Commercial Vehicle Group, Inc.
Form 10-Q
November 07, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 000-50890
COMMERCIAL VEHICLE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**41-1990662**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7800 Walton Parkway **New Albany, Ohio**	**43054**
(Address of principal executive offices)	(Zip Code)

(614) 289-5360
(Registrant s telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o	Smaller reporting company o

(Do not check is a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o Noþ

The number of shares outstanding of the Registrant s common stock, par value $.01 per share, at September 30, 2008 was 21,536,814 shares.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q

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ITEM 1 FINANCIAL STATEMENTS

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)
	(In thousands, except per share amounts)			
REVENUES	$ 192,860	$ 160,918	$ 599,104	$ 518,285
COST OF REVENUES	175,952	143,099	538,023	457,578
Gross Profit	16,908	17,819	61,081	60,707
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,983	14,665	47,761	44,829
GAIN ON SALE OF LONG-LIVED ASSET			(6,075)	
AMORTIZATION EXPENSE	379	169	1,065	531
RESTRUCTURING CHARGES		182		1,180
Operating Income	546	2,803	18,330	14,167
OTHER (INCOME) EXPENSE	(72)	4,339	5,840	4,556
INTEREST EXPENSE	3,708	3,242	11,407	10,415
LOSS ON EARLY EXTINGUISHMENT OF DEBT				149
(Loss) Income Before Provision for Income Taxes	(3,090)	(4,778)	1,083	(953)
(BENEFIT) PROVISION FOR INCOME TAXES	(487)	(2,096)	131	(999)
NET (LOSS) INCOME	$ (2,603)	$ (2,682)	$ 952	$ 46
(LOSS) EARNINGS PER COMMON SHARE:				
Basic	$ (0.12)	$ (0.13)	$ 0.04	$ 0.00
Diluted	$ (0.12)	$ (0.13)	$ 0.04	$ 0.00

WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	21,537	21,438	21,537	21,413
Diluted	21,537	21,438	21,700	21,640

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (Unaudited)		December 31, 2007 (Unaudited)	
	(In thousands except share and per share amounts)			
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	7,922	$	9,867
Accounts receivable, net of reserve for doubtful accounts of $3,703 and $3,758, respectively		128,053		107,687
Inventories, net		97,456		96,385
Prepaid expenses		12,020		16,508
Deferred income taxes		17,218		12,989
Total current assets		262,669		243,436
PROPERTY, PLANT AND EQUIPMENT, net		94,119		98,258
GOODWILL		153,273		151,189
INTANGIBLE ASSETS, net of accumulated amortization of $2,723 and $1,687, respectively		96,239		97,575
OTHER ASSETS, net		11,706		8,631
TOTAL ASSETS	$	618,006	$	599,089
LIABILITIES AND STOCKHOLDERS INVESTMENT				
CURRENT LIABILITIES:				
Current maturities of long-term debt	$	120	$	116
Accounts payable		100,955		93,033
Accrued liabilities		36,595		33,115
Total current liabilities		137,670		126,264
LONG-TERM DEBT, net of current maturities		159,510		159,609
DEFERRED TAX LIABILITIES		27,770		27,076
PENSION AND OTHER POST-RETIREMENT BENEFITS		15,456		18,335
OTHER LONG-TERM LIABILITIES		11,544		2,470
Total liabilities		351,950		333,754
COMMITMENTS AND CONTINGENCIES (Note 12)				
STOCKHOLDERS INVESTMENT:				
Common stock $.01 par value; 30,000,000 shares authorized; 21,536,814 and 21,536,814 shares issued and outstanding, respectively		215		215
Treasury stock purchased from employees; 28,153 shares		(414)		(414)

Additional paid-in capital		180,321		177,421
Retained earnings		89,770		88,818
Accumulated other comprehensive loss		(3,836)		(705)
Total stockholders investment		266,056		265,335
TOTAL LIABILITIES AND STOCKHOLDERS INVESTMENT	$	618,006	$	599,089

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2008 (Unaudited)	2007 (Unaudited)
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 952	$ 46
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,165	11,789
Noncash amortization of debt financing costs	685	644
Loss on early extinguishment of debt		149
Share-based compensation expense	2,900	2,246
(Gain) loss on sale of long-lived assets	(5,945)	133
Deferred income tax (benefit) provision	(3,951)	1,681
Noncash loss on forward exchange contracts	5,786	5,048
Change in other operating items	(7,588)	9,214
Net cash provided by operating activities	7,004	30,950
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(10,978)	(11,229)
Proceeds from disposal/sale of property, plant and equipment	7,470	102
Post-acquisition and acquisitions payments, net of cash received	(2,083)	(817)
Other assets and liabilities	(956)	(498)
Net cash used in investing activities	(6,547)	(12,442)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock under equity incentive plans		463
Excess tax benefit from equity incentive plans		73
Repayment of revolving credit facility	(146,500)	(72,984)
Borrowings under revolving credit facility	146,500	82,987
Repayments of long-term borrowings		(10,295)
Payments on capital lease obligations	(96)	(94)
Debt issuance costs and other, net	(251)	
Net cash (used in) provided by financing activities	(347)	150
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,055)	(404)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,945)	18,254
CASH AND CASH EQUIVALENTS:		
Beginning of period	9,867	19,821
End of period	$ 7,922	$ 38,075

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 12,651	$ 12,790
Cash received for income taxes, net	$ (4,031)	$ (4,371)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of Business and Basis of Presentation

Commercial Vehicle Group, Inc. and its subsidiaries (CVG , Company or we) design and manufacture seat systems, interior trim systems (including instrument and door panels, headliners, cabinetry, molded products and floor systems), cab structures and components, mirrors, wiper systems, electronic wiring harness assemblies and controls and switches for the global commercial vehicle market, including the heavy-duty truck market, the construction, military, bus, agriculture and specialty transportation market. We have facilities located in the United States in Arizona, Indiana, Illinois, Iowa, North Carolina, Ohio, Oregon, Tennessee, Virginia and Washington and outside of the United States in Australia, Belgium, China, Czech Republic, Mexico, Ukraine and the United Kingdom.

We have prepared the condensed consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of operations and statements of financial position for the interim periods presented. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to make the information presented not misleading when read in conjunction with our fiscal 2007 consolidated financial statements and the notes thereto included in Part II, Item 8 of our Annual Report on Form 10-K as filed with the SEC. Unless otherwise indicated, all amounts are in thousands except per share amounts.

Revenues and operating results for the three months ended September 30, 2008 are not necessarily indicative of the results to be expected in future operating quarters.

2. Recently Issued Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a common definition for fair value to be applied to U.S. GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS No. 157 on January 1, 2008. The adoption did not have a material impact on our consolidated financial position and results of operations.

In February 2008, the FASB issued FASB Staff Position (FSP) No. 157-1 and No. 157-2. FSP No. 157-1 amends SFAS No. 157 to exclude SFAS No. 13 and its related interpretive accounting pronouncements that address leasing transactions. FSP No. 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 and interim periods with those fiscal years for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) until January 1, 2009 for calendar year end entities. We have adopted FSB No. 157-2 except as it applies to non-financial assets and liabilities as noted. We are currently evaluating the effect that the adoption, as it relates to non-financial assets and liabilities, will have on our consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159, which amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, allows certain financial assets and liabilities to be recognized, at our election, at fair market value with any gains or losses for the period recorded in the statement of income. We adopted SFAS No. 159 on January 1, 2008 and have elected not to measure any additional financial instruments and other items at fair value. The adoption did not have a material impact on our consolidated financial position and results of operations

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS No. 158 requires an employer to recognize the funded status of defined benefit pension and other post-retirement benefit plans as an asset or liability in our consolidated balance sheets and to recognize changes in that funded status in the year in

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which the changes occur through accumulated other comprehensive income in stockholders investment. SFAS No. 158 also requires that, beginning in 2008, our assumptions used to measure our annual defined benefit pension and other post-retirement benefit plans be determined as of the balance sheet date, and all plan assets and liabilities be reported as of that date. Currently, the assumptions used to measure our annual defined benefit pension and other post-retirement benefit plan expenses are determined as of October 1 or December 31 (measurement dates) for our various plans, and all plan assets and liabilities are generally reported as of those dates. We are currently assessing the impact of the measurement date change of SFAS No. 158 on our consolidated financial position and results of operations.

In April 2007, FASB issued FSP FIN 39-1, *Amendment of FASB Interpretation No. 39.* FSP FIN No. 39-1 amends FIN No. 39, *Offsetting of Amounts Related to Certain Contracts*, by permitting entities that enter into master netting arrangements as part of their derivative transactions to offset in their financial statements net derivative positions against the fair value of amounts (or amounts that approximate fair value) recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements. FSP FIN No. 39-1 is effective for fiscal years beginning after November 15, 2007. We elected not to net fair value amounts for our derivative instruments or the fair value amounts recognized for our right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. The adoption of FSP FIN No. 39-1 did not have a material impact on our consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, and SFAS No. 160, *Noncontrolling Interests in Consolidated Finance Statements*, an amendment of ARB No. 51. SFAS No. 141(R) will change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS No. 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. Early adoption is prohibited for both standards. The provisions of SFAS No. 141(R) and SFAS No. 160 are effective for our 2009 fiscal year beginning January 1, 2009, and are to be applied prospectively.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, *an Amendment of FASB No. 133. S*FAS No. 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity s derivative instruments and hedging activities and their effects on the entity s financial position, financial performance, and cash flows. SFAS No. 161 applies to all derivative instruments within the scope of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* SFAS No. 161 also applies to non-derivative hedging instruments and all hedged items designated and qualifying under SFAS No. 133. SFAS No. 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). The objective of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other principles of GAAP. This FSP applies to all intangible assets, whether acquired in a business combination or otherwise, and shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and applied prospectively to intangible assets acquired after the effective date. Early adoption is prohibited.

In June 2008, the FASB issued FSP Emerging Issues Task Force (EITF) Issue No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. The FSP concludes that unvested share-based payment awards that contain rights to receive nonforfeitable dividends or dividend equivalents are participating securities, and thus, should be included in the two-class method of computing earnings per share (EPS). This FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years and requires that all prior period EPS be adjusted retroactively. This FSP is not anticipated to have an impact on our consolidated financial position and results of operations.

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3. Fair Value Measurement

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective as of the beginning of our 2008 fiscal year. However, the FASB deferred the effective date of SFAS No. 157, until the beginning of our 2009 fiscal year, as it relates to fair value measurement requirements for nonfinancial assets and liabilities that are not remeasured at fair value on a recurring basis. These include goodwill, other nonamortizable intangible assets and unallocated purchase price for recent acquisitions, which are included within other assets.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Unobservable inputs reflecting management s own assumptions about the inputs used in pricing the asset or liability.

As of September 30, 2008, the fair values of our financial assets and liabilities are categorized as follows:

	Total	Level 1	Level 2	Level 3
Derivative assets (1)	$ 1,950	$	$ 1,950	$
Deferred compensation (2)	1,435	1,435		
Total assets	$ 3,385	$ 1,435	$ 1,950	$
Derivative liabilities (1)	$ 9,233	$	$ 9,233	$

(1) Based on observable market transactions of spot and forward rates.

(2) Deferred compensation includes mutual funds and cash equivalents for payment of certain non-qualified benefits for employees.

4. Restructuring Activities

On May 22, 2007, our Board of Directors approved the closing of our Seattle, Washington facility and transfer of operations to existing plants throughout the United States in order to improve customer service and strengthen our long-term competitive position. The decision to close the Seattle facility and redistribute the work was the result of a long-term analysis of changing market requirements, including the consolidation of product lines and closer proximity to customer operations. The closure was substantially completed as of December 31, 2007. We estimate that we will record in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, total charges of approximately $1.6 million, consisting of employee related costs of approximately $0.6 million and facility exit and other contractual costs of approximately $1.0 million. We have incurred costs of approximately $1.4 million in the 12 months ended December 31, 2007 consisting of approximately $0.8 million of employee related costs, $0.5 million of facility exit and other contractual costs and $0.1 million in noncash expense related to the write-down of certain assets. For the nine months ended September 30, 2008, we have incurred approximately $0.5 million of facility exit and contractual costs, which were offset by reduced employee related costs and noncash write-down of certain assets of approximately $0.2 and $0.1 million, respectively. A summary of the restructuring activities as of September 30, 2008 is as follows (in thousands):

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		Employee Costs
Balance December 31, 2007	$	646
Provision adjustment		(206)
Deductions for payments made		(416)
Balance September 30, 2008	$	24

As part of our restructuring activities, we sold the land and building of our Seattle, Washington facility with a carrying value of approximately $1.2 million for $7.3 million and recognized a gain on the sale of long-lived assets of approximately $6.1 million for the nine months ended September 30, 2008.

5. Share-Based Compensation

Stock Option Grants and Restricted Stock Awards

In November 2005, 168,700 shares of restricted stock and in November 2006, 207,700 shares of restricted stock were awarded by our compensation committee under our Amended and Restated Equity Incentive Plan. Restricted stock is a grant of shares of common stock that may not be sold, encumbered or disposed of, and that may be forfeited in the event of certain terminations of employment prior to the end of a restricted period set by the compensation committee. The shares of restricted stock granted in November 2005 vest ratably in three equal annual installments commencing on October 20, 2006. The shares of restricted stock granted in November 2006 vest ratably in three equal annual installments commencing on October 20, 2007. A participant granted restricted stock generally has all of the rights of a stockholder, unless the compensation committee determines otherwise.

In February 2007, 10,000 shares of restricted stock and in March 2007, 10,000 shares of restricted stock were awarded by our compensation committee under our Amended and Restated Equity Incentive Plan. The shares of restricted stock granted in February 2007 and March 2007 vest ratably in three equal annual installments commencing on October 20, 2007.

In October 2007, 328,900 shares of restricted stock were awarded by our compensation committee under our Second Amended and Restated Equity Incentive Plan. The shares of restricted stock granted in October 2007 vest ratably in three equal annual installments commencing on October 20, 2008.

As of September 30, 2008, there was approximately $4.3 million of unearned compensation related to non-vested share-based compensation arrangements granted under our Second Amended and Restated Equity Incentive Plan. This expense is subject to future adjustments for vesting and forfeitures and will be recognized on a straight-line basis over the remaining period of one month for the November 2005 awards, 13 months for the November 2006, February 2007 and March 2007 awards and 25 months for the October 2007 awards, respectively.

We currently estimate the forfeiture rate for our restricted stock grants at 9.1% for all participants in the plan.

The following table summarizes information about the non-vested restricted stock grants as of September 30, 2008:

	Shares (000 s)		Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2007	520	$	16.94
Granted			
Vested			
Forfeited	(7)		14.94
Nonvested at September 30, 2008	513	$	16.96

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The following table summarizes information about the stock options granted in 1998 and 2004 as of September 30, 2008 and changes during the nine-month period ending September 30, 2008:

Stock Options	Options (000 s)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (000 s)
Outstanding at December 31, 2007	750	$ 12.45	6.5	$ 2,013
Granted				
Exercised				
Forfeited				
Oustanding at September 30, 2008	750	$ 12.45	5.8	$ 1,058
Exercisable at September 30, 2008	750	$ 12.45	5.8	$ 1,058

As of September 30, 2008, 806,049 shares of the 2.0 million shares authorized for issuance were available for issuance under our Second Amended and Restated Equity Incentive Plan, including cumulative forfeitures.

6. Stockholders Investment

Common Stock Our authorized capital stock consists of 30,000,000 shares of common stock with a par value of $0.01 per share.

Preferred Stock Our authorized capital stock consists of 5,000,000 shares of preferred stock with a par value of $0.01 per share, with no shares outstanding as of September 30, 2008.

Earnings Per Share In accordance with SFAS No. 128, *Earnings per Share*, as amended, basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share, and all other diluted per share amounts presented, is determined by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period as determined by the Treasury Stock Method, as amended, in SFAS No. 123(R), *Share Based Payment*. Potential common shares are included in the diluted earnings per share calculation when dilutive. Diluted earnings per share for the three and nine months ended September 30, 2008 and 2007 includes the effects of potential common shares consisting of common stock issuable upon exercise of outstanding stock options and for September 30, 2008, the effect of non-vested restricted stock (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net (loss) income applicable to common shareholders basic and diluted	$ (2,603)	$ (2,682)	$ 952	$ 46
Weighted average number of common shares outstanding	21,537	21,438	21,537	21,413
Dilutive effect of outstanding stock options and restricted stock grants after application of the treasury stock method			163	227
Dilutive shares outstanding	21,537	21,438	21,700	21,640
Basic (loss) earnings per share	$ (0.12)	$ (0.13)	$ 0.04	$ 0.00

Diluted (loss) earnings per share	$ (0.12)	$ (0.13)	$ 0.04	$ 0.00

For the three months ended September 30, 2008, diluted loss per share excludes approximately 211 thousand of outstanding stock options and non-vested restricted stock, as the effect would have been antidilutive. For the three months ended September 30, 2007, diluted loss per share excludes approximately 121 thousand of outstanding stock options and non-vested restricted stock, as the effect would have been antidilutive.

Dividends We have not declared or paid any cash dividends in the past. The terms of our senior credit agreement restricts the payment or distribution of our cash or other assets, including cash dividend payments.

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7. Accounts Receivable

Trade accounts receivable are stated at historical value less an allowance for doubtful accounts, which approximates fair value. This estimated allowance is based primarily on management s evaluation of specific balances as the balances become past due, the financial condition of our customers and our historical experience of write-offs. If not reserved through specific identification procedures, our general policy for uncollectible accounts is to reserve at a certain percentage threshold, based upon the aging categories of accounts receivable. Past due status is based upon the due date of the original amounts outstanding. When items are ultimately deemed uncollectible, they are charged off against the reserve previously established in the allowance for doubtful accounts.

8. Inventories

Inventories are valued at the lower of first-in, first-out (FIFO) cost or market. Cost includes applicable material, labor and overhead. Inventories consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Raw materials	$ 60,505	$ 62,129
Work in process	23,236	19,811
Finished goods	19,626	19,862
Less excess and obsolete	(5,911)	(5,417)
	$ 97,456	$ 96,385

Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on our estimated production requirements driven by current market volumes. Excess and obsolete provisions may vary by product depending upon future potential use of the product.

9. Goodwill and Intangible Assets

Goodwill represents the excess of acquisition purchase price over the fair value of net assets acquired. We review goodwill and indefinite-lived intangible assets for impairment annually in the second fiscal quarter and whenever events or changes in circumstances indicate the carrying value may not be recoverable in accordance with SFAS No. 142, *Goodwill and Intangible Assets*. We review definite-lived intangible assets in accordance with the provisions of SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets.*

The provisions of SFAS No. 142 require that a two-step impairment test be performed on goodwill. In the first step, we compare the fair value of our reporting unit to our carrying value. Our reporting unit is consistent with the reportable segment identified in Note 8 to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2007. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit s goodwill. If the carrying value of a reporting unit s goodwill exceeds the implied fair value, then we would record an impairment loss equal to the difference. SFAS No. 142 also requires that the fair value of the purchased intangible assets with indefinite lives be estimated and compared to the carrying value. We estimate the fair value of these intangible assets using an income approach. We recognize an impairment loss when the estimated fair value of the intangible asset is less than the carrying value. In this regard, management considers the following indicators in determining if events or changes in circumstances have occurred indicating that the recoverability of the carrying amount of indefinite-lived and amortizing intangible assets should be assessed: (1) a significant decrease in the market value of an asset; (2) a significant change in the extent or manner in which an asset is used or a significant physical change in an asset; (3) a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator; (4) an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset; and (5) a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue. Our annual goodwill and indefinite-lived intangible asset analysis was performed during the second quarter of fiscal 2008 and did not result in an impairment charge.

Annually, or more frequently if events or circumstances change, a determination is made by management, in accordance with SFAS No. 144, to ascertain whether property and equipment and certain definite-lived intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, we will recognize an impairment loss in an amount necessary to write down the assets to fair value as determined from expected future discounted cash flows.

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Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. The valuation approaches we use include the Income Approach (the Discounted Cash Flow Method) and the Market Approach (the Guideline Company and Transaction Methods) to estimate the fair value of the reporting unit; earnings are emphasized in the Discounted Cash Flow, Guideline Company, and the Transaction Methods. In addition, these methods utilize market data in the derivation of a value estimate and are forward-looking in nature. The Discounted Cash Flow Method utilizes a market-derived rate of return to discount anticipated performance, while the Guideline Company Method and the Transaction Method incorporate multiples that are based on the market s assessment of future performance. Actual future results may differ materially from those estimates.

Our intangible assets as of September 30, 2008 and December 31, 2007 were comprised of the following (in thousands):

	September 30, 2008				December 31, 2007			
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:								
Tradenames/Trademarks	30 years	$ 9,790	$ (1,160)	$ 8,630	30 years	$ 9,790	$ (915)	$ 8,875
Licenses	7 years	438	(359)	79	7 years	438	(313)	125
Customer relationships	15 years	13,846	(1,145)	12,701	15 years	14,234	(459)	13,775
Non-compete agreement	1.5 years	88	(59)	29	N/A			
		$ 24,162	$ (2,723)	$ 21,439		$ 24,462	$ (1,687)	$ 22,775
Indefinite-lived intangible assets:								
Goodwill		$ 153,273	$	$ 153,273		$ 151,189	$	$ 151,189
Customer relationships		74,800		74,800		74,800		74,800
		$ 228,073	$	$ 228,073		$ 225,989	$	$ 225,989
Total consolidated goodwill and intangible assets				$ 249,512				$ 248,764

The aggregate intangible asset amortization expense was approximately $0.4 million and $0.1 million, respectively, for the three months ended September 30, 2008 and 2007 and approximately $0.9 million and $0.5 million, respectively, for the nine months ended September 30, 2008 and 2007.

The estimated intangible asset amortization expense for the fiscal year ending December 31, 2008, and for the five succeeding years is as follows (in thousands):

Fiscal Year Ended December 31,	Estimated Amortization Expense
2008	$ 1,379
2009	$ 1,327
2010	$ 1,249
2011	$ 1,249
2012	$ 1,249
2013	$ 1,249

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The changes in the carrying amounts of goodwill for the nine months ended September 30, 2008, were comprised of the following (in thousands):

Balance December 31, 2007	$ 151,189
Currency translation adjustment	(1,766)
Post-acquisition adjustments	3,850
Balance September 30, 2008	$ 153,273

We recorded post-acquisition adjustments of approximately $3.8 million primarily related to the recognition of loss contracts related to our acquisition of PEKM. There could be future adjustments based on the finalization of the purchase price allocations for our acquisitions.

10. Debt

Debt consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Revolving credit facilities bore interest at a weighted average of 7.9% as of September 30, 2008 and 8.5% as of December 31, 2007	$ 9,500	$ 9,500
8.0% senior notes due 2013	150,000	150,000
Other	130	225
	159,630	159,725
Less current maturities	120	116
	$ 159,510	$ 159,609

Credit Agreement We account for amendments to our revolving credit facility under the provisions of EITF No. 98-14, *Debtor s Accounting for the Changes in Line-of-Credit or Revolving-Debt Arrangements*, and our term loan and 8.0% senior notes under the provisions of EITF Issue No. 96-19, *Debtor s Accounting for a Modification or Exchange of Debt Instruments*. Historically, we have periodically amended the terms of our revolving credit facility and term loan to increase or decrease the individual and collective borrowing base of the instruments on an as needed basis. We have not modified the terms of our 8.0% senior notes subsequent to the original offering date. In connection with an amendment of our revolving credit facility, bank fees incurred are deferred and amortized over the term of the new arrangement and, if applicable, any outstanding deferred fees are expensed proportionately or in total, as appropriate per the guidance of EITF No. 98-14. In connection with an amendment of our term loan, under the terms of EITF No. 96-19, bank and any third-party fees are either expensed as an extinguishment of debt or deferred and amortized over the term of the agreement based upon whether or not the old and new debt instruments are substantially different.

On March 11, 2008, we entered into the Eleventh Amendment to the Revolving Credit and Term Loan Agreement (the Eleventh Amendment). Pursuant to the terms of the Eleventh Amendment, the banks party thereto consented to various amendments to the senior credit agreement, including but not limited to: (i) amendments to the fixed charge ratio and the leverage ratio to provide us with increased flexibility in the near future; (ii) an amendment to the applicable margin pricing grid to include increased rates for prime rate and LIBOR borrowings when our leverage ratio is equal to or greater than 4.0x; (iii) a reduction in availability under the revolving credit facility from $100 million to $50 million, subject to increases to $75 million and then to $100 million upon satisfaction of certain conditions, including meeting certain financial covenant thresholds; (iv) increases in certain baskets in the indebtedness, asset disposition, investment and lien covenants contained in the senior credit agreement; and (v) an amendment to permit proposed future tax planning. Based on the provisions of EITF 98-14, approximately $0.3 million of third party fees relating to the senior credit agreement were capitalized and are being amortized over the remaining life of the senior credit agreement.

As of September 30, 2008, approximately $3.5 million in deferred fees relating to previous amendments of our senior credit agreement and fees related to the 8.0% senior notes offering were outstanding and are being amortized over the life of the agreements.

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The senior credit agreement provides us with the ability to denominate a portion of our borrowings in foreign currencies. As of September 30, 2008, $9.5 million of the revolving credit facility borrowings were denominated in U.S. dollars.

Terms, Covenants and Compliance Status Our senior credit agreement contains various restrictive covenants, including limiting indebtedness, rental obligations, investments and cash dividends, and also requires the maintenance of certain financial ratios, including fixed charge coverage and funded debt to EBITDA as defined by our senior credit agreement. We were in compliance with respect to these covenants as of September 30, 2008. Under this agreement, borrowings bear interest at various rates plus a margin based on certain financial ratios. Borrowings under the senior credit agreement are secured by specifically identified assets, comprising in total, substantially all of our assets and the subsidiaries party to the financing, except that the assets of our foreign subsidiaries party to the financing only secure foreign borrowings. Additionally, as of September 30, 2008, we had outstanding letters of credit of approximately $1.9 million.

11. Income Taxes

We, or one of our subsidiaries, file federal income tax returns in the United States and income tax returns in various states and foreign jurisdictions. With few exceptions, we are no longer subject to income tax examinations by any of the taxing authorities for years before 2004. There is currently one income tax examination and one survey in process. We do not anticipate that any adjustments from these examinations will result in material changes to our consolidated financial position and results of operations.

We adopted the provisions of FIN No. 48, *Accounting for Uncertainty in Income Taxes*, effective January 1, 2007. As of September 30, 2008, we have provided a liability for $2.9 million of unrecognized tax benefits related to various federal and state income tax positions. Of the $2.9 million, the amount that would impact our effective tax rate, if recognized, is $1.8 million. The remaining $1.1 million of unrecognized tax benefits consists of items that are offset by deferred tax assets subject to valuation allowances, and thus could further impact the effective tax rate.

We accrue penalties and interest related to unrecognized tax benefits through income tax expense, which is consistent with the recognition of these items in prior reporting periods. We had approximately $0.7 million accrued for the payment of interest and penalties at September 30, 2008, which is, included in the $2.9 million of unrecognized tax benefits.

During the current quarter, we increased our reserve balance for additional tax and interest by $0.2 million. We also released $0.1 million of tax reserves during the quarter, which related to tax, interest and penalties associated with items with expiring statute of limitations. We anticipate events could occur within the next 12 months that would have an impact on the amount of unrecognized tax benefits that would be required. Approximately $0.9 million of unrecognized tax benefits relate to items that are affected by expiring statutes of limitation within the next 12 months.

12. Commitments and Contingencies

Warranty We are subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers continue to require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which we supply products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products when the product supplied did not perform as represented. Our policy is to reserve for estimated future customer warranty costs based on historical trends and current economic factors. The following represents a summary of the warranty provision for the nine months ended September 30, 2008 (in thousands):

Balance December 31, 2007	$ 3,958
Additional provisions recorded	2,608
Deduction for payments made	(2,674)
Currency translation adjustment	109
Balance September 30, 2008	$ 4,001

Leases - We lease office and manufacturing space and certain equipment under non-cancelable operating lease agreements that require us to pay maintenance, insurance, taxes and other expenses in addition to annual rents. As of September 30, 2008, our equipment leases did not provide for any material guarantee of a specified portion of residual values.

Guarantees We accrue for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with FASB Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, for guarantees issued after December 31, 2002, we record a liability for the fair value of such guarantees in the balance sheet. As of September 30, 2008, we had no such guarantees.

Foreign Currency Forward Exchange Contracts We use forward exchange contracts to hedge certain of the foreign currency transaction exposures primarily related to our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations, and will hedge a portion or all of the anticipated long or short position. The contracts typically run from three months up to three years. A majority of these contracts are marked-to-market and the fair value is included in assets (liabilities) in the consolidated balance sheet, with the offsetting noncash gain or loss included in the consolidated statements of operations. The remaining contracts are accounted for as cash flow hedges in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* We do not hold or issue foreign exchange options or forward contracts for trading purposes.

The following table summarizes the notional amount of our open foreign exchange contracts at September 30, 2008 (in thousands):

	Local Currency Amount	U.S. $ Equivalent	U.S. $ Equivalent Fair Value
Contracts to sell currencies:			
Eurodollar	34,777	45,678	51,242
Swedish kronor	3,000	425	454
Japanese yen	2,285,000	21,143	22,785
Australian dollar	1,200	948	993

The difference between the U.S. $ equivalent and U.S. $ equivalent fair value of approximately $7.3 million is comprised of $1.9 million in other long-term assets and $9.2 million in other long-term liabilities in the condensed consolidated balance sheet at September 30, 2008. The difference between the U.S. $ equivalent and U.S. $ equivalent fair value of approximately $1.5 million is included in other long-term liabilities in the condensed consolidated balance sheet at December 31, 2007.

Litigation We are subject to various legal actions and claims incidental to our business, including those arising out of alleged defects, product warranties, employment-related matters and environmental matters. Management believes that we maintain adequate insurance to cover these claims. We have established reserves for issues that are probable and estimatable in amounts management believes are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business will not have a material adverse impact on our consolidated financial position, results of operations or cash flows; however, such matters are subject to many uncertainties, and the outcomes of individual matters are not predictable with assurance.

13. Pension and Other Post-Retirement Benefit Plans

We sponsor pension and other post-retirement benefit plans that cover certain hourly and salaried employees in the United States and United Kingdom. Our policy is to make annual contributions to the plans to fund the normal cost as required by local regulations. In addition, we have a post-retirement benefit plan for certain U.S. operations, retirees and their dependents.

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The components of net periodic benefit cost related to the pension and other post-retirement benefit plans for the three months ending September 30 is as follows (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans		Other Post-Retirement Benefit Plans	
	2008	2007	2008	2007	2008	2007
Service cost	$ 69	$ 85	$	$	$ 5	$ 1
Interest cost	459	429	529	631	37	43
Expected return on plan assets	(497)	(389)	(412)	(603)		
Recognized actuarial loss	(5)		51	51	(6)	20
Net periodic benefit cost	26	125	168	79	36	64
Special termination benefits		51				111
Net benefit cost	$ 26	$ 176	$ 168	$ 79	$ 36	$ 175

The components of net periodic benefit cost related to the pension and other post-retirement benefit plans for the nine months ending September 30 is as follows (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans		Other Post-Retirement Benefit Plans	
	2008	2007	2008	2007	2008	2007
Service cost	$ 254	$ 335	$	$	$ 14	$ 14
Interest cost	1,372	1,310	1,911	1,826	112	111
Expected return on plan assets	(1,483)	(1,151)	(1,481)	(1,740)		
Recognized actuarial loss	(9)		185	145	(17)	20
Net periodic benefit cost	134	494	615	231	109	145
Special termination benefits		161				303
Net benefit cost	$ 134	$ 655	$ 615	$ 231	$ 109	$ 448

We previously disclosed in our financial statements for the year ended December 31, 2007, that we expect to contribute approximately $2.7 million to our pension plans in 2008. As of September 30, 2008, approximately $2.3 million of contributions have been made to our pension plans. We anticipate contributing an additional $0.4 million to our pension plans in 2008 for total estimated contributions during 2008 of $2.7 million.

14. Comprehensive Income

We follow the provisions of SFAS No. 130, *Reporting Comprehensive Income,* which established standards for reporting and display of comprehensive income and its components. Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income represents net income adjusted for foreign currency translation adjustments and minimum pension liability. In accordance with SFAS No. 130, we have elected to disclose comprehensive income in stockholders investment. The components of accumulated other comprehensive (loss) income consisted of the following as of September 30, 2008 (in thousands):

Foreign currency translation adjustment	$ 1,573
Pension liability	(5,406)

Unrealized loss on derivatives	(3)
	$ (3,836)

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Comprehensive (loss) income for the nine months ended September 30 was as follows (in thousands):

	2008	2007
Net income	$ 952	$ 46
Other comprehensive income:		
Foreign currency translation adjustment	(3,128)	2,851
Unrealized loss on derivative instruments	(3)	(1,085)
Comprehensive (loss) income	$ (2,179)	$ 1,812

15. Related Party Transactions

On January 31, 2005, we entered into an advisory agreement with Hidden Creek Partners, LLC (HCP), pursuant to which HCP agreed to assist us in financing activities, strategic initiatives and acquisitions in exchange for an annual fee. In addition, we agreed to pay HCP a transaction fee for services rendered that relate to transactions we may enter into from time to time, in an amount that is negotiated between our Chief Executive Officer or Chief Financial Officer and approved by our Board of Directors. All of the principals of HCP are employees and managing directors of Thayer Capital. Scott Rued, the Company s Chairman, is a managing partner of Thayer Capital and Richard Snell, a member of our Board of Directors and our Compensation Committee Chairman, is an operating partner of Thayer Capital. Thayer Capital, Scott Rued or Richard Snell are not a party to, and have no direct or indirect financial interest in the advisory agreement between us and HCP. For the nine months ended September 30, 2008 and 2007, we made payments under these arrangements of approximately $0.1 million and $0.2 million, respectively.

During May 2008, we entered into a freight services arrangement with Group Transportation Services Holdings, Inc. (GTS), a third party logistics and freight management company. Under this arrangement, which was approved by our Audit Committee on April 29, 2008, GTS will manage a portion of the Company s freight and logistics program as well as administer its payments to additional third party freight service providers. Scott D. Rued, the Company s Chairman, is also Chairman of the Board of GTS and Managing Partner of Thayer Hidden Creek, the controlling shareholder of GTS. For the nine months ended September 30, 2008, we made payments under this arrangement of approximately $4.0 million.

16. Consolidating Guarantor and Non-Guarantor Financial Information

The following consolidating financial information presents balance sheets, statements of operations and cash flow information related to our business. Each Guarantor, as defined, is a direct or indirect wholly owned subsidiary of the Company and has fully and unconditionally guaranteed the 8% senior notes issued by the Company, on a joint and several basis. Separate financial statements and other disclosures concerning the Guarantors have not been presented because management believes that such information is not material to investors.

The following consolidated financial information presents the financial information of the Company (the Parent Company), the guarantor companies and the non-guarantor companies in accordance with Rule 3-10 under the Securities and Exchange Commission s Regulation S-X. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor companies or con-guarantor companies operated as independent entities. The guarantor companies and the non-guarantor companies include all of their wholly owned subsidiaries accounted for under the equity method. The guarantor and non-guarantor companies include the consolidated financial results of their wholly owned subsidiaries accounted for under the equity method. All applicable corporate expenses have been allocated appropriately among the guarantor and non-guarantor subsidiaries.

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	Parent Company	Guarantor Companies	Non-Guarantor Companies (Unaudited) (In thousands)	Elimination	Consolidated
REVENUES	$	$ 147,665	$ 53,617	$ (8,422)	$ 192,860
COST OF REVENUES		135,798	48,240	(8,086)	175,952
Gross Profit		11,867	5,377	(336)	16,908
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		11,487	4,762	(266)	15,983
AMORTIZATION EXPENSE		103	276		379
Operating Income		277	339	(70)	546
OTHER EXPENSE (INCOME)		3,862	(3,934)		(72)
INTEREST EXPENSE		3,595	870	(757)	3,708
(Loss) Income Before Provision for Income Taxes		(7,180)	3,403	687	(3,090)
(BENEFIT) PROVISION FOR INCOME TAXES		(2,022)	1,535		(487)
NET (LOSS) INCOME	$	$ (5,158)	$ 1,868	$ 687	$ (2,603)

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Parent Company	Guarantor Companies	Non-Guarantor Companies (Unaudited) (In thousands)	Elimination	Consolidated
REVENUES	$	$ 436,695	$ 186,261	$ (23,852)	$ 599,104
COST OF REVENUES		399,215	161,870	(23,062)	538,023
Gross Profit		37,480	24,391	(790)	61,081
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		33,713	14,704	(656)	47,761
GAIN ON SALE OF LONG-LIVED ASSETS		(6,075)			(6,075)
AMORTIZATION EXPENSE		310	755		1,065
Operating Income		9,532	8,932	(134)	18,330
OTHER EXPENSE		161	5,679		5,840
INTEREST EXPENSE		11,010	1,930	(1,533)	11,407
(Loss) Income Before Provision for Income Taxes		(1,639)	1,323	1,399	1,083
PROVISION (BENEFIT) FOR INCOME TAXES		245	(114)		131
NET (LOSS) INCOME	$	$ (1,884)	$ 1,437	$ 1,399	$ 952

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2008

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(Unaudited) (In thousands)		
		ASSETS			
CURRENT ASSETS:					
Cash and cash equivalents	$	$ 1,490	$ 6,432	$	$ 7,922
Accounts receivable, net		98,955	29,098		128,053
Inventories, net		58,514	39,685	(743)	97,456
Prepaid expenses and other current assets		6,181	5,839		12,020
Deferred income taxes		17,753	800	(1,335)	17,218
Total current assets		182,893	81,854	(2,078)	262,669
PROPERTY, PLANT AND EQUIPMENT, net		81,705	12,414		94,119
INVESTMENT IN SUBSIDIARIES	423,364	(106,034)	44,799	(362,129)	
GOODWILL		113,967	39,306		153,273
INTANGIBLE ASSETS, net		83,508	12,731		96,239
OTHER ASSETS, net		13,600	5,282	(7,176)	11,706
TOTAL ASSETS	$ 423,364	$ 369,639	$ 196,386	$ (371,383)	$ 618,006
		LIABILITIES AND STOCKHOLDERS INVESTMENT			
CURRENT LIABILITIES:					
Current maturities of long-term debt	$	$ 120	$	$	$ 120
Accounts payable		71,180	29,775		100,955
Accrued liabilities		27,264	12,200	(2,869)	36,595
Total current liabilities		98,564	41,975	(2,869)	137,670
LONG-TERM DEBT, net of current maturities		159,490	25,736	(25,716)	159,510
DEFERRED TAX LIABILITIES		35,762	(816)	(7,176)	27,770
PENSION AND OTHER POST-RETIREMENT BENEFITS		5,566	9,890		15,456
OTHER LONG-TERM LIABILITIES		1,111	10,433		11,544
Total liabilities		300,493	87,218	(35,761)	351,950
	423,364	69,146	109,168	(335,622)	266,056

STOCKHOLDERS INVESTMENT					
TOTAL LIABILITIES AND STOCKHOLDERS INVESTMENT	$ 423,364	$ 369,639	$ 196,386	$ (371,383)	$ 618,006

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(Unaudited) (In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (loss) income	$	$ (1,884)	$ 1,437	$ 1,399	$ 952
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization		10,678	3,487		14,165
Noncash amortization of debt financing costs		685			685
Stock-based compensation expense		2,900			2,900
Gain on sale of long-lived assets		(5,940)	(5)		(5,945)
Deferred income tax benefit		(1,833)	(2,118)		(3,951)
Noncash loss on forward exchange contracts			5,786		5,786
Change in other operating items		(3,993)	(2,195)	(1,400)	(7,588)
Net cash provided by operating activities		613	6,392	(1)	7,004
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment		(7,809)	(3,169)		(10,978)
Proceeds from disposal/sale of property, plant and equipment		7,450	20		7,470
Post-acquisition and acquisitions payments, net		(181)	(1,902)		(2,083)
Other asset and liabilities		(957)		1	(956)
Net cash used in investing activities		(1,497)	(5,051)	1	(6,547)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of revolving credit facility		(145,500)	(1,000)		(146,500)
Borrowings under revolving credit facility		145,500	1,000		146,500
		(86)	(10)		(96)

Payments on capital lease obligations					
Other, net		(251)			(251)
Net cash used in financing activities		(337)	(10)		(347)
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		1,362	(3,417)		(2,055)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		141	(2,086)		(1,945)
CASH AND CASH EQUIVALENTS:					
Beginning of period		1,349	8,518		9,867
End of period	$	$ 1,490	$ 6,432	$	$ 7,922

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(Unaudited) (In thousands)		
REVENUES	$	$ 123,819	$ 40,029	$ (2,930)	$ 160,918
COST OF REVENUES		111,832	33,776	(2,509)	143,099
Gross Profit		11,987	6,253	(421)	17,819
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		10,972	3,923	(230)	14,665
AMORTIZATION EXPENSE		103	66		169
RESTRUCTURING CHARGES		182			182
Operating Income		730	2,264	(191)	2,803
OTHER (INCOME) EXPENSE		(115)	4,454		4,339
INTEREST EXPENSE (INCOME)		3,268	(26)		3,242
(Loss) Before Income Taxes		(2,423)	(2,164)	(191)	(4,778)
BENEFIT FOR INCOME TAXES		(1,088)	(1,008)		(2,096)
NET LOSS	$	$ (1,335)	$ (1,156)	$ (191)	$ (2,682)

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(Unaudited) (In thousands)		
REVENUES	$	$ 401,049	$ 125,882	$ (8,646)	$ 518,285
COST OF REVENUES		358,656	106,447	(7,525)	457,578
Gross Profit		42,393	19,435	(1,121)	60,707
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		33,981	11,640	(792)	44,829
AMORTIZATION EXPENSE		310	221		531
RESTRUCTURING CHARGES		1,180			1,180
Operating Income		6,922	7,574	(329)	14,167
OTHER (INCOME) EXPENSE		(471)	5,027		4,556
INTEREST EXPENSE		9,828	587		10,415
LOSS ON EARLY EXTINGUISHMENT OF DEBT		24	125		149
(Loss) Income Before Income Taxes		(2,459)	1,835	(329)	(953)
(BENEFIT) PROVISION FOR INCOME TAXES		(1,050)	51		(999)
NET (LOSS) INCOME	$	$ (1,409)	$ 1,784	$ (329)	$ 46

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(In thousands)		
		ASSETS			
CURRENT ASSETS:					
Cash and cash equivalents	$	$ 1,349	$ 8,518	$	$ 9,867
Accounts receivable, net		242,842	34,824	(169,979)	107,687
Inventories, net		58,757	38,238	(610)	96,385
Prepaid expenses		3,175	7,914	5,419	16,508
Deferred income taxes		15,223	624	(2,858)	12,989
Total current assets		321,346	90,118	(168,028)	243,436
PROPERTY, PLANT AND EQUIPMENT, net		85,817	12,441		98,258
INVESTMENT IN SUBSIDIARIES	417,428	(100,082)	45,502	(362,848)	
GOODWILL		113,787	37,402		151,189
INTANGIBLE ASSETS, net		83,800	13,775		97,575
OTHER ASSETS, net		8,631			8,631
DEFERRED INCOME TAXES		4,172	3,323	(7,495)	
TOTAL ASSETS	$ 417,428	$ 517,471	$ 202,561	$ (538,371)	$ 599,089
		LIABILITIES AND STOCKHOLDERS INVESTMENT			
CURRENT LIABILITIES:					
Current maturities of long-term debt	$	$ 116	$	$	$ 116
Accounts payable		220,923	42,089	(169,979)	93,033
Accrued liabilities		21,128	9,426	2,561	33,115
Total current liabilities		242,167	51,515	(167,418)	126,264
LONG-TERM DEBT, net		159,581	25,744	(25,716)	159,609
DEFERRED TAX LIABILITIES		35,387	(816)	(7,495)	27,076
OTHER LONG-TERM LIABILITIES		7,614	13,191		20,805
Total liabilities		444,749	89,634	(200,629)	333,754
STOCKHOLDERS INVESTMENT	417,428	72,722	112,927	(337,742)	265,335
TOTAL LIABILITIES AND STOCKHOLDERS INVESTMENT	$ 417,428	$ 517,471	$ 202,561	$ (538,371)	$ 599,089

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COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidated
			(Unaudited) (In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (loss) income	$	$ (1,409)	$ 1,784	$ (329)	$ 46
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization		9,702	2,087		11,789
Noncash amortization of debt financing costs		624	20		644
Loss on early extinguishment of debt		24	125		149
Stock-based compensation expense		2,246			2,246
Loss on sale of assets		107	26		133
Deferred income tax provision (benefit)		3,171	(1,490)		1,681
Noncash loss on forward exchange contracts			5,048		5,048
Change in other operating items		(4,945)	13,830	329	9,214
Net cash provided by operating activities		9,520	21,430		30,950
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment		(9,078)	(2,151)		(11,229)
Proceeds from disposal/sale of property, plant and equipment			102		102
Post-acquisition and acquisition payments, net of cash received		(330)	(487)		(817)
Other asset and liabilities		(26,338)	124	25,716	(498)
Net cash used in investing activities		(35,746)	(2,412)	25,716	(12,442)