 03 2010	01 – 03 2009	March 31, 2010	March 31, 2009
Argentina	ARS	0.188	0.214	0.191	0.203
Brazil	BRL	0.401	0.326	0.416	0.324
Bulgaria	BGN	0.511	0.511	0.511	0.511
China	CNY	0.106	0.111	0.109	0.110
United Kingdom	GBP	1.131	1.089	1.124	1.075
India	INR	0.016	0.015	0.017	0.015
Japan	JPY	0.008	0.008	0.008	0.008
Canada	CAD	0.690	0.610	0.731	0.600
Mexico	MXN	0.056	0.053	0.060	0.053
Poland	PLN	0.250	0.222	0.259	0.213
Russia	RUB	0.024	0.022	0.025	0.022
Switzerland	CHF	0.685	0.669	0.700	0.659
Serbia	RSD	0.010	0.011	0.010	0.011
Czech Republic	CZK	0.038	0.036	0.039	0.036
Turkey	TRY	0.477	0.463	0.488	0.449
USA	USD	0.722	0.759	0.742	0.750

Revenue

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

EUR k

	01 – 03 2010	01 – 03 2009
Gross revenue	203,557	172,555
Sales deductions	–519	– 816
Net revenue	203,038	171,739

Revenue as of March 31, 2010 of EUR 203,038 thousand includes contract revenue of EUR 2,515 thousand (01 – 03 2009: 5,988) determined using the PoC method. These revenues relate to development activities as well as operating funds that must be expensed and financed by GRAMMER Group until a product reaches serial production and generates initial revenues. These are primarily attributable to the Automotive division.

Other income

Other operating income totaling EUR 1,479 thousand as of March 31, 2010 (01 – 03 2009: 1,186) includes income from the reversal of provisions and proceeds from the sale of scrap metal and materials handling costs, as well as proceeds from the sale of property, plant and equipment.

Financial result

EUR k

	01 – 03 2010	01 – 03 2009
Financial income	299	564
Financial expenses	–2,215	– 1,949
Financial result	–1,916	– 1,385

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

Cost of sales

The cost of sales includes the manufacturing costs attributable to sales and the cost of merchandise. This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses. The expenditure required to set up reserves for warranty purposes is covered by this item as well. The cost of sales also includes non-capitalized research and development costs as well as amortization of development costs. Expenses relating to the development and expansion of plant locations in preparation for forthcoming series production („industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Development in the Seating Systems division is generally performed on a „design to market" basis, with the corresponding costs recognized accordingly. The costs of inventories as of March 31, 2010, which are recognized as an expense in cost of sales amount to EUR 168,694 thousand (01 – 03 2009: 147,203).

Selling expenses

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

Administrative expenses

Administrative expenses include all administrative expenditure which cannot be assigned directly to other functions, including expenditure for general administration, management and other staff departments. This item also includes income from exchange rate fluctuations during the period to March 31, 2010 in the amount of EUR 3,337 thousand (01 – 03 2009: 6,945) and mainly relates to foreign exchange gains between the origination and settlement of foreign currency receivables and liabilities as well as foreign exchange gains resulting from measurement at the balance sheet date. Foreign exchange losses amounting to EUR 1,678 thousand (01 – 03 2009: 6,245) are also recognized under other administrative expenses.

Earnings per share

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

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

	01 – 03 2010	01 – 03 2009
Weighted average number of no-par value shares used to calculate basic/diluted earnings per share	10,165,109	10,165,109
Consolidated net profit/loss (–) (in EUR thousand)	63	–9,940
Basic/diluted earnings/loss (–) per share in EUR	0.01	–0.98

No transactions involving no-par value shares or potential no-par value shares of the Group were effected in the period between the reporting date and preparation of the consolidated financial statements. No changes or further acquisitions of own shares occurred as of March 31, 2010.

Intangible assets

Intangible assets include capitalized goodwill as well as capitalized development costs. In the period under review, EUR 892 thousand were invested in licenses and software. Amortization costs totaled EUR 793 thousand (01 – 03 2009: 869).

Property, plant and equipment

In the period to March 31, 2010, EUR 7,547 thousand was invested in property, plant and equipment. Depreciation in the same period totaled EUR 5,492 thousand (01 – 03 2009: 5,365).

Inventories

The rise in inventories to EUR 84.9 million (2009: 77.2) is primarily attributable to the marginal recovery of business activities. All inventories are carried at cost. There were no significant write-downs to the lower fair value.

Trade accounts receivable

The EUR 122.4 million (2009: 109.4) in trade accounts receivable can be attributed to revenue performance in the last month. The fair values of trade accounts receivables are equal to their carrying amount. There are no restrictions on ownership or disposition.

Other current financial assets

Other current financial assets primarily consist of receivables from construction contracts amounting to EUR 54.8 million (2009: 55.0), as well as other receivables in the amount of EUR 1.2 million (2009: 1.0).

Other current assets

Other current assets of EUR 15.8 million (2009: 11.8) include other assets totaling EUR 11.7 million (2009: 9.6) and prepaid expenses totaling EUR 4.1 million (2009: 2.2). Other assets primarily comprise pass-through tax claims such as value added tax, receivables from employees and receivables due from creditors with debit balances.

Subscribed capital
As of December 31, 2009 and March 31, 2010, subscribed capital of GRAMMER Group amounted to EUR 26,868 thousand divided into 10,495,159 no-par value shares. All shares accord the same rights; shareholders have a right to payment of the defined dividend and may exercise one vote for each share at the Annual General Meeting.

Capital reserve
The capital reserve amounted to EUR 58,237 thousand (2009: 58,237) as of March 31, 2010. The capital reserve includes share premiums from the capital increase in 1996 and 2001.

Revenue reserves
The statutory reserve of GRAMMER AG totaled EUR 1,183 thousand (2009: 1,183) as of March 31, 2010, and is not available for the payment of dividends.

Revenue reserves reflect income earned in the past by the companies included in consolidation, provided such income was not paid out as dividends. As a result of the profit for the quarter, retained earnings increase slightly year-over-year from EUR 73,186 thousand to EUR 73,249 thousand.

Accumulated other income
Accumulated other income mainly comprise differences arising from the translation of the financial statements of foreign subsidiaries through equity and the effects of cash flow hedges, as well as adjustments from net investments in accordance with IAS 21 and the related deferred taxes.

Dividends
The Company distributes dividends in accordance with section 58 (2) AktG based on net profit in the financial statements of GRAMMER AG, which are prepared according to the German Commercial Code. GRAMMER AG posted a net loss of EUR – 19.8 million as of December 31, 2009. This took into account profit of EUR 10.3 million carried forward, the allocation of EUR 7.3 million to other revenue reserves, as well as the withdrawal of EUR 0.3 million from the reserve for own shares transferred to other revenue reserves. Due to the statutorily mandated assumption of loss utilization, the net loss as of December 31, 2009 will be carried forward. No dividend was paid in the reporting year. In the context of dividend decisions, it must be noted that the Company holds 330,050 non-dividend paying own shares.

Own shares
As of December 31, 2009, GRAMMER AG holds a total of 330,050 own shares, all of which were acquired in fiscal year 2006 for a total purchase price of EUR 7,441 thousand. These shares have a total value of EUR 884,928 and represent 3.1448 % of share capital.

Authorizations
The 2006 Annual General Meeting authorized the Executive Board, subject to approval by the Supervisory Board, to increase share capital up to a total of 13,433,803.52 EUR through one or more issuances of bearer shares for a period of five years after entry of the change to the Articles of Association in the commercial register through August 25, 2011. The entry of the change was carried out on August 25, 2006. In addition, the Annual General Meeting on May 28, 2009 also resolved to authorize acquisition of the Company's own shares amounting to no more than 10 % of the share capital up to May 27, 2014, provided that the German Act to Implement the Shareholders' Rights Directive (ARUG) enters into force and, alternatively, to authorize acquisition of the Company's own shares amounting to no more than 10 % of the share capital up to November 27, 2010 in the event that ARUG does not enter into force in time or at all, or in case ARUG should enter into force with content that does not cover the resolution according to ARUG, and to authorize the issuance of profit-participation rights with or without option or conversion obligations and/or bonds with warrants and/ or convertible bonds and to exclude subscription rights, in addition to simultaneously creating contingent capital and amending the Articles of Association. These resolutions by the Annual General Meeting were challenged with a total of three actions for the declaration of nullity/actions to set aside the resolutions. To the extent that amendments to the Articles of Association were carried out on the basis of the ARUG, these were not submitted by the Company for entry into the commercial register as a result of these challenges.

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

The increase in pension obligations and similar obligations to EUR 58.1 million (2009: 57.3) is due to existing commitments. The pension expense for the interim period is calculated on a year-to-date basis using a preliminary estimate based on the previous year's expert opinion adjusted to reflect significant events.

Current liabilities
Current financial liabilities totaling EUR 55.6 million are slightly higher than the prior-year level (2009: 52.5) as a result of business developments. They include amounts drawn as overdrafts on existing lines of credit on which interest is charged at a money market rate plus a fixed credit margin.

Other current liabilities of EUR 56.1 million are substantially higher than the prior-year level (2009: 43.0) as a result of business developments. This item consists primarily of social security obligations owed to social security authorities and liabilities to employees from outstanding leave, overtime, flextime etc. as well as liabilities relating to value added tax.

Tax liabilities principally comprise income taxes for fiscal 2009 and the first three month of 2010.

Provisions contain amounts allocated for risks from the sale of parts and products, including development. These primarily comprise warranty claims calculated on the basis of previous claims and estimated future claims. This item also includes provisions for rebates, bonuses etc. that must be granted based on legal or constructive obligations and are payable after the reporting date but caused by sales prior to the reporting date. Additionally, it comprises costs for Group restructuring.

Other provisions contain obligations related to personnel and social benefits such as partial retirement schemes and anniversary bonuses, as well as a number of identifiable specific risks and contingent liabilities, such as provisions for litigation costs, which are recognized at their probable amounts.

Statement of Cash Flow

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

Segment Reporting

Segment information

For the purpose of management control, the Group is organized into operating segments by relevant products and services. The breakdown of segments is based on the corresponding internal organizational and reporting structure. The Group comprises two reportable segments:

The **Automotive** division is the segment involved in development and production of headrests, armrests, center consoles and integrated child safety seats, seat coverings and side upholstery elements. The segment is a supplier to automotive OEMs, particularly in the luxury and premium segments, as well as their Tier 1 Suppliers.

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

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

The relevant information on the Group's operating segments can also be found in the Consolidated Financial Statements for the year ended December 31, 2009. The segment information is as follows:

Operating segments

EUR k

Fiscal year as of March 31, 2010	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	67,041	135,997	0	203,038
Inter-segment revenue	4,766	350	−5,116[1]	0
Total revenue	71,807	136,347	−5,116	203,038
Segment earnings (Operating profit)	911	3,661	−1,031	3,541
Segment assets	150,224	325,445	45,574	521,243

EUR k

Fiscal year as of March 31, 2009	Seating Systems	Automotive	Central Services/ Reconciliation	GRAMMER Group
Revenue to external customers	67,236	104,503	0	171,739
Inter-segment revenue	2,283	245	−2,528[1]	0
Total revenue	69,519	104,748	−2,528	171,739
Segment earnings (Operating profit)	1,195	−5,976	−3,779	−8,560
Segment assets	153,588	282,934	41,156	477,678

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

Reconciliation:

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

EUR k	01 – 03 2010	01 – 03 2009
Segment earnings (Operating profit)	4,572	–4,781
Central Services	–1,381	–3,900
Eliminations	350	121
Group earnings (Operating profit)	3,541	–8,560
Financial result	–1,916	–1,385
Profit/loss (–) before income taxes	1,625	–9,945

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

Related party disclosures

The following table details transactions with related parties as of March 31, 2010 and 2009:

EUR k Related parties		Sales to related parties	Purchase to related parties	Receivables from related parties	Liabilities to related parties
Jointly-controlled entities in which the parent is a venturer:					
GRA-MAG Truck Interior Systems LLC	2010	1	0	8,719	0
	2009	7	0	8,396	0

Contingent liabilities

As of March 31, 2010, guarantees existed in the amount of EUR 973 thousand, primarily for leased offices and as contract guarantees to ensure against breaches of contract.

Events after the balance sheet date

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

Financial Calendar and Trade Fair Dates 2010

Important dates for shareholders and analysts

Interim Report, first quarter 2010	05/11/2010
Annual General Meeting 2010 Location: ACC (Amberger Congress Centrum), 92224 Amberg	05/19/2010
Interim report, second quarter and half-year 2010	08/10/2010
Interim Report, third quarter 2010	11/09/2010

Trade fair dates

Interboot, Friedrichshafen	09/18 – 09/26/2010
Innotrans, Berlin	09/21 – 09/24/2010
IAA Nutzfahrzeuge, Hannover	09/23 – 09/30/2010
IZB, Wolfsburg	10/06 – 10/08/2010
GIE Expo, Louisville, USA	10/28 – 10/30/2010
BAUMA China, Shanghai	11/23 – 11/26/2010

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