STABILUS

Interim Report

Servus HoldCo S.à r.l., Luxembourg
Second Quarter and First Half of Fiscal 2014

Table of Contents

Key Figures

in € millions	Three months ended March 31, 2014	2013	change	% change
Revenue	129.8	114.3	15.5	13.6%
EBITDA	24.1	18.3	5.8	31.7%
Adjusted EBITDA	25.0	23.0	2.0	8.7%
Capital expenditure	(6.8)	(8.0)	1.2	(15.0)%
Adjusted operating cash flow before tax (AoCF)	33.9	7.5	26.4	>100.0%
Free cash flow (FCF)	32.3	(6.1)	38.4	<(100.0)%
EBITDA as % of revenue	18.6%	16.0%		
Adjusted EBITDA as % of revenue	19.3%	20.1%		
Capital expenditure as % of revenue	5.2%	7.0%		
AoCF as % of adjusted EBITDA	135.6%	32.6%		
FCF as % of adjusted EBITDA	129.2%	(26.5)%		

in € millions	Six months ended March 31, 2014	2013	change	% change
Revenue	245.9	219.4	26.5	12.1%
EBITDA	40.8	33.1	7.7	23.3%
Adjusted EBITDA	43.5	39.5	4.0	10.1%
Capital expenditure	(16.9)	(13.6)	(3.3)	24.3%
Adjusted operating cash flow before tax (AoCF)	34.1	11.5	22.6	>100.0%
Free cash flow (FCF)	14.0	(5.8)	19.8	<(100.0)%
EBITDA as % of revenue	16.6%	15.1%		
Adjusted EBITDA as % of revenue	17.7%	18.0%		
Capital expenditure as % of revenue	6.9%	6.2%		
AoCF as % of adjusted EBITDA	78.4%	29.1%		
FCF as % of adjusted EBITDA	32.2%	(14.7)%		

Definitions of non-IFRS key figures

EBITDA, i. e. earnings before interest, taxes, depreciation and amortization, represents our profit for the period before net finance cost, income taxes, depreciation and amortization.

Adjusted EBITDA represents EBITDA, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes, launch costs for new products and other non-recurring costs, as well as interest on pension charges. Adjusted EBITDA is presented because we believe it is a useful indicator of operating performance before items which are believed to be exceptional and not relevant to an assessment of our operational performance.

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes, launch costs for new products and other non-recurring costs, as well as interest on pension charges. Operating cash flow before tax, in turn, comprises IFRS cash flow statement line items “cash flow from operating activities” and “cash flow from investing activities” according to IAS 7, excluding “changes in restricted cash”, “income tax payments”, and “payment for upstream shareholder loan”.

Free cash flow (FCF) comprises IFRS cash flow statement items “cash flow from operating activities”, “cash flow from investing activities” and “payments for interest” (net interest payments), excluding “payment for upstream shareholder loan”.

Interim Group Management Report
for the three and six months ended March 31, 2014

Results of operations

Second quarter of fiscal 2014

The table below sets out Stabilus Group's consolidated income statement for the second quarter of fiscal 2014 in comparison to the second quarter of the previous fiscal year:

in € millions	Three months ended March 31, 2014	2013	change	% change
Revenue	129.8	114.3	15.5	13.6%
Cost of sales	(96.8)	(86.3)	(10.5)	12.2%
Gross profit	**32.9**	**28.0**	**4.9**	**17.5%**
Research and development expenses	(5.4)	(4.2)	(1.2)	28.6%
Selling expenses	(9.4)	(9.9)	0.5	(5.1)%
Administrative expenses	(5.0)	(6.1)	1.1	(18.0)%
Other income	1.5	1.4	0.1	7.1%
Other expenses	(0.6)	(0.9)	0.3	(33.3)%
Profit from operating activities (EBIT)	**14.0**	**8.3**	**5.7**	**68.7%**
Finance income	6.9	0.3	6.6	>100.0%
Finance costs	(13.2)	(27.6)	14.4	(52.2)%
Profit / (loss) before income tax	**7.7**	**(19.0)**	**26.7**	**<(100.0)%**
Income tax income/ (expense)	(3.4)	(3.1)	(0.3)	9.7%
Profit for the period	**4.3**	**(22.1)**	**26.4**	**<(100.0)%**

Our **revenue** in the second quarter of fiscal 2014 (by location of customer and by market segment) developed as follows:

in € millions	Three months ended March 31, 2014	2013	change	% change
Europe[1)]	63.8	59.2	4.6	7.8%
NAFTA[1)]	41.8	36.2	5.6	15.5%
Asia/Pacific and rest of world[1)]	24.2	18.9	5.3	28.0%
Revenue[1)]	**129.8**	**114.3**	**15.5**	**13.6%**

[1)] Revenue breakdow n by location of customer (i. e. "billed-to view ").

	Three months ended March 31,			
in € millions	**2014**	**2013**	**change**	**% change**
Automotive	85.3	72.9	12.4	17.0%
Gas spring	64.6	60.7	3.9	6.4%
Powerise	20.7	12.2	8.5	69.7%
Industrial	37.9	34.9	3.0	8.6%
Swivel chair	6.6	6.5	0.1	1.5%
Revenue	**129.8**	**114.3**	**15.5**	**13.6%**

Our revenue in the second quarter of fiscal 2014 increased by €15.5 million or 13.6% compared to the second quarter of fiscal 2013. The revenue to our customers in all our three segments (regions: Europe, NAFTA and Asia/ Pacific and rest of word) developed positively. Sales to our customers in Asia/ Pacific and rest of word (RoW), NAFTA and Europe grew by 28.0% (€5.3 million), 15.5% (€5.6 million) and 7.8% (€4.6 million) respectively.

The increase in total revenue is mainly due to our automotive, particularly to our growing Powerise, segment. The increase in the Powerise segment by 69.7% is mainly the result of new OEM platform wins and the following launch of new Powerise programs for a number of key vehicle OEMs. Moreover, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well, compared to the previous periods, which drives up the take rate of our Powerise product line.

Revenue in the industrial segment increased by 8.6%: from €34.9 million in the second quarter of fiscal 2013 to €37.9 million in the second quarter of fiscal 2014.

Swivel chair revenue increased from €6.5 million in the second quarter of fiscal 2013 to €6.6 million in the second quarter of fiscal 2014.

Cost of sales in the second quarter of fiscal 2014 increased by 12.2%, compared to the second quarter of the previous fiscal year. Its increase was softer than the revenue increase in the same period, i. e. the cost of sales as a percentage of revenue decreased by roughly one percentage point from 75.5% in second quarter of fiscal 2013 to 74.6% in second quarter of fiscal 2014.

Gross profit margin increased from 24.5% in the second quarter of fiscal 2013 to 25.3% in the second quarter of fiscal 2014.

R&D expenses in the second quarter of fiscal 2014 increased by 28.6%, compared to the second quarter of fiscal 2013. As a percentage of revenue, R&D expenses increased in the second quarter of fiscal 2014 as well and were 4.2% of revenue (Q2 FY2013: 3.7%).

Selling expenses decreased by (5.1)% from €(9.9) million in the second quarter of fiscal 2013 to €(9.4) million in the second quarter of fiscal 2014, mainly due to lower material expenses. As a percent of revenue, these expenses decreased in the second quarter of fiscal 2014 to 7.2% (Q2 FY2013: 8.7%).

Administrative expenses decreased by €1.1 million from €(6.1) million in the second quarter of fiscal 2013 to €(5.0) million in the second quarter of fiscal 2014, mainly due to lower advisory expenses. As percentage of revenue, administrative expenses decreased to 3.9% of total revenue (Q2 FY2013: 5.3%).

Other income increased by €0.1 million from €1.4 million in the second quarter of fiscal 2013 to €1.5 million in the second quarter of fiscal 2014. This increase by 7.1% is primarily the result of foreign currency fluctuations, i. e. higher foreign currency translation gains.

Other expense increased from €(0.9) million in the second quarter of fiscal 2013 to €(0.6) million in the second quarter of fiscal year under review. This income statement line item comprises mainly the foreign currency translation losses.

Finance income increased from €0.3 million in the second quarter of fiscal 2013 to €6.9 million in the second quarter of fiscal 2014 primarily due to the gains from changes in carrying amounts of upstream shareholder loan and embedded derivatives. These balance sheet line items were not part of the Group's balance sheet prior to the issuance of senior secured notes in June 2013. Refer to the Notes to Condensed Interim Consolidated Financial Statements below for further details, specifically to Notes 3 and 7.

Finance costs decreased by (52.2)% from €(27.6) million in the second quarter of fiscal 2013 to €(13.2) million in the second quarter of fiscal 2014. The significantly higher finance costs in the second quarter of the previous fiscal year were primarily due to the increase in the carrying amount of the equity upside-sharing instruments (EUSIs) due to their planned partial repayment following the issuance of senior secured notes in the previous fiscal year. See Notes to the Condensed Interim Consolidated Financial Statements below for further details, particularly Note 4 for a breakdown of finance costs.

The **tax expense** increased from €(3.1) million in the second quarter of fiscal 2013 to €(3.4) million in the second quarter of fiscal 2014, as a consequence of the improved pre-tax result in the same period.

First half of fiscal 2014

The table below sets out Stabilus Group's consolidated income statement for the first half of fiscal 2014 in comparison to the first half of the previous fiscal year:

	Six months ended March 31,			
in € millions	**2014**	**2013**	**change**	**% change**
Revenue	245.9	219.4	26.5	12.1%
Cost of sales	(187.2)	(168.1)	(19.1)	11.4%
Gross profit	**58.7**	**51.3**	**7.4**	**14.4%**
Research and development expenses	(9.9)	(8.3)	(1.6)	19.3%
Selling expenses	(19.2)	(19.9)	0.7	(3.5)%
Administrative expenses	(9.5)	(10.7)	1.2	(11.2)%
Other income	2.6	2.4	0.2	8.3%
Other expenses	(1.5)	(1.5)	-	0.0%
Profit from operating activities (EBIT)	**21.2**	**13.3**	**7.9**	**59.4%**
Finance income	10.2	0.6	9.6	>100.0%
Finance costs	(20.8)	(34.4)	13.6	(39.5)%
Profit / (loss) before income tax	**10.7**	**(20.5)**	**31.2**	**<(100.0)%**
Income tax income/ (expense)	(4.2)	(2.6)	(1.6)	61.5%
Profit for the period	**6.5**	**(23.2)**	**29.7**	**<(100.0)%**

Our **revenue** in the first half of fiscal 2014 (by location of customer and by market segment) developed as follows:

in € millions	Six months ended March 31, 2014	2013	change	% change
Europe[1]	121.9	111.2	10.7	9.6%
NAFTA[1]	79.7	71.3	8.4	11.8%
Asia/Pacific and rest of world[1]	44.3	36.9	7.4	20.1%
Revenue[1]	**245.9**	**219.4**	**26.5**	**12.1%**

[1] Revenue breakdow n by location of customer (i. e. "billed-to view ").

in € millions	Six months ended March 31, 2014	2013	change	% change
Automotive	164.2	141.2	23.0	16.3%
Gas spring	126.3	118.0	8.3	7.0%
Powerise	37.9	23.2	14.7	63.4%
Industrial	69.3	65.1	4.2	6.5%
Swivel chair	12.4	13.1	(0.7)	(5.3)%
Revenue	**245.9**	**219.4**	**26.5**	**12.1%**

Total revenue in the first half of fiscal 2014 increased by €26.5 or 12.1% compared to the first half of fiscal 2013. In absolute terms this increase mainly comes from higher sales to our European customers which increased by €10.7 million in the period under review. The highest revenue increase in relative terms was in the sales to our customers in Asia/ Pacific and RoW which grew by 20.1%.

The increase in total revenue is mainly due to our automotive, particularly to our growing Powerise segment. The increase in the Powerise segment by 63.4% is mainly the result of new OEM platform wins and the following launch of new Powerise programs for a number of key vehicle OEMs. Moreover, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well, compared to the previous periods, which drives up the take rate of our Powerise product line.

Revenue in the industrial segment increased by 6.5% from €65.1 million in the first half of fiscal 2013 to €69.3 million in the first half of fiscal 2014.

Swivel chair revenue decreased from €13.1 million in the first half of fiscal 2013 by €(0.7) million to €12.4 million in the first half of fiscal 2014. It suffered from an overall lower demand from our primarily European customers.

Cost of sales in the first half of fiscal 2014 increased by 11.4%, compared to the first half of the previous fiscal year. Its increase was lower relatively to the increase of revenue, i. e. the cost of sales as a percentage of revenue decreased by roughly fifty basis points to 76.1% (H1 FY2013: 76.6%).

R&D expenses in the first half of fiscal 2014 increased by 19.3%, compared to the first half of fiscal 2013. As a percentage of revenue, R&D expenses in these period amounted to 4.0% (H1 FY2013: 3.8%).

Gross profit increased by €7.4 million from €51.3 million in the first half of fiscal 2013 to €58.7 million in the first half of fiscal 2014, reflecting higher revenue as well as gross margin increase from 23.4% in the first half of fiscal 2013 to 23.9% in the first half of fiscal 2014.

Selling expenses decreased by (3.5)% from €(19.9) million in the first half of fiscal 2013 to €(19.2) million in the first half of fiscal 2014, mainly due to lower material expenses. As a percent of revenue, these expenses decreased as well, to 7.8% (H1 FY2013: 9.1%).

Administrative expenses decreased by (11.2)% from €(10.7) million in the first half of fiscal 2013 to €(9.5) million in the first half of fiscal 2014, mainly due to lower advisory/ lawyer expenses. As percentage of revenue, in this period administrative expenses decreased to 3.9% of total revenue (H1 FY2013: 4.9%).

Other income increased by €0.2 million from €2.4 million in the first half of fiscal 2013 to €2.6 million in the first half of fiscal 2014. This increase by 8.3% is primarily the result of foreign currency fluctuations, i. e. higher foreign currency translation gains.

Other expense remained stable at €(1.5) million in the first half of fiscal 2014 (H1 FY2013: €(1.5) million). This income statement line item comprises mainly the foreign currency translation losses.

Finance income increased from €0.6 million in the first half of fiscal 2013 to €10.2 million in the first half of fiscal 2014 primarily due to the gains from changes in carrying amounts of upstream shareholder loan and embedded derivatives. These balance sheet line items were not part of the Group's balance sheet before the issuance of senior secured notes in June 2013. Refer to the Notes to Condensed Interim Consolidated Financial Statements below for further details, specifically to Notes 3 and 7.

Finance costs decreased by (39.5)% from €(34.4) million in the first half of fiscal 2013 to €(20.8) million in the first half of fiscal 2014. The significantly higher finance costs in the first half of the previous fiscal year were primarily due to the increase in the carrying amount of the equity upside-sharing instruments (EUSIs) due to their planned partial repayment following the issuance of senior secured notes in the previous fiscal year. See Notes to the Condensed Interim Consolidated Financial Statements below for further details, particularly Note 4 for a breakdown of finance costs.

The improved pre-tax result of €10.7 million in the first half of fiscal 2014, compared to €(20.5) million in the first half of prior fiscal year, drives up our **tax expense** to €(4.2) million (H1 FY2013: €(2.6) million).

EBITDA and adjusted EBITDA

The tables below show reconciliations of profit from operating activities (EBIT) to EBITDA and adjusted EBITDA for the second quarter and first half of fiscal 2014 and 2013:

	Three months ended March 31,			
in € millions	**2014**	**2013**	**change**	**% change**
Profit from operating activities (EBIT)	**14.0**	**8.3**	**5.7**	**68.7%**
Depreciation	5.0	5.6	(0.6)	(10.7)%
Amortization	5.1	4.4	0.7	15.9%
EBITDA	**24.1**	**18.3**	**5.8**	**31.7%**
Advisory*	0.6	1.0	(0.4)	(40.0)%
Restructuring / Ramp-up	-	3.3	(3.3)	(100.0)%
Pension interest add back	0.3	0.4	(0.1)	(25.0)%
Total adjustments	0.9	4.7	(3.8)	(80.9)%
Adjusted EBITDA	**25.0**	**23.0**	**2.0**	**8.7%**

* Legal, bond issuance, tax audit and reorganization related advisory expenses.

	Six months ended March 31,			
in € millions	**2014**	**2013**	**change**	**% change**
Profit from operating activities (EBIT)	**21.2**	**13.3**	**7.9**	**59.4%**
Depreciation	9.8	11.0	(1.2)	(10.9)%
Amortization	9.8	8.8	1.0	11.4%
EBITDA	**40.8**	**33.1**	**7.7**	**23.3%**
Advisory*	1.6	2.3	(0.7)	(30.4)%
Restructuring / Ramp-up	0.4	3.4	(3.0)	(88.2)%
Pension interest add back	0.7	0.7	-	0.0%
Total adjustments	2.7	6.4	(3.7)	(57.8)%
Adjusted EBITDA	**43.5**	**39.5**	**4.0**	**10.1%**

* Legal, bond issuance, tax audit and reorganization related advisory expenses.

Adjusted EBITDA represents EBITDA, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes, launch costs for new products and other non-recurring costs, as well as interest on pension charges. Adjusted EBITDA is presented because we believe it is a useful indicator of operating performance before items which are believed to be exceptional and not relevant to an assessment of our operational performance.

Development of operating segments

Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are Europe, NAFTA, Asia/ Pacific and rest of world (RoW).

The table below sets out the development of our operating segments in the first half of fiscal 2014, compared to the first half of the previous fiscal year.

	Six months ended March 31,			
in € millions	**2014**	**2013**	**change**	**% change**
Europe				
External revenue[1]	129.9	117.6	12.3	10.5%
Intersegment revenue[1]	11.9	11.6	0.3	2.6%
Total revenue[1]	141.7	129.2	12.5	9.7%
Adjusted EBITDA	26.2	23.3	2.9	12.4%
as % of revenue	18.5%	18.0%		
NAFTA				
External revenue[1]	84.7	74.8	9.9	13.2%
Intersegment revenue[1]	1.0	1.2	(0.2)	(16.7)%
Total revenue[1]	85.8	76.1	9.7	12.7%
Adjusted EBITDA	11.7	10.8	0.9	8.3%
as % of revenue	13.6%	14.2%		
Asia/ Pacific and RoW				
External revenue[1]	31.3	26.9	4.4	16.4%
Intersegment revenue[1]	-	-	-	n/a
Total revenue[1]	31.4	27.0	4.4	16.3%
Adjusted EBITDA	5.5	5.5	-	0.0%
as % of revenue	17.5%	20.4%		

[1] Revenue breakdown by location of Stabilus company (i. e. "billed-from view").

The total revenue of our European companies increased by 9.7% from €129.2 million in the first half of fiscal 2013 to €141.7 million in the first half of fiscal 2014. Adjusted EBITDA of this operating segment increased by 12.4% in this period.

The external revenue of our companies located in the NAFTA region increased by 13.2% from €74.8 million in the first half of fiscal 2013 to €84.7 million in the first half of fiscal 2014 primarily due to our growing Powerise business. NAFTA's adjusted EBITDA margin decreased from 14.2% in the first half of fiscal 2013 to 13.6% in the first half of fiscal 2014, partially due to weaker US dollar.

In the first half of fiscal 2014, the total revenue of our companies in the Asia/ Pacific and RoW segment increased by €4.4 million or 16.3%, compared to the corresponding period of fiscal 2013. This segments' result, measured as adjusted EBITDA, remained stable at €5.5 million. Within this segment China remains strong and Brazil and Australia on the other hand are faced with somewhat higher cost.

Financial position

in € millions	March 31, 2014	Sept 30, 2013[1)]	change	% change
Assets				
Non-current assets	427.2	429.0	(1.8)	(0.4)%
Current assets	166.2	160.3	5.9	3.7%
Total assets	**593.4**	**589.3**	**4.1**	**0.7%**
Equity and liabilities				
Equity	84.1	80.3	3.8	4.7%
Non-current liabilities	427.2	421.1	6.1	1.4%
Current liabilities	82.1	87.9	(5.8)	(6.6)%
Total liabilities	509.3	509.0	0.3	0.1%
Total equity and liabilities	**593.4**	**589.3**	**4.1**	**0.7%**

1) Information related to the adjustment of the prior-year figures is disclosed in the Notes to Condensed Interim Consolidated Financial Statements, Note 1.

The Group's **balance sheet total** increased from €589.3 million as of September 30, 2013 by €4.1 million or 0.7% to €593.4 million as of March 31, 2014, mainly due to higher current assets and – on the equity and liabilities side of the balance sheet – due to higher non-current liabilities.

Current assets as of March 31, 2014 increased by 3.7% or €5.9 million, compared to September 30, 2013, mainly due to the increased carrying amount of embedded derivatives. The decrease in trade accounts receivable was largely offset by the corresponding increase in cash in the same period. In the second quarter of fiscal 2014, Stabilus Group sold a portion of its trade accounts receivable (€20.2 million) to a factor.

The Group's **equity** as of March 31, 2014 increased by €3.8 million as a consequence of the in the first half of fiscal 2014 generated and retained earnings amounting to €6.5 million and other comprehensive income amounting to €(2.7) million. Other comprehensive income comprised unrealized actuarial losses of €(2.0) million and losses from foreign currency translation of €(0.7) million.

Our **non-current liabilities** increased by €6.1 million, primarily due to the higher carrying amount of equity-upside sharing instruments.

Current liabilities decreased by €(5.8) million from €87.9 million as of September 30, 2013 to €82.1 million as of March 31, 2014. This decrease of (6.6)% was mainly a result of lower warranty provision (-€2.9 million), lower provision for early retirement program (-€1.4 million) and lower liabilities for personnel related expenses (-€1.8 million) and outstanding costs (-€2.3 million). The warranty provision decreased primarily due to utilizations (costs paid), particularly settlements of various older warranty cases in automotive segment. Lower provision for early retirement program is mainly due to utilizations, i. e. planned payments to employees participating in the program. The liability for other personnel related expenses decreased in the first half of fiscal 2014 as a consequence of payments of Christmas allowances, management bonus and other accrued personnel expenses.

Liquidity

Our primary sources of liquidity are cash flows from operating and financing activities. We expect that our capital expenditure and debt service will be covered by operating cash flow in the next year/ twelve months.

in € millions	Six months ended March 31, 2014	2013	change	% change
Cash flows from operating activities	43.8	13.4	30.4	>100.0%
Cash flows from investing activities	(16.8)	(13.4)	(3.4)	25.4%
Cash flows from financing activities	(13.6)	(10.9)	(2.7)	24.8%
Net increase / (decrease) in cash	**13.4**	**(10.8)**	**24.2**	**<(100.0)%**
Effect of movements in exchange rates on cash held	(0.2)	0.2	(0.4)	<(100.0)%
Cash as of beginning of the period	21.8	41.6	(19.8)	(47.6)%
Cash as of end of the period	**35.0**	**31.0**	**4.0**	**12.9%**

Cash inflow from operating activities increased from €13.4 million in the first half of fiscal 2013 to €43.8 million in the first half of fiscal 2014 mainly due to the increased profit (€6.5 million in first half of fiscal 2014 versus €(23.2) million in first half of fiscal 2013) and sale of receivables (factoring). In the second quarter of fiscal 2014 we started a sale of receivables program; we sold €20.2 million of our receivables to a factor resulting in a cash-in of €19.1 million.

Cash outflow for investing activities increased by €(3.4) million from €(13.4) million in the first half of fiscal 2013 to €(16.8) million in first half of fiscal 2014, mainly due to higher capital expenditures (purchases of machinery, equipment and tools) primarily related to the capacity expansion of our Chinese plant and further capacity increases for the Powerise production to support the growth profile of the business.

Cash outflow for financing activities increased by €(2.7) million in the first half of fiscal 2014, compared to the corresponding prior year's period. This is mainly the result of higher cash interest payments following the issuance of senior secured notes.

As a result of the aforementioned changes of cash flows from operating, investing and financing activities and with adjustments to EBITDA amounting to €2.7 million (first half of fiscal 2013: €6.4 million), **adjusted operating cash flow before tax (AoCF)** increased by €22.6 million from €11.5 million in the first half of fiscal 2013 to €34.1 million in the first half of fiscal 2014. The following table sets out the composition and development of the non-IFRS key figure adjusted operating cash flow before tax in the reporting period.

in € millions	Six months ended March 31, 2014	2013	change	% change
Cash flows from operating activities	43.8	13.4	30.4	>100.0%
Cash flows from investing activities	(16.8)	(13.4)	(3.4)	25.4%
Excl. changes in restricted cash	-	0.4	(0.4)	(100.0)%
Excl. income tax payments	4.4	2.9	1.5	51.7%
Operating cash flow before tax	**31.4**	**3.4**	**28.0**	**>100.0%**
Adjustments to EBITDA	2.7	6.4	(3.7)	(57.8)%
Non-cash exceptional items	-	1.7	(1.7)	(100.0)%
Adjusted operating cash flow before tax	**34.1**	**11.5**	**22.6**	**>100.0%**

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes, launch costs for new products and other non-recurring costs, as well as interest on pension charges. Operating cash flow before tax, in turn, comprises IFRS cash flow statement line items “cash flow from operating activities” and “cash flow from investing activities” according to IAS 7, excluding “changes in restricted cash”, “income tax payments”, and “payment for upstream shareholder loan”.

Free cash flow (FCF) increased from €(5.8) million in the first half of fiscal 2013 to €14.0 million in the first half of fiscal 2014. The following table sets out the composition of the non-IFRS figure free cash flow.

in € millions	Six months ended March 31, 2014	2013	change	% change
Cash flows from operating activities	43.8	13.4	30.4	>100.0%
Cash flows from investing activities	(16.8)	(13.4)	(3.4)	25.4%
Payments for interest	(13.0)	(5.9)	(7.1)	>100.0%
Free cash flow	**14.0**	**(5.8)**	**19.8**	**<(100.0)%**

Free cash flow (FCF) comprises IFRS cash flow statement items “cash flow from operating activities”, “cash flow from investing activities” and “payments for interest” (net interest payments), excluding “payment for upstream shareholder loan”.

Risks and opportunities

We refer to the risk related disclosures in the Group Management Report and in the audited Consolidated Financial Statements as of and for the fiscal year ended September 30, 2013.

Condensed Interim Consolidated Financial Statements (unaudited)

As a consequence of the first-time adoption of revised IAS 19, Employee Benefits, in these Condensed Interim Consolidated Financial Statements, all following figures for the comparative periods have been adjusted/ restated in accordance with IAS 8. See Note 1 for further details.

Consolidated Statement of Comprehensive Income
for the three and six months ended March 31, 2014 (unaudited)

		Three months ended March 31,		Six months ended March 31,	
in € thousands	**Note**	**2014**	**2013[1)]**	**2014**	**2013[1)]**
Revenue	2	129,780	114,286	245,939	219,396
Cost of sales		(96,845)	(86,309)	(187,190)	(168,057)
Gross profit		**32,935**	**27,977**	**58,749**	**51,339**
Research and development expenses		(5,437)	(4,170)	(9,919)	(8,274)
Selling expenses		(9,365)	(9,926)	(19,217)	(19,896)
Administrative expenses		(4,954)	(6,064)	(9,504)	(10,680)
Other income		1,473	1,365	2,598	2,351
Other expenses		(628)	(891)	(1,483)	(1,545)
Profit from operating activities		**14,024**	**8,291**	**21,224**	**13,295**
Finance income	3	6,867	298	10,219	591
Finance costs	4	(13,178)	(27,587)	(20,768)	(34,427)
Profit/ (loss) before income tax		**7,713**	**(18,998)**	**10,675**	**(20,541)**
Income tax income/ (expense)		(3,398)	(3,125)	(4,178)	(2,613)
Profit/ (loss) for the period		**4,315**	**(22,123)**	**6,497**	**(23,154)**
thereof attributable to non-controlling interests		9	12	14	26
thereof attributable to shareholders of Servus HoldCo		4,306	(22,135)	6,483	(23,180)
Other comprehensive income/ (expense)					
Foreign curreny translation difference [2)]	10	(4,246)	3,264	(733)	4,719
Unrealised actuarial gains and losses [3)]	10	(1,976)	(1,639)	(1,990)	(832)
Other comprehensive income/ (expense), net of taxes		**(6,222)**	**1,625**	**(2,723)**	**3,887**
Total comprehensive income/ (expense) for the period		**(1,907)**	**(20,498)**	**3,774**	**(19,267)**
thereof attributable to non-controlling interests		9	12	14	26
thereof attributable to shareholders of Servus HoldCo		(1,916)	(20,510)	3,760	(19,293)

[1)] Information related to the adjustment of the prior-year figures is disclosed in Note 1.
[2)] Item that may be reclassified ('recycled') to profit and loss at future point in time when specific conditions are met.
[3)] Item that will not be reclassified to profit and loss.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position
as of March 31, 2014 (unaudited)

in € thousands	Note	March 31, 2014	Sept 30, 2013[1)]
Assets			
Property, plant and equipment	5	114,148	116,276
Goodwill		51,458	51,458
Other intangible assets	6	172,098	175,763
Other financial assets	7	81,578	77,134
Other assets	8	1,130	1,024
Deferred tax assets		6,794	7,353
Total non-current assets		**427,206**	**429,008**
Inventories	9	48,268	46,063
Trade accounts receivable		52,305	67,776
Current tax assets		1,618	397
Other financial assets	7	18,478	10,845
Other assets	8	10,492	13,380
Cash and cash equivalents		35,013	21,819
Total current assets		**166,174**	**160,280**
Total assets		**593,380**	**589,288**
Equity and liabilities			
Issued capital		5,013	5,013
Additional paid-in capital		74,403	74,403
Retained earnings		5,492	(991)
Other reserves	10	(986)	1,737
Equity attributable to shareholders of Servus HoldCo		**83,922**	**80,162**
Non-controlling interests		183	169
Total equity		**84,105**	**80,331**
Financial liabilities	11	322,139	315,097
Other financial liabilities	12	874	1,472
Provisions	13	5,501	7,037
Pension plans and similar obligations		41,947	39,123
Deferred tax liabilities		56,732	58,334
Total non-current liabilities		**427,193**	**421,063**
Trade accounts payable		46,372	44,977
Financial liabilities	11	7,120	7,663
Other financial liabilities	12	9,773	8,886
Current tax liabilities		2,399	1,587
Provisions	13	9,231	13,908
Other liabilities	14	7,187	10,873
Total current liabilities		**82,082**	**87,894**
Total liabilities		**509,275**	**508,957**
Total equity and liabilities		**593,380**	**589,288**

[1)] Information related to the adjustment of the prior-year figures is disclosed in Note 1.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity
for the six months ended March 31, 2014 (unaudited)

in € thousands	Note	Issued capital	Additional paid-in capital	Retained earnings	Other reserves	Equity attributable to shareholders of Servus HoldCo	Non-controlling interest	Total Equity
Balance as of Sept 30, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**
Effects from first-time adoption of IAS 19R[1)]		-	-	-	(1,635)	(1,635)	-	(1,635)
Balance as of Sept 30, 2012 adjusted[1)]		**5,013**	**30,550**	**20,588**	**(736)**	**55,415**	**319**	**55,734**
Profit/ (loss) for the period		-	-	(23,180)	-	(23,180)	26	(23,154)
Other comprehensive income[1)]	10	-	-	-	3,887	3,887	-	3,887
Total comprehensive income for the period		-	-	(23,180)	3,887	(19,293)	26	(19,267)
Dividends		-	(150)	-	-	(150)	-	(150)
Balance as of March 31, 2013		**5,013**	**30,400**	**(2,592)**	**3,151**	**35,972**	**345**	**36,317**
Balance as of Sept 30, 2013		**5,013**	**74,403**	**(991)**	**4,044**	**82,469**	**169**	**82,638**
Effects from first-time adoption of IAS 19R[1)]		-	-	-	(2,307)	(2,307)	-	(2,307)
Balance as of Sept 30, 2013 adjusted[1)]		**5,013**	**74,403**	**(991)**	**1,737**	**80,162**	**169**	**80,331**
Profit/ (loss) for the period		-	-	6,483	-	6,483	14	6,497
Other comprehensive income	10	-	-	-	(2,723)	(2,723)	-	(2,723)
Total comprehensive income for the period		-	-	6,483	(2,723)	3,760	14	3,774
Balance as of March 31, 2014		**5,013**	**74,403**	**5,492**	**(986)**	**83,922**	**183**	**84,105**

[1)] Information related to the adjustment of the prior-year figures is disclosed in Note 1.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows
for the six months ended March 31, 2014 (unaudited)

in € thousands	Note	Six months ended March 31, 2014	2013[1]
Profit/ (loss) for the period		6,497	(23,154)
Current income tax expense		4,364	3,425
Deferred income tax expense		(186)	(811)
Net finance result	3/ 4	10,549	33,836
Depreciation and amortization		19,586	19,812
Other non-cash income and expenses		(3,781)	(450)
Changes in inventories		(2,205)	(4,148)
Changes in trade accounts receivable		15,471	(4,629)
Changes in trade accounts payable		1,395	(2,738)
Changes in other assets and liabilities		(326)	(2,148)
Changes in restricted cash		-	(364)
Changes in provisions		(3,389)	(3,086)
Changes in deferred tax assets and liabilities		186	811
Income tax payments	18	(4,363)	(2,923)
Cash flows from operating activities		**43,798**	**13,433**
Proceeds from disposal of property, plant and equipment		22	245
Purchase of intangible assets		(6,258)	(6,110)
Purchase of property, plant and equipment		(10,573)	(7,490)
Cash flows from investing activities		**(16,809)**	**(13,355)**
Receipts under revolving credit facility		8,000	-
Payments under revolving credit facility		(8,000)	-
Payments for redemption of financial liabilities		-	(4,900)
Payments for finance leases		(596)	-
Dividends paid		-	(150)
Payments for interest	18	(12,976)	(5,853)
Cash flows from financing activities		**(13,572)**	**(10,903)**
Net increase/ (decrease) in cash and cash equivalents		**13,417**	**(10,825)**
Effect of movements in exchange rates on cash held		(223)	207
Cash and cash equivalents as of beginning of the period		21,819	41,638
Cash and cash equivalents as of end of the period		**35,013**	**31,020**

[1] Information related to the adjustment of the prior-year figures is disclosed in Note 1.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

Notes to Condensed Interim Consolidated Financial Statements
as of and for the three and six months ended March 31, 2014

1. General Information

Company information

Servus HoldCo S.à r.l., Luxembourg (hereinafter also referred to as “Servus HoldCo” or “company”) is a private limited company. The company is entered in the Commercial Register of Luxembourg under No. B151589 and its registered office is located at 26-28, rue Edward Steichen, L-2540 Luxembourg. The company is ultimately controlled by a fund managed by Triton (Triton Fund III).

Servus HoldCo was founded on February 26, 2010. The fiscal year is from October 1 to September 30 of the following year (twelve-month period). The consolidated financial statements of Servus HoldCo include Servus HoldCo and its subsidiaries (hereafter also referred to as “Stabilus Group” or “Group”).

The Stabilus Group is a leading manufacturer of gas springs and dampers, as well as electric tailgate lifting equipment. The products are used in a wide range of applications in automotive and industrial applications, as well as in the furniture industry. Typically the products are used to aid the lifting and lowering or dampening of movements. As a world market leader for gas springs, the Group ships to all key vehicle manufacturers. Various Tier 1 suppliers of the global car industry as well large technical focused distributors further diversify the Group’s customer base. Overall, sales to car manufacturers account for approximately 65% of the Group’s revenue; about 30% of the Group’s revenue is derived from sales to a large group of industrial customers. The remaining sales of ca. 5% are to the furniture industry for swivel chair products.

Basis for preparation

The accompanying Condensed Interim Consolidated Financial Statements present the operations of Servus HoldCo S.à r.l., Luxembourg, and its subsidiaries. The company has prepared these financial statements under going concern assumption.

The Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2014 have been prepared in accordance with IAS 34 “Interim Financial Reporting”; they comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of Stabilus Group since the last annual Consolidated Financial Statements as of and for the fiscal year ended September 30, 2013. These Interim Consolidated Financial Statements are condensed and do not include all information for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in connection with the Consolidated Financial Statements as of September 30, 2013.

The accounting policies adopted in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the fiscal year ended September 30, 2013, except for the new standards and interpretations, which are applied for the first time in these Condensed Interim Consolidated Financial Statements, noted below:

Standard/ Interpretation		Effective date stipulated by IASB	Effective date stipulated by EU
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011	January 1, 2013
Amendment to IFRS 1	Government Loans	January 1, 2013	January 1, 2013
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013	January 1, 2013
Amendment to IAS 12	Deferred Taxes: Recovery of Unterlying Assets	January 1, 2012	January 1, 2013
IAS 19	Employee Benefits (Revised 2011)	January 1, 2013	January 1, 2013
Improvements to IFRSs (2011)	Collection of Amendments to International Financial Reporting Standards	January 1, 2013	January 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	January 1, 2013

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

A detailed description of these new regulations can be found in the 2013 Annual Report. The IFRS amendments and new regulations effective as of March 31, 2014 had no material effect on the Condensed Interim Consolidated Financial Statements, except for the effects resulting from the first-time adoption of the revised IAS 19. Additional disclosures required by application of IFRS 13 are provided in the Note 16.

First-time adoption of IAS 19 (revised 2011) and adjustment of the prior-year figures

The first-time adoption of IAS 19 (revised 2011), Employee Benefits, had a material effect in the reporting period. The Group has previously used the corridor method, which is no longer permitted under the revised IAS 19. As a result, actuarial gains and losses have a direct effect on the Consolidated Statement of Financial Position and lead to an increase in provision for pensions and similar obligations and a reduction in equity. Going forward, the Group’s profit for the period will remain free from the effects of actuarial gains and losses, which will be recognized directly in other comprehensive income.

The amendments to IAS 19, Employee Benefits, must be applied retrospectively in financial statements for annual periods beginning on or after January 1, 2013. The Group has adjusted the figures for the comparative period for effects arising from application of the revised version of IAS 19. The following table sets out the effects of the application of IAS 19 on the line items of the Consolidated Statement of Financial Position as of March 31, 2014 and September 30, 2013. The effects on the Consolidated Statement of Comprehensive Income, i.e. the effects on other comprehensive income, for the first six months of fiscal 2014 and 2013 are disclosed in the Note 10 below.

in € thousands	March 31, 2014	Sept 30, 2013
Other reserves	(4,286)	(2,307)
Total equity	**(4,286)**	**(2,307)**
Pension plans and similar obligations	6,123	3,296
Deferred tax liabilities	(1,837)	(989)
Total liabilities	**4,286**	**2,307**

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2014 comprise Consolidated Statement of Comprehensive Income for the three and six months ended March 31, 2014, the Consolidated Statement of Financial Position as of March 31, 2014, the Consolidated Statement of Changes in Equity for the six months ended March 31, 2014, the Consolidated Statement Cash Flows for the six months ended March 31, 2014 and the explanatory Notes to the Condensed Interim Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements are prepared in euros (€) rounded to the nearest thousands. Due to rounding, numbers presented may not add up precisely to totals provided.

The Condensed Interim Consolidated Financial Statements were authorised for issue by the Management Board on April 17, 2014.

Scope of consolidation and business combinations

Effective January 30, 2014, the remaining 2% shares in Orion Rent Imobiliare S.R.L., Brasov, Romania, were acquired for €4.64.

Significant events and transactions

In the second quarter of fiscal 2014 the Group started a sale of receivables program (factoring). Trade accounts receivable amounting to €20.2 million were sold to a factor. The German tax audit covering the fiscal years 2009 to 2012 was finalized and tax assessments issued. The assessments followed essentially the facts reflected in the financial year ended September 2013.

2. Revenue

The Group's revenue developed as follows:

	Three months ended March 31,		Six months ended March 31,	
in € thousands	2014	2013	2014	2013
Europe[1)]	63,747	59,154	121,869	111,152
NAFTA[1)]	41,816	36,224	79,694	71,302
Asia/Pacific and rest of world[1)]	24,218	18,908	44,376	36,942
Revenue[1)]	**129,780**	**114,286**	**245,939**	**219,396**

[1)] Revenue breakdow n by location of customer (i. e. "billed-to view ").

in € thousands	Three months ended March 31, 2014	2013	Six months ended March 31, 2014	2013
Automotive	85,356	72,941	164,290	141,198
Gas spring	64,580	60,785	126,349	118,040
Powerise	20,776	12,156	37,941	23,158
Industrial	37,903	34,949	69,290	65,144
Swivel chair	6,521	6,396	12,359	13,054
Revenue	**129,780**	**114,286**	**245,939**	**219,396**

Group revenue results from sales of goods.

3. Finance income

in € thousands	Three months ended March 31, 2014	2013	Six months ended March 31, 2014	2013
Interest income on loans and financial receivables	6	59	19	123
Net foreign exchange gain	499	-	-	-
Gains from changes in carrying amount of financial assets	2,222	-	4,444	-
Gains from changes in fair value of derivative instruments	3,833	-	5,237	-
Other interest income	307	239	519	468
Finance income	**6,867**	**298**	**10,219**	**591**

Other interest income mainly comprises capitalized interest expenses according to IAS 23.

4. Finance costs

in € thousands	Three months ended March 31, 2014	2013	Six months ended March 31, 2014	2013
Interest expense on financial liabilities	(6,424)	(5,403)	(12,773)	(10,892)
Net foreign exchange loss	-	(412)	(1,050)	(2,399)
Loss from changes in carrying amount of EUSIs	(6,622)	(21,662)	(6,720)	(20,851)
Interest expenses finance lease	(19)	(36)	(42)	(81)
Other interest expenses	(113)	(74)	(183)	(204)
Finance costs	**(13,178)**	**(27,587)**	**(20,768)**	**(34,427)**

5. Property, plant and equipment

Additions to property, plant and equipment in the first half of fiscal 2014 amount to €10,471 thousand (first half of fiscal 2013: €7,607 thousand). The increase against the comparative period is mainly due to more assets under construction. The total assets under construction as of March 31, 2014 amount to €23,548 thousand (Sept 30, 2013: €19,410 thousand). The significantly higher assets under construction are the result of the capacity expansions in our Chinese plant as well as for Powerise production to support the growth profile of the business.

Disposals happened only in the ordinary course of the business. The net value of disposed property, plant and equipment in the first half of fiscal 2014 amounts to €14 thousand (fist half of fiscal 2013: €177 thousand).

The Group did not recognize any impairment losses or reversals of impairment losses in the underlying reporting period.

6. Other intangible assets

Additions to intangible assets in the first half of fiscal 2014 amount to €6,258 thousand (first half of fiscal 2013: €6,110 thousand) and comprise mainly internally generated developments. Significant disposals have not been recognized.

In the first half of fiscal 2014, costs of €6,136 thousand (first half of fiscal 2013: €6,094 thousand) were capitalized for development projects that were incurred in the product and material development areas. Amortization expenses on development costs include impairment losses of €(324) thousand (first half of fiscal 2013: €(79) thousand) due to withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

The borrowing costs capitalized in the first half of fiscal 2014 amount to €507 thousand (first half of fiscal 2013: €448 thousand).

7. Other financial assets

	March 31, 2014			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Loan to shareholder	-	81,578	81,578	-	77,134	77,134
Derivative instruments	16,082	-	16,082	10,845	-	10,845
Other miscellaneous	2,396	-	2,396	-	-	-
Other financial assets	**18,478**	**81,578**	**100,056**	**10,845**	**77,134**	**87,979**

Loan to shareholder

The loan to shareholder is measured at amortized cost according to the effective interest method. The increase in its carrying amount in the first half of fiscal 2014 amounting to €4,444 thousand is reflected in the Consolidated Statement of Comprehensive Income as finance income. See also Note 3.

Derivative instruments

Derivative financial instruments comprise solely fair values of early redemption options embedded in the indenture which was concluded on June 7, 2013. The increase in fair value of these embedded derivatives in the first half of fiscal 2014 amounting to €5,237 thousand is included in the Group's income statement as finance income. See also Note 3.

8. Other assets

in € thousands	March 31, 2014			Sept 30, 2013		
	Current	Non-current	Total	Current	Non-current	Total
VAT	4,952	-	4,952	6,514	-	6,514
Prepayments	1,142	246	1,388	892	144	1,036
Deferred charges	2,245	-	2,245	1,449	-	1,449
Other miscellaneous	2,153	884	3,037	4,525	880	5,405
Other assets	**10,492**	**1,130**	**11,622**	**13,380**	**1,024**	**14,404**

Non-current prepayments comprise prepayments on property, plant and equipment.

9. Inventories

in € thousands	March 31, 2014	Sept 30, 2013
Raw materials and supplies	23,412	23,809
Finished products	11,238	10,053
Work in progress	7,708	7,511
Merchandise	5,910	4,690
Inventories	**48,268**	**46,063**

10. Equity

The development of the equity is presented in the statement of changes in equity.

Other reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations and following the first-time adoption of revised IAS 19 the unrealized actuarial gains and losses. The following table shows the changes in other reserves recognized directly in equity as well as the income tax recognised directly in equity:

in € thousands	Six months ended March 31, 2014				
	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
Unrealized gains/ (losses) from foreign currency translation	(733)	-	(733)	-	(733)
Unrealized actuarial gains and losses	(2,843)	853	(1,990)	-	(1,990)
Other comprehensive income/ (expense) for the period	**(3,576)**	**853**	**(2,723)**	**-**	**(2,723)**

in € thousands	Six months ended March 31, 2013 Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
Unrealized gains/ (losses) from foreign currency translation	4,719	-	4,719	-	4,719
Other comprehensive income/ (expense) for the period	**4,719**	**-**	**4,719**	**-**	**4,719**
Unrealized actuarial gains and losses[1)]	(1,189)	357	(832)	-	(832)
Other comprehensive income/ (expense) for the period adjusted	**3,530**	**357**	**3,887**	**-**	**3,887**

[1)] Effects from first-time adoption of IAS 19 (revised 2011)

11. Financial liabilities

The financial liabilities comprise following items:

	March 31, 2014			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Notes*	7,120	312,119	319,239	7,663	311,797	319,460
EUSIs	-	10,020	10,020	-	3,300	3,300
Financial liabilities	**7,120**	**322,139**	**329,259**	**7,663**	**315,097**	**322,760**

* measured at amortized cost under consideration of transaction costs and embedded derivatives.

Senior secured notes

Senior secured notes are measured at amortized cost under consideration of transaction costs and embedded derivatives. The interest on the notes is payable semi-annually in arrears in June and December. The current portion of the financial liability reflects the accrued interest at the balance sheet date. The principal amount of the senior secured notes as of March 31, 2014 remained unchanged at €315 million.

Equity upside-sharing instruments (EUSIs)

Equity upside-sharing instruments (EUSIs) are measured at amortized cost and as of March 31, 2014 amount to €10,020 thousand (Sept 30, 2013: 3,300 thousand). The interest expense, i. e. change in the carrying amount of EUSIs amounting to €6,720 thousand, is reflected in finance costs. The measurement as of March 31, 2014 includes the probability of certain scenarios and events considering the expectations in the capital market performance and volatility.

12. Other financial liabilities

	March 31, 2014			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities to employees	4,297	-	4,297	4,519	-	4,519
Social security contribution	2,416	-	2,416	1,539	-	1,539
Finance lease obligation	1,158	874	2,032	1,167	1,472	2,639
Liabilities to related parties	1,902	-	1,902	1,661	-	1,661
Other financial liabilities	**9,773**	**874**	**10,647**	**8,886**	**1,472**	**10,358**

13. Provisions

	March 31, 2014			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Anniversary benefits	-	425	425	-	551	551
Early retirement contracts	-	4,513	4,513	-	5,913	5,913
Employee related costs	3,302	-	3,302	4,160	-	4,160
Environmental protection	799	-	799	915	-	915
Other risks	437	-	437	565	-	565
Legal and litigation costs	134	-	134	138	-	138
Warranties	3,122	-	3,122	6,057	-	6,057
Other miscellaneous	1,437	563	2,000	2,073	573	2,646
Provisions	**9,231**	**5,501**	**14,732**	**13,908**	**7,037**	**20,945**

The provision for payments resulting from early retirement contracts decreased in the first half of fiscal 2014 from €5,913 thousand as of September 30, 2013 to €4,513 thousand as of March 31, 2014 mainly due to utilizations (cost paid to the participants of the early retirement program). The program has been closed for new participants; the last employees finished the active phase of the early-retirement program in fiscal 2013; the passive phase will extend until fiscal 2016 for some employees.

The warranty provision decreased in the first half of fiscal 2014 by €2,935 thousand from €6,057 thousand as of September 30, 2013 to €3,122 thousand as of March 31, 2014 mainly due to utilizations (costs paid), in particular settlements of old warranty claims.

14. Other liabilities

The Group's other liabilities mature within a year. Accordingly, they are disclosed as current liabilities. The following table sets out the breakdown of Group's other liabilities:

in € thousands	**March 31, 2014**	**Sept 30, 2013**
Advanced payments received	340	339
Vacation expenses	2,644	2,100
Other personnel related expenses	2,921	4,727
Outstanding costs	1,249	3,523
Miscellaneous	33	184
Other current liabilities	**7,187**	**10,873**

The liability for other personnel related expenses decreased by €(1,806) thousand from €4,727 thousand as of September 30, 2013 to €2,921 thousand as of March 31, 2014 essentially caused by payments of Christmas allowances and other accrued personnel expenses.

15. Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities are uncertainties for which the outcome has not been determined. If the outcome is probable and estimable, the liability is shown in the statement of financial position.

Guarantees

A detailed description of the guarantees the Group issued can be found in the 2013 Annual Report.

Other financial commitments

The nominal values of the other financial commitments as of March 31, 2014 are as follows:

in € thousands	March 31, 2014	Sept 30, 2013
Capital commitments for fixed and other intangible assets	8,244	3,003
Obligations under rental and leasing agreements	13,685	11,202
Total	**21,929**	**14,205**

Higher committed investments in China as well as for powder coating equipment at our Korea facility explain the year-over-year change.

16. Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of this financial instrument from another independent party. Given the varying influencing factors, the reported fair values can only be regarded as indicators of the prices that may actually be achieved on the market.

in € thousands	Measurement category acc. to IAS 39	March 31, 2014		Sept 30, 2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade accounts receivables	LaR	52,305	52,305	67,776	67,776
Cash	LaR	35,013	35,013	21,819	21,819
Loan to shareholder	LaR	81,578	85,060	77,134	81,018
Derivative instruments	FAFV	16,082	16,082	10,845	10,845
Other miscellaneous	LaR	2,396	2,396	-	-
Other financial assets	LaR/ FAFV	100,056	103,538	87,979	91,863
Total financial assets		**187,374**	**190,856**	**177,574**	**181,458**
Senior secured notes	FLAC	319,239	337,932	319,460	321,624
EUSIs	FLAC	10,020	11,720	3,300	4,568
Financial liabilities	FLAC	329,259	349,652	322,760	326,192
Trade accounts payable	FLAC	46,372	46,372	44,977	44,977
Finance lease liabilities	-	2,032	2,010	2,639	2,582
Liabilities to related parties	FLAC	1,902	1,902	1,661	1,661
Other financial liabilities	FLAC/ -	3,934	3,912	4,300	4,243
Total financial liabilities		**379,565**	**399,936**	**372,037**	**375,412**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		171,292	174,774	166,729	170,613
Financial assets at fair value through profit and loss (FAFV)		16,082	16,082	10,845	10,845
Financial liabilities measured at amortized cost (FLAC)		377,533	397,926	369,398	372,830

The following table provides an overview of the classification of financial instruments presented above in the fair value hierarchy, except for financial instruments with fair values corresponding to the carrying amounts (i. e. trade accounts receivable and payable, cash and other financial liabilities).

	March 31, 2014				Sept 30, 2013			
in € thousands	**Total**	**Level 1[1]**	**Level 2[2]**	**Level 3[3]**	**Total**	**Level 1[1]**	**Level 2[2]**	**Level 3[3]**
Financial assets								
Loan to shareholder	85,060	-	-	85,060	81,018	-	-	81,018
Derivative instruments	16,082	-	16,082	-	10,845	-	10,845	-
Financial liabilities								
Senior secured notes	337,932	337,932	-	-	321,624	321,624	-	-
EUSIs	11,720	-	-	11,720	4,568	-	-	4,568
Finance lease liabilities	2,010	-	-	2,010	2,582	-	-	2,582

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical instruments.

[2] Fair value measurement based on inputs that are observable on active markets either directly (i. e. as prices) or indirectly (i. e. derived from prices).

[3] Fair value measurement based on inputs that are not observable market data.

The fair value of the financial instruments is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. In other words, the fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted senior secured notes is based on price quotations at the reporting date.
- The valuation technique used for the determination of unquoted instruments, i. e. the upstream shareholder loan, the equity upside-sharing instruments (EUSIs) and the obligations under finance leases, is the discounted cash flow method. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate depending on the maturity of the payment. The expected payments are determined by considering contractual redemption payments and interest payments with the currently agreed interest rate. Significant unobservable inputs are the risk-adjusted discount rates, which range from 7.5% to 10.1%, and the forecasted interest payments. Therefore, the fair value would change if the risk-adjusted discount rate or the interest rate changes.
- The fair value of embedded derivative instruments is calculated using a standard option pricing model. For the valuation, the credit spread used is calibrated such that the model reproduces the current market price of the notes quoted on the Luxembourg stock exchange at the reporting date.

17. Risk reporting

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements as of and for the fiscal year ended September 30, 2013.

18. Notes to the consolidated statement of cash flows

The statement of cash flows is prepared in compliance with IAS 7. The statement of cash flows of the Stabilus Group shows the development of the cash flows from operating, investing and financial activities. Inflows and outflows from operating activities are presented in accordance with the indirect method and those from investing and financing activities by the direct method.

The cash funds reported in the statement of cash flows comprise all liquid funds, cash balances and cash at banks reported in the statement of financial position.

Interest payments in the first half of fiscal 2014 amounting to €(12,976) thousand (first half of fiscal 2013: €(5,853) thousand) are taken into account in the cash outflows from financing activities. Income tax payments in the same period of €(4,363) thousand (first half of fiscal 2013: €(2,923) thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable. Payments for finance leases in the six months ended March 31, 2013 amounting to €(588) thousand are included in the cash flow from operating activities.

19. Segment reporting

Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are Europe, NAFTA, Asia/ Pacific and rest of world (RoW). The product portfolio is largely similar in these three regional segments.

The Group measures the performance of its operating segments through a measure of segment profit or loss (key performance indicator) which is referred to as “adjusted EBITDA”. Adjusted EBITDA represents EBITDA (i. e. earnings before interest, taxes, depreciation and amortization), as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes and other non-recurring costs, as well as interest on pension charges.

Segment information for the six months ended March 31, 2014 and 2013 is as follows:

	Europe		**NAFTA**		**Asia/ Pacific and RoW**	
	Six months ended March 31,		**Six months ended March 31,**		**Six months ended March 31,**	
in € thousands	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
External revenue[1)]	129,854	117,638	84,749	74,818	31,336	26,940
Intersegment revenue[1)]	11,867	11,580	1,046	1,248	41	20
Total revenue[1)]	141,721	129,218	85,795	76,066	31,377	26,960
EBITDA	24,739	18,576	10,628	9,141	5,444	5,391
Depreciation and amortization	(9,538)	(9,395)	(2,995)	(3,235)	(836)	(1,007)
Adjusted EBITDA	26,240	23,287	11,671	10,755	5,544	5,454

	Total segments		**Other/ Consolidation**		**Stabilus Group**	
	Six months ended March 31,		**Six months ended March 31,**		**Six months ended March 31,**	
in € thousands	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
External revenue[1)]	245,939	219,396	-	-	245,939	219,396
Intersegment revenue[1)]	12,954	12,848	(12,954)	(12,848)	-	-
Total revenue[1)]	258,893	232,244	(12,954)	(12,848)	245,939	219,396
EBITDA	40,811	33,108	-	-	40,811	33,108
Depreciation and amortization	(13,369)	(13,637)	(6,217)	(6,175)	(19,586)	(19,812)
Adjusted EBITDA	43,455	39,496	-	-	43,455	39,496

[1)] Revenue breakdow n by location of Stabilus company (i. e. "billed-from view ").

The amounts presented in the column "other/ consolidation" above include the elimination of transactions between the segments and certain other corporate items which are related to the Stabilus Group as a whole and are not allocated to the segments, e. g. depreciation from purchase price allocations.

The following table sets out the reconciliation of the total segments' profit (adjusted EBITDA) to profit before income tax.

	Six months ended March 31,	
in € thousands	**2014**	**2013**
Total segments' profit (adjusted EBITDA)	**43,455**	**39,496**
Other/ consolidation	-	-
Group adjusted EBITDA	**43,455**	**39,496**
Adjustments to EBITDA	(2,644)	(6,388)
EBITDA	**40,811**	**33,108**
Depreciation and amortization	(19,586)	(19,812)
Profit from operating activities (EBIT)	**21,224**	**13,295**
Finance income	10,219	591
Finance costs	(20,768)	(34,427)
Profit/ (loss) before income tax	**10,675**	**(20,541)**

20. Related party relationships

In accordance with IAS 24, persons or entities that control or are controlled by the Stabilus Group shall be disclosed, unless they are included in consolidation as a consolidated entity. Control exists if a shareholder holds more than half of the voting rights in Servus HoldCo and has the possibility as a result of a provision in the articles of incorporation or a contractual arrangement to control the financial and business policies of the Stabilus Group.

The disclosure obligation under IAS 24 furthermore extends to transactions with persons who exercise a significant influence on the financial and business policies of the Stabilus Group, including close family members or interposed entrepreneurs. A significant influence on the financial and business policies of the Stabilus Group can hereby be based on a shareholding of 20 % or more in Servus HoldCo, a seat on the management board of Servus HoldCo or another key position.

Related parties of the Stabilus Group in accordance with IAS 24 primarily comprise the shareholders, Servus Group HoldCo II and Stabilus Group management, which also holds an investment in the company.

The shareholders of the Stabilus Group are Servus Group HoldCo II S.à r. l., Luxembourg (direct) and Triton Fund III (indirect). To fund working capital requirements of Servus HoldCo S. à r. l. and Stable II S. à r. l., the shareholder provided a working capital loan amounting to €1,902 thousand as of March 31, 2014 (Sept 30, 2013: €1,661 thousand). At the balance sheet date, the Group has financial assets, i. e. receivables from its shareholder resulting from a loan of €80,014 thousand (principal amount) the Group provided to the shareholder in the previous fiscal year 2013. See Note 7.

21. Subsequent events

As of April 17, 2014 there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of March 31, 2014.

Luxembourg, April 17, 2014

Servus HoldCo S.à r.l.
Management Board

Lars Frankfelt	Michiel Kramer	Heiko Dimmerling

STABILUS

Worldwide

Australia
Stabilus Pty. Ltd.
65 Redwood Drive
Dingley, VIC 3172
Australia
+61 3 9552-1400
+61 3 9552-1499
info@au.stabilus.com

Brasil
Stabilus Ltda.
Av. Pres. Tancredo
de Almeida Neves, km 1,2
CEP 37.504-066 Itajubá (MG)
Brasil
+55 35 3629-5000
+55 35 3629-5005
info@stabilus.com.br

China
Stabilus (JiangSu) Ltd.
No. 8, Long Xiang Road
Wujin High-Tech Industrial Zone
Wujin District
Changzhou City, 213164
JiangSu Province
PR China
+86-519-8662-3500
+86-519-8662-3550
info@cn.stabilus.com

China
Stabilus Sales Office Shanghai
88 ke Yuan Road,
Room N° 309, 3rd Floor
Zhang Jiang Hi-Tech Park
Pudong, Shanghai 201203
PR China
+86-21-2898-6500
+86-21-2898-6510
info@cn.stabilus.com

Deutschland
Stabilus GmbH
Wallersheimer Weg 100
56070 Koblenz
Germany
+49 261 8900-0
+49 261 8900-204
info@de.stabilus.com

España
Stabilus GmbH Oficina de
representación Espana
Edificio Arteaga
Txorierri Etorbidea,
9 – 3ª planta (oficina 303)
48160 Derio (Vizcaya)
España
+34 94 455-4170
+34 94 455-4183
info@es.stabilus.com

France
Stabilus France Sarl
Le Technoparc, L'Espace Média
3, rue Gustave Eiffel
78306 Poissy
France
+33 139 226494
+33 139 226496
info@fr.stabilus.com

Italia
Stabilus GmbH Ufficio Italia
Via Francesco Giacomo Bona,1
10064 Pinerolo (TO)
Italy
+39 0121 300-711
+39 0121 202161
info@it.stabilus.com

Japan
Stabilus Japan Corporation
3-19-11 Shin-Yokohama, Kohoku-ku
222-0033 Yokohama, Kanagawa
Japan
+81 45 471-2970
+81 45 471-2989
info@jp.stabilus.com

Korea
Stabilus Co. Ltd. Sales Office
Korea
3F, Woogang Bldg., 402-3
Yuljeon-dong, Changan-gu
Suwon-si, Gyeonggi-do
Korea / Zip Code 440-827
+82 31 298-1743
+82 31 298-0742
info@kr.stabilus.com

México
Stabilus, S.A. de C.V.
Industria Metalúrgica No. 1010
Parque Industrial Ramos Arizpe
C.P. 25900 Ramos Arizpe, Coahuila
México
+52 844 411-0707
+52 844 411-0706
info@mx.stabilus.com

New Zealand
Stabilus Limited
75 Ellice Rd. Glenfield
PO Box 101023 NSMC
Auckland
New Zealand
+64 9 444-5388
+64 9 444-5386
info@stabilus.co.nz

Romania
STABILUS S.R.L. Romania
km 5+900
(soseaua Brasov-Harman)
RO-507190 Sanpetru,
Brasov Romania
+40 268 309 100
+40 268 309 170
info @ro.stabilus.com

Singapore
Stabilus Singapore Sales Office
c/o ZF Southeast Asia Pte. Ltd.
11 Tuas Drive 1
Singapore 638678
+65 642 48726
+65 642 48788
info@sg.stabilus.com

United Kingdom
Stabilus Sales Office
Unit 4, Canada Close
Banbury, Oxon. OX16 2RT
England
+44 12 95 700-100
+44 12 95 700-106
info@uk.stabilus.com

USA
Stabilus Inc.
1201 Tulip Drive
Gastonia NC 28052 - 1898
USA
++1 704 865-7444
++1 704 865-7781
info@us.stabilus.com

USA
Stabilus Detroit
Sales Office Automotive
36225 Mound Road
Sterling Heights, MI 48310 - 4739
USA
++1 586 977-2950
++1 586 446-3920
info@us.stabilus.com

USA
Stabilus Chicago
Sales Office Industrial
919 N. Plum Grove Road, Suite G
Schaumburg IL 60173
USA
++1 847 517-2980
++1 847 517-2987
info@us.stabilus.com