Not for General Circulation in the United States of America
Strictly Confidential

STABILUS

Prospectus

for the public offering in the Federal Republic of Germany

of

up to 3,421,053 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder to be made available to the Underwriters by way of a share loan for the purpose of placing such shares in the offering; to the extent such shares will be placed in the offering the share loan will be redeemed by way of delivery by the Underwriters to the Selling Shareholder of a corresponding number of newly issued bearer shares with a nominal value of €0.01 each from a capital increase against contribution in cash,

up to 7,550,000 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder

and

up to 1,584,079 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder in connection with a possible over-allotment

and at the same time for the

admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 3,421,053 newly issued bearer shares each from a capital increase against contribution in cash

and

17,700,000 existing bearer shares (existing share capital),

each such share with a nominal value of €0.01 and carrying the same dividend rights as the existing shares

of

Stabilus S.A.

Luxembourg, Grand Duchy of Luxembourg

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg law of July 10, 2005 relating to prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"), for the approval of this Prospectus (the "**Prospectus**") for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This approval cannot be considered as a judgment on, or as any comment on, the merits of the transaction, nor on the situation of Stabilus S.A. (the "**Company**") and by approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of Stabilus S.A., in line with the provisions of article 7(7) of the Luxembourg Prospectus Law.

The Company has requested the CSSF to provide the competent authority in Germany, the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the "**BaFin**"), with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive. The Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and on the website of the Company (*www.stabilus.com*).

This Prospectus constitutes a prospectus for the purposes of article 5(3) of the Prospectus Directive and article 8(3) of the Luxembourg Prospectus Law implementing the Prospectus Directive in Luxembourg.

Price Range: €19—€25

International Securities Identification Number (ISIN): LU1066226637

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Joint Global Coordinators and Joint Bookrunners

COMMERZBANK **J.P. Morgan**

Co-Lead Managers

SOCIÉTÉ GÉNÉRALE Corporate & Investment Banking **UniCredit Bank AG**

Prospectus dated May 9, 2014.

Table of contents

Section	Page
Summary of the Prospectus	**5**
A–Introduction and Warnings	5
B–Issuer	5
C–Securities	14
D–Risks	15
E–Offer	18
German translation of the summary of the Prospectus	**27**
A–Einleitung und Warnhinweise	27
B–Emittentin	27
C–Wertpapiere	37
D–Risiken	38
E–Angebot	41
Risk factors	**52**
Risks related to the markets in which we operate	52
Risks related to our business	56
Legal, taxation and environmental risks	60
Risks related to our capital structure	64
Risks related to the Company's shares, the listing and the Company's shareholder structure	67
General information	**70**
Responsibility statement	70
Purpose of this Prospectus	70
Forward-looking Statements	71
Trademarks and trade names	72
Presentation of industry and market data	72
Basis for determination of market shares and forecasts	73
Websites	73
Documents available for inspection	74
Presentation of financial and other information	74
Rating information	77
Operating data	78
The Offering	**79**
Subject matter of the Offering	79
Selling Shareholder	79
Price range, offer period, offer price, number of shares offered and allotment	80
Expected timetable for the Offering	81
Information on the shares	82
Transferability of the shares; Lock-up	83
Allotment criteria	83
Stabilization measures, Over-Allotments and Greenshoe Option	83
Lock-up agreement, Limitations on disposal	84
Admission to the Frankfurt Stock Exchange and commencement of trading	85
Designated sponsors	85
Interests of parties participating in the Offering	86
Proceeds of the Offering and costs of the Offering	**87**
Reasons for the Offering, listing and use of proceeds	**88**
Dividend policy	**89**
General provisions relating to profit allocation and dividend payments	89
Earnings and dividend per share	89
Capitalization and indebtedness	**91**
Capitalization and indebtedness	91

Section	Page
Statement on working capital	92
Dilution	**93**
Selected historical consolidated financial information	**94**
Selected data from the consolidated statement of comprehensive income	94
Selected data from the consolidated statement of financial position	95
Selected data from the consolidated statement of cash flow	96
Other operational and financial information and selected operating segment data	**97**
Other operational and financial information	97
Selected operating segment data	101
Management's discussion and analysis of financial condition and results of operations	**103**
Overview	103
Key factors affecting results of operations	104
Explanation of key line items	107
Critical accounting policies	108
Results of operations	112
Liquidity and capital resources	136
Consolidated statement of cash flows	137
Capital expenditures	139
Off-balance sheet arrangements	140
Pensions and retirement benefits	140
Risk Management	141
Industry overview	**144**
Our business	**151**
Business overview	151
Competitive strengths	153
Strategy	157
Company history	159
Regional segments	159
Product and customer overview	160
Sales and distribution channels	167
Our functions	167
Employees	172
Investments	173
Environment, insurance and legal	173
Material contracts	**177**
Certain financing arrangements	177
Regulation	**182**
General	182
Permits	182
Waste management	184
Soil and groundwater contamination	184
Water use and protection	185
Environmental liability	186
Chemicals and hazardous substances	187
Product safety and liability	188
Export control regulations	190
State aid and subsidies	190
Regulations on aeronautical products	191
Regulations on medical devices	192
Information on the Selling Shareholder	**193**
Ownership	193
Persons indirectly owning or controlling the Company	194

Section	Page
General information on the Company and the Group	**195**
Formation, incorporation, entry in the trade and companies register, registered office, name	195
Object and corporate purpose	195
Financial year and term of the Company	196
Trend information	196
Significant change in the financial or trading position of the Group	196
Structure of the Group	196
Significant subsidiaries	196
Auditors	197
Publications, Paying Agent	197
Description of share capital of the Company and applicable regulations	**198**
Current share capital; shares	198
Development of the share capital since the Company's foundation	198
Authorized capital	198
Securities other than shares	199
Repurchase of own shares	199
General rules on allocation of profits and dividend payments	200
General provisions governing the liquidation of the Company	201
General provisions governing share capital increases and decreases	202
Luxembourg law on dematerialized securities	204
Mandatory takeover bids and exclusion of minority shareholders	204
Amendment to rights of shareholders	205
Shareholdings disclosure requirements	206
Description of the governing bodies of the Company	**209**
Management Board of the Company	209
Supervisory Board of the Company	211
Compensation of members of the Management Board	213
Shareholdings and stock options of members of the Management Board	215
Compensation of members of the Supervisory Board	216
Shareholdings and stock options of Supervisory Board members	216
Terms and termination of service agreements	217
Committees	217
Conflicts of interest	217
Certain information on the members of the Company's Management Board and Supervisory Board	218
General shareholders' meeting	219
Corporate governance	221
Certain relationships and related party transactions	**222**
Shareholder loan	222
Intercompany loan receivable	222
Management equity participation program	222
EUSIs	222
Upstream Loan	222
Underwriting	**224**
General	224
Underwriting Agreement	225
Commission	225
Greenshoe Option and Securities Loan	226
Termination/Indemnification	226
Selling Restrictions	227

Section	Page
Taxation in Luxembourg	**229**
Taxation of shareholders	229
Other taxes	232
Taxation in Germany	**233**
Tax residents	233
Non-residents	238
Glossary of terms	**G-1**
Financial information	**F-1**
Recent developments and outlook	**R-1**
Financing structure and strategy	R-1

Summary of the Prospectus

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable."*

A–Introduction and Warnings

A.1	**Warnings to the reader.**	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to the person(s) who has/have tabled the summary, including its German translation, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Information regarding the subsequent use of the Prospectus.**	Not applicable. There will be no subsequent resale or final placement by financial intermediaries which requires a consent. Therefore, consent regarding the use of the Prospectus for a subsequent resale or placement of the securities has not been granted.

B–Issuer

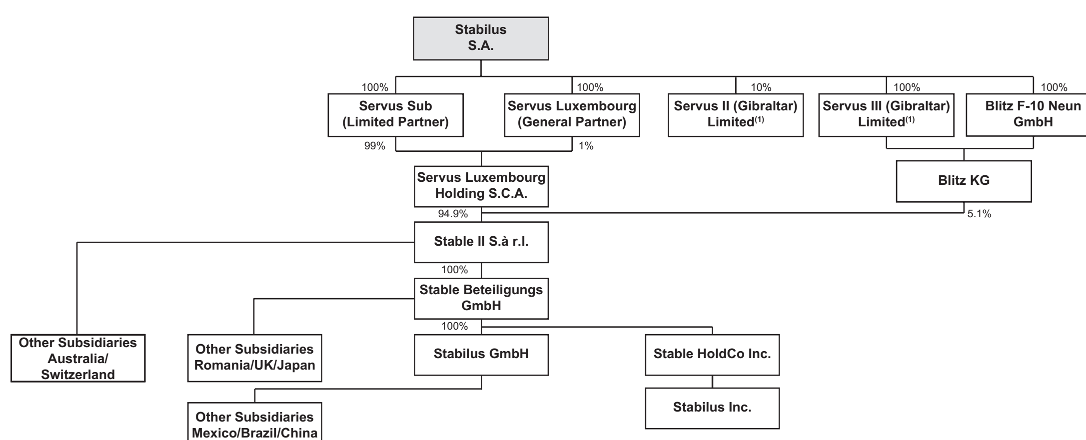
B.1	**Legal and commercial name.**	The issuer's legal name is Stabilus S.A. (the "**Company**" and, together with its consolidated subsidiaries, "**we**," "**us**," "**our**," the "**Group**"). The Company's business is primarily conducted under the commercial name "**Stabilus**."
B.2	**Domicile, legal form, legislation, country of incorporation.**	The Company has its registered office at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. The Company is a Grand Duchy of Luxembourg ("**Luxembourg**") public limited liability company (*société anonyme*) incorporated in Luxembourg and governed by Luxembourg law.

B.3	Description of, and key factors relating to, the nature of the issuer's current operations and principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.	***Overview*** We believe that we are the leading supplier of highly-engineered and value-added gas springs and hydraulic dampers and automatic opening and closing systems for the automotive and industrial sectors. We believe that we have a worldwide gas spring market share of approximately 70% and 35% in the automotive and industrial sector, respectively (which we believe is approximately 15 times and 3 times larger than our respective closest competitor). In the market of automatic opening and closing systems for the automotive industry, which we serve with our Powerise product line, we believe we have an estimated market share of approximately 22%. We supply high quality and technologically advanced components and systems for a broad range of applications to a large number of automotive original equipment manufacturers ("**OEMs**") and industrial customers as well as to the independent aftermarket. In the automotive sector, our products are used, for example, to control the movement of tailgates, trunk lids, hoods, seats, convertible roofs and steering and trailer systems for cars. In the industrial sector, the applications of our products include smart movement control solutions, for example, in construction and agricultural machines, railway applications, aircraft, commercial vehicles, marine applications, furniture, health care and production equipment. Our products also find a wide usage in swivel chairs for seat height and backrest inclination adjustment. We have successfully expanded our product portfolio into the field of electromechanical opening and closing systems for car tailgates and trunk lids—with our spindle drive based solution called Powerise—and believe that we have become one of the leading suppliers to the vehicle producers in this attractive field. As of March 31, 2014, we have been selected as a supplier for automatic tailgate opening and closing system by six out of the top ten automotive manufacturers by revenue for one or more applications. This indicates the positive market reaction to our product Powerise and also to spindle technology in general for this field of application. In the fiscal year ended September 30, 2013, we generated approximately 50% of our gross profit with our automotive customers and approximately 50% with our industrial and swivel chair customers, demonstrating our well-balanced business model and resilience against a single market decline. As of March 31, 2014, we operated eleven production plants in nine countries, which strongly emphasizes

		our "in the region, for the region" approach and enables us to supply customers in all of our three regional segments with locally produced goods. In addition, we maintain a strong global footprint through a worldwide sales and service network, supported by 220 distribution partners to ensure a strong regional presence.
B.4a	**Most significant recent trends affecting the issuer and the industry in which it operates.**	A very important factor for our revenues in the automotive sector is global production volumes of newly manufactured light vehicles which comprise passenger cars, special utility vehicles ("**SUVs**") and light commercial vehicles weighing less than six tons. The global demand for vehicles developed positively in the calendar year ended December 31, 2013. Our analysis of industry data indicates that, following the global increase in light vehicle sales, the production volume of these increased to approximately 85 million units in 2013, up by around 4% from the approximately 82 million units in calendar year 2012. Approximately 70% of this increase relates to Asia/ Pacific. The development of production volumes in the North American Free Trade Agreement region ("**NAFTA**") also continues to be strongly positive. We believe, that the number of light vehicles produced in Europe remained stable in calendar year 2013 at approximately 19 million units.
B.5	**Description of the Group and the issuer's position within the Group.**	Our Group is headed by the holding company Stabilus S.A. The following chart provides an overview (in simplified form) of the principal direct and indirect shareholdings of the Company as of the date of this Prospectus:

Structure of the Group

Our corporate structure as of the Closing Date (as defined below) can be illustrated as follows:



(1) Servus III (Gibraltar) Limited has been incorporated on April 29, 2014. Stabilus S.A. anticipates to transfer its 10% share in Servus II (Gibraltar) Limited to Servus Group HoldCo II S.à r.l. after the closing of this Offering.

B.6	**Persons who, directly or indirectly, have an interest in the issuer's capital or voting rights or have control over the issuer.**	As of the date of this Prospectus, the following persons, directly or indirectly, have a notifiable interest in the Company's capital and voting rights: Servus Group HoldCo II S.à r.l. (the "**Selling Shareholder**"), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B151872, having its registered office at 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 100% of the share capital of the Company. Servus Group HoldCo S.à r.l., registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B151588, having its registered office at 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 100% of the share capital of the Servus Group HoldCo II S.à r.l. Triton Masterluxco 3 S.à r.l., registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B143926, having its registered office at 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 90.1% of the shares in Servus Group HoldCo S.à r.l. Triton Masterluxco 3 S.à r.l. is a 100% subsidiary of Triton Partners ("**Triton**"), which is ultimately owned by Peder Erik Prahl. Servus Managementbeteiligungs GbR owns 9.9% of the shares in Servus Group HoldCo S.à r.l. 50.0% of Servus Managementbeteiligungs GbR are owned by current members of the management board of the Company (the "**Management Board**") and current members of the senior management of Stable Beteiligungs GmbH (the "**Senior Management**"). As a result the indirect ownership or control is as follows: Dietmar Siemssen owns 2.0%, Mark Wilhelms controls 1.5%, Ansgar Krötz owns 0.5%, Hans-Josef Hosan owns 0.8% and Frank Spitz owns 0.2% of the shares in Servus Group HoldCo S.à r.l. through Servus Managementbeteiligungs GbR. Each share entitles the shareholder to one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. All shares carry the same voting rights, including the shares held by the Selling Shareholder.
B.7	**Selected historical financial and business information.**	The financial information contained in the following tables is extracted or derived from the audited consolidated financial statements of the Company as of and for the fiscal years ended September 30, 2011,

		2012 and 2013 and the unaudited consolidated interim financial statements of the Company as of and for the six months ended March 31, 2014 with comparable information for the six months ended March 31, 2013, and the notes thereto. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union (“**EU**”).

Selected data from the consolidated statement of comprehensive income

	Year ended September 30,			**Six months ended March 31,**	
	2011	**2012**	**2013**	**2013**	**2014**
(in € million)		**(audited)**		**(unaudited)**	
Revenue	**411.6**	**443.5**	**460.1**	**219.4**	**245.9**
Cost of sales	(308.2)	(336.4)	(349.7)	(168.1)	(187.2)
Gross profit	**103.4**	**107.1**	**110.4**	**51.3**	**58.7**
Research and development expenses	(13.8)	(14.0)	(17.6)	(8.3)	(9.9)
Selling expenses	(36.5)	(37.3)	(38.9)	(19.9)	(19.2)
Administrative expenses	(20.8)	(28.0)	(21.2)	(10.7)	(9.5)
Other income	6.6	8.5	6.1	2.4	2.6
Other expenses	(8.7)	(4.4)	(3.6)	(1.5)	(1.5)
Profit from operating activities (EBIT)	**30.2**	**31.9**	**35.2**	**13.3**	**21.2**
Finance income	1.1	7.9	5.5	0.6	10.2
Finance costs	(23.0)	(21.9)	(46.5)	(34.4)	(20.8)
Profit/(loss) before income tax	**8.3**	**17.9**	**(5.9)**	**(20.5)**	**10.7**
Income tax income/(expense)	2.2	(9.5)	(10.1)	(2.6)	(4.2)
Profit/(loss) for the period[(1)]	**10.5**	**8.4**	**(16.0)**	**(23.2)**	**6.5**

(1) Profit/(loss) for the period includes the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation (“**PPA effects**”). Had PPA effects not been included in our profit/(loss) for the period our profit/(loss) would have been €23.2 million for the fiscal year ended September 30, 2011, €21.1 million for the fiscal year ended September 30, 2012, €(3.3) million for the fiscal year ended September 30, 2013, €(16.8) million for the six months ended March 31, 2013 and €12.8 million for the six months ended March 31, 2014.

Selected data from the consolidated statement of financial position

(in € million)	As of September 30, 2011	2012 (audited)	2013	As of March 31, 2014 (unaudited)
Assets				
Property, plant and equipment	123.1	120.1	116.3	114.1
Intangible assets[1]	234.9	232.4	227.2	223.6
Other non-current financial assets	4.3	2.7	77.1	81.6
Other non-current assets[2]	5.6	6.3	8.4	7.9
Total non-current assets	**367.9**	**361.4**	**429.0**	**427.2**
Inventories	45.4	50.0	46.1	48.3
Trade accounts receivable	55.2	59.0	67.8	52.3
Other current assets[3]	8.5	14.9	24.2	29.0
Current tax assets	2.5	3.6	0.4	1.6
Cash and cash equivalents	26.5	41.6	21.8	35.0
Total current assets	**138.1**	**169.2**	**160.3**	**166.2**
Total assets	**506.0**	**530.6**	**589.3**	**593.4**
Shareholders equity and liabilities				
Equity attributable to shareholders of the Company	50.8	57.1	82.5	83.9
Non-controlling interests	0.3	0.3	0.2	0.2
Total equity	**51.1**	**57.4**	**82.6**	**84.1**
Non-current financial liabilities	272.3	285.5	315.1	322.1
Pension plans and similar obligations	35.4	35.7	35.8	41.9
Other non-current liabilities[4]	73.5	69.5	67.8	63.1
Total non-current liabilities	**381.2**	**390.7**	**418.8**	**427.2**
Trade accounts payable	32.1	42.9	45.0	46.4
Other current financial liabilities	8.3	7.4	8.9	9.8
Other current liabilities[5]	33.3	32.2	34.0	25.9
Total current liabilities	**73.7**	**82.5**	**87.9**	**82.1**
Total liabilities	**454.9**	**473.2**	**506.7**	**509.3**
Total equity and liabilities	**506.0**	**530.6**	**589.3**	**593.4**

(1) Includes goodwill and other intangible assets.

(2) Includes deferred tax assets and other non-current assets.

(3) Includes other financial assets and the line item other current assets.

(4) Includes provisions, deferred tax liabilities and the line item other non-current financial liabilities.

(5) Includes current tax liabilities, provisions current financial liabilities and the line item other current liabilities.

Selected data from the consolidated statement of cash flow

(in € million)	Year ended September 30, 2011 (audited)	2012 (audited)	2013 (audited)	Six months ended March 31, 2013[6] (unaudited)	2014 (unaudited)
Profit from operating activities (EBIT)[1]	30.2	31.9	35.2	13.3	21.2
Depreciation and amortization	37.3	40.0	40.7	19.8	19.6
Other non-cash income and expenses	6.0	6.2	(5.5)	(0.5)	(3.8)
Tax payments	(7.1)	(13.5)	(5.7)	(2.9)	(4.4)
Change in net working capital[2]	(13.2)	(8.3)	(1.9)	(16.3)	11.2
Cash flows from operating activities	**53.2**	**56.3**	**62.8**	**13.4**	**43.8**
Investing activities					
Capital expenditures	(34.1)	(32.5)	(34.4)	(13.6)	(16.8)
Proceeds from disposal of property, plant and equipment	—	—	1.3	0.2	0.0
Other investing cash income and expenses[3]	(0.2)	(0.2)	—	—	—
Payments for upstream shareholder loan[4]	—	—	(80.0)	—	—
Cash flows from investing activities	**(34.3)**	**(32.7)**	**(113.1)**	**(13.4)**	**(16.8)**
Financing activities					
Receipts under revolving credit facility	—	—	—	—	8.0
Payments under revolving credit facility	—	—	—	—	(8.0)
Receipts from contribution of equity	—	—	44.0	—	—
Receipts from taking up loans	—	—	315.0	—	—
Repayment of loans	(26.0)	—	(303.8)	(4.9)	—
Other financing cash flow[5]	(4.6)	(9.3)	(23.9)	(6.0)	(13.6)
Cash flows from financing activities	**(30.6)**	**(9.3)**	**31.3**	**(10.9)**	**(13.6)**
Net increase/decrease in cash and cash equivalents	**(11.6)**	**14.3**	**(19.0)**	**(10.8)**	**13.4**
Changes in foreign currency	(0.1)	0.8	(0.9)	0.2	(0.2)
Cash as of beginning of period	38.2	26.5	41.6	41.6	21.8
Cash as of end of period	**26.5**	**41.6**	**21.8**	**31.0**	**35.0**

(1) EBIT (*i.e.*, earnings before interest and taxes) represents the IFRS income statement item 'profit from operating activities.'

(2) The following table sets out our change in net working capital:

(in € million)	Year ended September 30, 2011 (audited)	2012 (audited)	2013 (audited)	Six months ended March 31, 2013[6] (unaudited)	2014 (unaudited)
Changes in inventories	(7.5)	(4.6)	3.9	(4.1)	(2.2)
Changes in trade accounts receivable	(1.0)	(3.8)	(8.8)	(4.6)	15.5[A1]
Changes in trade accounts payable	9.3	10.8	2.0	(2.7)	1.4
Changes in other assets and liabilities	4.9	(8.5)	5.0	(2.1)	(0.3)
Changes to restricted cash	0.1	1.6	2.7	(0.4)	—
Changes in provisions	(12.3)	(1.4)	(6.9)	(3.1)	(3.4)
Changes in deferred tax assets and liabilities	(6.7)	(2.4)	0.2	0.8	0.2
Changes in net working capital	**(13.2)**	**(8.3)**	**(1.9)**	**(16.3)**	**11.2**

(A1) The significant change in trade accounts receivable for the six months ended March 31, 2014 is mainly due to the effect of our factoring transactions, which we implemented in March of 2014. As of March 31, 2014, we sold accounts receivable amounting to €20.2 million.

(3) Other investing cash income and expenses includes acquisition of assets and liabilities within the business combination, net of cash acquired.

(4) Payments for upstream shareholder loan refers to an €80.0 million loan paid to Servus Group HoldCo II S.á r.l. in 2013.

(5) Other financing cash flow includes payments for dividend distributions, payments for interest, finance fees and transaction costs.

(6) As a consequence of the first-time adoption of revised IAS 19, Employee Benefits, the figures have been adjusted/ restated in accordance with IAS 8. Information related to the adjustment of the prior-year figures is disclosed in the Management's discussion and analysis of financial condition and results of operations in the section "Critical accounting policies" under the subheading "Pensions and similar obligations."

<table>
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<td>Significant changes to the issuer's financial condition and operating results.</td>
<td>The following changes in the Company's financial condition and its operating results, as defined by revenue and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") occurred from the six month period ended March 31, 2013 to the six month period ended March 31, 2014 and in the fiscal years ended September 30, 2011, 2012 and 2013:

Six months ended March 31, 2013 and 2014

Total revenue increased from €219.4 million in the six months ended March 31, 2013 by €26.5 million to €245.9 million in the six months ended March 31, 2014. This increase of 12.1% reflected the continued success of our core strategies, the improved economic conditions in Europe compared to the more difficult economic conditions we faced in the first calendar quarter of 2013 and, additionally, the increased market penetration of our Powerise solution.

Our total Adjusted EBITDA increased from €39.5 million in the six months ended March 31, 2013 by €4.0 million to €43.5 million in the six months ended March 31, 2014. This increase of 10.1% was mainly a result of further penetration of the Chinese market and industrial sectors, improved market conditions as well as the considerable volume growth in Powerise, combined with cost management efforts.

Fiscal years ended September 30, 2012 and 2013

Total revenue increased from €443.5 million in the fiscal year ended September 30, 2012 by €16.6 million, or 3.7%, to €460.1 million in the fiscal year ended September 30, 2013. This increase was mainly driven by a revenue increase of 12.4% in the Asia/Pacific region and a revenue increase of 11.4% in the NAFTA region. The total revenue increase of 3.7% was primarily driven by our automotive business. Revenue of our automotive business rose 5.4%, caused by a 92.7% revenue growth in our Powerise solution, which was only partially offset by a 4.5% decline in gas spring revenue. The overall positive development of our automotive business reflected generally favorable market conditions and certain exchange rate related softening from our U.S. dollar-invoiced revenue due to the weaker U.S. dollar. Our industrial business recorded a revenue increase of 3.2%, which was mainly the result of overall improved economic conditions and a better market penetration in the NAFTA and Asia/Pacific regions. This was only partly</td>
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		offset by a slight decrease in swivel chair revenue. In the fiscal year ended September 30, 2013, electronic control modules and brackets were reported as revenue generated from sales of the Powerise solution, while in the fiscal year ended September 30, 2012, these electronic control modules and brackets were reported as revenue from gas spring sales, which leads to less comparable revenue numbers between the two years. Our total Adjusted EBITDA increased from €83.1 million in the fiscal year ended September 30, 2012 by €4.0 million to €87.1 million in the fiscal year ended September 30, 2013. This increase of 4.8% was primarily the result of higher sales volumes and improvements in the Group's purchasing and production functions partially offset by cost inflation related primarily to personnel and a weakening of the U.S. dollar. ***Fiscal years ended September 30, 2011 and 2012*** Total revenue increased from €411.6 million in the fiscal year ended September 30, 2011 by €31.9 million, or 7.8%, to €443.5 million in the fiscal year ended September 30, 2012. This increase was mainly driven by a revenue increase of 24.2% in the NAFTA region and a revenue increase of 11.5% in the Asia/Pacific region. The total revenue increase of 7.8% was primarily driven by our automotive business, which recorded an 11.9% revenue increase, caused by a 67.8% revenue growth in our Powerise solution and 7.8% growth in our gas spring revenue, reflecting generally favorable market conditions and the strengthening of the U.S. dollar. Our industrial revenue grew by 2.9%, which was only partly offset by a slight decrease in swivel chair revenue. Our total Adjusted EBITDA increased from €73.0 million in the fiscal year ended September 30, 2011 by €10.1 million to €83.1 million in the fiscal year ended September 30, 2012. This increase of 13.8% was primarily the result of higher sales volumes and improvements in the Group's purchasing and production functions partially offset by cost inflation related primarily to personnel.
B.8	**Selected key pro forma financial information.**	Not applicable. No *pro forma* financial information has been prepared by the Company.
B.9	**Profit forecast and estimate.**	Not applicable. No profit forecast or estimate is being presented by the Company.
B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. The audit reports on the historical financial information included or incorporated by reference in the Prospectus have been issued without any qualifications.

B.11	**Explanation if the issuer's working capital is not sufficient for the issuer's present requirements.**	Not applicable. The Company believes that the Group has sufficient working capital to meet its payment obligations falling due within the twelve-month period following the date of this Prospectus.

C–Securities

C.1	**A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.**	This offering consists of (i) an initial public offering of shares in the Federal Republic of Germany ("**Germany**") and (ii) private placements of shares in certain jurisdictions outside Germany (together, the "**Offering**"). International Securities Identification Number (ISIN): LU1066226637 German Securities Code (*Wertpapierkennnummer, WKN*): A113Q5 Common Code: 106622663 Ticker Symbol: STM
C.2	**Currency of the securities issue.**	Euro.
C.3	**The number of shares issued and fully paid and issued but not fully paid.** **The par value per share, or that the shares have not par value.**	At the date of the Prospectus, the share capital of the Company amounts to €177,000 and is divided into 17,700,000 shares with a nominal value of €0.01 each. The share capital of the Company is fully paid up. Each of the shares has a nominal value of €0.01.
C.4	**A description of the rights attached to the securities.**	Each share entitles the shareholder to one vote at the general shareholders' meeting of the Company. There are no restrictions on voting rights. All of the shares carry full dividend rights.
C.5	**A description of any restrictions on the free transferability of the securities.**	Except for the lock-up periods described under E.5, there are no restrictions on the transferability of the shares to be subscribed by investors in connection with the Offering. In addition, there are no restrictions on the transferability of the shares in the Company's articles of association (the "**Articles of Association**").
C.6	**An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.**	The Company expects to apply for admission of its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard).

C.7	**A description of the dividend policy.**	The Company expects to begin paying dividends in respect of the fiscal year ending September 30, 2015, targeting a dividend ratio of between 20.0% and 40.0% of the consolidated net profit.

D–Risks

D.1	**Key information on the key risks that are specific to the issuer or its industry.**	**Market risks** • We are exposed to substantial risks associated with the performance of the global economy and the performance of the economy in the jurisdictions in which we operate. • We operate in cyclical industries. • The business environment in which we operate is characterized by intense competition, which affects some of our products and markets, which could reduce our revenue or put continued pressure on our sales prices. • Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks. • We are exposed to risks associated with market trends and developments. **Risks related to our business** • We depend on a limited number of large OEMs for the sale of our automotive products. • We depend on a limited number of key suppliers for certain products. • We are exposed to fluctuations in prices of prefabricated materials and components. • We may not be able to successfully execute our global expansion strategy. • Our future business success depends on our ability to maintain the high quality of our products and processes. • We may be unable to maintain our technological leadership and competitive cost structures. • We depend on our ability to secure sufficient funding for our research and development efforts. • Our operations depend on qualified executives and key employees. • Our business could be adversely impacted by strikes and other labor disputes. • Our operations rely on complex IT systems and networks.

		• We could be adversely affected by property loss and unforeseen business interruption. **Legal, taxation and environmental risks** • We are exposed to warranty and product liability claims. • We are exposed to certain risks with regards to our intellectual property, its validity and the intellectual property of third parties. • We may incur additional costs as a result of industry collective bargaining agreements especially applicable to our German employees, which make up almost half of our workforce. • We are subject to risks from legal, administrative and arbitration proceedings. • Due to our high market share, we may be exposed to legal risks regarding anti-competition fines and related damage claims. • We could be subject to tax risks attributable to previous tax assessment periods. • We may have exposure to additional tax liabilities. • Interest carry-forwards may be forfeited in part or in full as a result of the listing and subsequent share sales. • We could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials. • We could become subject to additional burdensome environmental or safety regulations and additional regulation could adversely affect demand for our products and services. **Risks related to our capital structure** • Our leverage and debt service obligations could have a material adverse effect on our business and may make it difficult for us to service our debt and operate our business. • We are subject to restrictive debt covenants, which may restrict our ability to pursue our business strategies and react to changes in the economy or our industry. • Due to our high level of debt we face potential liquidity risks. • We are exposed to risks associated with changes in currency exchange rates. • We are exposed to risks in connection with our pension commitments.

		• A downgrade in the Company's rating could increase its financing costs and preclude its access to certain financing markets and products, and thereby impair its liquidity and profitability.
D.3	**Key information on the key risks that are specific to the securities.**	• The Company's shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Company's shares will develop. • The market price and trading volume of the Company's shares could fluctuate significantly, resulting in substantial losses. • Following the listing, the Company's Selling Shareholder will still be in a position to exert substantial influence on the Company. The interests of the Company's Selling Shareholder could differ from the interests of the other shareholders. In addition, any future sales of the Company's shares by the Selling Shareholder could depress the market price of the shares. • Future sales or issuances of a substantial number of the Company's shares may depress the market price of the Company's shares. • Future offerings of debt or equity securities by us may adversely affect the market price of the shares, and future capitalization measures could lead to substantial dilution of existing shareholders' interests in the Company. • The payment of future dividends will depend on the Group's financial condition and results of operations, certain restrictions under our financing arrangements as well as on the operating subsidiaries' distributions to the Company. • We will incur increased costs as a public company, primarily related to additional administrative expenses. • The Company is incorporated under and subject to Luxembourg law. The rights of holders of Offer Shares (as defined below) and the responsibilities of the Company to the holders of Offer Shares under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdiction in which the Offer Shares are offered. • The Offering might not take place, and investors could therefore lose security commissions already paid and bear the risk of not covering any short sale of the shares.

E—Offer

E.1	**The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.**	The Selling Shareholder will receive the net proceeds from the sale of up to 7,550,000 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder (the "**Existing Shares**") including any of up to 1,584,079 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder (the "**Greenshoe Shares**", together with the Base Shares, the "**Offer Shares**") sold in connection with a potential over-allotment, if any. The Company will receive the proceeds from the sale of up to 3,421,053 newly issued bearer shares with a nominal value of €0.01 each from a capital increase against contribution in cash (the "**New Shares**"). The New Shares will be subscribed for by the Underwriters and delivered to the Selling Shareholder in order to redeem the share loan whereby the Selling Shareholder has made available to the Underwriters up to 3,421,053 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder for the purpose of placing such shares in the Offering (the "**Share Loan Shares**" and, together with the Existing Shares, the "**Base Shares**"). The New Shares will only be issued to the extent Share Loan Shares have been placed in the Offering. The number of New Shares that the Company will issue in connection with the Offering (and, correspondingly, the number of Share Loan Shares sold in the Offering) will be determined by the Offer Price and will be such number of shares as is necessary to provide the Company with gross proceeds of €65.0 million. As a result, at the high point of the price range (€25), the Company would issue 2,600,000 New Shares, at the mid-point of the price range (€22) 2,954,546 New Shares and at the low-point of the price range (€19) 3,421,053 New Shares. The Company will not receive any proceeds from the sale of the Existing Shares and the Greenshoe Shares. The Company and the Selling Shareholder estimate that the total costs and expenses (excluding the underwriting commissions) are approximately €5.0 million, all of which will be payable by the Company. The Company and the Selling Shareholder estimate the base commissions to the Underwriters to amount to up to approximately €6.3 million and the full payment of a discretionary fee to amount to approximately €2.9 million, in each case based on the mid-point of the Price Range (as defined below) at €22 per Offer Share and the corresponding aggregate gross proceeds of approximately €261.3 million,

		assuming full exercise of the Greenshoe Option (as defined below). The base commissions with respect to the New Shares and any discretionary fee will be paid by the Company. The base commission with respect to the Existing Shares and any Greenshoe Shares sold will be paid by the Selling Shareholder. Not applicable. No Offering-related expenses will be charged to investors. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.
E.2a	**Reasons for the offer, use of proceeds, estimated net amount of the proceeds.**	The Selling Shareholder will offer the shares to partially divest its stake in the Company. The Company intends to use the net proceeds of the issuance of the New Shares for partial repayment of existing debt, in particular for the early redemption of €58.9 million outstanding aggregate principal amount of senior secured notes issued on June 7, 2013 by a direct subsidiary of the Company (the "**Senior Notes**") at a redemption price of 107.75%. Accrued and unpaid interest will be paid out of balance sheet cash by the Company. After such repayment, the remaining outstanding principal amount under the Senior Notes would be €256.1 million. The total net amount of the proceeds of this Offering are estimated to be €247.1 million (based on the mid-point of the Price Range (as defined below) at €22 per Offer Share and assuming full exercise of the Greenshoe Option).
E.3	**A description of the terms and conditions of the offer.**	**Offering** The Offering consists of a public offering of the Offer Shares in Germany and private placements of the Offer Shares in certain jurisdictions outside Germany. In the United States, the Offer Shares will be offered for sale to qualified institutional buyers in reliance on Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered in reliance on Regulation S ("**Regulation S**") under the Securities Act. **Offer period** The offer period will commence on (i) May 12, 2014 and ends on May 22, 2014, at 12.00 noon (Central European Summer Time) for retail investors and (ii) on May 9, 2014 and ends on May 22, 2014, at 2.00pm (Central European Summer Time) for institutional investors (together, the "**Offer Period**"). **Amendments to the terms of the Offering** The Company and the Selling Shareholder reserve the right, in agreement with COMMERZBANK

		Aktiengesellschaft ("**COMMERZBANK**") and J.P. Morgan Securities Limited ("**J.P. Morgan**" and, together with COMMERZBANK, the "**Joint Global Coordinators and Joint Bookrunners**"), to reduce or increase the number of shares offered, to reduce or increase the upper/lower limits of the Price Range (as defined below) and/or to extend or curtail the Offer Period. If the option to change the terms of the Offering is exercised, the change will be communicated through an announcement published in various media distributed across the entire European Economic Area (*Medienbündel*) and on the Company's website (*www.stabilus.com*) and, if required, in a supplement to the Prospectus. Under the Luxembourg Prospectus Law, investors who have submitted a purchase order before a supplement is published are granted a period of two business days from publication of the supplement to withdraw their orders provided that the new factor, mistake or inaccuracy, which required a supplement to the Prospectus to be published, arose before the final closing of the Offering and the delivery of the shares.
		The underwriting agreement dated May 8, 2014 among the Company and the Selling Shareholder on the one hand and the Joint Global Coordinators and Joint Bookrunners and Société Générale Corporate & Investment Banking ("**Société Générale**") and UniCredit Bank AG ("**UniCredit**" and, together with the Société Générale, the "**Co-Lead Managers**"; the Joint Global Coordinators and Joint Bookrunners together with the Co-Lead Managers, the "**Underwriters**") on the other hand (the "**Underwriting Agreement**"), provides that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, even after the Offer Shares have been allotted, at any time up to the time of delivery and payment. If the Underwriting agreement is terminated, the Offering will not take place. In this case, any allotments already made to investors will be invalidated, and investors will have no claim for delivery. Claims with respect to security commissions already paid and costs incurred by an investor in connection with the purchase of Offer Shares will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations. **Price Range and Offer Price** The price range within which offers to purchase may be submitted is between €19 and €25 per share (the

		"**Price Range**"). Within this Price Range, orders may include a price limit. However, each purchase order must be placed for a minimum of 25 shares. Purchase orders must be for full Euro amounts or 25, 50 or 75 Eurocents. Multiple subscriptions are permissible. The Company and the Selling Shareholder expect to determine the final offer price (the "**Offer Price**") after consultation with the Underwriters on or about May 22, 2014, using the order book prepared during the bookbuilding process. The Offer Price is expected to be communicated through an announcement published in various media distributed across the entire European Economic Area (*Medienbündel*), on the Company's website (*www.stabilus.com*), on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and filed with the CSSF, all in accordance with article 10(1)(b) of the Luxembourg Prospectus Law. **Delivery and settlement of Offer Shares; Closing Date** Delivery of the Offer Shares against prior payment of the Offer Price and the customary securities commission is expected to take place two Frankfurt a.M., Germany banking days following the first day of trading on the Frankfurt Stock Exchange, *i.e.*, on May 27, 2014 ("**Closing Date**"). The Offer Shares will be made available to shareholders in book-entry form and treated as dematerialized financial instruments in the centralized management system operated by Clearstream Frankfurt. The Offer Shares are in the form of bearer shares certificated by global share certificates deposited with Clearstream Banking AG, Frankfurt am Main, Germany, 60485 Frankfurt am Main, Deutschland. At their discretion, investors may choose to have shares they acquire in the Offering credited to the securities account of a bank held for their account at Clearstream Frankfurt. **Over-allotment/Stabilization and Greenshoe Option** In connection with the placement of the Offer Shares, J.P. Morgan Securities plc, or persons acting on its behalf, will act as stabilization manager ("**Stabilization Manager**") and may, acting in accordance with legal requirements (article 7 of the Luxembourg law of May 9, 2006 on market abuse, as amended, the "**Luxembourg Market Abuse Law**"), §20a of the German Securities Trading Act (*Wertpapierhandelsgesetz*) and in conjunction with EU Commission Regulation 2273/2003 of December 22, 2003), make over-allotments and take stabilization measures to support the market price of the shares and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. No assurance can therefore be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken on or after the date on which the Offer Price is publicly announced and must be terminated no later than 30 calendar days after this date (the "**Stabilization Period**"). Even if stabilization measures are taken, it cannot be assured that these are successful.

Under the possible stabilization measures, investors may, in addition to the Base Shares being offered, be allotted up to 1,584,079 Greenshoe Shares as part of the allotment of the Shares to be placed. In connection with a possible over-allotment, J.P. Morgan will be provided in its capacity as Stabilization Manager with up to 1,584,079 Greenshoe Shares by the Selling Shareholder in the form of a securities loan; this number of shares will not exceed 15% of the number of Base Shares. In connection with a possible over-allotment, the Selling Shareholder has granted the Underwriters the option, exercisable by the Stabilization Manager in agreement with and on behalf of the Underwriters, to purchase up to 1,584,079 Greenshoe Shares at the Offer Price (less agreed commissions) starting on the date of commencement of the stock exchange trading until 11.59pm Central European Summer Time of the thirtieth day after commencement of the stock exchange trading of the Offer Shares (the "**Greenshoe Option**").

Once the Stabilization Period has ended, an announcement will be made within one week in various media distributed across the entire European Economic Area containing the following information (1) whether stabilization measures were actually implemented, (2) the date on which stabilization measures, if any, were commenced, (3) the date the last stabilization measure was taken, and (4) the price range within which stabilization measures were implemented. This information will be provided with respect to each date on which a stabilization measure was taken.

General allotment criteria

The allotment of shares to retail investors and institutional investors will be decided upon consultation between the Selling Shareholder, the Company and the Underwriters. The ultimate decision rests with the Selling Shareholder and will be made

		on the basis of the quality of the individual investors, individual orders and other relevant allotment criteria. In addition, all members of the Management Board, the Supervisory Board and the Senior Management that choose to participate in this Offering will be fully allocated the number of Offer Shares for which they submit orders. The preferential allocation to the members of the Management Board, the Supervisory Board and Senior Management will be conducted without any discount on the Offer Price. These shares will be subject to a 12-month lock-up period. Certain members of the management team will receive an IPO bonus, approximately 90% of the net proceeds of such bonus will be reinvested into shares of the Company in connection with this Offering. The details of the allotment will be stipulated after expiration of the Offer Period and published in accordance with the allotment criteria.
E.4	**A description of any interest that is material to the issue/ offer including conflicting interests.**	The Selling Shareholder has an interest in the Offering because it will receive part of the net proceeds of the Offering. The members of the Management Board and Senior Management, who currently indirectly hold shares of the Company have an interest in the Offering as they will receive a preferential allocation of shares. These shares will be subject to a 12-month lock-up period. The Underwriters have an interest in the Offering as each has entered into a contractual relationship with the Selling Shareholder and the Company in connection with the structuring, execution and implementation of the Offering. The compensation is incentive based and depends, among other factors, on the amount of the proceeds of the Offering. In connection with the Offering, the Underwriters and affiliated companies will be able to acquire, hold, purchase and/or sell Offer Shares for their own accounts and they can also offer or sell these Shares outside the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliated companies acting in such capacity. In addition, certain of the Underwriters or their affiliated companies may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliated companies) may from time to time acquire, hold or dispose of Offer Shares. The Underwriters do not intend to disclose the

		scope of such investments or transactions to the extent that this is not legally required. Some of the Underwriters or their affiliates have business relations with us, including financing, or may perform services for us in the ordinary course of business. Business relations also exist with J.P. Morgan, J.P. Morgan Europe Limited, London, UK ("**J.P. Morgan Europe**"), COMMERZBANK and UniCredit. The Group has various bank accounts at these financial institutions. In addition, J.P. Morgan and COMMERZBANK acted as lead arrangers and J.P. Morgan Europe as facility agent and security agent under a €25.0 million multi-currency revolving credit facility (the "**Revolving Credit Facility**") entered into by the Company on June 7, 2013. We intend to obtain commitments for uncommitted €15 million additional facilities under the Revolving Credit Facility, prior to the closing of this Offering. Further, on March 27, 2014 we have entered into a factoring agreement with CommerzFactoring GmbH, a subsidiary of COMMERZBANK, which provides for the sale of accounts receivables up to an amount of €35.0 million. In addition, UniCredit Romania and the Group have concluded a lease agreement for the Powerise engineering building in Romania in 2011. As of the date of this Prospectus, outstanding payments by the Group under the lease agreement amount to €1.7 million. The decision to offer the Offer Shares was made solely by the Selling Shareholder and the Company and the terms upon which the Offer Shares are being offered were determined by negotiation between the Selling Shareholder, the Company and the Underwriters.
E.5	**Name of the person or entity offering to sell the security.**	The shares are being offered for sale by the Joint Global Coordinators and Joint Bookrunners, the Selling Shareholder and the Company (as defined under B.1/B.6 above). **Lock-up agreements: the parties involved; and indication of the period of the lock-up** The Company has undertaken in the Underwriting Agreement vis-à-vis the Underwriters that it will not, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, during a period ending six months after the Closing Date (currently expected to take place on May 27, 2014): (a) announce or effect an increase of the share capital of the Company out of authorized capital, if any; (b) submit a proposal for a capital increase to any meeting of the shareholders for resolution;

		(c) announce, effect or submit a proposal for the issuance of any securities convertible into shares of the Company or with option rights for shares of the Company; (d) offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital; or (e) enter into a transaction or perform any action economically similar to those described in (a) through (d) above. The Company may, however, *inter alia*, issue or sell shares or other securities to Management Board members or employees of the Company or any of its subsidiaries under a customary management and/or employee stock option plan and undertake any corporate action for purposes of entering into joint ventures or acquiring companies, provided that the parties to which shares or other securities are issued in connection with the joint venture or acquisition assume towards the Underwriters the obligation to comply with the aforementioned lock-up provisions. The Selling Shareholder has undertaken, in the Underwriting Agreement, vis-à-vis the Underwriters that it will not, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, during a period ending six months after the Closing Date: (a) offer, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares held by it or any of its subsidiaries (other than the Company and its subsidiaries) (such shares held by the Selling Shareholder or its affiliates, the "**Lock-up Shares**"); (b) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Lock-up Shares, whether any such transaction described in clause (a) above or this clause (b) is to be settled by

		delivery of Lock-up Shares or such other securities, in cash or otherwise; (c) propose an increase in the share capital of the Company (including by requesting the Management Board to convene a general shareholders' meeting or otherwise), vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the issuance of any securities convertible into shares, with option rights for shares; or (d) enter into a transaction or perform any action economically similar to those described in (a) through (c) above. The foregoing lock-up restrictions under (a) and (b) do not apply to sales made to persons or entities who themselves agree to comply with the lock-up, sales made in the course of a public takeover or sales made with prior consent of the Joint Global Coordinators. The Offer Shares, which have been acquired by the Management Board members and members of our Senior Management in connection with this Offering, are subject to a lock-up period of 12 months after the Closing Date.
E.6	**The amount and percentage of immediate dilution resulting from the Offering.**	The exact amount and the percentage of the immediate dilution resulting from the capital increase to be implemented in connection with the Offering will depend on the scope of such capital increase, which is expected to be approved by our Management Board on May 22, 2014 as well as on the amount of the net issue proceeds. In this Offering, the amount of the net issue proceeds depends on the number of shares actually placed and the final Offer Price set. Based on the mid-point of the Price Range at €22 per Offer Share, the amount of immediate dilution per share is expected to be €18.54 or 84.3% per share of the new shareholders and 27.1% of the Selling Shareholder.
E.7	**Estimated expenses charged to the investor by the issuer or the offeror.**	Not applicable. Neither the Company nor the Selling Shareholder nor the Underwriters will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account-keeping financial institution.

German translation of the summary of the Prospectus
Zusammenfassung des Prospekts

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte (“**Punkte**”) bezeichnet sind. Diese Punkte sind in den Abschnitten A–E (A.1–E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art der Wertpapiere und der Emittentin in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art der Wertpapiere und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis “Entfällt”.*

A–Einleitung und Warnhinweise

A.1	**Warnhinweise an den Leser.**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Der Anleger sollte jede Entscheidung, in die Wertpapiere zu investieren, auf den Prospekt als Ganzen stützen. Ein Anleger, der wegen der in diesem Prospekt enthaltenen Angaben Klage einreichen will, muss nach den nationalen Rechtsvorschriften der Mitgliedstaaten möglicherweise für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann. Nur diejenige(n) Person(en), die die Zusammenfassung, einschließlich ihrer deutschen Übersetzung, vorgelegt und übermittelt haben, haften zivilrechtlich, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lässt.
A.2	**Angaben über die spätere Verwendung des Prospekts.**	Entfällt. Es wird keine spätere Weiterveräußerung oder endgültige Platzierung durch Finanzintermediäre geben, die eine Zustimmung erforderlich macht. Daher ist eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung der Wertpapiere nicht erteilt worden.

B–Emittentin

B.1	**Juristische und kommerzielle Bezeichnung.**	Die juristische Bezeichnung der Emittentin ist Stabilus S.A. (die “**Gesellschaft**” und gemeinsam mit ihren konsolidierten Tochtergesellschaften “**wir**”, “**uns**”, “**unser**”, der “**Konzern**”). Die Gesellschaft betreibt ihr Geschäft im Wesentlichen unter der kommerziellen Bezeichnung “**Stabilus**”.

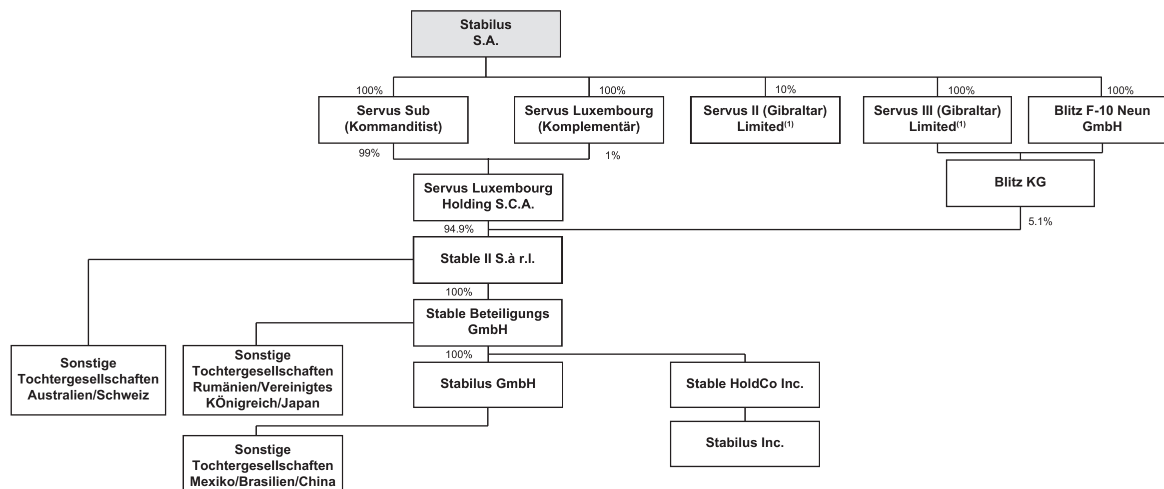
B.2	**Sitz, Rechtsform, geltendes Recht, Land der Gründung.**	Die Gesellschaft hat ihren Sitz in 2, rue Albert Borschette, L-1246 Luxemburg, Großherzogtum Luxemburg. Die Gesellschaft ist eine Aktiengesellschaft (*société anonyme*) im Großherzogtum Luxemburg ("**Luxemburg**"), die in Luxemburg errichtet wurde und Luxemburger Recht unterliegt.
B.3	**Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten der Emittentin samt der hierfür wesentlichen Faktoren, Hauptprodukt- und/oder – dienstleistungskategorien und Hauptmärkte, auf denen die Emittentin vertreten ist.**	***Überblick*** Nach unserer Beurteilung sind wir der führende Hersteller von hochtechnisierten Gasfedern und hydraulischen Dämpfern sowie automatischen Öffnungs- und Schließsystemen mit hoher Wertschöpfung für die Automobilbranche und andere Industrien. Bei Gasfedern schätzen wir unseren weltweiten Marktanteil in der Automobilbranche auf 70 % und in anderen Industrien auf 35 % (womit diese unserer Einschätzung nach etwa 15mal bzw. dreimal größer sind als die Marktanteile unserer jeweiligen nächsten Wettbewerber). Im Markt für automatische Öffnungs- und Schließsysteme für die Automobilbranche, welchen wir mit unserer Powerise Produktlinie beliefern, beträgt unser geschätzter Marktanteil nach unserer Beurteilung ca. 22 %. Wir liefern qualitativ hochwertige und technologisch anspruchsvolle Komponenten und Systeme für die unterschiedlichsten Anwendungen an eine Vielzahl von Automobilherstellern („**OEMs**") und Kunden aus anderen Industriesektoren sowie den freien Ersatzteilmarkt. In der Automobilbranche kommen unsere Produkte beispielsweise zur Steuerung der Bewegung von Heckklappen, Kofferraumdeckeln, Motorhauben, Sitzen, Verdeckklappen und Lenk- sowie Anhängersystemen für Pkws zum Einsatz. Unsere Produktanwendungen für den Industriesektor umfassen "Smart Movement"-Steuerungslösungen beispielsweise für Landwirtschafts- und Baumaschinen, Eisenbahnanwendungen, Flugzeuge, Nutzfahrzeuge, Schiffsanwendungen, Möbel, für das Gesundheitswesen sowie für Produktionsausrüstung. Unsere Produkte finden auch vielfältigen Einsatz bei der Sitzhöhen- und Rückenlehnenverstellung von Drehstühlen. Mit unserer „Powerise" genannten Anwendung auf Basis eines Spindelantriebs haben wir unser Produktportfolio erfolgreich um den Bereich elektromechanische Öffnungs- und Schließsysteme für Heckklappen und Kofferraumdeckel erweitert und sind, nach unserer Einschätzung, in diesem attraktiven Bereich zu einem der führenden Zulieferer für Fahrzeughersteller geworden. Zum 31. März 2014 wurden wir als Lieferant von sechs der zehn

		führenden Automobilhersteller nach Umsatz, die ihre Fahrzeuge mit automatischen Öffnungs- und Schließsystemen ausstatten, für ein oder mehrere Anwendungen ausgewählt. Dies zeigt die positive Marktreaktion auf Powerise and auch auf Spindeltechnologie generell für diesen Anwendungsbereich. Im Geschäftsjahr zum 30. September 2013 haben wir ca. 50 % unseres Bruttoergebnisses mit unseren Kunden aus der Automobilbranche und ca. 50 % mit unseren Industriekunden sowie mit Herstellern von Drehstühlen erzielt. Dies zeigt, dass wir ein ausgewogenes Geschäftsmodell verfolgen und gegen eine negative Entwicklung in einem dieser Märkte gewappnet sind. Zum 31. März 2014 unterhielten wir elf Produktionsanlagen in neun Ländern. Dies unterstreicht unseren Ansatz "in der Region, für die Region" und ermöglicht es uns, Kunden in unseren drei regionalen Segmenten mit lokal hergestellten Produkten zu beliefern. Darüber hinaus sind wir mit unserem globalen Vertriebs- und Kundendienstnetzwerk, das von 220 Vertriebspartnern unterstützt wird und so eine starke regionale Präsenz sicherstellt, weltweit sehr breit aufgestellt.
B.4a	**Wichtigste jüngste Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken.**	Ein sehr wichtiger Faktor im Hinblick auf unsere Umsatzerlöse in der Automobilbranche bildet das weltweite Produktionsvolumen von neuen Leichtfahrzeugen—hierzu zählen Pkw, SUV und leichte Nutzfahrzeuge von weniger als sechs Tonnen. Die weltweite Nachfrage nach Fahrzeugen hat sich im Kalenderjahr zum 31. Dezember 2013 positiv entwickelt. Infolge der gestiegenen weltweiten Nachfrage nach leichten Fahrzeugen erhöhte sich das Produktionsvolumen solcher Leichtfahrzeuge, nach unserer Industrieanalyse, im Kalenderjahr 2013 auf 85 Mio. Einheiten, was einem Anstieg von 4 % verglichen mit 82 Mio. Einheiten im Kalenderjahr 2012 entspricht. Ungefähr 70 % dieses Anstiegs betreffen die Asien/Pazifik-Region. Auch die Entwicklung der Produktionsvolumen im Geltungsbereich des Nordamerikanischen Freihandelsabkommens (*North American Free Trade Agreement*—„**NAFTA**") verläuft ausgesprochen positiv. Wir sind der Auffassung, dass die Anzahl der in Europa produzierten Leichtfahrzeuge im Kalenderjahr 2013 stabil bei ca. 19 Millionen Einheiten lag.

B.5	**Beschreibung des Konzerns und der Stellung der Emittentin innerhalb der Gruppe.**	Obergesellschaft unseres Konzerns ist die Holding-Gesellschaft Stabilus S.A. Das nachfolgende Schaubild gibt einen (vereinfachten) Überblick über die wesentlichen direkten und indirekten Beteiligungen der Gesellschaft zum Datum dieses Prospekts:

Struktur des Konzerns

Unsere Gesellschaftsstruktur zum Abschlussdatum (wie nachstehend definiert) kann wie folgt dargestellt werden:



(1) Servus III (Gibraltar) Limited wurde am 29. April 2014 gegründet. Stabilus S.A. plant derzeit den verbleibenden 10 % Anteil an der Servus II (Gibraltar) Limited nach dem Abschluss des Angebots an Servus Group HoldCo II S.à r.l. zu transferieren.

B.6	**Personen, die eine direkte oder indirekte Beteiligung am Eigenkapital der Emittentin oder einen Teil der Stimmrechte halten oder eine Beherrschung über die Emittentin ausüben.**	Zum Datum dieses Prospekts halten die folgenden Personen eine direkte oder indirekte meldepflichtige Beteiligung am Grundkapital und an den Stimmrechten der Gesellschaft: Die Servus Group HoldCo II S.à r.l. (der "**Veräußernde Aktionär**"), eingetragen im Luxemburger Handels- und Gesellschaftsregister (*Registre de Commerce et des Sociétés, Luxembourg*) unter der Nummer B151872, mit Sitz 26-28, rue Edward Steichen, L-2540 Luxemburg, Luxemburg, hält 100 % der Geschäftsanteile der Gesellschaft. Die Servus Group HoldCo S.à r.l., eingetragen im Luxemburger Handels- und Gesellschaftsregister unter der Nummer B151588, mit Sitz 26-28, rue Edward Steichen, L-2540 Luxemburg, Luxemburg, hält 100 % der Geschäftsanteile der Servus Group HoldCo II S.à r.l. Die Triton Masterluxco 3 S.à r.l., eingetragen im Luxemburger Handels- und Gesellschaftsregister unter der Nummer B143926, mit Sitz 26-28, rue Edward Steichen, L-2540 Luxemburg, Luxemburg, hält 90,1 % der Geschäftsanteile der Servus Group HoldCo S.à r.l. Die Triton Masterluxco 3 S.à r.l. ist eine 100%ige Tochtergesellschaft von Triton Partners (HoldCo) Limited ("**Triton**"), die letztlich von Peder Erik Prahl gehalten wird. Die Servus Managementbeteiligungs GbR hält 9,9 % der Geschäftsanteile der Servus Group HoldCo S.à r.l.

		50 % der Servus Managementbeteiligungs GbR werden von derzeitigen Mitgliedern des Vorstands der Gesellschaft (der "**Vorstand**") und derzeitigen Mitgliedern des Senior Managements der Stable Beteiligungs GmbH (das "**Senior Management**") gehalten oder kontrolliert. Demzufolge hält Dietmar Siemssen 2,0 %, Mark Wilhelms kontrolliert 1,5 %, Ansgar Krötz hält 0,5 %, Hans-Josef Hosan hält 0,8 % und Frank Spitz hält 0,2 % mittelbar der Anteile der Servus Group HoldCo S.à r.l. durch die Managementbeteiligungs GbR. Jede Aktie berechtigt den Aktionär zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen der Stimmrechte. Alle Aktien sind mit den gleichen Stimmrechten ausgestattet, einschließlich der von dem Veräußernden Aktionär gehaltenen Aktien.
B.7	**Ausgewählte historische Finanz- und Geschäftsinformationen**	Die in den nachstehenden Tabellen enthaltenen Finanzinformationen sind den geprüften Konzernabschlüssen der Gesellschaft für die zum 30. September 2011, 2012 und 2013 abgeschlossenen Geschäftsjahre sowie dem ungeprüften konsolidierten Zwischenabschluss der Gesellschaft für das zum 31. März 2014 abgeschlossene Halbjahr, mit Vergleichszahlen für das zum 31. März 2013 abgeschlossene Halbjahr jeweils einschließlich der zugehörigen Anmerkungen, entnommen bzw. aus diesen abgeleitet. Diese Konzernabschlüsse wurden nach den IFRS-Vorschriften (*International Financial Reporting Standards*; "**IFRS**"), wie sie in der Europäischen Union ("**EU**") anzuwenden sind, erstellt.

Ausgewählte Daten aus der Konzern-Gesamtergebnisrechnung

	Geschäftsjahr zum 30. September			Halbjahr zum 31. März	
	2011	**2012**	**2013**	**2013**	**2014**
(in Mio. EUR)		**(geprüft)**		**(ungeprüft)**	
Umsatzerlöse	**411,6**	**443,5**	**460,1**	**219,4**	**245,9**
Umsatzkosten	(308,2)	(336,4)	(349,7)	(168,1)	(187,2)
Bruttoergebnis	**103,4**	**107,1**	**110,4**	**51,3**	**58,7**
Forschungs- und Entwicklungskosten	(13,8)	(14,0)	(17,6)	(8,3)	(9,9)
Vertriebskosten	(36,5)	(37,3)	(38,9)	(19,9)	(19,2)
Verwaltungskosten	(20,8)	(28,0)	(21,2)	(10,7)	(9,5)
Sonstige Erträge	6,6	8,5	6,1	2,4	2,6
Sonstige Aufwendungen	(8,7)	(4,4)	(3,6)	(1,5)	(1,5)
Betriebsergebnis (EBIT)	**30,2**	**31,9**	**35,2**	**13,3**	**21,2**
Finanzerträge	1,1	7,9	5,5	0,6	10,2
Finanzaufwendungen	(23,0)	(21,9)	(46,5)	(34,4)	(20,8)
Ergebnis vor Ertragsteuern	**8,3**	**17,9**	**(5,9)**	**(20,5)**	**10,7**
Ertragsteuererträge/ (Ertragsteueraufwendungen)	2,2	(9,5)	(10,1)	(2,6)	(4,2)
Periodenergebnis[1]	**10,5**	**8,4**	**(16,0)**	**(23,2)**	**6,5**

(1) Im Periodenergebnis ist die Abschreibung der aufgrund der Kaufpreisallokation vom April 2010 vorgenommenen Anpassungen unserer Vermögenswerte an den beizulegenen Zeitwert berücksichtigt ("**PPA-Effekte**"). Ohne Berücksichtigung von PPA-Effekten hätte das Periodenergebnis für das Geschäftsjahr zum 30. September 2011 EUR 23,2 Mio., für das Geschäftsjahr zum 30. September 2012 EUR 21,1 Mio., für das Geschäftsjahr zum 30. September 2013 EUR (3,3) Mio., für das Halbjahr zum 31. März 2013 EUR (16,8) Mio. und für das Halbjahr zum 31. März 2014 EUR 12,8 Mio. betragen.

Ausgewählte Daten aus der Konzern-Bilanz

	Zum 30. September			Zum 31. März
	2011	**2012**	**2013**	**2014**
(in Mio. EUR)		**(geprüft)**		**(ungeprüft)**
Aktiva				
Sachanlagen	123,1	120,1	116,3	114,1
Immaterielle Vermögenswerte[1]	234,9	232,4	227,2	223,6
Sonstige langfristige finanzielle Vermögenswerte	4,3	2,7	77,1	81,6
Sonstige langfristige Vermögenswerte[2]	5,6	6,3	8,4	7,9
Langfristige Vermögenswerte	**367,9**	**361,4**	**429,0**	**427,2**
Vorräte	45,4	50,0	46,1	48,3
Forderungen aus Lieferungen und Leistungen	55,2	59,0	67,8	52,3
Sonstige kurzfristige Vermögenswerte[3]	8,5	14,9	24,2	29,0
Tatsächliche Steueransprüche	2,5	3,6	0,4	1,6
Zahlungsmittel und Zahlungsmitteläquivalente	26,5	41,6	21,8	35,0
Kurzfristige Vermögenswerte	**138,1**	**169,2**	**160,3**	**166,2**
Bilanzsumme Aktiva	**506,0**	**530,6**	**589,3**	**593,4**
Passiva				
Aktionären der Gesellschaft zuzuordnendes Eigenkapital	50,8	57,1	82,5	83,9
Nicht beherrschende Anteile	0,3	0,3	0,2	0,2
Eigenkapital	**51,1**	**57,4**	**82,6**	**84,1**
Langfristige finanzielle Verbindlichkeiten	272,3	285,5	315,1	322,1
Pensionspläne und ähnliche Verpflichtungen	35,4	35,7	35,8	41,9
Sonstige langfristige Verbindlichkeiten[4]	73,5	69,5	67,8	63,1
Langfristige Verbindlichkeiten	**381,2**	**390,7**	**418,8**	**427,2**
Verbindlichkeiten aus Lieferungen und Leistungen	32,1	42,9	45,0	46,4
Sonstige kurzfristige finanzielle Verbindlichkeiten	8,3	7,4	8,9	9,8
Sonstige kurzfristige Verbindlichkeiten[5]	33,3	32,2	34,0	25,9
Kurzfristige Verbindlichkeiten	**73,7**	**82,5**	**87,9**	**82,1**
Verbindlichkeiten	**454,9**	**473,2**	**506,7**	**509,3**
Bilanzsumme Passiva	**506,0**	**530,6**	**589,3**	**593,4**

(1) Umfasst den Geschäfts- oder Firmenwert und sonstige immaterielle Vermögenswerte.

(2) Umfasst latente Steueransprüche und sonstige langfristige Vermögenswerte.

(3) Umfasst sonstige finanzielle Vermögenswerte und sonstige kurzfristige Vermögenswerte.

(4) Umfasst Rückstellungen, latente Steuerverbindlichkeiten und sonstige langfristige finanzielle Verbindlichkeiten.

(5) Umfasst kurzfristige Steuerverbindlichkeiten, Rückstellungen, kurzfristige finanzielle Verbindlichkeiten und sonstige kurzfristige Verbindlichkeiten.

Ausgewählte Daten aus der Konzern-Kapitalflussrechnung

	Geschäftsjahr zum 30. September			Halbjahr zum 31. März	
	2011	**2012**	**2013**	**2013**[(6)]	**2014**
(in Mio. EUR)		**(geprüft)**		**(ungeprüft)**	
Betriebsergebnis (EBIT)[(1)]	30,2	31,9	35,2	13,3	21,2
Abschreibungen	37,3	40,0	40,7	19,8	19,6
Sonstige zahlungsunwirksame Erträge und Aufwendungen	6,0	6,2	(5,5)	(0,5)	(3,8)
Steuerzahlungen	(7,1)	(13,5)	(5,7)	(2,9)	(4,4)
Veränderung des Nettoumlaufvermögens[(2)]	(13,2)	(8,3)	(1,9)	(16,3)	11,2
Cash-Flow aus betrieblicher Tätigkeit	**53,2**	**56,3**	**62,8**	**13,4**	**43,8**
Investitionstätigkeit					
Investitionsaufwendungen	(34,1)	(32,5)	(34,4)	(13,6)	(16,8)
Einzahlungen aus dem Abgang von Sachanlagen	—	—	1,3	0,2	0,0
Sonstiger Mittelzufluss und -abfluss aus der Investitionstätigkeit[(3)]	(0,2)	(0,2)	—	—	—
Zahlungen im Rahmen des Upstream-Aktionärsdarlehens[(4)]	—	—	(80,0)	—	—
Cash-Flow aus Investitionstätigkeit	**(34,3)**	**(32,7)**	**(113,1)**	**(13,4)**	**(16,8)**
Finanzierungstätigkeit					
Zuflüsse aus revolvierender Kreditfazilität	—	—	—	—	8,0
Zahlungen auf revolvierende Kreditfazilität	—	—	—	—	(8,0)
Zuflüsse aus Kapitaleinlagen	—	—	44,0	—	—
Zuflüsse aus Kreditaufnahmen	—	—	315,0	—	—
Tilgung von Krediten	(26,0)	—	(303,8)	(4,9)	—
Sonstiger Cash-Flow aus der Finanzierungstätigkeit[(5)]	(4,6)	(9,3)	(23,9)	(6,0)	(13,6)
Cash-Flow aus Finanzierungstätigkeit	**(30,6)**	**(9,3)**	**31,3**	**(10,9)**	**(13,6)**
Nettozunahme/-abnahme des Bestands an Zahlungsmitteln und Zahlungsmitteläquivalenten	**(11,6)**	**14,3**	**(19,0)**	**(10,8)**	**13,4**
Veränderungen Devisenbestand	(0,1)	0,8	(0,9)	0,2	(0,2)
Zahlungsmittel am Anfang der Periode	38,2	26,5	41,6	41,6	21,8
Zahlungsmittel am Ende der Periode	**26,5**	**41,6**	**21,8**	**31,0**	**35,0**

(1) EBIT (d. h. Ergebnis vor Zinsen und Steuern) entspricht dem IFRS-Bilanzposten 'Betriebsergebnis.'

(2) Die nachstehende Tabelle zeigt die Veränderungen des Nettoumlaufvermögens:

	Geschäftsjahr zum 30. September			Halbjahr zum 31. März	
	2011	2012	2013	2013[(6)]	2014
(in Mio. EUR)		**(geprüft)**		**(ungeprüft)**	
Veränderung 'Vorräte'	(7,5)	(4,6)	3,9	(4,1)	(2,2)
Veränderung 'Forderungen aus Lieferungen und Leistungen'	(1,0)	(3,8)	(8,8)	(4,6)	15,5[(A1)]
Veränderung 'Verbindlichkeiten aus Lieferungen und Leistungen'	9,3	10,8	2,0	(2,7)	1,4
Veränderung 'sonstige Vermögenswerte und Verbindlichkeiten'	4,9	(8,5)	5,0	(2,1)	(0,3)
Veränderung 'als Sicherheit hinterlegte Zahlungsmittel'	0,1	1,6	2,7	(0,4)	—
Veränderung 'Rückstellungen'	(12,3)	(1,4)	(6,9)	(3,1)	(3,4)
Veränderung 'latente Steueransprüche und -verbindlichkeiten'	(6,7)	(2,4)	0,2	0,8	0,2
Veränderung des Nettoumlaufvermögens	**(13,2)**	**(8,3)**	**(1,9)**	**(16,3)**	**11,2**

(A1) Die signifikante Veränderung der Position Forderung aus Lieferung und Leistungen zum Halbjahr 31. März 2014 ist vor allem auf unsere im März 2014 durchgeführten Factoring Transaktionen zurückzuführen. Zum Stichtag am 31. März 2014 haben wir EUR 20,2 Mio. Forderungen aus Lieferungen und Leistungen verkauft.

(3) 'Sonstige Mittelzuflüsse und -abflüsse aus der Investitionstätigkeit' umfasst den Erwerb von Vermögenswerten und Verbindlichkeiten im Rahmen des Unternehmenszusammenschlusses, abzüglich erworbener Zahlungsmittel.

(4) 'Die Zahlungen im Rahmen des Upstream-Aktionärsdarlehens' i.H.v. EUR 80,0 Mio. beziehen sich auf ein der Servus Group HoldCo II S.à r.l im Jahr 2013 gewährtes Darlehen.

(5) 'Sonstiger Cash-Flow aus der Finanzierungstätigkeit' umfasst Zahlungen für Dividendenausschüttungen, Zinszahlungen, Finanzierungsaufwendungen und Transaktionskosten.

(6) Aufgrund der erstmaligen Anwendung des überarbeiteten IAS 19, Leistungen an Arbeitnehmer, wurden die Vorjahreszahlen in Übereinstimmung mit IAS 8 angepasst. Erläuterungen zu den Anpassungen der Vorjahreszahlen finden sich in der "Management's discussion and analysis of financial condition and results of operations" im Abschnitt "Critical accounting policies" unter der Teilüberschrift "Pensions and similar obligations".

	Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses der Emittentin	In dem Halbjahr zum 31. März 2014 gegenüber dem Halbjahr zum 31. März 2013 und in den Geschäftsjahren zum 30. September 2011, 2012 und 2013 haben sich die Finanzlage und das Betriebsergebnis der Gesellschaft nach Maßgabe der konzerneigenen Kennzahlen Umsatzerlöse und angepasstes Ergebnis vor Zinsen, Steuern, Abschreibungen auf Sachanlagen und Abschreibungen auf immaterielle Vermögensgegenstände (''**Angepasste EBITDA**'') wie folgt geändert:
		Halbjahre zum 31. März 2013 und 2014
		Die Gesamtumsatzerlöse betrugen im Halbjahr zum 31. März 2013 EUR 219,4 Mio. und sind im Halbjahr zum 31. März 2014 um EUR 26,5 Mio. auf EUR 245,9 Mio. angestiegen. Dieser Zuwachs von 12,1 % spiegelte den anhaltenden Erfolg unserer Kernstrategien, das—im Vergleich zu den für uns schwierigen Marktbedingungen im ersten Quartal 2013—verbesserte wirtschaftliche Umfeld in Europa sowie die stärkere Marktdurchdringung unserer POWERISE-Lösungen wider.
		Unser Angepasstes EBITDA betrug im Halbjahr zum 31. März 2013 insgesamt EUR 39,5 Mio. und ist im Halbjahr zum 31. März 2014 um EUR 4,0 Mio. auf EUR 43,5 Mio. angestiegen. Dieser Zuwachs von 10,1 % war in erster Linie auf die weitere

		Durchdringung des chinesischen Marktes und des Industriesektors sowie die verbesserten Marktbedingungen und den beachtlichen Anstiegs der POWERISE-Volumina in Verbindung mit Maßnahmen zur Kostensenkung zurückzuführen. ***Geschäftsjahre zum 30. September 2012 und 2013*** Die Gesamtumsatzerlöse stiegen von EUR 443,5 Mio. im Geschäftsjahr zum 30. September 2012 um EUR 16,6 Mio. bzw. 3,7 % auf EUR 460,1 Mio. im Geschäftsjahr zum 30. September 2013. Dieser Zuwachs war in erster Linie das Ergebnis eines Anstiegs der Umsatzerlöse um 12,4 % in der Asien/Pazifik-Region und eines Anstiegs der Umsatzerlöse um 11,4 % in der NAFTA-Region. Der Zuwachs der Umsatzerlöse um insgesamt 3,7 % wurde in erster Linie durch unseren Geschäftsbereich Automotive erwirtschaftet. Aufgrund eines Zuwachses von 92,7 % bei unserer POWERISE-Lösung, dem nur teilweise ein Rückgang von 4,5 % der Umsatzerlöse bei Gasfedern gegenüberstand, verzeichnete unser Geschäftsbereich Automotive einen Anstieg der Umsatzerlöse um 5,4 %. Die insgesamt positive Entwicklung unseres Geschäftsbereichs Automotive spiegelte die allgemein günstigen Marktbedingungen sowie bestimmte wechselkursbedingte Erleichterungen durch unsere in US-Dollar berechneten Einnahmen aufgrund eines schwächeren US-Dollar. Unser Geschäftsbereich Industrie erzielte einen Zuwachs der Umsatzerlöse von 3,2 %, der in erster Linie auf die insgesamt verbesserten wirtschaftlichen Rahmenbedingungen und eine bessere Marktdurchdringung in den NAFTA- und Asien/Pazifik-Regionen zurückzuführen war. Dem stand ein nur geringer Rückgang der Umsatzerlöse im Drehstuhl-Bereich gegenüber. Für das Geschäftsjahr zum 30. September 2013 wurden die Ergebnisse aus dem Absatz von elektronischen Steuermodulen und Befestigungswinkel als Erlöse aus dem Umsatz der POWERISE-Lösung ausgewiesen, während sie für das Geschäftsjahr zum 30. September 2012 als Erlöse aus dem Umsatz der Gasfedern ausgewiesen wurden, wodurch ein Vergleich der Umsatzerlöszahlen für die beiden Jahre erschwert wird. Unser Angepasstes EBITDA stieg insgesamt von EUR 83,1 Mio. im Geschäftsjahr zum 30. September 2012 um EUR 4,0 Mio. auf EUR 87,1 Mio. im Geschäftsjahr zum 30. September 2013. Dieser Zuwachs von 4,8 % war in erster Linie das Ergebnis höherer Umsatzvolumina und Verbesserungen bei den Einkaufs- und Produktionsbereichen des Konzerns, denen teilweise ein Kostenanstieg, insbesondere bei den Personalkosten und im Zusammenhang mit einem schwächer notierenden US-Dollar gegenüberstand.

		Geschäftsjahre zum 30. September 2011 und 2012 Die Gesamtumsatzerlöse stiegen von EUR 411,6 Mio. im Geschäftsjahr zum 30. September 2011 um EUR 31,9 Mio. bzw. 7,8 % auf EUR 443,5 Mio. im Geschäftsjahr zum 30. September 2012. Dieser Zuwachs war in erster Linie das Ergebnis eines Anstiegs der Umsatzerlöse um 24,2 % in der NAFTA-Region und eines Anstiegs der Umsatzerlöse um 11,5 % in der Asien/Pazifik-Region. Der Anstieg der Umsatzerlöse um insgesamt 7,8 % wurde in erster Linie von unserem Geschäftsbereich Automotive erwirtschaftet, der aufgrund von Umsatzerlöszuwächsen von 67,8 % bei der POWERISE-Lösung und von 7,8 % bei Gasfedern einen Umsatzerlösanstieg von 11,9 % erzielte—eine Entwicklung, die die allgemein günstigen Marktbedingungen und die Stärkung des US-Dollars widerspiegelte. Unser Geschäftsbereich Industrie verzeichnete einen Umsatzzuwachs von 2,9 %, dem nur teilweise ein geringer Rückgang der Umsatzerlöse des Drehstuhl-Bereichs gegenüberstand. Unser Angepasstes EBITDA stieg insgesamt von EUR 73,0 Mio. im Geschäftsjahr zum 30. September 2011 um EUR 10,1 Mio. auf EUR 83,1 Mio. im Geschäftsjahr zum 30. September 2012. Dieser Zuwachs von 13,8 % war in erster Linie das Ergebnis höherer Umsatzvolumina und Verbesserungen bei den Einkaufs- und Produktionsbereichen des Konzerns, denen teilweise ein Kostenanstieg, insbesondere bei den Personalkosten, gegenüberstand.
B.8	**Ausgewählte wesentliche Pro-Forma-Finanzinformationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinnprognosen und-schätzungen.**	Entfällt. Die Gesellschaft legt keine Gewinnprognose oder -schätzung vor.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Entfällt. Die Bestätigungsvermerke zu den in diesem Prospekt enthaltenen oder in Form eines Verweises aufgenommenen historischen Finanzinformationen wurden ohne Einschränkung erteilt.
B.11	**Erläuterung, wenn das Geschäftskapital der Emittentin nicht ausreicht, um die bestehenden Anforderungen der Emittentin zu erfüllen.**	Entfällt. Die Gesellschaft ist der Auffassung, dass der Konzern ausreichend Geschäftskapital zur Verfügung hat, um den im Zwölfmonatszeitraum nach dem Datum dieses Prospekts fällig werdenden Zahlungsverpflichtungen nachzukommen.

C–Wertpapiere

C.1	**Beschreibung von Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere, einschließlich Wertpapierkennung.**	Dieses Angebot besteht aus (i) einem öffentlichen Angebot von Aktien in der Bundesrepublik Deutschland (“**Deutschland**”) und (ii) Privatplatzierungen von Aktien in bestimmten anderen Rechtsordnungen außerhalb Deutschlands (zusammen das “**Angebot**”). Internationale Wertpapierkennnummer (ISIN): LU1066226637 Wertpapierkennnummer (WKN): A113Q5 Common Code: 106622663 Ticker-Symbol: STM
C.2	**Währung der Wertpapieremission.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten und der ausgegebenen, aber nicht voll eingezahlten Aktien.** **Nennwert pro Aktie bzw. Angabe, dass die Aktien keinen Nennwert haben.**	Zum Datum der Veröffentlichung des Prospekts beträgt das Grundkapital der Gesellschaft EUR 177,000 und ist eingeteilt in 17,700,000 Aktien mit einem Nennwert von EUR 0,01 je Aktie. Das Grundkapital der Gesellschaft ist vollständig eingezahlt. Jede Aktie hat einen Nennwert von EUR 0,01.
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte.**	Jede Aktie berechtigt den Aktionär zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen der Stimmrechte. Alle Aktien haben volle Gewinnanteilsberechtigung.
C.5	**Beschreibung aller Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Mit der Ausnahme der in E.5 beschriebenen Lock-up-Fristen bestehen keine Beschränkungen für die Übertragbarkeit der im Zusammenhang mit dem Angebot von Anlegern zu zeichnenden Aktien. Ferner sieht auch die Satzung der Gesellschaft (die “**Satzung**”) keine Beschränkungen für die Übertragbarkeit der Aktien vor.
C.6	**Angabe, ob für die angebotenen Wertpapiere die Zulassung zum Handel in einem geregelten Markt beantragt wurde bzw. werden soll, und Nennung aller geregelten Märkte, in denen die Wertpapiere gehandelt werden bzw. werden sollen.**	Die Gesellschaft wird voraussichtlich die Zulassung der Aktien zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen.
C.7	**Beschreibung der Dividendenpolitik.**	Die Gesellschaft erwartet für das Geschäftsjahr zum 30. September 2015 erstmals Dividenden in einem angestrebten Verhältnis von 20,0 % bis 40,0 % des konsolidierten Nettogewinns zu zahlen.

D–Risiken

D.1	Zentrale Angaben zu den zentralen Risiken, die der Emittentin oder ihrer Branche eigen sind.	**Marktrisiken** • Wir sind erheblichen Risiken im Zusammenhang mit der weltweiten konjunkturellen Entwicklung und der konjunkturellen Entwicklung in den Ländern, in denen wir tätig sind, ausgesetzt. • Wir sind in zyklischen Branchen tätig. • Unser Geschäftsumfeld ist durch harten Wettbewerb geprägt, der sich auf einige unserer Produkte und Märkte auswirkt und zu sinkenden Umsatzerlösen oder einem anhaltenden Preisdruck führen könnte. • Unsere Bemühungen, unsere Aktivitäten auf bestimmte Märkte auszudehnen, unterliegen verschiedenen geschäftlichen, wirtschaftlichen, rechtlichen sowie politischen Risiken. • Wir sind Risiken im Zusammenhang mit Markttrends und -entwicklungen ausgesetzt. **Risiken im Zusammenhang mit unserer Geschäftstätigkeit.** • Wir sind beim Verkauf unserer Automobilprodukte von einer begrenzten Anzahl großer OEMs abhängig. • Wir sind bei bestimmten Produkten von einer begrenzten Anzahl wichtiger Zulieferer abhängig. • Wir sind Preisschwankungen bei vorgefertigten Werkstoffen und Fertigteilen ausgesetzt. • Wir sind möglicherweise nicht in der Lage, unsere globale Wachstumsstrategie erfolgreich umzusetzen. • Unser zukünftiger geschäftlicher Erfolg hängt von unserer Fähigkeit ab, die hohe Qualität unserer Produkte und Verfahren aufrechtzuerhalten. • Wir sind möglicherweise nicht in der Lage, unsere technologische Führungsposition und unsere wettbewerbsfähigen Kostenstrukturen zu erhalten. • Wir sind von unserer Fähigkeit abhängig, ausreichende Mittel für unsere Forschungs- und Entwicklungsaktivitäten sicherzustellen. • Unser Geschäftsbetrieb ist von qualifizierten Führungskräften und Mitarbeitern in Schlüsselpositionen abhängig. • Streiks und andere arbeitsrechtliche Auseinandersetzungen könnten sich nachteilig auf unser Geschäft auswirken.

		• Wir sind im Rahmen unserer Betriebstätigkeit auf komplexe IT-Systeme und -Netzwerke angewiesen. • Vermögensverluste oder eine unvorhergesehene Geschäftsunterbrechung könnten sich nachteilig auf uns auswirken. **Rechtliche, steuerliche und Umweltrisiken** • Wir sind Gewährleistungs- und Produkthaftungsansprüchen ausgesetzt. • Wir sind bestimmten Risiken im Hinblick auf unsere geistigen Eigentumsrechte, ihre Wirksamkeit sowie die geistigen Eigentumsrechte Dritter ausgesetzt. • Uns können zusätzliche Kosten aufgrund von Branchentarifverträgen entstehen, die insbesondere für unsere Arbeitnehmer in Deutschland (d. h. etwa die Hälfte unserer Beschäftigten) gelten. • Wir sind Risiken im Zusammenhang mit Gerichts-, Verwaltungs- oder Schiedsverfahren ausgesetzt. • Aufgrund unseres hohen Marktanteils können sich für uns Risiken in Bezug auf kartellrechtliche Geldbußen und damit verbundene Schadenersatzansprüche ergeben. • Wir könnten Steuerrisiken in Bezug auf frühere Veranlagungszeiträume ausgesetzt sein. • Wir unterliegen dem Risiko zusätzlicher Steuerverbindlichkeiten. • Zinsvorträge können teilweise oder in voller Höhe als Folge des Listings und anschließende Aktienverkäufe verfallen. • Wir könnten für Boden-, Wasser- oder Grundwasserverunreinigungen oder für mit Gefahrstoffen verbundene Risiken haftbar gemacht werden. • Wir könnten in Zukunft zusätzlichen, mit Kosten verbundenen Umwelt- oder Sicherheitsvorschriften unterliegen, und zusätzliche Vorschriften könnten sich nachteilig auf die Nachfrage nach unseren Produkten und Dienstleistungen auswirken. **Risiken in Bezug auf unsere Kapitalstruktur** • Unser Fremdkapitalanteil und unsere Schuldendienstverpflichtungen könnten sich in wesentlicher Hinsicht nachteilig auf unser Geschäft auswirken und unseren Schuldendienst sowie unseren Geschäftsbetrieb erschweren.

		• Wir unterliegen restriktiven Verpflichtungen hinsichtlich bestimmter Kennzahlen, die unsere Möglichkeiten, unsere Geschäftsstrategien zu verfolgen und auf Veränderungen der Wirtschaft oder unserer Branche zu reagieren, einschränken können. • Aufgrund unserer hohen Verschuldung sind wir möglichen Liquiditätsrisiken ausgesetzt. • Wir sind Risiken im Zusammenhang mit Wechselkursänderungen ausgesetzt. • Wir sind Risiken im Zusammenhang mit unseren Pensionszusagen ausgesetzt. • Eine Herabstufung des Ratings der Gesellschaft könnte ihre Finanzierungskosten erhöhen und ihr den Zugang zu bestimmten Finanzierungsmärkten und -produkten verwehren und somit ihre Liquidität und Rentabilität beeinträchtigen.
D.3	**Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind.**	• Die Aktien der Gesellschaft wurden bislang nicht öffentlich gehandelt, und es kann nicht garantiert werden, dass sich ein aktiver und liquider Markt für die Aktien der Gesellschaft entwickeln wird. • Der Marktwert und das Handelsvolumen der Aktien der Gesellschaft sind möglicherweise starken Schwankungen unterworfen, was zu erheblichen Verlusten führen kann. • Nach der Börsennotierung wird der Veräußernde Aktionär der Gesellschaft immer noch in der Lage sein, erheblichen Einfluss auf die Gesellschaft auszuüben. Die von dem Veräußernden Aktionär der Gesellschaft verfolgten Interessen decken sich möglicherweise nicht mit denen der anderen Aktionäre. Ferner könnten zukünftige Verkäufe unserer Aktien durch den Veräußernden Aktionär den Marktwert unserer Aktien drücken. • Zukünftige Verkäufe oder Emissionen einer großen Zahl der Aktien der Gesellschaft könnten den Marktwert unserer Aktien drücken. • Zukünftige Angebote von Schuld- oder Eigenkapitaltiteln durch uns können sich nachteilig auf den Marktwert der Aktien auswirken, und zukünftige Kapitalisierungsmaßnahmen könnten zu einer erheblichen Verwässerung der Beteiligungen der bestehenden Aktionäre an der Gesellschaft führen. • Die Zahlung künftiger Dividenden hängt von der Vermögens-, Finanz- und Ertragslage des Konzerns, gewissen Einschränkungen, denen wir auf Grund unserer Finanzierungsvereinbarungen unterliegen,

		sowie von den Ausschüttungen der operativen Tochtergesellschaften an die Gesellschaft ab. • Als börsennotierte Gesellschaft entstehen uns höhere Kosten, und zwar vorwiegend im Zusammenhang mit zusätzlichem Verwaltungsaufwand. • Die Gesellschaft ist ein nach Luxemburger Recht errichtetes Unternehmen, das den Bestimmungen dieses Rechts unterliegt. Die nach Luxemburger Recht bestehenden Rechte der Inhaber der Angebotsaktien (wie nachstehend definiert) und Pflichten der Gesellschaft gegenüber den Inhabern der Angebotsaktien können sich in wesentlicher Hinsicht von den Rechten und Pflichten in Bezug auf gleichwertige Instrumente unterscheiden, die nach dem Recht des Landes bestehen, in dem die Angebotsaktien angeboten werden. • Unter Umständen findet das Angebot nicht statt, und Anleger könnten somit bereits geleistete Wertpapiertransaktionskosten nicht erstattet bekommen und das Risiko zu tragen haben, dass Leerverkäufe der Aktien nicht gedeckt sind.
E–Angebot		
E.1	**Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/ des Angebots, einschließlich der geschätzten Kosten, die dem Anleger von der Emittentin oder dem Anbieter in Rechnung gestellt werden.**	Der Veräußernde Aktionär erhält sämtliche Nettoerlöse aus dem Verkauf von bis zu 7,550,000 auf den Inhaber lautenden Aktien mit einem Nennwert von je EUR 0,01 aus dem Bestand des Veräußernden Aktionärs (die "**Bestehenden Aktien**"), einschließlich bis zu 1.584.079 etwaiger im Rahmen einer möglichen Mehrzuteilung verkaufter, auf den Inhaber lautender Aktien mit einem Nennwert von je EUR 0.01 aus dem Bestand des Veräußernden Aktionärs (die "**Greenshoe-Aktien**, zusammen mit den Basisaktien, die "**Angebotsaktien**". Die Gesellschaft erhält die Erlöse aus dem Verkauf der bis zu 3.421.053 neu ausgegebenen auf den Inhaber lautenden Aktien mit einem Nennwert von je EUR 0,01 aus der Kapitalerhöhung gegen Bareinlagen (die "**Neuen Aktien**" Die Neuen Aktien werden von den Konsortialbanken gezeichnet und an den Veräußernden Aktionär geliefert, um das Aktiendarlehen zurückzuführen, mit welchem der Veräußernde Aktionär den Konsortialbanken bis zu 3.421.053 Aktien mit einem Nennwert von je EUR 0,01 aus dem Bestand des Veräußernden Aktionärs zur Platzierung im Angebot zur Verfügung gestellt hat (die „**Darlehensaktien**" und zusammen mit den Bestehenden Aktien, die "**Basisaktien**"). Es werden nur so viele Neue Aktien ausgegeben, wie Darlehensaktien im Angebot platziert wurden. Die

		Anzahl der Neuen Aktien, welche die Gesellschaft im Zusammenhang mit dem Angebot ausgeben wird (und entsprechend die Anzahl der im Rahmen des Angebots verkauften Darlehensaktien), hängt vom Platzierungspreis ab und wird die Anzahl von Aktien sein, die notwendig ist, damit das Unternehmen einen Bruttoerlös von EUR 65,0 Mio. erzielt. Daraus ergibt sich, dass an der Obergrenze der Preisspanne (€ 25) die Gesellschaft 2.600.000 Neue Aktien ausgeben würde, beim Mittelwert der Preisspanne (€ 22) 2.954.546 Neue Aktien und an der Untergrenze der Preisspanne (€ 19) 3.421.053 Neue Aktien. Die Gesellschaft erhält keine Erlöse aus dem Verkauf von Bestehenden Aktien oder von Greenshoe-Aktien. Die Gesellschaft und der Veräußernde Aktionär schätzen, dass die Gesamtkosten und –aufwendungen (ausschließlich der Provisionen des Konsortialbanken) bis zu rund EUR 5,0 Mio. betragen werden, die alle durch die Gesellschaft zu zahlen sind. Die Gesellschafft und der Veräußernde Aktionär schätzen die zu zahlenden Provisionen der Konsortialbanken auf bis zu rund EUR 6,3 Mio. (auf Basis des Mittelwerts der Preisspanne (wie unten definiert) von EUR 22 je Angebotsaktie und, unter Annahme der vollständigen Ausübung der Greenshoe-Option (wie unten definiert), des entsprechenden gesamten Bruttoerlöses in Höhe von rund EUR 261.3 Mio.) Die zu zahlenden Kommissionen für die Neuen Aktien und eine etwaige erfolgsabhängige Vergütung wird von der Gesellschaft getragen. Die zu zahlenden Kommissionen für die Bestehenden Aktien und die Greenshoe Aktien werden vom Veräußernden Aktionär getragen. Entfällt. Anlegern werden keine angebotsbezogenen Aufwendungen in Rechnung gestellt. Allerdings haben Anleger möglicherweise übliche Transaktions- und Bearbeitungsgebühren zu tragen, die von ihren depotführenden Finanzinstituten in Rechnung gestellt werden.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.**	Der Veräußernde Aktionär wird zur teilweisen Veräußerung seiner Beteiligung an der Gesellschaft die Aktien anbieten. Die Gesellschaft beabsichtigt, die Nettoerlöse des Angebots der Neuen Aktien zur teilweisen Rückzahlung bestehender Schulden zu verwenden, insbesondere zur Rückzahlung eines Teilbetrages von EUR 58.9 Mio. des ausstehenden Nennbetrages der Senior Secured Notes, die am 7. Juni 2013 von einer direkten Tochtergesellschaft der Gesellschaft ausgegeben wurden (die **„Senior Notes"**). Der Rückzahlungspreis beträgt 107.75% und aufgelaufene und ausstehende Zinsen. Nach einer solchen Rückzahlung würden der verbleibende Gesamtnennwert der Senior Notes noch EUR 256.1 Mio. betragen.

		Der Nettobetrag der Erlöse aus diesem Angebot wird auf insgesamt EUR 247.1 Mio. geschätzt (auf Basis des Mittelwerts der Preisspanne (wie nachstehend definiert) von EUR 22 je Angebotsaktie und unter Annahme einer vollständigen Ausübung der Greenshoe-Option.
E.3	**Beschreibung der Angebotskonditionen.**	**Angebot** Das Angebot besteht aus einem öffentlichen Angebot der Angebotsaktien in Deutschland und Privatplatzierungen der Angebotsaktien in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika werden die Angebotsaktien sogenannten qualifizierten institutionellen Käufern (*qualified institutional buyers*) gemäß Rule 144A ("**Rule 144A**") nach dem US-Wertpapiergesetz von 1933 in der jeweils gültigen Fassung (das "**Wertpapiergesetz**")zum Kauf angeboten. Außerhalb der Vereinigten Staaten von Amerika werden die Angebotsaktien gemäß Regulation S ("**Regulation S**") des Wertpapiergesetzes angeboten. **Angebotszeitraum** Der Angebotszeitraum (i) beginnt am 12. Mai 2014 und endet am 22. Mai 2014 um 12:00 Uhr (Mitteleuropäische Sommerzeit) für Privatanleger und (ii) beginnt am 9. Mai 2014 und endet am 22. Mai 2014 um 14:00 Uhr (Mitteleuropäische Sommerzeit) für institutionelle Anleger (gemeinsam, der "**Angebotszeitraum**"). **Ergänzungen zu den Bedingungen des Angebots** Die Gesellschaft und der Veräußernde Aktionär behalten sich das Recht vor, im Einvernehmen mit COMMERZBANK Aktiengesellschaft ("**COMMERZBANK**") und J.P. Morgan Securities plc ("**J.P. Morgan**", und zusammen mit der COMMERZBANK die "**Joint Global Coordinators und Joint Bookrunners**") die Anzahl der angebotenen Aktien zu verringern oder zu erhöhen, die obere/ untere Begrenzung der Preisspanne (wie unten definiert) zu senken oder zu erhöhen und/oder den Angebotszeitraum zu verlängern oder zu verkürzen. Sofern die Option zur Änderung der Bedingungen des Angebots ausgeübt wird, wird diese Änderung in verschiedenen Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (*Medienbündel*) und auf der Internetseite der Gesellschaft (*www.stabilus.com*) sowie, sofern dies erforderlich ist, als Nachtrag zu diesem Prospekt veröffentlicht. Nach dem Luxemburger Prospektgesetz wird Anlegern, die vor der Veröffentlichung eines Nachtrags ein Kaufangebot abgegeben haben, ein Zeitraum von zwei Geschäftstagen ab der Veröffentlichung des Nachtrags gewährt, in dem sie ihr Angebot

		zurückziehen können, vorausgesetzt, der neue Umstand, der Fehler oder die Unrichtigkeit, der/die Veröffentlichung eines Nachtrags zu dem Prospekt erforderlich gemacht hat, entstand vor dem endgültigen Abschluss des Angebots und der Lieferung der Aktien. Der Emissionsübernahmevertrag, der am 8. Mai 2014 zwischen der Gesellschaft und dem Veräußernden Aktionär einerseits und den Joint Global Coordinators und Joint Bookrunners und Société Générale Corporate & Investment Banking ("**Société Générale**") und UniCredit Bank AG ("**UniCredit**" und, gemeinsam mit Société Générale, die "**Co-Lead Managers**"; die Joint Global Coordinators und Joint Bookrunners gemeinsam mit den Co-Lead Managers, die "**Konsortialbanken**") andererseits geschlossen wurde (der "**Emissionsübernahmevertrag**"), sieht vor, dass die Konsortialbanken unter bestimmten Umständen vom Emissionsübernahmevertrag zurücktreten können, und zwar auch noch nach Zuteilung der Angebotsaktien zu jedem Zeitpunkt bis zur Lieferung und Zahlung der Aktien. Sollte es zu einem Rücktritt vom Emissionsübernahmevertrag kommen, wird das Angebot nicht durchgeführt. Bereits erfolgte Zuteilungen an Anleger sind in diesem Fall unwirksam und es besteht kein Anspruch auf Lieferung von Aktien. Ansprüche in Bezug auf bereits erbrachte Effektenprovisionen und im Zusammenhang mit dem Kauf von Angebotsaktien entstandene Kosten eines Anlegers richten sich allein nach dem Rechtsverhältnis zwischen dem Anleger und dem Institut, bei dem er sein Kaufangebot abgegeben hat. Anleger, die Leerverkäufe vorgenommen haben, tragen das Risiko, ihre Lieferverpflichtungen nicht erfüllen zu können. **Preisspanne und Platzierungspreis** Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, beträgt EUR 19 bis EUR 25 je Aktie (die "**Preisspanne**"). Aufträge innerhalb dieser Preisspanne können mit einem Preislimit versehen werden, jeder Auftrag muss jedoch mindestens 25 Aktien umfassen. Kaufaufträge müssen auf volle Euro Beträge oder 25, 50 oder 75 Eurocents lauten. Mehrfachzeichnungen sind zugelassen. Die Gesellschaft und der Veräußernde Aktionär werden den endgültigen Platzierungspreis (den "**Platzierungspreis**") nach Beratung mit den Konsortialbanken mit Hilfe eines während des Bookbuilding-Verfahrens erstellten Auftragsbuchs voraussichtlich am oder um den 22. Mai 2014 festlegen. Der Platzierungspreis wird voraussichtlich in verschiedenen Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (*Medienbündel*), auf der Internetseite der

		Gesellschaft (*www.stabilus.com*) und auf der Internetseite der Luxemburger Börse (*www.bourse.lu*) veröffentlicht und bei der CSSF eingereicht, und zwar jeweils in Übereinstimmung mit Artikel 10(1)(b) des Luxemburger Prospektgesetzes. **Lieferung und Abwicklung der Angebotsaktien; Abschlussdatum** Die Lieferung der Angebotsaktien gegen vorherige Zahlung des Platzierungspreises und der üblichen Effektenprovision wird voraussichtlich zwei Bankarbeitstage in Frankfurt am Main nach dem ersten Handelstag an der Frankfurter Wertpapierbörse, d.h. für den 27. Mai 2014, erwartet ("**Abschlussdatum**"). Die Angebotsaktien werden den Aktionären in Form von Depotgutschriften zur Verfügung gestellt und innerhalb des von Clearstream Frankfurt betriebenen zentralen Wertpapierverwahrsystems als dematerialisierte Finanzinstrumente behandelt. Die Angebotsaktien stellen durch eine Sammelurkunde verbriefte Inhaberaktien dar, die durch Clearstream Banking AG, 60485 Frankfurt am Main, verwahrt wird. Anleger können nach ihrer Wahl Aktien, die sie im Rahmen des Angebots erwerben, auf dem für Rechnung der Anleger gehaltenen Wertpapierdepot einer Bank bei Clearstream Frankfurt gutschreiben lassen. **Mehrzuteilung/Stabilisierung und Greenshoe-Option** Im Zusammenhang mit der Platzierung der Angebotsaktien werden J.P. Morgan Securities Limited oder in ihrem Namen handelnde Personen als Stabilisierungsmanager (der "**Stabilisierungsmanager**") auftreten; sie können im rechtlich zulässigen Rahmen (Artikel 7 des Luxemburger Gesetzes vom 9. Mai 2006 zum Marktmissbrauch in der jeweils gültigen Fassung (das "**Luxemburger Marktmissbrauchsgesetz**"), § 20a des Deutschen Wertpapierhandelsgesetzes ("WpHG") und in Verbindung mit der Verordnung Nr. 2273/2003 der EU-Kommission vom 22. Dezember 2003) Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien zu stützen und dadurch einem etwaigen Verkaufsdruck entgegenzuwirken. Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Es kann daher nicht zugesichert werden, dass Stabilisierungsmaßnahmen ergriffen werden. Sollten Stabilisierungsmaßnahmen ergriffen werden, können sie jederzeit ohne Ankündigung eingestellt werden. Solche Maßnahmen können an oder nach dem Datum der Veröffentlichung des Platzierungspreises

		vorgenommen werden und müssen spätestens am dreißigsten Kalendertag nach diesem Zeitpunkt eingestellt werden (der "**Stabilisierungszeitraum**"). Selbst wenn Stabilisierungsmaßnahmen ergriffen werden, ist nicht gewährleistet, dass diese erfolgreich sein werden. Im Rahmen möglicher Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den angebotenen Basisaktien bis zu 1.584.079 Greenshoe-Aktien als Teil der Zuteilung der zu platzierenden Aktien zugeteilt werden. Im Hinblick auf eine mögliche Mehrzuteilung werden J.P. Morgan in ihrer Eigenschaft als Stabilisierungsmanager bis zu 1.584.079 Greenshoe-Aktien in Form eines Wertpapierdarlehens von dem Veräußernden Aktionär zur Verfügung gestellt; diese Anzahl an Aktien wird 15% der Anzahl der Basisaktien nicht übersteigen. Im Zusammenhang mit einer möglichen Mehrzuteilung hat der Veräußernde Aktionär den Konsortialbanken die vom Stabilisierungsmanager im Einvernehmen mit und auf Rechnung der Konsortialbanken ausübbare Option eingeräumt, beginnend mit dem Datum der Aufnahme des Börsenhandels bis 23:59 Uhr Mitteleuropäische Sommerzeit des dreißigsten Tages nach Aufnahme des Börsenhandels der Angebotsaktien, bis zu 1.584.079 Greenshoe-Aktien zum Platzierungspreis (abzüglich vereinbarter Provisionen) zu erwerben (die "**Greenshoe-Option**"). Nach dem Ende des Stabilisierungszeitraums werden innerhalb einer Woche in verschiedenen Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum die folgenden Informationen bekannt gegeben werden: (1) ob Stabilisierungsmaßnahmen tatsächlich ergriffen wurden, (2) das Datum, an dem solche Stabilisierungsmaßnahmen, begonnen wurden, (3) das Datum, an dem die letzte Stabilisierungsmaßnahme ergriffen wurde, und (4) die Preisspanne, innerhalb derer die Stabilisierungsmaßnahmen erfolgten. Diese Informationen werden für jedes Datum, an dem eine Stabilisierungsmaßnahme ergriffen wurde, zur Verfügung gestellt. **Allgemeine Zuteilungskriterien** Über die Zuteilung von Aktien an Privatanleger und institutionelle Anleger wird nach Beratung zwischen dem Veräußernden Aktionär, der Gesellschaft und den Konsortialbanken entschieden. Die endgültige Entscheidung liegt bei dem Veräußernden Aktionär und erfolgt anhand der Qualität der einzelnen Anleger, einzelner Kaufaufträge und anderer relevanter Zuteilungskriterien.

		Darüber hinaus wird sämtlichen Mitgliedern des Vorstands, des Aufsichtsrats und des Senior Managements, die sich zu einer Teilnahme an diesem Angebot entschieden haben, die volle Anzahl der Angebotsaktien zugeteilt, für die sie Orders erteilen. Die vorzugsweise Zuteilung an Mitglieder des Vorstands, des Aufsichtsrats und des Senior Managements erfolgt ohne Abschlag auf den Platzierungspreis. Diese Aktien unterliegen einer 12-monatigen Lock-up-Frist. Gewisse Mitglieder unseres Managements werden einen Bonus zum erfolgreichen Börsengang erhalten, wobei rund 90% des Nettoerlöses aus diesem Bonus im Zusammenhang mit diesem Angebot in Aktien der Gesellschaft reinvestiert werden. Die Details der Zuteilung werden nach Ablauf des Angebotszeitraums festgelegt und nach Maßgabe der Zuteilungskriterien veröffentlicht.
E.4	**Beschreibung aller für die Emission/das Angebot wesentlichen Interessen, einschließlich Interessenkonflikten.**	Der Veräußernde Aktionär hat ein Interesse an dem Angebot, weil er einen Teil des Nettoerlöses aus dem Angebot erhält. Die Mitglieder des Vorstands und des Senior Managements, die derzeit mittelbar Aktien der Gesellschaft halten, haben ein Interesse an dem Angebot, da sie eine bevorrechtigte Zuteilung von Aktien erhalten. Diese Aktien unterliegen einer 12-monatigen Lock-up-Frist. Die Konsortialbanken haben ein Interesse an dem Angebot, weil jede der Konsortialbanken mit dem Veräußernden Aktionär und der Gesellschaft in einer vertraglichen Beziehung im Zusammenhang mit der Strukturierung, Ausführung und Umsetzung des Angebots steht. Die Vergütung ist erfolgsabhängig und hängt unter anderem von der Höhe des Erlöses aus dem Angebot ab. Im Zusammenhang mit dem Angebot werden die Konsortialbanken und verbundene Unternehmen die Möglichkeit haben, Angebotsaktien auf eigene Rechnung zu erwerben, zu halten, zu kaufen und/oder zu verkaufen, und sie können diese Aktien auch außerhalb des Angebots anbieten oder verkaufen. Dementsprechend sollten Bezugnahmen in diesem Prospekt auf angebotene oder platzierte Angebotsaktien so verstanden werden, dass davon jedes Angebot oder jede Platzierung von Angebotsaktien an jede der Konsortialbanken oder an jedes der mit ihnen verbundenen Unternehmen, die in dieser Eigenschaft handeln, umfasst ist. Zudem können bestimmte Konsortialbanken oder deren verbundene Unternehmen mit Anlegern Finanzierungen (einschließlich Swaps oder Differenzkontrakte) eingehen, in deren

		Zusammenhang diese Konsortialbanken (oder deren verbundene Unternehmen) jeweils Angebotsaktien erwerben, halten oder veräußern. Soweit rechtlich nicht erforderlich, beabsichtigen die Konsortialbanken nicht, den Umfang dieser Anlagen oder Transaktionen offenzulegen. Einige der Konsortialbanken und deren verbundene Unternehmen unterhalten geschäftliche Beziehungen zu uns, einschließlich Finanzierungen, oder erbringen Dienstleistungen an unsere Gruppe im Rahmen der regulären Geschäftstätigkeit. Geschäftliche Beziehungen bestehen auch zu J.P. Morgan, J.P. Morgan Europe Limited, London, Vereinigtes Königreich ("**J.P. Morgan Europe**"), der COMMERZBANK und der UniCredit. Der Konzern hält verschiedene Konten bei diesen Finanzinstituten. Außerdem haben J.P. Morgan und die COMMERZBANK als Lead Arranger und J.P. Morgan Europe als Konsortialführer und Sicherheitentreuhänder bei einer revolvierenden Mehrwährungs-Kreditfazilität in Höhe von EUR 25,0 Mio. mitgewirkt, die von der Gesellschaft am 7. Juni 2013 abgeschlossen wurde (die "**Revolvierende Kreditfazilität**"). Wir planen, die uns im Rahmen der Revolvierenden Kreditfazilität für weitere, noch nicht zugesagte Finanzmittel in Höhe von EUR 15 Mio. eingeräumte Option vor Abschluss des Angebots auszuüben. Darüber hinaus haben wir am 27. März 2014 mit der CommerzFactoring GmbH, einer Tochtergesellschaft der COMMERZBANK, eine Factoring-Vereinbarung abgeschlossen, die einen Verkauf von Forderungen aus Lieferungen und Leistungen in Höhe von bis zu EUR 35 Mio. vorsieht. Zudem haben die UniCredit Rumänien und der Konzern 2011 einen Leasingvertrag für das Powerise-Engineering-Gebäude in Rumänien abgeschlossen. Zum Zeitpunkt dieses Prospektes betrugen ausstehende Zahlungen der Gruppe aus diesem Leasing Vertrag EUR 1,7 Millionen. Die Entscheidung, die Angebotsaktien zum Verkauf anzubieten, wurde allein vom Veräußernden Aktionär und der Gesellschaft getroffen und die Angebotsbedingungen für das Angebot wurden auf Grundlage von Verhandlungen zwischen dem Veräußernden Aktionär, der Gesellschaft und den Konsortialbanken bestimmt. Zum Datum dieses Prospektes beliefen sich die ausstehenden Zahlungen des Konzerns auf EUR 1,7 Mio. Die Entscheidung, die Angebotsaktien zum Verkauf anzubieten, wurde allein vom Veräußernden Aktionär und von der Gesellschaft getroffen, und die Bedingungen des Angebots wurden auf Grundlage von Verhandlungen zwischen dem Veräußernden Aktionär, der Gesellschaft und den Konsortialbanken bestimmt.

E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.**	Die Aktien werden von den Joint Global Coordinators und Joint Bookrunners, dem Veräußernden Aktionär und der Gesellschaft (wie vorstehend unter B.1/B.6 definiert) zum Kauf angeboten. **Lock-up-Vereinbarungen: Die beteiligten Parteien und die Lock-up-Frist.** Die Gesellschaft hat sich im Emissionsübernahmevertrag gegenüber den Konsortialbanken verpflichtet, innerhalb eines Zeitraums von sechs Monaten nach dem Abschlussdatum (nach jetzigem Stand voraussichtlich am 27. Mai 2014) nicht ohne vorherige schriftliche Zustimmung der Joint Global Coordinators und Joint Bookrunners: (a) eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital, falls vorhanden, anzukündigen oder durchzuführen; (b) einer etwaigen Versammlung der Aktionäre einen Beschlussvorschlag für eine Kapitalerhöhung zu unterbreiten; (c) die Ausgabe von Wertpapieren ankündigen, durchzusetzen oder als Beschlussvorschlag zu unterbreiten, die in Aktien der Gesellschaft umgewandelt werden können oder die eine Option auf Aktien der Gesellschaft beinhalten (d) unmittelbar oder mittelbar irgendwelche Anteile an ihrem Grundkapital oder Wertpapiere, die in Anteile an ihrem Grundkapital gewandelt oder umgetauscht werden können oder zu deren Bezug berechtigen, anzubieten, zu verpfänden, zuzuteilen, auszugeben (sofern nicht durch einschlägiges Recht vorgeschrieben), zu verkaufen, sich zu verpflichten zu verkaufen, eine entsprechende Kaufoption oder einen Kaufvertrag zu verkaufen, eine entsprechende Verkaufsoption zu kaufen, ein(e) Kaufoption, -recht oder -versprechen einzuräumen, oder anderweitig zu übertragen oder zu veräußern, oder einen Swap oder eine andere Vereinbarung abzuschließen, die das mit dem Eigentum von Anteilen am Grundkapital verbundene wirtschaftliche Risiko ganz oder teilweise auf einen anderen überträgt; oder (e) eine Transaktion einzugehen oder sonstige Handlungen vorzunehmen, die den oben unter (a) bis (c) beschriebenen wirtschaftlich ähnlich sind. Die Gesellschaft darf jedoch unter anderem Aktien oder andere Wertpapiere an Mitglieder des Vorstands

		oder Angestellte der Gesellschaft oder einer ihrer Tochtergesellschaften nach Maßgabe eines üblichen Aktienoptionsplanes für Vorstandsmitglieder und/ oder Angestellte ausgeben oder verkaufen und darf jegliche Unternehmenshandlung für den Zweck des Eingehens von Joint Ventures und der Akquisition von Unternehmen vornehmen, unter der Bedingung, dass diejenigen Parteien, an die Aktien oder andere Wertpapiere im Zusammenhang mit dem Joint Venture oder der Akquisition ausgegeben werden, gegenüber den Konsortialbanken die Verpflichtung aus den oben beschriebenen Lock-Up Vereinbarungen übernehmen. Der Veräußernde Aktionär hat sich im Emissionsübernahmevertrag gegenüber den Konsortialbanken verpflichtet, innerhalb von sechs Monaten nach dem Abschlussdatum nicht ohne vorherige schriftliche Zustimmung der Joint Global Coordinators und Joint Bookrunners: (a) unmittelbar oder mittelbar Aktien, die er oder eine seiner Tochtergesellschaften (mit Ausnahme der Gesellschaft und deren Tochtergesellschaften) halten (solche vom Veräußernden Aktionär und seinen verbundenen Unternehmen gehaltene Aktien werden als die "**Lock-up-Aktien**" bezeichnet), anzubieten, zuzuteilen, zu verkaufen, sich zu verpflichten zu verkaufen, eine entsprechende Kaufoption oder einen Kaufvertrag zu verkaufen, eine entsprechende Verkaufsoption zu kaufen, ein(e) Kaufoption, -recht oder -versprechen einzuräumen, oder anderweitig zu übertragen oder zu veräußern; (b) einen Swap oder eine andere Vereinbarung abzuschließen, die das mit dem Eigentum von Lock-up-Aktien verbundene wirtschaftliche Risiko ganz oder teilweise auf einen anderen überträgt; gleichgültig, ob eine der in vorstehender Ziffer (a) oder dieser Ziffer (b) beschriebenen Transaktionen durch Lieferung von Lock-up-Aktien oder derartige andere Wertpapiere, in bar oder anderweitig zu erfüllen ist; (c) eine Erhöhung des Grundkapitals der Gesellschaft vorzuschlagen (einschließlich durch Verlangen an den Vorstand, eine Hauptversammlung einzuberufen oder auf sonstigem Wege), für einen Vorschlag zur Erhöhung des Grundkapitals zu stimmen, oder auf anderem Wege einen Vorschlag zur Ausgabe von Wertpapieren, die in Aktien gewandelt werden können und mit Optionsrechten für Aktien ausgestattet sind, zu machen, zu unterstützen oder für diesen zu stimmen; oder

		(d) eine Transaktion einzugehen oder sonstige Handlungen vorzunehmen, die den oben unter (a) bis (c) beschriebenen wirtschaftlich ähnlich sind. Die vorstehenden Veräußerungsbeschränkungen (Lock-up) unter (a) und (b) gelten nicht für Verkäufe an Personen oder Unternehmen, die ihrerseits der Lock-up-Verpflichtung des Veräußernden Aktionärs zustimmen, oder für Verkäufe die mit vorheriger Zustimmung der Joint Global Coordinators und Joint Bookrunners erfolgen. Die von den Vorstandsmitgliedern und Mitgliedern des Senior Managements im Rahmen dieses Angebots erworbenen Angebotsaktien unterliegen einer 12-monatigen Lock-up-Frist nach dem Abschlussdatum.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.**	Der genaue Betrag und der Prozentsatz der aus der Kapitalerhöhung, die ein Teil des Angebots ist, resultierenden unmittelbaren Verwässerung ist abhängig vom Umfang, in dem die voraussichtlich am 22. Mai 2014 durch unseren Vorstand genehmigte Kapitalerhöhung durchgeführt wird, sowie vom Betrag der Nettoerlöse. Bei diesem Angebot ist der Betrag der Nettoerlöse abhängig von der Anzahl der tatsächlich platzierten Aktien und dem festgelegten endgültigen Platzierungspreis. Auf Basis des Mittelwerts der Preisspanne von EUR 22 je Angebotsaktie beträgt die unmittelbare Verwässerung je Aktie voraussichtlich EUR 18,54 bzw. 84,3% je Aktie der neuen Aktionäre und 27,1% des Veräußernden Aktionärs.
E.7	**Schätzung der Ausgaben, die dem Anleger von der Emittentin oder dem Anbieter in Rechnung gestellt werden.**	Entfällt. Weder die Gesellschaft noch der Veräußernde Aktionär noch die Konsortialbanken werden Anlegern Ausgaben in Rechnung stellen. Anleger haben übliche Transaktions- und Bearbeitungsgebühren zu tragen, die von ihren depotführenden Finanzinstituten in Rechnung gestellt werden.

Risk factors

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in shares of Stabilus S.A., Luxembourg. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the business, results of operations and financial condition of our Group. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, financial position and results of operations.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, other risks, facts or circumstances not presently known to us, or that we currently deem to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the results of operations and financial condition of the Company. The value of the shares of the Company could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and investors could lose all or part of their investment.

Risks related to the markets in which we operate

We are exposed to substantial risks associated with the performance of the global economy and the performance of the economy in the jurisdictions in which we operate.

Due to our global presence, we are exposed to substantial risks associated with the performance of the global economy. In general, demand for our products is dependent on the demand for automotive products as well as for commercial vehicles, agricultural machinery, medical equipment, aerospace, marine and furniture components, which in turn is directly related to the strength of the global economy. Therefore, our financial performance has been influenced, and will continue to be influenced, to a significant extent, by the general state and the performance of the global economy.

Although the global economy has recovered from the severe downturn in 2008 and 2009 to a certain extent, the recent volatility of the financial markets and also the slower than expected economic growth in Asia show that there can be no assurance that any recovery is sustainable or that there will be no recurrence of the global financial and economic crisis or similar adverse market conditions.

Should the political tensions between Russia and the Ukraine continue or should a conflict between the two nations ensue, this may adversely impact our direct and indirect sales in that region. In addition, an ensuing conflict might have a significant effect on global financial markets and economic growth, particularly in Europe, which in turn might have a significant effect on the end markets we serve, which could adversely affect our financial position and results of operations.

A renewed downturn in the European economy, from which we generated 50% of our revenue in the fiscal year ended September 30, 2013, could cause demand in our industrial and automotive products to decline which would have a material adverse effect on our business, financial condition and results of operations. In addition, a downturn of the U.S. and global economies or other material future deterioration in economic conditions could materially and adversely affect our financial position and results of operations.

In addition, our presence and growth plans in China expose us to significant risks linked to the Chinese economy. In 2012, China's economic growth decelerated to its slowest pace since the global financial crisis. China was significantly impacted by the contraction in the Eurozone economy, which, until 2012 when the U.S. surpassed the Eurozone, had been China's biggest

export partner. The Chinese government focuses heavily on investment, to stimulate growth in, among others, the Chinese automotive industry. However, it is unclear whether such moves to stimulate growth will be coupled with increasingly strict regulation, which could have a material adverse effect on our expansion plans in China and could, in turn, have a material adverse effect on our business, financial condition and results of operations. Furthermore, the Chinese shadow banking sector has grown rapidly in recent years and a significant amount of credit and liquidity is provided by Chinese institutions outside the scope of financial regulation. Due to the lack of supervision, the complexity of shadow banking activities and the close connection between the shadow banking sector and the regulated financial sector, any significant liquidity shortages or defaults in the shadow banking sector may have a material impact on the economic climate in China and could, therefore, adversely affect our business, financial condition and results of operations.

Emerging markets are, to varying degrees, influenced by political, economic and market conditions in more industrialized countries, particularly the United States and the Eurozone. In particular, changes in the U.S. central bank policy and resulting devaluations may lead to significant economic volatility in emerging markets which could materially and adversely affect our financial position and results of operations.

We operate in cyclical industries.

Our business is characterized by high fixed costs. Should our facilities be underutilized, this could result in idle capacity costs, write-offs of inventories and losses on products due to falling average sale prices. Furthermore, falling production volumes cause declines in revenue and earnings. On the other hand, our facilities might have insufficient capacity to meet customer demand if the markets in which we are active grow faster than we have anticipated.

Our automotive business, from which we generated 64.8% of our revenue in the fiscal year ended September 30, 2013, sells its products primarily to automotive original equipment manufacturers ("**OEMs**") in the automotive industry. These sales are cyclical and depend, among other things, on general economic conditions as well as on consumer spending and preferences, which can be affected by a number of factors, including employment, consumer confidence and income, energy costs, interest rate levels and the availability of consumer financing. Given the variety of such economic parameters influencing the global automotive demand, the volume of automotive production has historically been, and will continue to be, characterized by a high level of fluctuation, making it difficult for us to accurately predict demand levels for our products aimed at automotive OEMs.

In addition, our sales of gas springs to OEMs are linked to product design cycles in the car industry, because our products are primarily used in a variety of automotive applications, including car tailgates, hoods and seats. A significant change in automotive design trends away from lift-assisted components could have a material adverse effect on our sales and, as a result, on our business, financial condition and results of operations.

We generated, in the aggregate, 35.2% of our revenue and approximately 50% of our gross profit in the fiscal year ended September 30, 2013) from sales to our industrial and swivel chair customers. We sell our products to customers in diverse industries, including, among others, agricultural machines, railway, aircraft applications, commercial vehicles, marine applications, furniture, health care and production equipment. These sales depend on the industrial production level in general as well as on the development of new products and technologies by our customers, which include our products as component parts. Our sales also depend on our ability to increase our market share in markets which we deem to offer attractive growth opportunities (such as marine and aerospace). Due to the high diversification within our industrial business, various factors, such as fiscal policies, infrastructure programs or consumer behavior in certain countries or industry sectors, influence demand for our products. Although the broad range of individual economic factors influencing each of our end-markets makes us less vulnerable to unexpected changes of singular economic parameters, the variety of factors

makes it difficult for us to estimate how successful we will be in entering new markets as well as gauging requirements for production capacity and future working capital requirements.

The risks related to the cyclical nature of the industry in which we operate could have a material adverse effect on our business, financial condition and results of operations.

The business environment in which we operate is characterized by intense competition, which affects some of our products and markets, which could reduce our revenue or put continued pressure on our sales prices.

The markets in which we operate are competitive and have been characterized by changes in market penetration, increased price competition, the development and introduction of new products, product designs and technologies by significant existing and new competitors. The majority of gas springs and electromechanical lifting and closing systems manufactured globally are used for either automotive or industrial applications, which are core markets for us.

Our competitors are typically regional companies and our competition with them is generally on a regional scale. We compete primarily on the basis of price, quality, timeliness of delivery and design as well as the ability to provide engineering support and service on a global basis. Should we fail to secure the quality of our products and the reliability of our supply in the future, then more and more of our customers could decide to procure products from our competitors.

- This also applies to our automotive business, despite our strong market position in the gas spring market. Our strong market position in this segment also exposes us to the risk that customers could decide to procure products from our competitors.
- The market for automatic opening and closing systems is highly competitive and has been characterized by increased price competition and the development and introduction of new products, product designs and technologies by competitors. This market is growing as manufacturers of vehicles are increasingly incorporating such systems into a wider range of cars. We compete with domestic manufacturers and many foreign manufacturers of products similar to ours. We compete primarily on the basis of price, quality, timeliness of delivery and design as well as the ability to provide engineering support and service on a global basis. Should we fail to capture a substantial part of the growing market due to an inability to competitively price our products, or should we be unable to secure the quality of our products and the reliability of our supply in the future, or should our technology be replaced by a superior one by a competitor, then more and more of our existing and potential customers could decide to procure products from our competitors.
- The market for gas spring applications sold to our industrial customers has been characterized by a demand for shorter delivery times, innovative product solutions and moderate pricing pressure from customers, along with demand for continuous advancements in process technologies and manufacturing facilities. Our industrial end customers expect continuously lower prices over time from suppliers for the same, and in some cases even enhanced, functionality, as well as a consistently high product quality. If we became unable to offset continued price reductions through improved operating efficiencies, design improvements and the realization of synergies, price reductions could impact our profit margins and if we became unable to deliver our products on time and having the required quality, our ability to secure new business or maintain our current market share could be negatively impacted.
- We face strong competition in the swivel chair sector from low cost competitors in Asia, particularly in China. If our swivel chair customers opt for these lower cost variations of our products, our ability to retain our market share could be negatively impacted.

If our competitors were to consolidate or new competitors were to enter our market, we could face competition from companies with greater financial resources, a larger global footprint or superior cost structures in the future.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks.

We manufacture our products in several countries and we market and sell our products worldwide. We are actively operating and expanding our operations in various markets, with a focus on the rapidly growing and emerging markets in the Asia/Pacific region, where we have production plants in China and South Korea, operate a wide network of representative sales offices and employ our own sales force and distribution network. We plan to expand our Asian production capacities to meet growth expectations and supplement demand with our other regional productions as needed.

Potential social, political, legal, and economic instability may pose significant risks to our ability to conduct our business and expand our activities in certain markets. Inherent in our international operations is the risk that any number of the following circumstances could affect our operations: underdeveloped infrastructure; lack of qualified management or adequately trained personnel; currency exchange controls, exchange rate fluctuations and devaluations; changes in local economic conditions; governmental restrictions on foreign investment, transfer or repatriation of funds; protectionist trade measures, such as anti-dumping measures, duties, tariffs or embargoes; prohibitions or restrictions on acquisitions or joint ventures; changes in laws or regulations and unpredictable or unlawful government actions; the difficulty of enforcing agreements and collecting receivables through foreign legal systems; variations in protection of intellectual property and other legal rights; potential nationalization of enterprises or other expropriations; and political or social unrest or acts of sabotage or terrorism. As personnel costs have a significant effect on our business, we are also exposed to the risks of labor cost inflation and limited employment contract flexibility in the countries in which our production facilities are located and where we have sales personnel.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks associated with market trends and developments.

There can be no assurance that (i) we will be successful in developing new products or systems or in bringing them to market in a timely manner, or at all; (ii) products or technologies developed by others will not render our offerings obsolete or non-competitive; (iii) our customers will not substitute our products with competing products or alternate technologies (such as third arm systems, hydraulic drives or hinge/direct drives); (iv) the market will accept our innovations; (v) our competitors will not be able to produce our non-patented products at lower costs than we can; and (vi) we will be able to fully adjust our cost structure in the event of contraction of demand.

Should we fail to develop appropriate strategies as a response to these or similar market trends and should we fail to enhance existing products, develop new products or keep pace with developing technology, growth opportunities could be lost, our margins could come under pressure or we could lose existing customers. Furthermore, if we devote resources to the pursuit of new technologies and products that fail to be accepted in the marketplace or that fail to be commercially viable, all or part of these research and development (“**R&D**”) expenses may be lost and our business may suffer. In addition, technological advances and wider market acceptance of our Powerise automatic lid drive systems (or the development and wider market acceptance of similar automatic lid drive systems by our competitors) could result in cannibalization of our gas spring applications.

Any such risks could materially impact our revenue and profit margins and, as a result, our business, financial condition and results of operations.

Risks related to our business

We depend on a limited number of large OEMs for the sale of our automotive products.

Many of our automotive customers are large OEMs, with substantial bargaining power with respect to price and other commercial terms. A combination of significantly lower global production levels, tightened liquidity and increased cost of capital caused severe financial distress among a number of OEMs during the 2008/2009 financial crisis. Another economic recession may again cause severe financial distress in the market relevant to us. If any of our OEM customers discontinues its business relationship with us or terminates a supply contract prematurely, outstanding claims against such customer could be wholly or partially lost, especially for Powerise as current production of this product is largely dependent on OEM order for future years. Discontinuation of business by an OEM could also negatively affect our business where customer-specific machine and tooling investments were made.

The timing and amount of sales to our OEM end-customers ultimately depend on factors that are beyond our control, *i.e.*, sales levels and shipping schedules for the OEM products into which our products are incorporated. We cannot be certain that our OEM customers will continue to manufacture products that incorporate our products at current levels or at all. Failure of our OEM customers to achieve significant sales of products incorporating our products and fluctuations in the timing and volume of such product sales could be harmful to our business. Further, failure by these customers to inform us of changes to their production needs in a timely manner could also hinder our ability to effectively manage our business. In addition, in times of financial strain, the insurers of our receivables may be unable to honor their obligations under those insurance contracts. If certain of our OEM customers are unable to make payment against products that we have already delivered, we may not be able to recover those receivables.

Loss of all or a substantial portion of sales to any of our large OEM customers for whatever reason or a continued reduction of prices for products sold to these customers could have a significant adverse effect on our business, financial condition, and results of operations. In the fiscal year ended September 30, 2013, our top ten automotive customers represented 54.0% of our total revenue and our top ten industrial customers represented 7.4% of our total revenue. Factors that could cause such a loss of revenue include loss of market share by any of these customers, termination of supply agreements and/or the failure to (re)negotiate new agreements or new terms, loss of contracts, insolvency of customers or suppliers, reduced or delayed customer requirements and plant shutdowns, strikes, or other work stoppages affecting production by such OEM customers. There can be no assurance that we will not lose all or a portion of sales to our large OEM customers or that we will be able to offset continued pricing pressure by these customers with reductions in costs.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We depend on a limited number of key suppliers for certain products.

Our production process requires substantial amounts of prefabricated materials, including: steel tubing and bars, seals, joints, electric motors, specific machine parts as well as gas, water and electric power. We are subject to the risk that any or all of these materials may be unavailable. This risk is even more pronounced in relation to our steel tubing, seals and electric motor requirements, for which we rely on a very small number of specialized suppliers. Our specific design requirements make us dependent on certain production material and machine part suppliers. For instance, we are indirectly exposed to risk concerning the availability of rare earth ingredients sourced from China, which are required in certain types of electric motors used in the production of some of our Powerise solutions. Should these suppliers cease to fulfill our requirements, we could be exposed to significant extra costs and business interruption. Furthermore, our procurement logistics may experience supply delays, cancellations, strikes, insufficient quantities or inadequate quality which could result in interruptions in production and, therefore, have a negative impact on our production capacity and lead to under-utilization

of our production sites, which in turn may cause delays in the delivery of products to our customers in these areas. If any one of our suppliers becomes unable to meet our delivery requirements for any reason (for example, due to insolvency, destruction of production plants or refusal to perform following a change in control), we may be unable to source input products from other suppliers upon short notice and/or at the required volume. Any such delay or failure of delivery by our suppliers could result in delaying our customers' production schedule, which could result in loss of business and reputational damage to us.

In addition, many of our OEM customers have approval rights with respect to the suppliers (and processes) used by us, limiting our ability to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved such other suppliers.

Any of these risks could lead to order cancellations or give rise to claims for damages (should we fail to follow agreed-upon processes) and could harm our long-term relationships with OEM customers, which may choose to select another supplier. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to fluctuations in prices of prefabricated materials and components.

We procure large quantities of prefabricated materials and components from third-party suppliers. In the fiscal year ended September 30, 2013, our costs of prefabricated materials and components and manufacturing services from third-party suppliers (*i.e.*, our production material costs) were €201.4 million. The prices of prefabricated materials, components and manufacturing services we purchase from our suppliers depend on a number of factors, including to a limited extent the development of prices of raw materials used in these products, such as steel, copper, rubber and water, as well as energy, which have been volatile in the past. So far, this has not resulted in a general increase in the cost of prefabricated materials and components we procure for the manufacture of our products. However, it cannot be excluded that this volatility may result in a cost increase in the future.

If we are not able to compensate for or pass on our cost increases to customers, such price increases could have a material adverse impact on our financial results. Even to the extent that we are successful in compensating for or passing on our increased costs to our customers by increasing prices on new products, the positive effects of such price increases may not occur in the periods in which the additional expenses have been incurred, but in later periods. If costs of raw materials and energy rise, and if we are not able to undertake cost saving measures elsewhere in our operations or increase to an adequate level the selling prices of our products, we will not be able to compensate such cost increases, which could have a material adverse effect on our business, financial condition and results of operations. The long-term increase of our costs (and resultant increase in the price of our products) may also negatively impact demand for our products.

We may not be able to successfully execute our global expansion strategy.

We have dedicated significant resources to enhancing our global presence and we intend to continue pursuing this growth strategy, particularly in rapidly growing markets in the Asia/Pacific region. In addition, we plan to continue expanding our presence in the United States and Mexico in accordance with our estimations of future demand increases. However, should we be unable to identify appropriate add-on acquisition targets or generate or secure sufficient funding to finance our development and growth activities in the future, we could lose our competitive position in these important developed and rapidly growing regional markets. Furthermore, if we invest in emerging markets that do not develop as expected, or that deteriorate due to economic, political or other reasons, all or part of these investments may be lost. We also depend on the success of our customers in the emerging markets.

In addition, the success of our growth strategy will depend on attracting and retaining qualified personnel to manage these global operations (including the need to identify, recruit, train and integrate additional employees), maintaining our high quality standards and implementing our standardized process and quality management globally.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our future business success depends on our ability to maintain the high quality of our products and processes.

For customers, one of the determining factors in purchasing our components and systems is the high quality of our products and manufacturing processes. A decrease in the actual and perceived quality of these products and processes could damage our image and reputation as well as those of our products. Any errors or delays caused by mistakes or miscalculations in our project management could negatively affect our customers' own production processes, resulting in reputational damage to us as supplier as well as to the affected customer as manufacturer. In addition, defective products could result in loss of sales, loss of customers and loss of market acceptance. See "*—Legal, taxation and environmental risks—We are exposed to warranty and product liability claims.*"

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to maintain our technological leadership and competitive cost structures.

The markets for the products that we offer are characterized by changing technology, evolving technologies and technical standards, changes in customer preferences and the frequent introduction of new products. The development and commercialization of new technologies and the introduction of new products will often make existing ones obsolete or unmarketable. Our competitiveness in the future will depend, at least in part, on our ability to (i) keep pace with technological developments and maintain technological leadership, (ii) develop and manufacture innovative products in a timely manner, (iii) attract and retain highly capable technical and engineering personnel, (iv) accurately assess the demand for, and perceived market acceptance of, new products that we develop and (v) maintain competitive cost structures with respect to all products that we manufacture.

If we are unable to maintain our technological leadership and competitive cost structures this could have a material adverse effect on our business, financial condition and results of operations.

We depend on our ability to secure sufficient funding for our research and development efforts.

Developing new and improved products is very costly and cash intensive and therefore requires a substantial amount of capital funding. We spend significant resources on R&D (€31.4 million before capitalization representing 6.8% of revenue for the fiscal year ended September 30, 2013 (€15.9 million and 6.5% for the six months ended March 31, 2014)). If we devote resources to the pursuit of new technologies and products that fail to be accepted in the marketplace or that fail to become commercially viable, all or part of these R&D expenses may be lost.

The general lack of liquidity, caused by the disruptions in the financial markets and our current level of indebtedness, is adversely impacting the availability and cost of additional credit for us and could adversely affect the availability of credit already arranged or committed. Should we be unable to secure sufficient funding to finance our development activities, we could lose our competitive position in a number of important market segments.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our operations depend on qualified executives and key employees.

Our success depends on our executive board members and other qualified executives and employees in key functions and key geographical regions. The loss of executives or key employees could have a material adverse effect on our market position and prospects. Considerable expertise and customer contracts could be lost or access thereto gained by competitors. Due to intense competition within the industry, there is a risk of losing qualified employees to competitors or being unable to find a sufficient number of appropriate new employees. There is no guarantee that we will be successful in retaining our executives and the employees in key positions or in attracting new employees with corresponding qualifications. Although we try to retain the commitment of our qualified executives and key employees through performance-based remuneration systems, there is a risk that any such individuals will leave us. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be adversely impacted by strikes and other labor disputes.

Over the past several years, our industry and the industries in which our customers operate have experienced strikes, lockouts, refusals to work or plant seizures. Although at present we are not experiencing any labor disputes, our relationships with our employees and our unions at our various locations could deteriorate in the future and we could experience strikes, unionization efforts or other types of conflicts with labor unions or our employees. In connection with our cost savings initiatives, we could experience friction with labor unions or our employees. Due to the size of the labor force at our Koblenz, Germany plant, this risk is greatest in connection with our German operations. In addition, many of our customers and our suppliers also have unionized workforces. Refusals to work or work downtime experienced by our customers or our other suppliers could result in decreased productivity or closures of assembly plants where our products are needed for assembly. This could have a material adverse effect on our business, financial condition and results of operations.

Our operations rely on complex IT systems and networks.

We rely heavily on central standardized information technology systems and networks to support our business processes and manufacturing, as well as internal and external communications. These systems and networks are potentially vulnerable to damage or interruption from a variety of sources or to security threats. Although we have taken precautions to manage our risks related to system and network disruptions, an extended outage in a data center or telecommunications network utilized by our systems, any security or breaches or any similar event could lead to an extended unanticipated interruption of our systems or networks thereby hindering our normal business operations. The realization of any risks related to our IT system and network disruptions could have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected by property loss and unforeseen business interruption.

Damage and loss caused by fire, accidents, natural disasters, terrorism, supply shortage, severe weather or other disruptions of our production process at our facilities or within our supply chain, with respect to customers and with suppliers, can be severe. Such risks arising from business interruption and loss of production are insured at levels considered economically reasonable by us, but our insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or kill individuals or damage or destroy third party property or the environment, which could, among other things, lead to considerable financial costs for us. In addition, our manufacturing processes are dependent on critical pieces of manufacturing equipment that may, on occasion, be out of service as a result of unanticipated failures or unavailability of service components, which may result in production bottlenecks and breakdowns thereby interrupting the supply to and increasing the cost of goods for our customers. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Legal, taxation and environmental risks

We are exposed to warranty and product liability claims.

As a manufacturer, we are subject to product liability lawsuits and other proceedings alleging violations of due care, violation of warranty obligations, treatment errors, safety provisions and claims arising from breaches of contract (like delivery delays), recall actions or fines imposed by government or regulatory authorities in relation to our products. Any such lawsuits, proceedings and other claims could result in increased costs for us. Additionally, authorities could prohibit the future sale of our products, particularly in cases of safety concerns. The aforementioned scenarios could result in loss of market acceptance, loss of revenue and loss of customers, in particular against the background that many of our products are components which often have a major impact on the overall safety, durability and performance of our customers' end-product. See "*Regulation—Product safety and liability—Product liability*" *and* "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims.*" The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured as we consider economically reasonable, but the insurance coverage could prove insufficient in individual cases. Additionally, any major defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have a significant adverse effect on our revenue and results of operations.

In addition, vehicle manufacturers are increasingly requiring a contribution from, or indemnity by, their suppliers for potential product liability, warranty and recall claims and we have been subject to continuing efforts by our customers to change contract terms and conditions concerning warranty and recall participation.

Furthermore, we manufacture many products pursuant to OEM customer specifications and quality requirements. If the products manufactured and delivered by us are deemed not to be fit for use by our OEM customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Furthermore, our OEM customers could potentially bring claims for damages on the basis of breach of contract, even if the cause of the defect is remedied at a later point in time. In addition, failure to perform with respect to quality requirements could negatively affect the market acceptance of our other products and our market reputation in various market segments.

We are and may become party to certain disadvantageous contracts pursuant to which we are required to sell certain products at a loss or to agree to broad indemnities. For example, we may enter into a contract at an agreed price and production costs may end up exceeding what was assumed in the development phase. If the assumptions on which we rely in contract negotiations turn out to be inaccurate, this could have an adverse effect on our revenue and results of operations.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to certain risks with regards to our intellectual property, its validity and the intellectual property of third parties.

Our products and services are highly dependent upon our technological know-how and the scope and limitations of our proprietary rights therein. We have obtained or have applied for a number of intellectual property rights, which can be difficult, lengthy and expensive to procure. Furthermore, patents may not provide us with meaningful protection or a commercial advantage. In addition, where we incorporate an individual customer's input to create a product that responds to a particular need, we face the risk that such customer will claim ownership rights in the associated intellectual property.

Our competitors, suppliers, customers and other third parties also submit a large number of intellectual property protection applications. Such other parties could hold effective and

enforceable intellectual property rights to certain processes, methods or applications and consequently could assert infringement claims (including illegitimate ones) against us.

A major part of our know-how and industrial secrets is not patented and cannot be protected through intellectual property rights. Consequently, there is a risk that third parties, in particular competitors, will copy our know-how without incurring any expenses of their own. Our intellectual property is oftentimes discovered by and during the course of our employees' employment. As a result, there is a risk that we have failed or will fail to properly utilize inventions of our employees. Present or former employees who made or make employee inventions might continue to be the owners of the valuable rights to inventions if we fail to claim the invention in a timely manner.

The realization of any of these risks could give rise to intellectual property claims against us. Such claims, if successful, could require us to cease manufacturing, using or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes or products. In addition, we could be liable to pay compensation or damages for infringements or could be forced to purchase licenses to make use of technology from third parties. This could have a material adverse effect on our business, financial condition and results of operations.

We may incur additional costs as a result of industry collective bargaining agreements especially applicable to our German employees, which make up almost half of our workforce.

If the conditions of employment of individuals entitled to the benefits of industry collective bargaining agreements fall below the standard of industry collective bargaining agreements in Germany, an employee, the union or relevant social insurance institutions may object to these conditions because the employment is subject to a collective bargaining agreement. If they are successful in demonstrating this, we could incur higher employment costs. Although we regularly review and monitor our collective bargaining agreements, if employment contracts fall below the standard of applicable collective bargaining agreements, we could also incur higher social security contributions for the past and future with regard to our German employees.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal, administrative and arbitration proceedings.

We are involved in a number of legal and administrative proceedings related to products, patents and other matters incidental to our business and could become involved in additional legal, administrative and arbitration proceedings in the future. These proceedings or potential proceedings could involve, in particular in the United States, substantial claims for damages or other payments. Based on a judgment or a settlement agreement, we could be obligated to pay substantial damages. Our litigation costs and those of third parties could also be significant.

Due to our high market share, we may be exposed to legal risks regarding anti-competition fines and related damage claims.

Our market share in most of the markets in which we operate is high, which may induce competition authorities to initiate proceedings or third parties to file claims against us alleging violation of competition laws. A successful anti-competition challenge could adversely affect us in a variety of ways. For example, it could result in the imposition of fines by one or more authorities and/or in third parties (such as competitors or customers) initiating civil litigation claiming damages caused by anti-competitive practices. In addition, anti-competitive behavior may give rise to reputational risk to us.

The realization of this risk could have a material effect on our business, financial condition and results of operations.

We could be subject to tax risks attributable to previous tax assessment periods.

We and our subsidiaries could accrue unanticipated tax expenses in relation to previous tax assessment periods. We have been undergoing a tax audit in Germany for Stabilus Beteiligungs GmbH and Stabilus GmbH for the tax assessment periods 2009 through 2012, for which the final tax assessments have been issued. However, subsequent tax assessment periods of the German companies as well as several tax assessment periods of other subsidiaries have not yet been subject to an audit. A future tax audit could result in an interpretation of the tax laws or relevant facts in a manner that deviates from our view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) on us or on a subsidiary in connection with any future tax audit.

It cannot be ruled out that any future tax audits may lead to an additional tax expense and/or payment, which could have a material adverse effect on our business, financial condition and results of operations. It could also be that future changes in the tax law result in a higher cash tax burden for us.

We may have exposure to additional tax liabilities.

As a multinational group, we are subject to income taxes as well as non-income based taxes in Germany and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities.

In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Taxing authorities in any of the countries in which we operate could challenge our transfer prices and require us to adjust them to reallocate our income. Any change to the allocation of our income as a result of review by such taxing authorities could have a negative effect on our operating results and financial condition. The ultimate outcome therefrom may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

The realization of this risk could have a material adverse effect on our business, financial condition and results of operations.

Interest carry-forwards may be forfeited in part or in full as a result of the listing and subsequent share sales.

Stable Beteiligungs GmbH has significant interest carry-forwards as a result of the application of the German interest ceiling rules that limit the deduction of net interest expenses for German tax purposes in principle to 30% of a business' taxable EBITDA (as adjusted for tax purposes). The interest carry-forward may be deducted to the extent that in subsequent assessment periods the then current interest expenses do not reach the interest ceiling applicable to the relevant assessment period, and, thus, reduce the tax payable by Stable Beteiligungs GmbH. However, the interest carry-forward will be forfeited on a pro rata base if more than 25% of the shares in Stable Beteiligungs GmbH are directly or indirectly transferred to a new shareholder, persons related to such shareholder or a group of shareholders acting in the same interest, or in case of similar transactions (such as a capital increase) that result in a change of the shareholder structure. In case of a direct or indirect transfer of more than 50% to one shareholder, persons related to such shareholder or a group of shareholders acting in the same interest, or in case of similar transactions (such as a capital increase) that result in a change of the shareholder structure, the interest carry-forward will be forfeited in full. Such forfeiture would increase the tax payable by Stable Beteiligungs GmbH if without the forfeiture the interest carry-forward could have been used in part or in full.

We could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials.

Many of the sites at which we operate have been used for industrial purposes for many years, leading to risks of contamination and the resulting site restoration obligations. In addition, we

could be held responsible for the remediation of areas adjacent to our sites if these areas were potentially contaminated due to our activities. Groundwater contamination was discovered at a site in Colmar, Pennsylvania operated by us from 1979 to 1998. In June 2012, the U.S. Environmental Protection Agency ("**EPA**") issued an administrative order against our U.S. subsidiary and determined requirements in respect of the remedy and the remedy cost. Our subsidiary, together with the other responsible parties, is requested to reimburse the EPA for past and current expenses and to bear the remediation costs.

If additional contamination is discovered in the future, the competent authorities could assert further claims against us, as the owner or tenant of the affected plots, for the examination or remediation of such soil or groundwater contamination, or order us to dispose of or treat contaminated soil excavated in the course of construction. We could also be required to indemnify the owners of plots leased by us or of other properties, if the authorities were to pursue claims against the relevant owner of the property and if we caused the contamination. Costs typically incurred in connection with such claims are generally difficult to predict. Also, if any contamination were to become the subject of a more intense public discussion, there is a risk that our reputation or relations with our customers could be harmed.

Furthermore, at some of the sites at which we operate, or at which we operated in the past, small quantities of hazardous materials were used in the past, such as asbestos-containing building materials used for heat insulation. While we consider it unlikely, it cannot be ruled out that the health and safety of third parties (such as former employees) may have been affected due to the use of such hazardous materials or that other claims may be asserted and we could therefore be exposed to related damage claims in the future. Even if we have contractually excluded or limited our liability in connection with the sale of such properties, we could be held responsible for currently unknown contamination on properties which we previously owned or used.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We could become subject to additional burdensome environmental or safety regulations and additional regulation could adversely affect demand for our products and services.

We must observe a large number of different regulatory systems across the world that change frequently and are continuously evolving and becoming more stringent, in particular with respect to environmental regulations, chemicals and hazardous materials, as well as health regulations. This applies also to air, water and soil pollution regulations and to waste legislation, all of which have recently become more stringent through new laws, in particular, but not limited to, in the EU and the United States. In addition, for our sites and operations, we require various permits and we have to comply with the requirements specified therein. In the past, adjusting to new requirements has required significant investments and we assume that further significant investments in this regard will be required in the future.

Furthermore, any additional regulation restricting or limiting car traffic (*e.g.*, aimed at reducing carbon emissions) could lead to a material decrease in car sales and consequently adversely affect demand for our products and services.

Increasing taxes reducing the income available for consumption may also weaken the global demand in the automotive sector. Tax increases are a likely reaction of the national governments to the increase of national debt resulting from the various bailout programs set up for banks or, most recently, the stabilization package for EU member states.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Risks related to our capital structure

Our leverage and debt service obligations could have a material adverse effect on our business and may make it difficult for us to service our debt and operate our business.

We are leveraged and will continue to have debt service obligations after the consummation of the Offering. As of March 31, 2014, we had gross financial debt of €331.2 million on a consolidated basis and shareholder equity of €84.1 million on a consolidated basis. In addition, we have up to €25.0 million (plus an uncommitted additional €15.0 million under an accordion facility, which we intend to use to increase the size of our revolving credit facility) of available borrowings under a multi-currency revolving credit facility (the "**Revolving Credit Facility**"), in addition to our existing indebtedness. Our level of indebtedness could have important consequences for investors, which could intensify if we incur additional debt. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash flow from operations to payments on our indebtedness, which could reduce the availability of cash flow to fund working capital needs, capital expenditures or R&D work according to cash flow, future acquisitions and other general corporate needs;
- limit our flexibility in planning for, or especially in reacting to, changes in our business and the industry in which we operate;
- place us at a significant competitive disadvantage compared to our competitors with less debt and/or more equity on their balance sheets; and
- limit our ability to borrow additional funds.

We are subject to restrictive debt covenants, which may restrict our ability to pursue our business strategies and react to changes in the economy or our industry.

Our financing and intercreditor arrangements contain covenants which impose significant restrictions on the way we can operate (subject to agreed exceptions), including, without limitation, restrictions on our ability to:

- incur additional debt and guarantees;
- pay dividends or make other distributions or and repurchase our stock;
- make other restricted payments, including without limitation, investments;
- create or incur liens;
- sell or otherwise dispose of assets, including capital stock of restricted subsidiaries;
- enter into sale and leaseback transactions;
- enter into agreements that restrict our subsidiaries' ability to pay dividends;
- enter into transactions with our affiliates;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into new lines of business.

The restrictions contained could:

- limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect our ability to finance our operations, strategic acquisitions, investments or alliances or other capital needs or to engage in other business activities that would be in our interest.

If we breach the covenants under the financing arrangements and are unable to cure the breach or obtain a waiver from our lenders, we would default under the terms of such arrangement, which could cause a default under other financing arrangements, and could cause the lenders under such financing arrangements to terminate their commitments and declare all amounts owed to them to be due and payable. If any material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full our other debt.

Due to our high level of debt we face potential liquidity risks.

Our cash from operating activities, current cash resources, existing sources of external financing and the proceeds from this Offering could be insufficient to meet our further capital needs, especially if our sales decrease significantly.

Disruptions in the financial markets, including the bankruptcy, insolvency or restructuring of a number of financial institutions, and restricted availability of liquidity could adversely impact the availability and cost of additional financing for us and could adversely affect the availability of financing already arranged or committed. Our liquidity could also be adversely impacted if our suppliers tighten terms of payment as the result of any decline in our financial condition or if our customers were to extend their normal payment terms.

We are exposed to risks associated with changes in currency exchange rates.

We operate worldwide and are therefore exposed to financial risks that arise from changes in exchange rates. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, while at the same time liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could enhance or minimize fluctuations in the prices of materials, since we purchase a considerable part of the prefabricated materials which we source from foreign currencies. Further, fluctuations in foreign exchange rates could impact payments due in Euro or other permitted currencies under the Revolving Credit Facility. As a result of these factors, fluctuations in exchange rates could affect our results of operations.

External and internal transactions involving the delivery of products and services to and/or by third parties result in cash inflows and outflows which are denominated in currencies other than the functional currency of our respective group member. Among other factors, we are particularly exposed to fluctuations of net inflows in U.S. dollar (surplus) and net outflows in Romanian Leu (demand). To the extent that cash outflows are not offset by cash inflows resulting from operational business in such currency, the remaining net foreign currency exposure is not hedged as of the date of this Prospectus.

Although we may enter into certain hedging arrangements in the future, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, if we were to use any hedging transactions in the future in the form of derivative financial instruments, such transactions may result in mark-to-market losses.

In addition, we are exposed to foreign exchange risks arising from external and internal loan agreements, which result from cash inflows and outflows in currencies other than the functional currency of our respective group member. As of the date of this Prospectus, these foreign exchange risks are not hedged against by using derivative financial instruments.

Our net foreign investments are generally not hedged against exchange rate fluctuations. In addition, a number of our consolidated companies report their results in currencies other than the Euro, which requires us to convert the relevant items into Euro when preparing our consolidated financial statements. Translation risks are generally not hedged.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in connection with our pension commitments.

Until December 31, 2010, we provided defined benefit pension plans to our employees in Germany and, consequently, have significant pension and other postretirement benefit obligations to certain of our current and former employees and retirees in Germany. During 2010, the defined benefit scheme was closed for all employees (with limited exceptions for persons who have individual pension agreements and for those very close to retirement age) and replaced by a defined contribution plan. As of March 31, 2014, our total pension obligations amounted to €41.9 million, which includes effects from the recent revision of IAS 19 (Employee Benefits) and effects from a further reduction of interest rates since the close of the fiscal year ended September 30, 2013. As of March 31, 2014, our net pension obligations for defined benefit pension plans amounted to €41.5 million, or payments of €1.6 million per year over the next 3 fiscal years, while the average pension payment per person eligible was €309 per month in the fiscal year ended September 30, 2013.

Our ability to satisfy the funding requirements associated with these obligations depends on our future cash flow from operations and may also depend on our ability to access the credit and capital markets. The funding requirements of these benefit plans, and the related expense reflected in our financial statements, are affected by several factors that are subject to an inherent degree of uncertainty and volatility, including governmental regulation. In addition, to determine our pension obligations, we make certain assumptions. If these assumptions prove to be inaccurate, our balance sheet or actual pension obligations could increase substantially and we would have to raise our pension provisions. Existing pension obligations are not covered by plan assets.

In addition, the relevant accounting standard IAS 19 (Employee Benefits) has been revised by the International Accounting Standard Board, been endorsed by the European Union and will have to be applied by us for the first time with respect to the fiscal year ending September 30, 2014. Accordingly, this accounting standard was applied in our interim consolidated financial statements for the first quarter of fiscal year 2014, leading to an adjustment of €3.3 million. The application of the revised accounting standard will have an impact on our future consolidated financial statements, see "*Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—Pensions and similar obligations*."

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

A downgrade in the Company's rating could increase its financing costs and preclude its access to certain financing markets and products, and thereby impair its liquidity and profitability.

As of the date of this Prospectus, the €315 million aggregate principal amount of senior secured notes issued on June 7, 2013 by a direct subsidiary of the Company (the "**Senior Notes**") are rated "B2" by Moody's Deutschland GmbH ("**Moody's**") and "B+" by Fitch Deutschland GmbH ("**Fitch**"). In addition, the Company has received a long-term corporate credit rating of "B" and the Senior Notes issuer has received an issuer rating of "B" by Standard & Poor's Credit Market Services France S.A.S. ("**S&P**").

Future downgrades in or a loss of the Company's financial rating could impair the Company's ability to obtain additional financing or refinancing on economically acceptable terms, or obtain such financing or refinancing at all. Furthermore, a downgrade or loss of rating could preclude the Company from accessing certain financial markets and products and thereby impair the Company's liquidity. This could have a material adverse effect on our business, financial condition and results of operations.

Risks related to the Company’s shares, the listing and the Company’s shareholder structure

The Company’s shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Company’s shares will develop.

Prior to the Offering, there has been no public market for the Company’s shares. The offer price (the “**Offer Price**”) for the shares in the Offering will be determined by way of the book-building process. There is no guarantee that the Offer Price will correspond to the price at which the shares will be traded on the Frankfurt Stock Exchange following the Offering or that, following the listing of the Company’s shares on the Frankfurt Stock Exchange, liquid trading in the Company’s shares will develop and become established. Investors may not be in a position to sell their shares quickly or at the market price if there is no active trading in the Company’s shares.

The market price and trading volume of the Company’s shares could fluctuate significantly, resulting in substantial losses.

The trading volume and price of the Company’s shares may fluctuate significantly. If the Company’s share price declines, investors may be unable to resell the Company’s shares at or above their purchase price. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the Company’s share price or result in fluctuations in the price or trading volume of the Company’s shares include, for example, changes in the Company’s actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors’ and analysts’ earnings expectations, investors’ evaluation of the success and effects of the strategy described in this Prospectus and evaluation of the related risks, changes in general economic conditions, changes in shareholders and other factors. Additionally, general fluctuations in share prices, particularly of shares of companies in the same sector, could lead to pressure on the Company’s share price, even where there may not necessarily be a reason for this in the Company’s business or earnings outlook.

Following the listing, the Company’s Selling Shareholder will still be in a position to exert substantial influence on the Company. The interests of the Company’s Selling Shareholder could differ from the interests of the other shareholders. In addition, any future sales of the Company’s shares by the Selling Shareholder could depress the market price of the shares.

Upon completion of the Offering, Servus Group HoldCo II S.à r.l. (the “Selling Shareholder”) intends to continue to hold approximately 50% of the Company’s issued shares excluding any over-allotments and 42.5% of the Company’s issued shares including full exercise of the Greenshoe Option (after giving effect to the capital increase to be implemented in connection with the Offering with assumed gross proceeds of €65.0 million, and the sale of up to 7,550,000 existing shares of the Company, including any over-allotments). Due to its remaining shareholding after the completion of the Offering, the Selling Shareholder will be in a position to exert substantial influence or control, subject to the full exercise of the Greenshoe Option, at the Company’s general shareholders’ meeting and, consequently, on matters decided by the Company’s general shareholders’ meeting, including the appointment of the Company’s supervisory board members, the distribution of dividends, and any proposed capital increases. The Selling Shareholder’s remaining stake in the Company will also endow it with the ability to block certain corporate measures that require the approval of the Company’s general shareholders’ meeting.

Moreover, if the Selling Shareholder, as notified to the Company, or any future major shareholder were to sell substantial amounts of the Company’s shares or if market participants were to believe that such sales might occur, this could have a material adverse effect on the market price of the Company’s shares.

Future sales or issuances of a substantial number of the Company’s shares may depress the market price of the Company’s shares.

Sales of substantial amounts of the Company’s shares in the public market following the Offering or the perception that these sales could occur could cause the market value of the

Company's shares to decline. Such sales could also make it more difficult for the Company to sell equity or equity-related securities in the future at a time and price that it considers appropriate.

Future offerings of debt or equity securities by us may adversely affect the market price of the shares, and future capitalization measures could lead to substantial dilution of existing shareholders' interests in the Company.

We may require additional capital in the future to finance our business operations and growth. In the future, we may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of the shares and would dilute the economic and voting rights of existing shareholders if made without granting subscription rights to existing shareholders. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by its employees in the context of any future stock option programs or the issuance of shares to employees in the context of any future employee stock participation programs, could lead to a dilution of the economic and voting rights of existing shareholders. Thus, holders of the Company's shares bear the risk of future offerings reducing the market price of the Company's shares and/or diluting their shareholdings in the Company.

The payment of future dividends will depend on the Group's financial condition and results of operations, certain restrictions under our financing arrangements as well as on the operating subsidiaries' distributions to the Company.

The Company's general meeting of shareholders will decide matters relating to the payment of future dividends. These decisions will be based on the particular situation of the Company at the time, including the Group's earnings, financial and investment needs and the availability of distributable statement of financial condition income or reserves and a sufficient cash position. Because the Company is a holding company that conducts its operational business through its subsidiaries, its ability to pay dividends depends directly on the Group's operating subsidiaries' distributions of earnings or repayments under inter-company financing arrangements to the Company. The amount and timing of such distributions and repayments will depend on the laws of the operating subsidiaries' respective jurisdictions and the terms of the relevant inter-company financing arrangements. In addition, the indenture governing the Senior Notes contains restrictions regarding our ability to pay dividends to our shareholders. In particular, unless we amend or refinance our Senior Notes or Lending Credit Facility, the terms of these financing arrangements effectively limit our dividend paying ability to an amount at the lower end of our targeted dividend ratio, and if a default or an event of default were to occur thereunder, we may be unable to pay any dividend. See "*Material contracts—Certain financing arrangements—Senior Notes*." Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

We will incur increased costs as a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, as a result of being a public company, we will be required to create additional board committees and adopt policies regarding internal controls and disclosure procedures. In addition, we will incur additional costs associated with our public company reporting requirements. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on the Company's management board (the "**Management Board**") or as executive officers.

The Company is incorporated under and subject to Luxembourg law.

The Company is a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg. The rights of holders of Offer Shares and the responsibilities of the Company to the holders of Offer Shares under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdiction in which the Offer Shares are offered.

The Company is a holding company incorporated under the laws of Luxembourg, whose principal assets are the shares of its subsidiaries. If our operating subsidiaries experience sufficiently adverse changes in their financial position or results of operations, or the Company otherwise becomes unable to pay its debts as they become due and obtain further credit, the Company may be in a state of cessation of payments (*cessation de paiements*) and lose its commercial creditworthiness (*ébranlement de crédit*), which could result in the commencement of insolvency proceedings. Such proceedings would have a material adverse effect on our business and prospects, and the value of the Shares.

Insolvency proceedings may be brought against the Company or its subsidiaries and such proceedings may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favorable to your interests as the laws of Germany, the United States or other jurisdictions with which you may be familiar.

Under Luxembourg insolvency laws, the following types of proceedings (together referred to as "**Insolvency Proceedings**") may be opened against the Company to the extent that the Company has its registered office or its center of main interests (*centre des intérêts principaux*) (for the purposes of the Council Regulation (EC) No 1346/2000 of May 29, 2000 on insolvency proceedings, as amended) in Luxembourg at the time of the commencement of these proceedings:

- bankruptcy proceedings (*faillite*);
- controlled management proceedings (*gestion contrôlée*); and
- composition proceedings (*concordat préventif de la faillite*).

In addition to these proceedings, the Company may be affected by a decision of the Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) granting suspension of payments (*sursis de paiements*) or putting the Company into judicial liquidation (*liquidation judiciaire*).

The Offering might not take place, and investors could therefore lose security commissions already paid and bear the risk of not covering any short sales of the Offer Shares.

The underwriting agreement dated May 8, 2014 among the Company, the Selling Shareholder and the Underwriters (the "**Underwriting Agreement**") provides that the Underwriters may terminate the Underwriting Agreement under certain circumstances, even after the commencement of trading of the Offer Shares, up to delivery and payment. In such an event, allotments already made to investors would be invalid, and investors would not have any claim for delivery of our Offer Shares. However, claims regarding already paid security commissions and costs incurred in connection with the subscription by an investor will be determined solely on the basis of the legal relationship between the investor and the institution to which the investor submitted its offer to purchase. Any investor engaged in short selling therefore bears the risk of not being able to fulfill its delivery obligations.

General information

Responsibility statement

Stabilus S.A. (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**we**," "**us**" or "**our**") assumes responsibility for the content of this Prospectus pursuant to article 9 of the Luxembourg Prospectus Law and declares, pursuant to article 9 of the Luxembourg Prospectus Law, that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and that no material circumstances have been omitted, and that it has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Except for purposes of supplementing the Prospectus in accordance with article 13 of the Prospectus Law, neither the Company nor the Underwriters are required by law to update the Prospectus. No representation or warranty, expressed or implied, is made by any of the Underwriters as to the accuracy or completeness of the information contained in the Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters as to the past, present or future. The Underwriters assume no responsibility for the accuracy or completeness and, accordingly, disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Prospectus or any such statement.

According to article 13(1) of the Luxembourg Prospectus Law, the Company has to supplement the Prospectus for every significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the shares and which arises or is noted between the time when the Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Purpose of this Prospectus

For the purpose of the public offering of securities in Germany and admission to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to the sale of the following Offer Shares (including any potential over-allotment) with a nominal value of €0.01 each (*Stückaktien*) and carrying the same dividend rights as the existing shares:

- Up to 3,421,053 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder to be made available to the Underwriter by way of a share loan for the purpose of placing such shares in the Offering (the "**Share Loan Shares**") to the extent Share Loan Shares will be placed in the Offering the share loan will be redeemed by way of delivery by the Underwriters to the Selling Shareholder of the corresponding number of newly issued bearer shares with a nominal value of €0.01 each from a capital increase against contribution in cash (the "**New Shares**"); and
- Up to 7,550,000 bearer shares with a nominal value of €0.01 each from the holdings of Servus Group HoldCo II S.à r.l. (the "**Selling Shareholder**") (the "**Existing Shares**" and, together with the Share Loan Shares, the "**Base Shares**"); and
- Up to 1,584,079 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder in connection with a possible over-allotment (the "**Greenshoe Shares**", together with the Base Shares, the "**Offer Shares**").

Forward-looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on the Company's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. Statements made using words such as "predicts," "forecasts," "plans," "endeavors" or "expects" may be an indication of forward-looking statements.

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry overview*", "*Business*" and "*Recent Developments and Outlook*", and wherever information is contained in the Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the Company is subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see "*—Presentation of industry and market data*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- risks associated with the performance of the global economy, the performance of the jurisdictions in which we operate and the Eurozone debt crisis;
- risks relating to the cyclicality of the industries in which we operate;
- risks associated with the intense competition in the industries in which we operate, which could reduce our revenue or put continued pressure on our sales prices;
- risks relating to our expansion in certain markets including business, economic, legal and political risks;
- risks associated with market trends and developments;
- risk relating to the large OEMs on which we depend for the sale of our products;
- risks relating to the limited number of key suppliers for certain products;
- risks associated with fluctuations in prices of prefabricated materials, energy, gas and water;
- risks relating to the successful execution of our global expansion strategy;
- risks relating to our ability to maintain the high quality of our products and processes;
- risks relating to our ability to maintain our technological leadership and competitive cost structure;
- risks relating to our ability to secure sufficient funding for our research and development efforts;
- risks relating to our dependence on qualified executives and key employees;

- risks relating to strikes and other labor disputes;
- risks relating to our reliance on complex IT systems and networks;
- risks relating to adverse effects of property loss and unforeseen business interruption;
- legal, taxation and environmental risks;
- risks related to our capital structure and
- risks related to the Company's shares, the listing and the Company's shareholder structure.

Moreover, it should be noted that neither the Company nor any of the Underwriters assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. In addition, neither the Company nor the Selling Shareholder assumes any obligation and do not intend, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

See "*Risk factors*" for a further description of some of the factors that could influence the Company's forward-looking statements.

Trademarks and trade names

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Prospectus belongs to its holder. Some of the trademarks we own or have the right to use include Lift-O-Mat, Bloc-O-Lift, Stab-O-Mat, Stab-O-Bloc, Stab-O-Shoc, Dorstop and Powerise. Solely for convenience, the trademarks, trade names and copyrights referred to in this Prospectus are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

Presentation of industry and market data

In this Prospectus, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Prospectus were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants.

In drafting the Prospectus, the following external sources were used:

- Economist Intelligence Unit ("**EIU**") as of April 2014;
- The International Monetary Fund, World Economic Outlook, October 2013;
- Fitch Ratings—Definitions of Ratings and Other Forms of Opinion, January 2014;
- Moody's Rating Symbols & Definitions, June 2009; and
- S&P Press Release, June 2013.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts, to the extent quoted or referred to herein, are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness. While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

Certain information in this Prospectus, including without limitation, statements regarding our position in the industry, our market share and the market shares of various industry participants are based on our internal estimates and analyses and based in part on third-party sources and, consequently, may not represent data you may find in other sources.

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate or correctly reflect our position in the industry. None of our internal surveys or information have been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Prospectus relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. Neither we nor the Underwriters have independently verified this information and cannot guarantee its accuracy.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our customers, trade and business organizations and associations and other contacts in our industries. As such, results may vary based on the sources used. For further information on the methodology and assumptions underlying our estimates, see "*—Basis for determination of market shares and forecasts*."

Basis for determination of market shares and forecasts

We base our estimates as to the growth of the markets in which we operate and our respective market share on a combination of internal market analysis, expert interviews and, to the extent available, external empirical analysis, which was comprehensively carried out by us in 2012. We continually monitor market developments to ensure that the basis for our information is plausible. Regarding the automotive sector, there are several external market data providers which allow us to base our market analysis on their relevant reports.

In the automotive gas spring market, we calculate our current market share by comparing our sales volume to the estimated total volume of the market, derived from external market analyses, taking into account the car platforms awarded by OEMs and the respective supply volumes. The limited number of OEMs active in the automotive sector and available market knowledge on the size of the relevant car platforms allows estimating the total volume of the automotive gas spring market.

We base our estimates as to the future development of the automotive gas spring market volume on data from external data providers as to the future development of car fitment rates. Our estimates as to the future development of the automatic tailgate market volume, in particular, take into account assumptions on the future take rate, *i.e.*, how often customers will choose the option to have a specific feature in their cars that requires our Powerise solution. Such take rate mainly depends on the respective car manufacturer's decision to offer the relevant option as part of a comfort package as well as on assumptions as to how many customers will choose such an option.

To determine the future development of our market share with respect to the automotive gas spring and automatic tailgate market, we rely on the size of the car platforms we have been awarded as well as on the external market development estimates described above.

With respect to the industrial and swivel chair sectors, our estimates regarding market growth and our respective market share are, in the absence of reliable external market surveys, mainly based on expert interviews and internal market analysis.

Websites

Information contained on any website named in this Prospectus, including our own website, is not incorporated by reference in this Prospectus and is not part of this Prospectus.

Documents available for inspection

For the period during which this Prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg (tel. +352 (0) 26-753-0):

- the Company's articles of association (the "**Articles of Association**");
- the Company's unaudited condensed interim financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union ("**EU**") as of and for the six-month period ended March 31, 2014; and
- the Company's audited consolidated financial statements prepared in accordance with IFRS for the fiscal years ended September 30, 2011, 2012 and 2013.

The documents referred to above will be available on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). The annual consolidated financial statements for the fiscal years ended September 30, 2011 and 2012 referred to above have also been published in the German Federal Gazette (*Bundesanzeiger*). Application has been made to publish the annual consolidated financial statements for the fiscal year ended September 30, 2013 in the German Federal Gazette (*Bundesanzeiger*) as well.

The Company's future consolidated annual and interim financial statements and the Company's future unconsolidated annual financial statements will be available from the Company on its website and from the paying agent designated in this Prospectus (see "*General information on the Company and the Group—Notifications, Paying Agent*").

Presentation of financial and other information

This Prospectus contains the Company's consolidated annual financial statements as of and for the fiscal years ended September 30, 2011, 2012 and 2013, including the accompanying notes thereto, which have been audited by KPMG Luxembourg S.à r.l. as indicated in their independent auditor's reports, set forth elsewhere in this Prospectus (each an "**Annual Financial Statement**") and the Company's unaudited consolidated interim financial statements as of and for the six months ended March 31, 2014 with comparable information for the six months ended March 31, 2013, and the notes thereto (the "**Interim Financial Statements**", together with the Annual Financial Statements, the "**Consolidated Financial Statements**").

The Consolidated Financial Statements have been prepared in accordance with IFRS, including interpretations of the International Financial Reporting Interpretations Committee (the "**IFRIC**"). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In making an investment decision, you must rely upon your own examination of the terms of the Offering and the financial information contained in this Prospectus.

Where financial data in the Prospectus is labeled "audited," this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the Prospectus to indicate financial data that has not been taken from the audited financial statements mentioned above. All of the financial data presented in the Prospectus are shown in millions of euro (in € million), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in the main body of the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

In this Prospectus, most regional revenue data is presented on a "billed-to" basis for the fiscal years ended September 30, 2011, 2012 and 2013 as, with respect to the financial statements for these three years, the "billed-to" approach has been used as basis for the calculation of the regional revenue split. We commenced segment reporting in relation to this Offering. We intend to report all regional segment data (*i.e.*, all regional revenue and Adjusted EBITDA) on a "billed-from" basis in the future. Accordingly, we have included "billed-from" segment data for the six months ended March 31, 2013 and 2014 and have specifically indicated any other figures that refer to "billed-from" revenue.

"Billed-to" means that the sale of a product is recorded as revenue in the region of its first sale destination country, while "billed-from" means that the sale of a product is recorded as revenue in the region of its production or origin.

Non-IFRS financial measures

This Prospectus contains non-IFRS financial measures and ratios, including "**EBITDA**", "**Adjusted EBITDA**," "**Adjusted EBIT**," "**net debt**," "**leverage ratios**," "**coverage ratios**" and "**total financial debt**" that are not required by, or presented in accordance with, or defined by IFRS. We present these non-IFRS financial measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

Our non-IFRS measures are defined by us as follows:

- "**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. In 2011, 2012, 2013, adjustments to EBITDA primarily related to legal fees incurred as a result of the litigation by our former mezzanine lenders. In 2011, adjustments also related to restructuring fees following the Spanish plant closure. See "*Management's discussion and analysis of financial condition and results of operations*." We have included Adjusted EBITDA because management believes 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 EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our Adjusted EBITDA to the Adjusted EBITDA data of other companies. Adjusted EBITDA is not a substitute for operating profit as a measure of operating results or a substitute for cash flow as a measure of liquidity. Adjusted EBITDA is not a measure of performance under IFRS.
- "**Adjusted EBITDA margin**" represents Adjusted EBITDA divided by revenue.
- "**EBIT**" (*i.e.*, earnings before interest and taxes) represents the IFRS income statement item "profit from operating activities."
- "**Adjusted EBIT**" represents EBIT, 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 as discussed under "Adjusted EBITDA" and the depreciation and amortization of adjustments of group's assets to fair value resulting from the April 2010 purchase price allocation ("**PPA effects**"). Adjusted EBIT is presented because we believe that it helps understanding our operating performance without the April 2010 acquisition related non-cash accounting charges.
- "**Gross financial debt**" represents our long-term debt and the current maturities of long-term debt. It comprises the Senior Notes, the Revolving Credit Facility, shareholder loans, equity upside-sharing instruments (EUSIs) and financial liability to related parties (*i.e.*, working capital shareholder loan).

- “**Net financial debt**” represents gross financial debt less cash.
- “**Cost of sales excluding PPA effects and including distribution expenses**” represents our cost of sales excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Cost of sales excluding PPA effects and including distribution expenses is presented because we believe that it helps understanding our pure operating cost of sales without the April 2010 acquisition related charges.
- “**Gross profit excluding PPA effects and including distribution expenses**” represents our gross profit excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Gross profit excluding PPA and including distribution expenses is presented because we believe that it helps understanding our pure operating gross profit without the April 2010 acquisition related accounting charges.
- “**Selling expenses excluding PPA effects and excluding distribution expenses**” represents our selling expenses excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and excluding distribution expenses. Selling expenses excluding PPA and excluding distribution expenses is presented because we believe that it helps understanding our pure operating selling expenses without the April 2010 acquisition related accounting charges.
- “**Operating cash flow before tax**” 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’ and ‘income tax payments’ and ‘payments for upstream shareholder loan’.
- “**Adjusted operating cash flow before tax**” 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. Adjusted operating cash flow before tax is presented because we believe it is a relevant measure for assessing our cash flow generation as it is adjusted for certain extraordinary items that will not impact our Group going forward.
- “**Free cash flow**” comprises IFRS cash flow statement items ‘cash flow from operating activities,’ ‘cash flow from investing activities’ and ‘payments for interest’ (net interest payments, excluding the disbursement of the Upstream Loan in June 2013).
- “**Adjusted free cash flow**” represents free cash flow, including adjustments to EBITDA mentioned above excluding non-cash exceptional items.
- “**Adjusted net income**” comprises Adjusted EBIT less adjusted net financial result and adjusted income taxes.
- “**Adjusted net financial result**” represents net financial result before net foreign exchange gains and losses, gains from changes in carrying amount in upstream shareholder loan and gains and losses from changes in carrying amount in EUSIs and mezzanine prepayment fee and including pension interest expenses.
- “**Adjusted income taxes**” represent 30% (Group’s tax rate) of adjusted profit before tax.

Certain numerical figures set out in this Prospectus, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “*Management’s discussion and analysis of financial condition and results of operations*” are calculated using the numerical data in the Consolidated Financial Statements of the Parent or the tabular presentation of other data (subject to rounding) contained in this Prospectus, as applicable, and not using the numerical data in the narrative description thereof.

Because of these limitations, our non-IFRS measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only to supplement your evaluation of our performance.

The non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS financial measures and ratios such as EBITDA, Adjusted EBITDA, net debt, leverage ratios, coverage ratios and total financial debt are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flows from operating, investing or financing activities.

Rating information

S&P, Moody's and Fitch are rating agencies established in the European Union and are registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of the European Union of September 16, 2009, as amended (the "**CRA Regulation**"). As such each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (*http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation.

S&P uses ten rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same and which are used to designate least credit risk to greatest credit risk. The symbols are: AAA < AA < A < BBB < BB < B < CCC < CC < C < D. Issuers with a "BBB" rating are considered by S&P to have adequate capacity to meet financial commitments, but to be more subject to adverse economic conditions (*source: S&P Press Release, June 2013*). S&P further modifies the generic credit risk groups from "AA" to "CCC" by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories, if applicable. In the Company's case, S&P has not appended a plus (+) or minus (-) sign.

Moody's uses nine rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same and which are used to designate least credit risk to greatest credit risk. The symbols are: Aaa < Aa < A < Baa < Ba < B < Caa < Ca < C. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category. (*source: Moody's Rating Symbols & Definitions, June 2009*).

Fitch uses eleven rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same and which are used to designate least credit risk to greatest credit risk. The symbols are: AAA < AA < A < BBB < BB < B < CCC < CC < C < RD < D. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the "AAA" long-term issuer default ratings category, or to the long-term issuer default ratings categories below "B" (*source: Fitch Ratings—Definitions of Ratings and Other Forms of Opinion, January 2014*).

The agency ratings reflect the opinion of Moody's and Fitch at the given reported point in time. Investors should consider each rating individually and obtain additional information and a more detailed understanding of the significance of the credit rating information provided by Moody's and Fitch. The ratings do not constitute a recommendation to buy or sell the shares. Rating agencies may change their ratings at any time if specific circumstances require such a change in their opinion.

Operating data

Except as otherwise indicated, in this Prospectus amounts or percentages relating to our regional segments and our sectors and products are based on management's best estimates at the date of this Prospectus and are unaudited. Actual amounts and percentages may differ from the amounts and percentages presented based on such best estimates. Due to intercompany eliminations, amounts or percentages attributed to our regional segments and our sectors and products may not add up to total figures for our business. Actual amounts and percentages may differ from the amounts and percentages presented in this Prospectus as a result of such intercompany calculations.

The Offering

Subject matter of the Offering

The Offering (including any potential over-allotment) relates to the sale of the following Offer Shares, each having a nominal value of €0.01 and carrying the same dividend rights as the existing shares:

- Up to 3,421,053 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder to be made available to the Underwriter by way of a share loan for the purpose of placing such shares in the Offering (the "**Share Loan Shares**") to the extent Share Loan Shares will be placed in the Offering the share loan will be redeemed by way of delivery by the Underwriters to the Selling Shareholder of the corresponding number of newly issued bearer shares with a nominal value of €0.01 each from a capital increase against contribution in cash (the "**New Shares**"); and
- Up to 7,550,000 bearer shares with a nominal value of €0.01 each from the holdings of Servus Group HoldCo II S.à r.l. (the "**Selling Shareholder**") (the "**Existing Shares**" and, together with the Share Loan Shares, the "**Base Shares**"); and
- Up to 1,584,079 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder in connection with a possible over-allotment (the "**Greenshoe Shares**", together with the Base Shares, the "**Offer Shares**").

The Offer Shares and the New Shares carry the same rights as all other shares in the Company and confer no additional rights or benefits. All shares, including the Offer Shares, are subject to and governed by Luxembourg law.

The Offering consists of a public offering of the Offer Shares in the Federal Republic of Germany ("**Germany**") and private placements of the Offer Shares in certain jurisdictions outside Germany. In the United States, the Offer Shares will be offered for sale to qualified institutional buyers in reliance on Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered in reliance on Regulation S ("**Regulation S**") under the Securities Act.

The capital increase against a contribution in cash expected to be approved by the Management Board of the Company to be held on May 22, 2014 and to be implemented on May 27, 2014 would result in a capital increase of the Company's subscribed capital of €33,000. As a result of this capital increase and of the reorganization as explained in "*Recent developments and outlook*," the subscribed capital of the Company will amount to approximately €210,000.

The Company will receive all of the proceeds (from which will be paid fees and commissions) from the issuance of the New Shares and will not receive any of the proceeds from the sale of the Existing Shares and the Greenshoe Shares. The Selling Shareholder will receive all of the proceeds (net of fees and commissions) from the sale of the Existing Shares. If the Greenshoe Option (as defined below) is exercised by the Stabilization Manager (as defined below in "*—Stabilization measures, Over-Allotments and Greenshoe Option*"), the Selling Shareholder would additionally receive all of the proceeds (net of fees and commissions) from the sale of the Greenshoe Shares.

The Underwriters are acting in the following capacities: COMMERZBANK and J.P. Morgan are acting as the Joint Global Coordinators and Joint Bookrunners and Société Générale and UniCredit are acting as Co-Lead Managers.

Selling Shareholder

Immediately prior to the Offering, Servus Group HoldCo II S.à r.l. held 100.0% of the Company's outstanding share capital. For a discussion of the ownership structure of the Selling Shareholder, see "*Information on the Selling Shareholder*."

Price range, offer period, offer price, number of shares offered and allotment

The price range within which purchase orders may be placed is €19 to €25 per Offer Share (the "**Price Range**").

The offer period will commence on (i) May 12, 2014 and ends on May 22, 2014, at 12.00 noon (Central European Summer Time) for retail investors and (ii) on May 9, 2014 and ends on May 22, 2014, at 2.00pm (Central European Summer Time) for institutional investors (together, the "**Offer Period**"). Private investors (natural persons) may submit purchase orders for the public offering in Germany during the offer period at the branch offices of the Underwriters, which must be expressed in full euro amounts or increments of 25 eurocents. Multiple purchase orders are permitted.

The Company and the Selling Shareholder reserve the right, in agreement with the Joint Global Coordinators and Joint Bookrunners, to reduce or increase the number of shares offered, to reduce or increase the upper/lower limits of the Price Range and/or to extend or curtail the Offer Period. If the option to change the terms of the Offering is exercised, the change will be announced through an announcement published in various media distributed across the entire European Economic Area and on the Company's website (*www.stabilus.com*) and, in case the upper/lower limits of the Price Range are reduced or increased or in case the Offer Period is extended or curtailed or in any other case if required pursuant to the Luxembourg Prospectus Law, as a supplement to this Prospectus. Investors who have submitted purchase orders will not, however, be informed individually. Changes to the number of shares offered or the Price Range or extension or curtailment of the Offer Period will not invalidate purchase orders already submitted. Under the Luxembourg Prospectus Law, investors who have submitted a purchase order before a supplement is published are granted a period of two business days from publication of the supplement to withdraw their orders provided that the new factor, mistake or inaccuracy, which required a supplement to the Prospectus to be published, arose before the final closing of the Offering and the delivery of the shares. As an alternative to cancellation, investors who have submitted purchase orders before publication of the supplement may, within two days of publication of the supplement, change such orders or submit new limited or unlimited orders. For cases where the Offering is terminated prematurely as a result of a withdrawal by the Underwriters from the underwriting agreement dated May 8, 2014 (the "**Underwriting Agreement**"), see "*Underwriting—Termination/Indemnification*." After the expiration of the Offer Period, the Offer Price and the final number of the Offer Shares placed in the Offering will be determined by the Company and the Selling Shareholder after consultation with the Underwriters based on the status of the order book prepared during the bookbuilding process (the "**Offer Price**"); it is anticipated that this will take place on or about May 22, 2014.

Purchase orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of shares that will be placed at the Offer Price is, in principle, aimed at receiving gross proceeds for the Company of €65.0 million and at achieving a shareholding of the Selling Shareholder in the Company of 50% (pre exercise of Greenshoe option) and 42.5% (post exercise of Greenshoe option). Consideration will also be given to whether the Offer Price and the number of shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Company's shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price, and expected investor behavior. For further information regarding allotment criteria, see "*—Allotment Criteria*." The Company and the Selling Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

Investors are free to withdraw their offers to purchase until the end of the Offer Period. The Offering will not take place and can be revoked if the Underwriting Agreement is terminated. In this case, any allotments already made to investors will be invalidated, and investors will have

no claim for delivery. Claims with respect to security commissions already paid and costs incurred by an investor in connection with the purchase of Offer Shares will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations. See "*Underwriting—Termination/Indemnification*." After the Offer Price has been set, shares will be allotted to investors on the basis of the offers to purchase then available. The number of shares that will be placed and the Offer Price are expected to be published on or about 22 May, 2014, by means of an announcement in various media distributed across the entire European Economic Area, on the Company's website (www.*stabilus*.com), on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and filed with the CSSF, all in accordance with article 10(1)(b) of the Luxembourg Prospectus Law.

Investors who have submitted offers to purchase will not be notified individually. Investors who have placed offers to purchase with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of shares allotted to them on the first bank working day following the pricing at the earliest. Book-entry delivery of the allotted shares against payment of the Offer Price is expected to occur two Frankfurt a.M., Germany banking days following the first day of trading on the Frankfurt Stock Exchange, *i.e.*, on May 27, 2014. Particularly if the placement volume proves insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to accept them in part only.

Expected timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

May 9, 2014	Approval of this Prospectus by the CSSF and publication of the approved Prospectus on the Company's website (*www.stabilus.com*) and the website of the Luxembourg Stock Exchange (*www.bourse.lu*).
	Notification of the approved Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, the "**BaFin**").
	Commencement of offer period for institutional investors.
	Application for listing filed with the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
May 12, 2014	Commencement of the offer period for retail investors.
May 22, 2014	Listing approval issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) regarding the shares (except for the New Shares).
	Publication of the listing approval issued by the Frankfurt Stock Exchange regarding the shares (except for the New Shares) (*Frankfurter Wertpapierbörse*).
	The offer period ends (i) at 12.00 noon (Central European Summer Time) for retail investors and (ii) at 2.00pm (Central European Summer Time) for institutional investors.
	Determination of the Offer Price and allotment; publication of Offer Price and number of shares placed as an announcement in various media distributed across the entire European Economic Area and on the Company's website (*www.stabilus.com*) and on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).
	Filing of the Offer Price with the CSSF.

	Board resolution on issuance of New Shares.
May 23, 2014	Start of trading of the Offer Shares (except for the New Shares) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
May 27, 2014	Issuance of New Shares.
	Book-entry delivery of the shares (closing).
	Listing approval issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) regarding the New Shares Publication of the listing approval issued by the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse*) regarding the New Shares.
May 28, 2014	Inclusion of New Shares in existing quotation of shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

This Prospectus will be published on the Company's website at *www.stabilus.com* after approval by the CSSF and, according to the timetable set out above, on the website of the Luxembourg Stock Exchange at *www.bourse.lu* on May 9, 2014. In addition, free copies of the printed Prospectus will be available at the Company's offices at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg (tel. +352 (0) 26-753-0) during regular business hours.

Information on the shares

Voting rights

Each share in the Company carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights. All shares carry the same voting rights, including the shares held by the Selling Shareholder.

Dividend and liquidation rights

The Offer Shares carry the same dividend rights as the existing shares. All of our shares carry full dividend rights if and when declared from the record date set by the Company. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

Form and certification of the shares

According to the Articles of Association, the shares of the Company may be in registered form or bearer shares, at the option of the shareholder. As of the date hereof, all of the shares of the Company are in bearer form. It is our intention that all the New Shares be issued in the form of bearer shares. All the shares of the Company are or will be represented by one or several global bearer share certificates which will be deposited with Clearstream Banking AG, Frankfurt am Main, Germany, 60485 Frankfurt am Main, Deutschland, in each case bearing the signatures of two members of the Management Board.

In the event of a capital increase in cash with the issuance of new shares, the existing shareholders have a preferential right to subscribe for the new shares, pro rata to the part of the share capital represented by the shares that they already have (for further details see "*General provisions governing share capital increases and decreases*").

Delivery and settlement

The delivery of the Offer Shares against payment of the offer price is expected to take place on May 27, 2014. The Offer Shares will be made available to the shareholders as co-ownership interests in the global share certificate.

At the shareholder's option, the Offer Shares purchased in the Offering will be credited either to a securities deposit account maintained by a German bank with Clearstream Banking AG or to a securities account of a participant in Euroclear Bank S.A./N.V., 1, Boulevard Roi Albert II, 1120 Brussels, Belgium, as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg for the account of such shareholder.

ISIN/WKN/Common Code/Ticker Symbol

International Securities Identification Number (ISIN)	LU1066226637
German Securities Code (*Wertpapierkennnummer*, WKN)	A113Q5
Common Code	106622663
Ticker Symbol	STM

Transferability of the shares; Lock-up

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in "*—Lock-up Agreement, Limitations on Disposal*," "*Underwriting—Selling Restrictions*" and in "*Recent developments and outlook*" there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

Allotment criteria

The allotment of Offer Shares to private investors and institutional investors will be decided after consultation with the Underwriters. The decision ultimately rests with the Selling Shareholder. Allotments will be made on the basis of the quality of the individual investors and individual orders and other important allotment criteria to be determined after consultation with the Joint Global Coordinators and Joint Bookrunners.

In addition, all members of the Management Board, the Supervisory Board and the senior management of Stable Beteiligungs GmbH (the "**Senior Management**") that choose to participate in this Offering will be fully allocated the number of Offer Shares for which they submit orders. The preferential allocation to the members of the Management Board, the Supervisory Board and Senior Management will be conducted without any discount on the Offer Price. These shares will be subject to a 12-month lock-up period. Certain members of the management team will receive an IPO bonus, approximately 90% of the net proceeds of such bonus will be reinvested into shares of the Company in connection with this Offering.

The allocation to private investors will be compatible with the "Principles for the Allotment of Share Issues to Private Investors" published by the Commission of Stock Exchange Experts (*Börsensachverständigenkommission*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*Geeignete Gegenparteien*) as defined under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are not viewed as "private investors" within the meaning of the allocation rules.

Stabilization measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, J.P. Morgan Securities plc, or persons acting on its behalf, will act as stabilization manager ("**Stabilization Manager**") and may, acting in accordance with legal requirements (article 7 of the Luxembourg law of May 9, 2006 on market abuse, as amended, the "**Luxembourg Market Abuse Law**"), Section 20a (3) of the German Securities Trading Act (*Wertpapierhandelsgesetz*) and in conjunction with EU Commission Regulation 2273/2003 of December 22, 2003), make over-allotments and take stabilization measures to support the market price of the shares and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. No assurance can therefore be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken on or after the date on which the Offer Price is publicly announced and must be terminated no later than 30 calendar days after this date (the "**Stabilization Period**"). Even if stabilization measures are taken, it cannot be assured that these are successful.

These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Under the possible stabilization measures, investors may, in addition to the Base Shares being offered, be allocated up to 1,584,079 additional shares in the Company ("**Greenshoe Shares**") as part of the allocation of the shares to be placed ("**Over-Allotment**"). For the purpose of a possible Over-Allotment, J.P. Morgan, for the account of the Underwriters, will be provided with up to 1,584,079 shares from the holdings of the Selling Shareholder in the form of a securities loan (*Wertpapierdarlehen*); this number of shares will not exceed 15% of the Base Shares. In addition, the Selling Shareholder will grant the Underwriters an option to acquire the borrowed shares at the offer price less agreed commissions (the "**Greenshoe Option**"). This option will terminate 30 calendar days after commencement of the stock exchange trading of the Offer Shares.

The Stabilization Manager is entitled to exercise the Greenshoe Option to the extent over-allotments of shares were initially made; the amount of shares is to be reduced by the number of shares held by the Stabilization Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire European Economic Area as to (i) whether stabilization measures were taken, (ii) when price stabilization started and finished, and (iii) the price range within which stabilization was taken; the latter will be made known for each occasion on which price stabilization measures were taken. Exercise of the Greenshoe Option, the timing of its exercise and the number and type of shares concerned will also be announced promptly in the same manner.

Lock-up agreement, Limitations on disposal

The Company has undertaken in the Underwriting Agreement vis-à-vis the Underwriters that it will not, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, during a period ending six months after the Closing Date (currently expected to take place on May 27, 2014):

(a) announce or effect an increase of the share capital of the Company out of authorized capital, if any;

(b) submit a proposal for a capital increase to any meeting of the shareholders for resolution;

(c) announce, effect or submit a proposal for the issuance of any securities convertible into shares of the Company or with option rights for shares of the Company;

(d) offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital; or

enter into a transaction or perform any action economically similar to those described in (a) through (d) above.

The Company may, however, *inter alia*, issue or sell shares or other securities to Management Board members or employees of the Company or any of its subsidiaries under a customary management and/or employee stock option plan and undertake any corporate action for purposes of entering into joint ventures or acquiring companies, provided that the parties to which shares or other securities are issued in connection with the joint venture or acquisition assume towards the Underwriters the obligation to comply with the aforementioned lock-up provisions.

The Selling Shareholder has undertaken, in the Underwriting Agreement, vis-à-vis the Underwriters that it will not, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, during a period ending six months after the Closing Date:

(a) offer, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares held by it or any of its subsidiaries (other than the Company and its subsidiaries) (such shares held by the Selling Shareholder or its affiliates, the "**Lock-up Shares**");

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Lock-up Shares, whether any such transaction described in clause (a) above or this clause (b) is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise;

(c) propose an increase in the share capital of the Company (including by requesting the management board to convene a general shareholders' meeting or otherwise), vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the issuance of any securities convertible into shares, with option rights for shares; or

(d) enter into a transaction or perform any action economically similar to those described in (a) through (c) above.

The foregoing lock-up restrictions under (a) and (b) do not apply to sales made to persons or entities who themselves agree to comply with the lock-up, sales made in the course of a public takeover or sales made with prior consent of the Joint Global Coordinators.

The Offer Shares, which have been acquired by the Management Board members and Senior Management in connection with this Offering, are subject to a lock-up period of 12 months.

Admission to the Frankfurt Stock Exchange and commencement of trading

The Company expects to apply for admission of its shares (except for the New Shares) to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about May 9, 2014. The listing approval is expected to be announced on May 22, 2014. Trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on May 23, 2014.

The Company expects to apply for admission of the New Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about May 14, 2014. The listing approval is expected to be announced on May 27, 2014. Inclusion of the New Shares in the existing quotation of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on May 28, 2014.

Designated sponsors

Both COMMERZBANK and J.P. Morgan have agreed to assume the function of a designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter*

Wertpapierbörse) for a period of at least two years. Pursuant to the designated sponsor agreement expected to be concluded among each of the designated sponsors and the Company, the designated sponsors will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the shares.

Interests of parties participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company and the Selling Shareholder.

The Underwriters act for the Company and the Selling Shareholder on the Offering and coordinate the structuring and execution of the Offering. In addition, both COMMERZBANK and J.P. Morgan have been appointed to act as designated sponsors for the Company's shares and COMMERZBANK Aktiengesellschaft has been appointed to act as paying agent and registrar. Upon successful implementation of the Offering, the Underwriters will receive a commission.

The Selling Shareholder will receive the proceeds of the Existing Shares sold in the Offering. Assuming full placement of all Existing Shares and full exercise of the Greenshoe Option at the mid-point of the Price Range, and after deducting fees and expenses to be paid by the Selling Shareholder in connection with the Offering, the proceeds to the Selling Shareholder from the Offering would amount to approximately €191.6 million, or 77.5% of the total net offer proceeds (see "*Proceeds of the Offering and costs of the Offering and listing*"). Of these proceeds to the Selling Shareholder, approximately 75% would accrue to the benefit of the Triton funds (see "*Information on the Selling Shareholder*"). The remainder would accrue to the benefit of certain EUSI holders, including our management team.

Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the Group and the Selling Shareholder (including lending activities) or may perform services for the Group and the Selling Shareholder in the ordinary course of business.

Incentive plans exist for the Company's Management Board and Supervisory Board members (see "*Description of the governing bodies of the Company*"). In addition, all members of the Management Board that choose to participate in this Offering will be fully allocated the number of Offer Shares for which they submit orders. The preferential allocation to the members of the Management Board and Senior Management will be conducted without any discount on the Offer Price. These shares will be subject to a 12-month lock-up period.

Proceeds of the Offering and costs of the Offering

The Company will not receive any proceeds from the sale of the Existing Shares, the Share Loan Shares and Greenshoe Shares from the holdings of the Selling Shareholder.

Assuming the issuance of New Shares for gross proceeds of €65.0 million and a placement of existing shares of the Company under the assumption that the Selling Shareholder will continue to hold a minimum of 42.5% of the Company's issued shares after this Offering (assuming a full exercise of the Greenshoe Option), the Selling Shareholder and the Company estimate that at the low end, mid-point and high end of the Price Range set for the Offering of the Offer Shares, gross proceeds to the Company and Selling Shareholder would amount to approximately €230.7 million, €261.3 million and €291.8 million, respectively, and net proceeds of approximately €217.7 million, €247.1 million and €276.6 million, respectively.

The costs related to the Offering of the Offer Shares and listing of the Company's share capital are expected to total approximately €5.0 million (excluding underwriting and placement commissions payable to the Underwriters). The Company will bear all of the Offering and listing related costs.

Assuming an Offer Price at the low end, mid-point and high end of the Price Range and that an issuance of New Shares for gross proceeds of €65.0 million and a placement of existing shares of the Company under the assumption, that the Selling Shareholder will continue to hold a minimum of 42.5% of the Company's issued shares after this Offering (assuming a full exercise of the Greenshoe Option) the base commission payable to the Underwriters will amount to €8.1 million €9.1 million and €10.2 million, respectively (including any discretionary fee). Thereof, €4.1 million, €4.4 million and €4.8 million are attributable to the New Shares and the discretionary fee and will be borne by the Company; the remaining €4.0 million, €4.7 million and €5.4 million, respectively, are attributable to the placement of the Existing Shares and Greenshoe Shares and will directly be borne by the Selling Shareholder.

Investors will not be charged expenses by the Company or the Underwriters.

Reasons for the Offering, listing and use of proceeds

The Company intends to list its shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to get better access to the capital markets.

Assuming the issuance of New Shares for gross proceeds of €65.0 million, net proceeds to the Company are expected to amount to €63.4 million (being gross proceeds of €65 million less the base underwriting commission). The Company will pay the discretionary fees, if any, and other transaction related expenses in the total amount of up to €8.2 million. The Company intends to use the net proceeds of the Offering of the New Shares for partial repayment of existing debt, in particular for the early redemption of €58.9 million outstanding aggregate principal amount of the Senior Notes at a redemption price of 107.75%. Accrued and unpaid interest will be paid out of balance sheet cash by the Company. After such repayment, the remaining outstanding principal amount under the Senior Notes would be €256.1 million.

Assuming placement of 7,139,474 Existing Shares at the low end of the Price Range, 7,372,726 at the mid-point of the Price and 7,550,000 at the high end of the Price Range (assuming full exercise of the Greenshoe Option), net proceeds to the Selling Shareholder at the low end of the Price Range are expected to amount to €161.8 million, at the mid-point of the Price Range are expected to amount to €191.6 million and at the high end of the Price Range are expected to amount to €221.4 million. The Selling Shareholder will offer the shares to partially divest its stake in the Company.

Dividend policy

General provisions relating to profit allocation and dividend payments

The shareholders' share of profits is determined based on their respective interests in the Company's share capital. In a Luxembourg public limited liability company (*société anonyme*), resolutions concerning the distribution of dividends for a given financial year, and the amount thereof, are adopted by the annual general meeting of shareholders related to such financial year.

The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the Company's Articles of Association, every year at least 5% of the net profit of the Company will be set aside in order to build up the legal reserve. This allocation ceases to be compulsory when the legal reserve amounts to one-tenth of the issued share capital but shall again be compulsory if the reserve falls below such threshold of one-tenth. The remaining balance of the net profit will be at the disposal of the general meeting of shareholders. The general meeting of shareholders will also allocate to reserves other than the legal reserve, if such allocation is foreseen in the Articles of Association.

The annual general meeting of shareholders shall determine how the remainder of the annual net profits shall be disposed of and it may decide to declare and pay dividends from time to time, as in its discretion it believes best suits the corporate purpose and policy and within the limits of the 1915 Companies Act. Dividends, when payable, will be paid in euro or any other currency selected by the Company's Management Board and will be paid at the time and place fixed by the Management Board within the limits of the decision of the general meeting of shareholders.

Furthermore, interim dividends may be declared by the Management Board and paid by the Company within the conditions provided for by article 72-2 of the 1915 Companies Act.

No dividend distribution may be decided by the annual general meeting of shareholders when, on the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such distribution would become, lower than the amount of the subscribed share capital plus the legal reserve or any other reserves that may not be distributed by virtue of the Articles of Association.

Dividend distributions are made to the shareholders *pro rata* to the aggregate amount of shares held by each shareholder.

Dividend distributions that have not been claimed within ten years as from the date that they have become available shall lapse in favor of the Company.

Earnings and dividend per share

The table below shows our profit/loss for the period and our profit/loss per share on a consolidated basis.

	Year ended September 30,		
	2011	2012	2013
(in € million, except as noted)	(audited, except as noted)		
Consolidated profit/(loss) for the period	**10.5**	**8.4**	**(16.0)**
per share (in €, unaudited)	0.02	0.02	(0.03)

Dividend policy

Our dividend policy will be reviewed from time to time and declaration and payment of any future dividends will be at the discretion of the Company's Management Board and the general meeting of shareholders after taking into account various factors, including our business

prospects, future earnings, cash requirements, financial condition, expansion plans and the requirements of Luxembourg law (as described above) and/or the laws of the jurisdictions where our subsidiaries are organized. Our general dividend policy following the Offering is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. Pursuant to this policy, we expect to begin paying dividends in respect of the fiscal year ending September 30, 2015, subject to market conditions, our profitability and other factors. In line with this policy, our current intention is to pay 20.0% to 40.0% of our consolidated net profit in dividends, subject to market conditions, our growth and development plans and the need to maintain a reasonable level of liquidity. However, there can be no assurance that we will be able to meet this target.

In addition to the limitations described above, the terms of our financing agreements also restrict the ability to pay dividends, requiring the Company to meet or exceed certain financial thresholds prior to paying dividends. In particular, unless we amend or refinance our Senior Notes and Revolving Credit Facility, the terms of our Senior Notes and Revolving Credit Facility effectively limit our dividend paying ability to an amount at the lower end of our targeted payout ratio. See "*Material contracts—Certain financing arrangements*", "*Risk Factors—Risks related to our capital structure—We are subject to restrictive debt covenants, which may restrict our ability to pursue our business strategies and react to changes in the economy or our industry.*" and "*Risks related to the Company's shares, the listing and the Company's shareholder structure—The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the operating subsidiaries' distributions to the Company.*"

Capitalization and indebtedness

Capitalization and indebtedness

The following table sets out our consolidated capitalization and cash and cash equivalents as of March 31, 2014 (a) on an "actual" basis and (b) as adjusted to give effect to the Offering, including the capital increase to be implemented in connection therewith, the application of the use of proceeds therefrom and the effects of the reorganization taking place in connection with the Offering (the "**Reorganization**"), as if these events had occurred on such date. For further information on the Reorganization, see "*Recent developments and outlook—Financing structure and strategy*." You should read this table in conjunction with "*Selected historical consolidated financial information*," "*Management's discussion and analysis of financial condition and results of operations*" and our Consolidated Financial Statements and the related notes thereto included elsewhere in this Prospectus. Except as disclosed in this Prospectus under "*Recent developments and outlook*," there have been no material changes in our capitalization since March 31, 2014.

	Actual as of March 31, 2014	**As adjusted to reflect the Offering, the application of the use of proceeds therefrom and the Reorganization**
	Prior to the Offering	**Upon completion of the Offering[4]**
(in € million, except as noted)	**(unaudited)**	
Total current liabilities	**82.1**	**82.1**
of which secured	8.3	8.3
of which unsecured	73.8	73.8
Total non-current liabilities	**427.2**	**358.3**
of which secured[5]	313.0	254.1
of which unsecured[6]	114.2	104.2
Equity	**84.1**	**71.4**
of which: issued capital[7]	5.0	0.2
of which: additional paid-in capital[8]	74.4	62.9
of which: retained earnings[9]	5.5	4.3
of which: other reserves[10]	(1.0)	3.8
of which: non-controlling interests	0.2	0.2
Capitalization (total)	**593.4**	**511.8**
Cash	35.0	33.1
Liquidity (total)	**35.0**	**33.1**
Current liability to related parties: working capital loan[11]	1.9	—
Current financial liabilities: accrued interest on the Senior Notes[1]	7.1	7.1
Current finance lease obligations	1.2	1.2
Current financial debt (total)	**10.2**	**8.3**
Net current financial indebtedness	**(24.8)**	**(24.8)**
Non-current financial liabilities: Senior Notes issued[1][5]	312.1	253.2
Other non current loans: EUSIs[6]	10.0	—
Non current finance lease obligations	0.9	0.9
Non-current financial indebtedness	**323.0**	**254.1**
Net financial indebtedness[2]	**298.2**	**229.3**

(1) Refers to the €315 million aggregate principal amount of Senior Notes issued on June 7, 2013 by a direct subsidiary of the Company.

(2) "Net financial indebtedness" includes also current and non-current finance lease obligations which are not part of "net financial debt."

(3) Stabilus Group does not have any indirect or contingent indebtedness.

(4) The adjusted figures also include the Company's transfer of its remaining 10% interest in Servus II (Gibraltar) Limited to the Selling Shareholder, subsequent to the closing of the Offering.

(5) The adjusted amount of non-current financial liabilities of €253.2 million and the secured portion of total non-current liabilities of €254.1 million reflect the redemption of Senior Notes in the principal amount of €58.9 million.

(6) The adjusted amount of other current loans (EUSIs) of €- million and the unsecured portion of total non-current liabilites of €104.2 million reflect the derecognition of EUSIs and mezzanine warrants, as a result of the Reorganization.

The holders of EUSIs and mezzanine warrants change their interests in EUSIs and mezzanine warrants for equivalent EUSIs and mezzanine warrants to be issued by the Selling Shareholder.

The Selling Shareholder contributes the EUSIs and mezzanine warrants issued by the Company to the Company as share capital surplus and in exchange for a new, interest bearing receivable of €23 million with a term of one year. As a result, the EUSIs and mezzanine warrants will be extinguished and will no longer be recognized on the Company's balance sheet.

Subsequent to the closing of the Offering, the Company intends to sell its remaining interest in Servus II (Gibraltar) Limited to the Selling Shareholder in settlement of the new receivable.

See "*Recent developments and outlook—Financing structure and strategy—IPO reorganization*."

(7) The adjusted amount of issued capital of €0.2 million reflects the reduction of share capital of the Company by €4.8 million and the capital increase by €33 thousand.

(8) The adjusted amount of additional paid-in capital reflects the contribution of EUSIs and mezzanine warrants to the Company as share capital surplus (€10.0 million) and the distribution by the Company of the equity interest in Servus II (Gibraltar) Limited to the Selling Shareholder by way of dividend (90%) and settlement of the new receivable subsequent to the closing of the Offering (10%) (€86.5 million in total) and the issuance of the New Shares (€65.0 million). Adjustments do not take into account offering costs in connection with the issuance of the Shares.

(9) The adjusted retained earnings reflect the Reorganization (the difference of €4.9 million between the repayment amount and the carrying amount of the Upstream Loan, which is being transferred to the Selling Shareholder as part of the transfer of Servus II (Gibraltar) Limited), the Offering (€1.6 million in base commission payable by the Company) and the use of proceeds (€4.5 million premium on early redemption of Senior Secured Notes).

(10) The other reserves reflect the share capital reduction by €4.8 million to a newly created distributable reserve of the Company.

(11) The adjusted current liability to related parties (working capital loan) reflects the repayment of this liability prior to this Offering.

Statement on working capital

The Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus. In addition, please see "*Certain relationships and related party transactions—Shareholder loan*."

Dilution

The equity of the Company on its consolidated statement of financial position (equity attributable to shareholders of the Company), excluding non-controlling interests, amounted to €83.9 million at March 31, 2014, and would amount to €4.74 per share based on 17,700,000 outstanding shares of the Company immediately before the Offering.

After giving effect to the issuance of the maximum number of 3,421,053 New Shares in the context of the Offering to achieve gross proceeds of €65.0 million, assuming an Offer Price of €19 based on the low-point of the price range per share, and after subtracting the maximum estimated issuance expenses to be borne by the Company in the amount of €9.1 million, the equity of the Company attributable to shareholders as of March 31, 2014 would have been €71.4 million or €3.38 per share. That would correspond to a direct dilution of €15.62 (82.2%) per share for the parties acquiring the Offer Shares. At the mid-price and high end of the price range and assuming the issuance of 2,954,546 New Shares and 2,600,000 New Shares, respectively, the corresponding figures would be €18.54 (84.3%) and €21.48 (85.9%), respectively.

The table below illustrates the amount by which the low-, mid- and high-point of the price range per share exceeds the total share capital per share after completion of the Offering, assuming execution of the capital increase with a number of New Shares required to achieve gross proceeds of €65.0 million:

	Low End	Mid Point	High End
Price per share, in €	19	22	25
Equity attributable to shareholders of the Company per share as of March 31, 2014 (based on 17,700,000 outstanding shares of the Company before the Offering), in €	4.74	4.74	4.74
Equity attributable to shareholders of the Company per share following the Offering (based on 21,121,053 (low end of the price range), 20,654,546 (mid-point of the price range) and 20,300,000 (high point of the price range) outstanding shares of the Company after completion of the Offering), in €	3.38	3.46	3.52
Amount by which the price per share exceeds the total share capital per share (immediate dilution per share), in €	15.62	18.54	21.48
Immediate dilution to the new shareholders, in %	82.2%	84.3%	85.9%
Immediate dilution to the existing shareholding, in %	28.7%	27.1%	25.8%
Number of shares after completion of the Offering (based on €65.0 million gross proceeds)	21,121,053	20,654,546	20,300,000

Selected historical consolidated financial information

The following tables present our selected consolidated financial information. The following selected consolidated financial information should be read in conjunction with the statutory auditor's reports, if any, and Consolidated Financial Statements and notes thereto contained in this Prospectus and the sections entitled "*Capitalization and indebtedness*" and "*Management's discussion and analysis of financial condition and results of operations*."

The selected income statement, balance sheet and cash flow information set forth below (i) as of and for the fiscal years ended September 30, 2011, 2012 and 2013 were derived from the audited consolidated annual financial statements of the Company and (ii) as of and for the six months ended March 31, 2014 with comparable information for the six months ended March 31, 2013, were derived from the unaudited consolidated Interim Financial Statements of the Company each prepared in accordance with IFRS and included elsewhere in this Prospectus.

Selected data from the consolidated statement of comprehensive income

	Year ended September 30,			Six months ended March 31,	
	2011	2012	2013	2013	2014
(in € million)		(audited)		(unaudited)	
Revenue	**411.6**	**443.5**	**460.1**	**219.4**	**245.9**
Cost of sales	(308.2)	(336.4)	(349.7)	(168.1)	(187.2)
Gross profit	**103.4**	**107.1**	**110.4**	**51.3**	**58.7**
Research and development expenses	(13.8)	(14.0)	(17.6)	(8.3)	(9.9)
Selling expenses	(36.5)	(37.3)	(38.9)	(19.9)	(19.2)
Administrative expenses	(20.8)	(28.0)	(21.2)	(10.7)	(9.5)
Other income	6.6	8.5	6.1	2.4	2.6
Other expenses	(8.7)	(4.4)	(3.6)	(1.5)	(1.5)
Profit from operating activities (EBIT)	**30.2**	**31.9**	**35.2**	**13.3**	**21.2**
Finance income	1.1	7.9	5.5	0.6	10.2
Finance costs	(23.0)	(21.9)	(46.5)	(34.4)	(20.8)
Profit/(loss) before income tax	**8.3**	**17.9**	**(5.9)**	**(20.5)**	**10.7**
Income tax income/(expense)	2.2	(9.5)	(10.1)	(2.6)	(4.2)
Profit/(loss) for the period[(1)]	**10.5**	**8.4**	**(16.0)**	**(23.2)**	**6.5**

(1) Profit/(loss) for the period includes PPA effects. Had PPA effects not been included in our profit/(loss) for the period our profit/(loss) would have been €23.2 million for the fiscal year ended September 30, 2011, €21.1 million for the fiscal year ended September 30, 2012, €(3.3) million for the fiscal year ended September 30, 2013, €(16.8) million for the six months ended March 31, 2013 and €12.8 million for the six months ended March 31, 2014.

Selected data from the consolidated statement of financial position

	As of September 30,			As of March 31,
	2011	2012	2013	2014
(in € million)		(audited)		(unaudited)
Assets				
Property, plant and equipment	123.1	120.1	116.3	114.1
Intangible assets[(1)]	234.9	232.4	227.2	223.6
Other non-current financial assets	4.3	2.7	77.1	81.6
Other non-current assets[(2)]	5.6	6.3	8.4	7.9
Total non-current assets	**367.9**	**361.4**	**429.0**	**427.2**
Inventories	45.4	50.0	46.1	48.3
Trade accounts receivable	55.2	59.0	67.8	52.3
Other current assets[(3)]	8.5	14.9	24.2	29.0
Current tax assets	2.5	3.6	0.4	1.6
Cash and cash equivalents	26.5	41.6	21.8	35.0
Total current assets	**138.1**	**169.2**	**160.3**	**166.2**
Total assets	**506.0**	**530.6**	**589.3**	**593.4**
Shareholders equity and liabilities				
Equity attributable to shareholders of the Company	**50.8**	**57.1**	**82.5**	**83.9**
Non-controlling interests	0.3	0.3	0.2	0.2
Total equity	**51.1**	**57.4**	**82.6**	**84.1**
Non-current financial liabilities	272.3	285.5	315.1	322.1
Pension plans and similar obligations	35.4	35.7	35.8	41.9
Other non-current liabilities[(4)]	73.5	69.5	67.8	63.1
Total non-current liabilities	**381.2**	**390.7**	**418.8**	**427.2**
Trade accounts payable	32.1	42.9	45.0	46.4
Other current financial liabilities	8.3	7.4	8.9	9.8
Other current liabilities[(5)]	33.3	32.2	34.0	25.9
Total current liabilities	**73.7**	**82.5**	**87.9**	**82.1**
Total liabilities	**454.9**	**473.2**	**506.7**	**509.3**
Total equity and liabilities	**506.0**	**530.6**	**589.3**	**593.4**

(1) Includes goodwill and other intangible assets.

(2) Includes deferred tax assets and other non-current assets.

(3) Includes other financial assets and the line item other current assets.

(4) Includes provisions, deferred tax liabilities and the line item other non-current financial liabilities.

(5) Includes current tax liabilities, provisions current financial liabilities and the line item other current liabilities.

Selected data from the consolidated statement of cash flow

(in € million)	Year ended September 30, 2011	2012	2013	Six months ended March 31, 2013[6]	2014
	(audited)			(unaudited)	
Profit from operating activities (EBIT)[1]	30.2	31.9	35.2	13.3	21.2
Depreciation and amortization	37.3	40.0	40.7	19.8	19.6
Other non-cash income and expenses	6.0	6.2	(5.5)	(0.5)	(3.8)
Tax payments	(7.1)	(13.5)	(5.7)	(2.9)	(4.4)
Change in net working capital[2]	(13.2)	(8.3)	(1.9)	(16.3)	11.2
Cash flows from operating activities	**53.2**	**56.3**	**62.8**	**13.4**	**43.8**
Investing activities					
Capital expenditures	(34.1)	(32.5)	(34.4)	(13.6)	(16.8)
Proceeds from disposal of property, plant and equipment	—	—	1.3	0.2	0.0
Other investing cash income and expenses[3]	(0.2)	(0.2)	—	—	—
Payments for upstream shareholder loan[4]	—	—	(80.0)	—	—
Cash flows from investing activities	**(34.3)**	**(32.7)**	**(113.1)**	**(13.4)**	**(16.8)**
Financing activities					
Receipts under revolving credit facility	—	—	—	—	8.0
Payments under revolving credit facility	—	—	—	—	(8.0)
Receipts from contribution of equity	—	—	44.0	—	—
Receipts from taking up loans	—	—	315.0	—	—
Repayment of loans	(26.0)	—	(303.8)	(4.9)	—
Other financing cash flow[5]	(4.6)	(9.3)	(23.9)	(6.0)	(13.6)
Cash flows from financing activities	**(30.6)**	**(9.3)**	**31.3**	**(10.9)**	**(13.6)**
Net increase/ decrease in cash and cash equivalents	**(11.6)**	**14.3**	**(19.0)**	**(10.8)**	**13.4**
Changes in foreign currency	(0.1)	0.8	(0.9)	0.2	(0.2)
Cash as of beginning of period	38.2	26.5	41.6	41.6	21.8
Cash as of end of period	**26.5**	**41.6**	**21.8**	**31.0**	**35.0**

(1) EBIT (*i.e.*, earnings before interest and taxes) represents the IFRS income statement item 'profit from operating activities.'

(2) The following table sets out our change in net working capital:

(in € million)	Year ended September 30, 2011	2012	2013	Six months ended March 31, 2013[6]	2014
	(audited)			(unaudited)	
Changes in inventories	(7.5)	(4.6)	3.9	(4.1)	(2.2)
Changes in trade accounts receivable	(1.0)	(3.8)	(8.8)	(4.6)	15.5[A1]
Changes in trade accounts payable	9.3	10.8	2.0	(2.7)	1.4
Changes in other assets and liabilities	4.9	(8.5)	5.0	(2.1)	(0.3)
Changes to restricted cash	0.1	1.6	2.7	(0.4)	—
Changes in provisions	(12.3)	(1.4)	(6.9)	(3.1)	(3.4)
Changes in deferred tax assets and liabilities	(6.7)	(2.4)	0.2	0.8	0.2
Changes in net working capital	**(13.2)**	**(8.3)**	**(1.9)**	**(16.3)**	**11.2**

(A1) The significant change in trade accounts receivable for the six months ended March 31, 2014 is mainly due to the effect of our factoring transactions, which we implemented in March of 2014. As of March 31, 2014, we sold accounts receivable amounting to €20.2 million.

(3) Other investing cash income and expenses includes acquisition of assets and liabilities within the business combination, net of cash acquired.

(4) Payments for upstream shareholder loan refers to an €80.0 million loan paid to Servus Group HoldCo II S.á r.l. in 2013.

(5) Other financing cash flow includes payments for dividend distributions, payments for interest, finance fees and transaction costs.

(6) As a consequence of the first-time adoption of revised IAS 19, Employee Benefits, the figures have been adjusted/ restated in accordance with IAS 8. Information related to the adjustment of the prior-year figures is disclosed in the Management's discussion and analysis of financial condition and results of operations in the section "Critical accounting policies" under the subheading "Pensions and similar obligations."

Other operational and financial information and selected operating segment data

Other operational and financial information

The following tables present our other operational and financial information and selected operating segment data. The following other operational and financial information and selected operating segment data should be read in conjunction with the statutory auditor's reports, if any, and Consolidated Financial Statements and notes thereto contained in this Prospectus and the sections entitled "Capitalization and indebtedness" and "Management's discussion and analysis of financial condition and results of operations." The following tables contain unaudited operational, financial and segment data, except where audited information is specifically indicated. These tables are derived from the Company's accounting records.

	Year ended September 30,			Six months ended March 31,	
	2011	2012	2013	2013	2014
(in € million)	(unaudited, except as noted)			(unaudited)	
Revenue	411.6*	443.5*	460.1*	219.4	245.9
Revenue growth	14.4%	7.8%	3.7%	(1.4)%	12.1%
Cost of sales excl. PPA effects and incl. distribution expenses(1)	(314.6)	(343.3)	(358.7)	(173.1)	(191.4)
Gross profit excl. PPA effects and incl. distribution expenses(2)	97.0	100.2	101.4	46.3	54.5
Gross profit excl. PPA effects and incl. distribution expenses as % of revenue	23.6%	22.6%	22.0%	21.1%	22.2%
Selling expenses excl. PPA effects and excl. distribution expenses(3)	(17.4)	(17.7)	(17.2)	(8.5)	(8.7)
Adjusted EBITDA(5)	73.0	83.1	87.1	39.5	43.5
Adjusted EBITDA as % of revenue	17.7%	18.7%	18.9%	18.0%	17.7%
EBITDA(4)	67.5	71.9	75.9	33.1	40.8
EBITDA as % of revenue	16.4%	16.2%	16.5%	15.1%	16.6%
Adjusted EBIT(7)	48.4	55.8	59.1	26.0	30.2
Adjusted EBIT as % of revenue	11.8%	12.6%	12.8%	11.9%	12.3%
EBIT(6)	30.2*	31.9*	35.2*	13.3	21.2
EBIT as % of revenue	7.3%	7.2%	7.7%	6.1%	8.6%
Adjusted net income(8)	18.5	23.5	25.8	10.4	15.6
Trade working capital (TWC) (as of period end)(9)	68.4*	66.0*	68.9*	77.5	54.2
TWC as % of revenue	16.6%	14.9%	15.0%	35.3%	22.0%
Net financial debt (as of period end)(10)	241.6	241.5	302.6	273.5	296.1
Capital expenditure(11)	34.1	32.5	34.4	13.6	16.8
Capital expenditure as % of revenue	8.3%	7.3%	7.5%	6.2%	6.9%
Operating cash flow before tax(12)	26.0	35.5	32.7	3.4	31.4
Operating cash flow conversion(13)(4)	38.5%	49.4%	43.1%	10.3%	77.0%
Adjusted operating cash flow before tax(14)(16)	31.5	45.0	43.9	11.5	34.1
Adjusted operating cash flow conversion(15)	43.2%	54.2%	50.4%	29.1%	78.4%
Adjusted free cash flow(16)	20.1	24.1	31.7	2.3	16.7
Free cash flow(16)	14.6	14.6	20.5	(5.8)	14.0

* audited

(1) Cost of sales excluding PPA effects and including distribution expenses represents our cost of sales excluding the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation ("PPA effects") and including distribution expenses (mainly for shipping costs). Cost of sales excluding PPA effects and including distribution expenses is presented because we believe that it helps understanding our pure operating cost of sales without the April 2010 acquisition related charges.

(2) Gross profit excluding PPA effects and including distribution expenses represents our gross profit excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Gross profit excluding PPA and including distribution expenses is presented because we believe that it helps understanding our pure operating gross profit without the April 2010 acquisition related accounting charges.

(3) Selling expenses excluding PPA effects und excluding distribution expenses represents our selling expenses excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and excluding distribution expenses. Selling expenses excluding PPA and excluding distribution expenses is presented because we believe that it helps understanding our pure operating selling expenses without the April 2010 acquisition related accounting charges.

(4) 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. We have included EBITDA because management believes it is a useful indicator of operating performance and uses EBITDA as a measure for comparing year-to-year results. EBITDA is not a measure of performance under IFRS and is not a substitute for operating profit as a measure of operating results. EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our EBITDA to the EBITDA data of other companies.

Reconciliation of Profit from operating activities (EBIT) to EBITDA

	As of September 30,			As of March 31,	
	2011	2012	2013	2013	2014
(in € million)	(unaudited, except as noted)			(unaudited)	
Profit from operating activities (EBIT)	**30.2***	**31.9***	**35.2***	**13.3**	**21.2**
Depreciation	20.8	22.2	21.7	11.0	9.8
Amortization	16.5	17.8	19.0	8.8	9.8
EBITDA	**67.5**	**71.9**	**75.9**	**33.1**	**40.8**

* audited

(5) 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. In 2011, 2012, 2013, adjustments to EBITDA primarily related to legal fees incurred as a result of the litigation by our former mezzanine lenders. In 2011, adjustments also related to restructuring fees following the Spanish plant closure. See "*Management's discussion and analysis of financial condition and results of operations.*" We have included Adjusted EBITDA because management believes 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 EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our Adjusted EBITDA to the Adjusted EBITDA data of other companies. Adjusted EBITDA is not a substitute for operating profit as a measure of operating results or a substitute for cash flow as a measure of liquidity. Adjusted EBITDA is not a measure of performance under IFRS. The following table sets a reconciliation of EBITDA to Adjusted EBITDA:

Reconciliation of EBITDA to Adjusted EBITDA

	Year ended September 30,			Six months ended March 31,	
	2011	2012	2013	2013	2014
(in € million)			(unaudited)		
EBITDA	**67.5**	**71.9**	**75.9**	**33.1**	**40.8**
Adjustments Advisory—Subtotal	**2.5**	**9.9**	**6.1**	**2.3**	**1.6**
Mezzanine litigation legal fees, legal consulting(A1)	2.5	9.4	4.7	2.3	1.1
Stabilus Brazil VAT penalty(A2)	—	0.5	—	—	—
Consulting	—	—	1.4	—	0.5
Restructuring—Subtotal	**1.3**	**(0.1)**	**2.6**	**2.8**	**(0.5)**
Non-recurring consulting fees(A3)	—	0.5	—	—	—
Defined benefit plan amendment gain(A4)	(3.2)	—	—	—	—
Defined contribution plan contribution expense adjustment(A5)	0.8	—	—	—	—
Stabilus Spain closing costs(A6)	3.7	—	—	—	—
Stabilus Spain release of severance provisions(A7)	—	(0.4)	—	—	—
Stabilus Spain release of tax advisory provision(A8)	—	(0.2)	—	—	—
Stabilus Italy facility liquidation(A9)	(0.9)	—	—	—	—
Management structuring costs(A10)	0.9	—	—	—	—
BOL transfer(A11)	—	—	0.4	0.4	—
Group restructuring(A12)	—	—	2.2	2.4	(0.5)
Ramp-up—Subtotal	**—**	**—**	**1.0**	**0.6**	**0.8**
Powerise ramp-up(A13)	—	—	1.0	0.5	0.7
Stabilus China ramp-up(A14)	—	—	—	0.1	0.1
Pension interest add back	**1.7**	**1.4**	**1.5**	**0.7**	**0.7**
Total adjustments	**5.5**	**11.2**	**11.2**	**6.4**	**2.7**
Adjusted EBITDA	**73.0**	**83.1**	**87.1**	**39.5**	**43.5**

(A1) Includes all legal fees in connection with the mezzanine litigation, as well as other legal, bond issuance, tax audit and reorganization related advisory expenses. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings*."

(A2) Includes a penalty charged to our Brazilian subsidiary for the late filing its value added tax return.

(A3) Includes non-recurring consulting fees in respect of potential tax implications of certain organizational structuring initiatives, including, inter alia, a review of the capitalization structure of our Romanian operations and the review of the overall legal entity structure.

(A4) Includes a one-time gain resulting from changing our defined benefit pension scheme in Germany to a defined contribution scheme in 2010.

(A5) Includes expenses related to our defined contribution pension scheme.

(A6) Includes restructuring and other closure related costs (including severance payments to employees) and gains associated with the closure of our Spanish operations.

(A7) Includes the release of the unused part of a severance provision established in respect of the closure of our Spanish operations.

(A8) Includes the release of the unused part of a provision established for expected tax advisory costs in respect of the closure of our Spanish operations.

(A9) Includes restructuring and other closure related costs and gains associated with the closure of our Italian operations.

(A10) Includes costs in connection with a change in the overall management structure, including costs related to the recruiting process for, and compensation payments to, the CEO.

(A11) Includes transfer costs of the Bloc-O-Lift (BOL) production from Germany to Romania.

(A12) Includes costs in connection with our Group's organizational restructuring, in particular the re-organization of our manufacturing footprint in the NAFTA region.

(A13) Includes costs in relation to the increase of our Powerise production capacities in Mexico and Romania.

(A14) Includes costs in relation to the increase of our production capacities in China.

(6) EBIT (*i.e.,* earnings before interest and taxes) represents the IFRS income statement item 'profit from operating activities.'

(7) Adjusted EBIT represents EBIT, 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 as discussed under "Adjusted EBITDA" and the depreciation and amortization of adjustments of group's assets to fair value resulting from the April 2010 purchase price allocation.

Reconciliation of Profit from operating activities (EBIT) to Adjusted EBIT

	As of September 30,			As of March 31,	
	2011	2012	2013	2013	2014
(in € million)	(unaudited, except as noted)			(unaudited)	
Profit from operating activities (EBIT)	**30.2***	**31.9***	**35.2***	**13.3**	**21.2**
Adjustments					
Advisory[A1]	2.5	9.9	6.1	2.3	1.6
Restructuring/Ramp-up[A1]	1.3	(0.1)	3.6	3.4	0.4
Pension interest add-back	1.7	1.4	1.5	0.7	0.7
PPA adjustments – depreciation and amortization[A2]	12.7	12.7	12.7	6.3	6.3
Total adjustments	**18.2**	**23.9**	**23.9**	**12.7**	**9.0**
Adjusted EBIT	**48.4**	**55.8**	**59.1**	**26.0**	**30.2**

* audited

(A1) See footnote 5 above.

(A2) Refers to the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation.

(8) The following table sets out a reconciliation of Adjusted EBIT to Adjusted net income:

	Year ended September 30,			Six months ended March 31,	
	2011	2012	2013	2013	2014
(in € million)			(unaudited)		
Adjusted EBIT	**48.4**	**55.8**	**59.1**	**26.0**	**30.2**
Adjusted net financial result[A1]	(22.0)	(22.2)	(22.2)	(11.2)	(7.9)
Adjusted profit before tax[A2]	**26.4**	**33.6**	**36.9**	**14.8**	**22.3**
Adjusted income taxes[A3]	(7.9)	(10.1)	(11.1)	(4.4)	(6.7)
Adjusted net income	**18.5**	**23.5**	**25.8**	**10.4**	**15.6**

(A1) Adjusted net financial result represents net financial result before net foreign exchange gains and losses, gains from changes in carrying amount in upstream shareholder loan and gains and losses from changes in carrying amount in EUSIs and mezzanine prepayment fee and including pension interest expenses.

(A2) Adjusted profit before tax comprises adjusted EBIT and adjusted net financial result.

(A3) Adjusted income taxes represent 30% (Group's tax rate) of adjusted profit before tax.

(9) Trade working capital represents trade receivables plus inventories less trade payables.

The following table sets out our trade working capital:

(in € million, except as noted)	As of September 30, 2011	2012 (audited)	2013	As of March 31, 2014 (unaudited)
Trade accounts receivable	55.2	59.0	67.8	52.3[A1]
Inventories	45.4	50.0	46.1	48.3
Trade accounts payable	(32.1)	(42.9)	(45.0)	(46.4)
Trade working capital	**68.4**	**66.0**	**68.9**	**54.2**
% of revenue	16.6	14.9	15.0	11.1[A2]

(A1) Trade accounts receivable include a €20.2 million receivable reduction due to a factoring arrangement concluded in March 2014.

(A2) Trade working capital has been calculated as % of twelve months ended March 31, 2014.

(10) Net financial debt represents gross financial debt less cash. For the period ended March 31, 2014 our net financial debt would have been €286.1 million, had the effects of the reorganization taking place in connection with the Offering already been included in this line item.

(11) Capital expenditure represents cash paid for intangible assets and property, plant and equipment.

(12) Operating cash flow before tax 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' and 'income tax payments' and excluding 'payment for upstream shareholder loan.'

(13) Operating cash flow conversion represents operating cash flow before tax as a percentage of EBITDA.

(14) Adjusted operating cash flow before tax represents operating cash flow before tax and before cash extraordinary and exceptional items.

(15) Adjusted operating cash flow conversion represents the percentage of the adjusted operating cash flow before tax in relation to Adjusted EBITDA.

(16) The following table sets out a reconciliation of Adjusted operating cash flow before tax, Adjusted free cash flow and Free cash flow to Adjusted EBITDA:

Free cash flow (non IFRS)

(in € million)	Year ended September 30, 2011	2012 (unaudited, except as noted)	2013	Six months ended March 31, 2013[A8] (unaudited)	2014
Adjusted EBITDA	**73.0**	**83.1**	**87.1**	**39.5**	**43.5**
Capital expenditures[A1]	(34.1)*	(32.5)*	(34.4)*	(13.6)	(16.8)
Change in net working capital excl. changes in restricted cash[A2]	(13.3)	(9.9)	(4.5)	(15.9)	11.2
Non-cash exceptional items[A3]	—	(1.7)	—	1.7	—
Other non-cash income and expenses	6.0	6.2	(5.5)	(0.5)	(3.8)
Other[A4]	(0.1)	(0.2)	1.3	0.2	—
Adjusted operating cash flow before tax[A5]	**31.5**	**45.0**	**43.9**	**11.5**	**34.1**
Changes in restricted cash	0.1	1.6	2.7	(0.4)	—
Payments for interest	(4.4)*	(9.0)*	(9.2)*	(5.9)	(13.0)
Tax payments	(7.1)*	(13.5)*	(5.7)*	(2.9)	(4.4)
Adjusted free cash flow[A6]	**20.1**	**24.1**	**31.7**	**2.3**	**16.7**
Adjustments to EBITDA	(5.5)	(11.2)	(11.2)	(6.4)	(2.7)
Reversal of non-cash exceptional items. see footnote A3.[A6]	—	1.7	—	(1.7)	—
Free cash flow[A7]	**14.6**	**14.6**	**20.5**	**(5.8)**	**14.0**

* audited

(A1) Capital expenditures comprise the IFRS cash flow statement line items 'purchase of intangible assets' and 'purchase of property, plant and equipment.'

(A2) Change in net working capital excluding changes in restricted cash comprise the IFRS cash flow statements line items change in inventories, change in trade accounts receivable, change in trade accounts payable, change in other assets and liabilities, change in provisions and change in deferred tax assets and liabilities.

(A3) Non-cash exceptional items reflects cash effects of reimbursement of legal fees in connection with the mezzanine litigation. The effects on Adjusted EBITDA are shown in the fiscal year ended September 30, 2012, but the payment occurred in the six months ended March 31, 2013.

(A4) Other comprise IFRS cash flow statement line items 'proceeds from disposal of property, plant and equipment' and 'acquisition of assets and liabilities within the business combination, net of cash acquired.'

(A5) Adjusted operating cash flow before tax represents operating cash flow before tax and before cash extraordinary and exceptional items.

(A6) Adjusted free cash flow represents free cash flow, including adjustments to EBITDA mentioned in footnote 7 above excluding non-cash exceptional items.

(A7) Free cash flow comprises IFRS cash flow statement line items 'cash flow from operating activities,' 'cash flow from investing activities' and 'payment for interest' (net interest payments).

(A8) As a consequence of the first-time adoption of revised IAS 19, Employee Benefits, the figures have been adjusted/restated in accordance with IAS 8. Information related to the adjustment of the prior-year figures is disclosed in the Management's discussion and analysis of financial condition and results of operations in the section "Critical accounting policies" under the subheading "Pensions and similar obligations".

Selected operating segment data

The following table sets out operating data for our Europe, NAFTA and Asia/Pacific segments for the six months ended March 31, 2013 and 2014. We commenced segment reporting in relation to this Offering, accordingly we have not reported segment data (other than revenue data) for the fiscal years ended September 30, 2011, 2012 and 2013.

	Six months ended March 31,	
	2013	2014
(in € million, except as noted)	(unaudited)	
Europe		
Revenue[1]	117.6	129.9
Adjusted EBITDA[2]	23.3	26.2
Number of employees (at the end of period)	2,100	2,276
NAFTA		
Revenue[1]	74.8	84.7
Adjusted EBITDA[2]	10.8	11.7
Number of employees (at the end of period)	1,184	1,321
Asia/Pacific		
Revenue[1]	27.0	31.3
Adjusted EBITDA[2]	5.5	5.5
Number of employees (at the end of period)	512	567
Total		
Revenue	219.4	245.9
Adjusted EBITDA	39.5	43.5
Number of employees (at the end of period)	3,796	4,164

(1) In this Prospectus, most regional revenue data is presented on a "billed-to" basis for the fiscal years ended September 30, 2011, 2012 and 2013 as, with respect to the financial statements for these three years, the "billed-to" approach has been used as basis for the calculation of the regional revenue split. We commenced segment reporting in relation to this Offering. We intend to report all regional segment data (*i.e.*, all regional revenue and Adjusted EBITDA) on a "billed-from" basis in the future. Accordingly, we have included "billed-from" segment data for the six months ended March 31, 2013 and 2014 and have specifically indicated any other figures that refer to "billed-from" revenue.

(2) 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. In 2011, 2012 and 2013, adjustments to EBITDA primarily related to legal fees incurred as a result of the litigation by our former mezzanine lenders. In 2011, adjustments also related to restructuring fees following the Spanish plant closure. See "*Management's discussion and analysis of financial condition and results of operations*." We have included Adjusted EBITDA because management believes 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 EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our Adjusted EBITDA to the Adjusted EBITDA data of other companies. Adjusted EBITDA is not a substitute for operating profit as a measure of operating results or a substitute for cash flow as a measure of liquidity. Adjusted EBITDA is not a measure of performance under IFRS. The following table sets a reconciliation of EBITDA to Adjusted EBITDA:

Reconciliation of EBITDA to Adjusted EBITDA

	Six months ended March 31, 2013			Six months ended March 31, 2014		
	Europe	NAFTA	Asia/ Pacific	Europe	NAFTA	Asia/ Pacific
(in € million)	(unaudited)					
EBITDA	**18.6**	**9.1**	**5.4**	**24.7**	**10.6**	**5.4**
Adjustments Advisory—Subtotal	**2.2**	**0.1**	**—**	**1.3**	**0.3**	**—**
Mezzanine litigation legal fees, legal consulting(A1)	2.2	0.1	—	0.7	0.3	—
Consulting	—	—	—	0.5	—	—
Restructuring—Subtotal	**1.3**	**1.5**	**—**	**(0.5)**	**—**	**—**
Non-recurring consulting fees(A2)	—	—	—	—	—	—
BOL transfer(A3)	0.4	—	—	—	—	—
Group restructuring(A4)	0.9	1.5	—	(0.5)	—	—
Ramp-up—Subtotal	**0.5**	**—**	**0.1**	**—**	**0.7**	**0.1**
Powerise ramp-up(A5)	0.5	—	—	—	0.7	—
Stabilus China ramp-up(A6)	—	—	0.1	—	—	0.1
Pension interest add back	**0.7**	**—**	**—**	**0.7**	**—**	**—**
Total adjustments	**4.7**	**1.6**	**0.1**	**1.5**	**1.0**	**0.1**
Adjusted EBITDA	**23.3**	**10.8**	**5.5**	**26.2**	**11.7**	**5.5**

(A1) Includes all legal fees in connection with the mezzanine litigation, as well as other legal, bond issuance, tax audit and reorganization related advisory expenses. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings*."

(A2) Includes non-recurring consulting fees in respect of potential tax implications of certain organizational structuring initiatives, including, inter alia, a review of the capitalization structure of our Romanian operations and the review of the overall legal entity structure.

(A3) Includes transfer costs of the Bloc-O-Lift (BOL) production from Germany to Romania.

(A4) Includes costs in connection with our Group's organizational restructuring, in particular the re-organization of our manufacturing footprint in the NAFTA region.

(A5) Includes costs in relation to the increase of our Powerise production capacities in Mexico and Romania.

(A6) Includes costs in relation to the increase of our production capacities in China.

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion of our results of operations and financial condition in conjunction with the sections entitled "General information—Presentation of financial and other information," "Selected historical consolidated financial information" and with our consolidated financial statements and the related notes for the periods discussed included elsewhere in this Prospectus. Our consolidated financial statements are prepared in accordance with IFRS as adopted by the EU. The following discussion and analysis contains forward-looking statements including statements relating to our plans, strategies, objectives, expectations, intentions and resources. Although based on assumptions we consider reasonable, our actual results could differ materially from those expressed or implied in such forward-looking statements. For a discussion of those risks and uncertainties, please see the sections entitled "General information—Forward-looking statements" and "Risk factors."

Overview

We believe that we are the leading supplier of highly-engineered and value-added gas springs and hydraulic dampers and automatic opening and closing systems for the automotive and industrial sectors. We believe that we have a worldwide gas spring market share of approximately 70% and 35% in the automotive and industrial sector, respectively (which we believe is approximately 15 times and 3 times larger than our respective closest competitor). In the market of automatic opening and closing systems for the automotive industry, which we serve with our Powerise product line, we believe we have an estimated market share of approximately 22%. We supply high quality and technologically advanced components and systems for a broad range of applications to a large number of automotive OEMs and industrial customers as well as to the independent aftermarket. In the automotive sector, our products are used, for example, to control the movement of tailgates, trunk lids, hoods, seats, convertible roofs and steering and trailer systems for cars. In the industrial sector, the applications of our products include smart movement control solutions, for example, in construction and agricultural machines, railway applications, aircraft, commercial vehicles, marine applications, furniture, health care and production equipment. Our products also find a wide usage in swivel chairs for seat height and backrest inclination adjustment.

In 1962, we were the first company to put gas springs into industrialized serial production and since then, we have continued to expand and strengthen our role as an industry leader. We have successfully expanded our product portfolio into the field of electromechanical opening and closing systems for car tailgates and trunk lids—with our spindle drive based solution called Powerise—and believe that we have become one of the leading suppliers to the vehicle producers in this attractive field.

In the fiscal year ended September 30, 2013, we generated revenue of €460.1 million, Adjusted EBITDA of €87.1 million and an Adjusted EBITDA margin of 18.9%. As of March 31, 2014, we had 4,164 employees globally. In the fiscal year ended September 30, 2013, we manufactured more than 132.7 million gas springs (including 4.6 million dampers) and 1.2 million Powerise solutions.

We have a strong global presence and operate our business through three regional segments to support close customer contact within each region: Europe, NAFTA (which comprises the United States, Mexico and sales to Canada), and Asia/Pacific including rest of world ("**Asia/Pacific**"). In the fiscal year ended September 30, 2013, we generated 50.0% of our revenue and 62.8% of our Adjusted EBITDA in our Europe segment, 32.6% of our revenue and 24.1% of our Adjusted EBITDA in the NAFTA segment and 17.3% of our revenue and 13.1% of our Adjusted EBITDA in the Asia/Pacific segment (based on "billed-to" revenue). We have an increasing presence in the rapidly growing emerging markets, *i.e.*, in China and Brazil, which accounted for 8.2% of our revenue in the fiscal year ended September 30, 2013. In addition, we have increased our

headcount in the Asia/Pacific region from 393 employees as of September 30, 2011 to 522 employees as of September 30, 2013 to further strengthen our "in the region, for the region" approach.

In the fiscal year ended September 30, 2013, we sold our products to more than 100 automotive, 2,000 industrial and 300 swivel chair customers in more than 100 countries worldwide.

We generated 64.8% of our revenue in the fiscal year ended September 30, 2013 with our automotive customers (66.8% in the six months ended March 31, 2014), of which our gas spring products contributed 81.4% (76.9% in the six months ended March 31, 2014) and our Powerise solution the remaining 18.6% (23.1% in the six months ended March 31, 2014). Our gas springs and dampers, used in cars for tailgates, trunk lids, hoods, and other closures, seats or various forms of vibration dampening, are utilized to facilitate safe and comfortable motion. In the case of dampers, our parts typically provide a vibration dampening function. We supply more than 3,000 product variations to more than 100 customers globally, including all major global automotive OEMs. Six out of the top ten automotive manufactures by revenue have chosen us a supplier for one or more automated tailgate opening and closing applications as of March 31, 2014. This indicates the positive market reaction to our product Powerise and also to spindle technology in general for this field of application. The increasing penetration of automatic tailgates from SUVs, Vans and luxury vehicles to mid-sized cars is an indicator of the increased demand for this technology and our Powerise product line.

We also offer more than 15,000 product variations (gas springs and hydraulic dampers) to industrial OEMs and to the independent aftermarket. These products are supplied to more than 2,500 customers globally (more than 25,000 additional customers are supplied through our dealership networks) for use in hundreds of different industrial applications. With our industrial customers, we generated 29.8% of our revenue in the fiscal year ended September 30, 2013 (28.2% in the six months ended March 31, 2014).

We generated 5.5% of our revenue in the fiscal year ended September 30, 2013 with our swivel chair customers (5.0% in the six months ended March 31, 2014). Primary applications for these products are seat height adjustment and backrest and seat inclination adjustment. Special applications include telescope and multifunctional columns.

In the fiscal year ended September 30, 2013, we generated approximately 50% of our gross profit with our automotive customers and approximately 50% with our industrial and swivel chair customers, demonstrating our well-balanced business model and resilience against a single market decline.

As of March 31, 2014, we operated eleven production plants in nine countries, which strongly emphasizes our "in the region, for the region" approach and enables us to supply customers in all of our three regional segments with locally produced goods. In addition, we maintain a strong global footprint through a worldwide sales and service network, supported by 220 distribution partners to ensure a strong regional presence.

Key factors affecting results of operations

Our results of operations, financial condition and liquidity have been influenced in the periods discussed in this Prospectus by the following events, facts, developments and market characteristics. We believe that these factors have influenced and are likely to continue to influence our operations in the future.

Revenue

In the fiscal years ended September 30, 2011, 2012 and 2013 and the first six months ended March 31, 2014, the revenue development was supported by the global economic recovery following the 2008/2009 crisis, the introduction and fast growth of our Powerise solution and our increased presence and manufacturing capacities in the Asia/Pacific region. Historically, we were a very European focused company. We have been able to reduce our dependency in the

gas spring and damper product groups and on the European region. Our European sourced automotive gas spring and damper product revenue share changed from 31.4% of total revenue in the fiscal year ended September 30, 2011 to 26.1% of total revenue in the fiscal year ended September 30, 2013. Our Asia/Pacific revenue share has improved from 15.5% of total revenue in the fiscal year ended September 30, 2011 to 17.3% of total revenue in the fiscal year ended September 30, 2013. The Asia/Pacific revenue share improvements are distorted by our strongly growing Powerise business, which mainly impacts NAFTA.

Our revenue in the automotive and industrial sectors together accounted for 94.5% of our revenues in the fiscal year ended September 30, 2013 (95.0% in the six months ended March 31, 2014). Thus, our revenue development is primarily dependent on the economic developments in the automotive and industrial sectors, as well as the development of our market share in these sectors.

Developments in the global automotive sector

We supply automotive OEMs and we generate about two-thirds of our revenue with the automotive industry. Our business is therefore strongly affected by developments in the global automotive sector. To a more limited extent, we also sell our products in the independent automotive aftermarket. Those sales are accounted for in our industrial business, due to the nature of our distribution system.

Our revenue from sales to the automotive sector is primarily impacted by factors influencing consumer demand for new passenger vehicles. These sales are indirectly affected by factors such as unemployment, interest rates (and, more generally, overall monetary and fiscal policy), gasoline prices, consumer confidence and the availability of vehicle financing as well as local political stability.

We believe that the recent economic recovery had a positive effect on most of the world's vehicle and industrial sectors. The overall number of light vehicles produced globally over the course of the calendar year 2013 increased by approximately 14% from 75 million in calendar year 2011 to 85 million in calendar year 2013.

We estimate that NAFTA light vehicle production increased by approximately 5% from calendar year 2012 to calendar year 2013 and that NAFTA light vehicle production increased by approximately 35% between calendar year 2010 and calendar year 2013. Our research indicates that light vehicle production in the Asia/Pacific region increased by approximately 5% between calendar year 2012 and calendar year 2013. In addition, the Asia/Pacific region saw a light vehicle production increase of about 16% between calendar year 2010 and calendar year 2013. We estimate that European light vehicle production, on the other hand, remained stable at approximately 19 million units in 2013. For 2014 we believe that an overall growth rate of about 3%, a regional growth of 4% in NAFTA, 4% in Asia/Pacific and moderate growth in Europe of approximately 1%.

In addition to the growth rate in global car production, our gas spring sales volume in the automotive business and thus our revenue also depend on the average fitment rate per car, which is the average number of gas springs fitted per car. We believe that the higher volume middle class (*e.g.*, Volkswagen Golf or Audi A3), which uses an average of approximately three gas springs per vehicle will be the fastest growing segments between 2012 and 2017. Smaller cars such as the Fiat 500 are fitted with one gas spring, on average. A Dacia Logan sedan has no gas spring.

We expect car fitment rates to remain overall stable until 2017 but with a slight variation in the type of usage. Whilst we do not expect an increase in the number of gas springs fitted in the hood of vehicles, we expect the overall number of gas springs to increase as the number of cars with large tailgates such as SUVs as a share of the total light vehicle market increases. Also, the increased demand for hatchbacks in developing countries should drive demand for automotive gas springs used in the rear of a vehicle.

Our sales volume for our Powerise solutions

Customer demand for greater comfort, heavier tailgates in SUVs and van vehicles and design requirements of coupé type cars (such as the Audi A7, Tesla Modell S) drive the demand for automatic tailgate opening and closing systems, which we expect to become a standard feature offered in the higher volume middle class segment, while currently primarily used in the upper and premium segment. Automotive classes for which we see a high ratio of automatic tailgate opening and closing systems usage, such as SUVs, hatchbacks and to some degree sedans, are also expected to grow above average, with average CAGRs of approximately 5% for these vehicles over the period of 2010 through 2020. Moreover, automated tailgate systems (in units) are expected to grow with average CAGRs of 12.7% over the period of 2013 through 2017 (*Sources: Autocompass, March 12, 2014 for NAFTA data;* for European and Asia data and the Company's internal studies). We believe that this trend will positively impact sales growth of our Powerise solution as well as our "Federbein" solution. "Federbein" is a conventional gas spring combined with a mechanical spring, which results in advantageous motion characteristics. In certain vehicles, a Federbein is used to replace one of two spindle drive units reducing overall system cost. We also offer this component for powered tailgate solutions of our competitors.

Developments in the global industrial sector

We serve industrial customers in various segments including agricultural machinery, aircraft, commercial vehicles, marine applications, furniture, health care equipment, production and leisure equipment and independent aftermarket. We sell more than 15,000 different gas springs and hydraulic damper variations based on eight different product lines to be used in a diverse range of applications ranging from doors, hoods and flaps in agricultural machinery to the adjustment of doctors' chairs, hospital beds and backrest adjustments for passenger seats in airplanes and buses. This high degree of diversification in our business supports the resilience of our revenue. The vast majority of these end-markets is influenced by different economic factors, is structurally growing and is affected by a downturn in different stages, making us less vulnerable to adverse changes in the micro-economic environment or fluctuations of a particular economic parameter in any of our industry segments. The major industrial customers are companies involved in the manufacturing of commercial vehicles, machinery construction, aerospace and railway components and distributors.

The demand for gas springs for industrial uses is closely tied to the development of the gross domestic product (GDP). Additionally, the demand for gas springs is influenced by megatrends, such as aging population, increased standard of living and increasing comfort requirements. Historically, the performance of the industrial sector has been highly correlated to economic cycles and typically recorded growth rates above GDP growth.

Global GDP growth is increasingly being driven by growth in the Asia/Pacific region. In 2013, global GDP growth was 2.5%, while growth in the Asia Pacific region was 5.8%. Global GDP growth has been negatively affected by the economic uncertainty in Europe. European instability has led Europe's GDP to contract at a rate of (0.2%) in 2013, down from a positive 2.1% growth rate in 2010.

In the period from 2012 to 2017, EIU expects that global GDP growth will be led by Asia/Pacific, which is expected to grow at an average rate of 4.6% (according to EIU) between 2012 and 2017 compared to a global growth rate of 2.8% (according to EIU) over the same period. EIU projects that growth will return to a much more conservative average rate of 0.8% between 2012 and 2017 in Europe while reaching an average rate of 2.4% according to EIU in the NAFTA region over the same period.

In calendar year 2012, the growth in global GDP slowed to only 3.2% (calendar year 2011: 3.9%). In its latest October 2013 World Economic Outlook, the International Monetary Fund (the "**IMF**") reduced its growth forecast for the global economy for 2014 by 0.2 percentage points to 3.6%.

Operating expenses

Our most significant operating expense is cost of sales dominated by the purchase of prefabricated materials and components. Overhead expenses are being dominated by cost of labor, in particular for R&D personnel.

Prefabricated component costs

We purchase our prefabricated materials and components through our international purchasing network. The price we pay for these prefabricated materials is primarily driven by the value added to the raw materials by our suppliers in producing them. Pricing trends in the raw materials used in the prefabricated components that we purchase only had a limited impact on the final prices of these components. However, the raw materials for most of the prefabricated components that we use are subject to price volatility and the impact, even if limited, has an effect on us with a certain time lag.

R&D expenses

Innovation in product development and production technology as well as a high standard of application engineering is important in order to maintain our market share and the profitability of our business in the long term.

R&D expenses reflect the cost of undertaking R&D activities in our three research and development centers. As of March 31, 2014, we employed over 220 people in our R&D function (representing 5.4% of our workforce) within a R&D network comprising three locations in Germany, the U.S. and Romania.

During the fiscal year ended September 30, 2013, we spent €31.4 million on R&D (€15.9 million in the six months ended March 31, 2014). Of these costs, €17.6 million were expensed (€9.9 million in the six months ended March 31, 2014) and the remainder (€13.8 million for the fiscal year ended September 30, 2013 and €6.0 million in the six months ended March 31, 2014) was capitalized. For the fiscal year ended September 30, 2013, our total R&D expenses represented 3.8% of the Group's revenue (6.8% of the Group's revenue prior to capitalization of certain expenses) and for the six months ended March 31, 2014 our total R&D expenses represented 4.0% of the Group's revenue (6.5% of the Group's revenue prior to capitalization of certain expenses). In fiscal years ended September 30, 2011, 2012 and 2013, we recorded 5.6%, 6.0% and 6.8% of revenue in R&D expenses (*i.e.*, prior to capitalization of certain expenses), respectively. During this period we established and expanded our R&D capabilities in Romania, a location with more competitive labor cost structures than Germany.

Explanation of key line items

Revenue

Our revenue is primarily derived from sales of gas springs, hydraulic dampers, and electro-mechanical tailgate and trunk lid opening and closing systems.

Cost of sales

Cost of sales comprises the cost of goods sold, including all direct costs attributable to the process of producing goods and rendering services (*e.g.*, prefabricated material, labor, depreciation of production machinery) as well as allocated production-related salaried cost in manufacturing staff functions and purchase, as well as other production overheads.

Gross profit and gross margin

Our gross profit is defined as revenue less cost of sales. Gross margin is defined as gross profit divided by revenue.

R&D expenses

Our R&D expenses mainly comprise labor costs for personnel, *e.g.*, for R&D employees and application engineers. Furthermore, material cost, service fees, external services and depreciation of machinery related to our R&D activities are recognized in R&D expenses, as well as amortization of previously capitalized costs.

Selling expenses

Our selling expenses comprise primarily personnel expenses and certain material costs, service fees as well as depreciation of related fixed assets.

Administrative expenses

Our administrative expenses consist primarily of personnel expenses and certain external service costs (*i.e.*, IT licenses, tax, tax advisory and general advisory) as well as depreciation of primarily IT related fixed and intangible assets.

Other income and other expenses

Other income and other expenses primarily consist of gains and losses from foreign exchange, sales/disposal of assets, unrelated accrual release and miscellaneous other income.

The Group's primary foreign exchange exposure is related to the U.S. dollar and, to a lesser extent, the Mexican peso, Romanian leu and Chinese renminbi, in connection with sales and purchases by our U.S., Mexican, Romanian and Chinese production plants. We do not hedge our currency exposure risk but actively pursue a natural hedging approach. See "—*Financial risks*" below.

EBIT

EBIT is defined as earnings before financial result and income taxes.

Finance income and finance costs

Finance income primarily comprises interest income on loans and financial receivables and net foreign exchange gains.

Finance costs primarily comprise interest expense on financial liabilities measured at amortized cost, net foreign exchange loss and interest expenses relating to finance leases. Amortized cost refers to, *e.g.*, the financial treatment of a capital lease.

Income tax expenses

Our income tax expenses consist of current taxes on income (paid or owed) in the countries in which we operate as well as deferred taxes, at the respective local tax rates. Deferred taxes are recognized as tax expenses or income in the statements of comprehensive income, unless they relate to items directly recognized in equity. In these cases the deferred taxes are also recognized directly in equity. The respective local tax rates for the expected period of reversal which are enacted or substantively enacted have been used to calculate the deferred taxes. A tax rate of 30.0% has been used for the calculation of deferred taxes at the Group level.

Critical accounting policies

Critical accounting policies are those that (i) are relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex.

In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the

sensitivity of those judgments to different circumstances, we have identified the critical accounting policies discussed below. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we consider the following critical accounting policies to warrant particular attention.

Cost of sales

Cost of sales includes provisions for estimated costs related to product warranties, which are accrued at the time the related sale is recorded or if a specific concern warrants establishment of a specific warranty reserve, the related warranty dispute is more likely than not to materialize in the future.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

In accordance with IAS 12 deferred taxes are recognized on temporary differences between the carrying amounts and the corresponding tax base of assets and liabilities used in the computation of taxable income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets such as tax loss carry-forwards are only recognized if there is sufficient probability that the tax reductions resulting from them will actually occur.

Goodwill

As of March 31, 2014, goodwill amounted to €51.5 million. Goodwill is determined to have an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36 the Group is testing the goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired.

Goodwill impairment is tested at the Group level at the lowest level within the Group at which goodwill is being managed. There has not been any impairment since Triton acquired the Group in April 2010.

Other intangible assets

Purchased or internally generated intangible assets are capitalized according to IAS 38, if a future economic benefit can be expected from the use of the asset and the costs of the asset can be determined reliably. Intangible assets acquired separately are measured on initial recognition at cost.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if all of the following have been demonstrated: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment of non-financial assets

We assess at each reporting date whether there are indications that an asset may be impaired. If such indications exist or if annual impairment testing is required (for instance for goodwill), we estimate the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless an asset generates cash in-flows that are not largely independent of

those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of its fair value less cost to sell and its value in use. We determine the recoverable amount as fair value less cost to sell and compare this with the carrying amounts (including goodwill). The fair value is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of our operative planning (five-year-window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. If the fair value less cost to sell cannot be determined or is lower than the carrying amount, the value in use is calculated. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the amount of the difference.

The calculation of the fair value less cost to sell and the value in use is most sensitive to the following assumptions: (1) Gross margins are based on average values achieved in the last two years adopted over the budget period for anticipated efficiency improvements. (2) Discount rates reflect the current market assessments of the risks of the cash generating unit. The rates are estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Partly forecast figures (mainly in Europe and the U.S.) and partly past price developments have been used as an indicator for future developments. (4) The Group's position continues to strengthen and we manage to maintain our market share. (5) Revenue growth rates are estimated based on published industry research.

An assessment for assets other than goodwill is made at each reporting date to determine whether there is any indication that impairment losses recognized in earlier periods no longer exist or may have decreased. In this case, we would record a partial or entire reversal of the impairment loss.

Trade and other receivables

The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances. Other receivables are recognized when the probability of cash receipt exceeds 90%. On March 27, 2014, the Company has initiated a factoring program in Germany, which reduced trade and other receivables by approximately 30% compared to prior periods.

Inventories

Inventories are valued at the lower of cost and net realizable value using the average cost method. Production costs include all direct cost of material and labor and an appropriate portion of fixed and variable overhead expenses. Net realizable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Borrowing costs for the production period are not included. Provisions are set up on the basis of the analysis of stock moving and/or obsolete stock.

Accounting of EUSIs

The EUSIs consist of profit participating loans and a mezzanine warrant instrument. During the fiscal years ended September 30, 2011 and 2012 profit participating loans were designated into the fair value through profit and loss category. For this type of instruments IFRS requires a measurement at amortized cost. Therefore we began applying amortized cost accounting to the EUSIs on October 1, 2012. However, the carrying amounts recognized in the previous years were not materially different from the measurement at amortized cost.

Prior to the closing of this Offering, the Group structure will be reorganized, as a result of which the Company's obligations under the EUSIs will be extinguished. For more information on the Reorganization and the related transactions, which will eliminate the EUSIs from the balance sheet of Stabilus S.A., please see "*Recent developments and outlook—Financing structure and strategy*."

Pensions and similar obligations

Pensions and similar obligations are booked under our defined benefit plan, which has been replaced by a defined contribution plan in 2011. Estimations are used in terms of underlying interest rates, mortality assumptions and wage and pension increase assumptions. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10.0% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The relevant accounting standard IAS 19 (Employee Benefits) has been revised by the International Accounting Standard Board, has been endorsed by the European Union and will have to be applied by us for the first time with respect to the fiscal year ending September 30, 2014. Accordingly, this accounting standard was applied in our interim consolidated financial statements for the first quarter of our fiscal year 2014 (ending December 31), leading to an adjustment of €3.3 million. Therefore, we have presented our first and second quarter financials for the fiscal year ending September 30, 2014 to reflect this new standard. The significant change brought about by the revisions to IAS 19 is that the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been eliminated for defined benefit plans. Actuarial gains and losses are to be recognized in other comprehensive income when they occur. In addition, the disclosure requirements were expanded and now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably foreseeable change in each significant actuarial assumption. The application of the revised accounting standard will have an impact on our future consolidated financial statements. Upon adoption of the revisions to IAS 19, the pension liability as of September 30, 2012 would have increased by €2.3 million to €38.1 million. The pension liability as of September 30, 2013 would have increased from €35.8 million to €39.1 million. As of December 31, 2013, IAS 19 (revised 2011) was adopted. Accordingly, the pension liability increased by €3.3 million to €39.1 million. As of March 31, 2014, we had a pension liability of €41.9 million, which includes €3.3 million from this accounting change and a further charge of €2.8 million for actuarial charges as the March 2014 interest rates (3.3%) used for pension evaluation have decreased further from the September 2013 level (3.6%).

Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions – in particular those for warranties and potential losses on pending transactions. Non-current provisions with a residual term of more than a year are recognized at balance sheet date with their discounted settlement amount. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Results of operations

Six months ended March 31, 2013 and 2014

The table below sets out our consolidated income statement data for the six months ended March 31, 2013 and 2014:

(in € million)	Six months ended March 31, 2013 (unaudited)	Six months ended March 31, 2014 (unaudited)	Change
Revenue	**219.4**	**245.9**	**12.1%**
Cost of sales	(168.1)	(187.2)	11.4%
Gross profit	**51.3**	**58.7**	**14.4%**
Research and development expenses	(8.3)	(9.9)	19.3%
Selling expenses	(19.9)	(19.2)	(3.5%)
Administrative expenses	(10.7)	(9.5)	(11.2%)
Other income	2.4	2.6	8.3%
Other expenses	(1.5)	(1.5)	0.0%
Profit from operating activities (EBIT)	**13.3**	**21.2**	**59.4%**
Finance income	0.6	10.2	>100%
Finance costs	(34.4)	(20.8)	(39.5)%
Profit/(loss) before income tax	**(20.5)**	**10.7**	**(<100%)**
Income tax income / (expenses)	(2.6)	(4.2)	61.5%
Profit/(loss) for the period[1]	**(23.2)**	**6.5**	**<100%**

(1) Profit/(loss) for the period includes PPA effects of €6.3 million. Had PPA effects not been included in our profit/(loss) for the period our profit/(loss) would have been €(16.8) million for the six months ended March 31, 2013 and €12.8 million for the six months ended March 31, 2014.

(in € million)	Six months ended March 31, 2013 (unaudited)	Six months ended March 31, 2014 (unaudited)	Change
Cost of sales excl. PPA effects and incl. distribution expenses[1]	(173.1)	(191.4)	10.6%
Gross profit excl. PPA effects and incl. distribution expenses[2]	46.3	54.5	17.7%
Selling expenses excl. PPA effects and excl. distribution expenses[3]	(8.5)	(8.7)	2.4%

(1) Cost of sales excluding PPA effects and including distribution expenses represents our cost of sales excluding the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation ("PPA effects") and including distribution expenses (mainly for shipping costs). Cost of sales excluding PPA effects and including distribution expenses is presented because we believe that it helps understanding our pure operating cost of sales without the April 2010 acquisition related charges.

(2) Gross profit excluding PPA effects and including distribution expenses represents our gross profit excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Gross profit excluding PPA and including distribution expenses is presented because we believe that it helps understanding our pure operating gross profit without the April 2010 acquisition related accounting charges.

(3) Selling expenses excluding PPA effects und excluding distribution expenses represents our selling expenses excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and excluding distribution expenses. Selling expenses excluding PPA and excluding distribution expenses is presented because we believe that it helps understanding our pure operating selling expenses without the April 2010 acquisition related accounting charges.

The following table sets out operating data for our Europe, NAFTA and Asia/Pacific segments for the six months ended March 31, 2013 and 2014. We commenced segment reporting in relation to this Offering, accordingly we have not reported segment data (other than revenue data) for the fiscal years ended September 30, 2011, 2012 and 2013.

	Six months ended March 31,	
	2013	2014
(in € million, except as noted)	(unaudited)	
Europe		
Revenue[1]	117.6	129.9
Adjusted EBITDA	23.3	26.2
Number of employees (at the end of period)	2,100	2,276
NAFTA		
Revenue[1]	74.8	84.7
Adjusted EBITDA	10.8	11.7
Number of employees (at the end of period)	1,184	1,321
Asia/Pacific		
Revenue[1]	26.9	31.3
Adjusted EBITDA	5.5	5.5
Number of employees (at the end of period)	512	567
Total		
Revenue	219.4	245.9
Adjusted EBITDA	39.5	43.5
Number of employees (at the end of period)	3,796	4,164

(1) In this Prospectus, most regional revenue data is presented on a "billed-to" basis for the fiscal years ended September 30, 2011, 2012 and 2013 as, with respect to the financial statements for these three years, the "billed-to" approach has been used as basis for the calculation of the regional revenue split. We commenced segment reporting in relation to this Offering. We intend to report all regional segment data (*i.e.*, all regional revenue and Adjusted EBITDA) on a "billed-from" basis in the future. Accordingly, we have included "billed-from" segment data for the six months ended March 31, 2013 and 2014 and have specifically indicated any other figures that refer to "billed-from" revenue.

Revenue

Total revenue increased from €219.4 million in the six months ended March 31, 2013 by €26.5 million to €245.9 million in the six months ended March 31, 2014. This increase of 12.1% reflected the continued success of our core strategies, the improved economic conditions in Europe compared to the more difficult economic conditions we faced in the first calendar quarter of 2013, continued growth in our Asia/Pacific regional segment and, additionally, the increased market penetration of our Powerise solution.

The table below sets out a breakdown of our revenue by regional segments for the six months ended March 31, 2013 and 2014 on a "billed-to" basis ("billed-to" means that the sale of a product is recorded as revenue in the region of its destination country, while "billed-from" means that the sale of a product is recorded as revenue in the region of its production or origin):

	Six months ended March 31,			
	2013		2014	
(in € million)	(unaudited)			
		%		%
Europe	**111.2**	**50.7**	**121.9**	**49.6**
Automotive	62.1	28.3	67.7	27.5
Gas spring	57.7	26.3	58.8	23.9
Powerise	4.4	2.0	8.9	3.6
Industrial	38.6	17.6	44.3	18.0
Swivel Chair	10.5	4.8	9.9	4.0
NAFTA	**71.3**	**32.5**	**79.7**	**32.4**
Automotive	50.9	23.2	60.2	24.5
Gas spring	33.1	15.1	32.5	13.2
Powerise	17.8	8.1	27.7	11.2
Industrial	18.8	8.6	17.9	7.3
Swivel Chair	1.6	0.7	1.6	0.7
Asia/Pacific	**36.9**	**16.8**	**44.3**	**18.0**
Automotive	28.2	12.9	36.5	14.8
Gas spring	27.3	12.4	35.1	14.3
Powerise	0.9	0.4	1.4	0.6
Industrial	7.8	3.6	7.1	2.9
Swivel Chair	1.0	0.5	0.8	0.3
Total	**219.4**	**100.0**	**245.9**	**100.0**

Revenue in Europe increased from €111.2 million in the six months ended March 31, 2013 by €10.7 million to €121.9 million in the six months ended March 31, 2014. This increase by 9.6% was mainly driven by the improved economic situation in Europe, a higher demand for cars including our products and marginally increased average number of applications/gas springs in cars ("take-rate").

Revenue in NAFTA increased from €71.3 million in the six months ended March 31, 2013 by €8.4 million to €79.7 million in the six months ended March 31, 2014. This 11.8% increase was mainly driven by a significant increase in sales of our Powerise solution and a significant increase in vehicle production.

Revenue in the Asia/Pacific segment increased from €36.9 million in the six months ended March 31, 2013 by €7.4 million to €44.3 million in the six months ended March 31, 2014. This increase of 20.1% was mainly driven by our increased presence in the automotive industry of the Asia/Pacific region.

The table below sets out our consolidated revenue across the automotive, industrial and swivel chair sectors for the six months ended March 31, 2013 and 2014:

	Six months ended March 31,		
	2013	2014	
(in € million)	(unaudited)		Change
Automotive	141.2	164.2	16.3%
Gas spring	118.0	126.3	7.0%
Powerise	23.2	37.9	63.4%
Industrial	65.1	69.3	6.5%
Swivel chair	13.1	12.4	(5.3%)
Total	**219.4**	**245.9**	**12.1%**

Automotive

Automotive revenue increased from €141.2 million in the six months ended March 31, 2013 by €23.0 million to €164.2 million in the six months ended March 31, 2014. This increase of 16.3% was the result of an increase in gas spring sales and a considerable increase in Powerise sales.

Revenue from gas spring sales increased from €118.0 million in the six months ended March 31, 2013 by €8.3 million to €126.3 million in the six months ended March 31, 2014. This increase of 7.0% was driven by improved conditions in the automotive sector, leading to an increase in vehicle production.

Revenue from Powerise sales increased from €23.2 million in the six months ended March 31, 2013 by €14.7 million to €37.9 million in the six months ended March 31, 2014. This high increase of 63.4% was mainly driven by the revenue associated with the start of new Powerise models, based on recent OEM platform wins.

Industrial

Industrial revenue increased from €65.1 million in the six months ended March 31, 2013 by €4.2 million to €69.3 million in the six months ended March 31, 2014. This increase of 6.5% was due to general market conditions and the further continuation of our strategic expansion, especially in Asia. We have grown at higher rates in the six months ended March 31, 2014 than in the six months ended March 31, 2013 and have kept a balance of market growth and price and service positioning in our various sub-markets.

Swivel chair

Swivel chair revenue decreased from €13.1 million in the six months ended March 31, 2013 by €0.7 million to €12.4 million in the six months ended March 31, 2014. This decrease of 5.3% was driven by our initiative to increase the profitability of our swivel chair business. To achieve a higher profitability, we streamlined our product offering and accepted the loss of certain lower margin business.

Adjusted EBITDA

(in € million)	Six months ended March 31, 2013 (unaudited)	2014	Change
EBITDA	**33.1**	**40.8**	**23.3%**
EBITDA as % of revenue	15.1%	16.6%	1.5pp
Adjustments	5.7	1.9	(66.7%)
Pension interest	0.7	0.7	0.0%
Adjusted EBITDA	**39.5**	**43.5**	**10.1%**
Adjusted EBITDA as % of revenue	18.0%	17.7%	(0.3)pp

Our total Adjusted EBITDA increased from €39.5 million in the six months ended March 31, 2013 by €4.0 million to €43.5 million in the six months ended March 31, 2014. This increase of 10.1% was mainly a result the considerable volume growth in Powerise, contributing to more than half of the sales growth. The higher revenue and ongoing cost management increased the Adjusted EBITDA in spite of contractual labor cost increases and €0.5 million in losses due to a slightly weaker U.S. dollar as compared to the six months ended March 31, 2013. Adjusted EBITDA as a percentage of revenue decreased from 18.0% in the six months ended March 31, 2013 to 17.7% in the six months ended March 31, 2014. This decrease was partly impacted by the foreign exchange rate effects. For a detailed reconciliation of Adjusted EBITDA to EBITDA and from profit from operating activities to EBITDA, see "*Selected historical consolidated financial information.*"

Adjusted EBITDA in our Europe segment increased from €23.3 million in the six months ended March 31, 2013 by €2.9 million to €26.2 million in the six months ended March 31, 2014. This increase of 12.4% was mainly driven by a revenue increase of €12.2 million (on a billed-from basis) and increased product profitability.

Adjusted EBITDA in our NAFTA segment increased from €10.8 million in the six months ended March 31, 2013 by €0.9 million to €11.7 million in the six months ended March 31, 2014. This increase of 8.3% was mainly driven by a revenue increase of €9.9 million (on a billed-from basis), partly offset by incremental Powerise product specification related costs with one of our customers as well as foreign exchange related effects.

Adjusted EBITDA in our Asia/Pacific segment was stable at €5.5 million in the six months ended March 31, 2013 and in the six months ended March 31, 2014. An increase of revenue of €4.4 million (on a billed-from basis) was offset by higher costs in our Brazilian and Australian plants.

Cost of sales, R&D expenses, selling expenses, and administrative expenses

The tables below set out the breakdown of our cost of sales, R&D expenses, selling expenses, administrative expenses and the respective percentage of revenue in the periods presented.

	Six months ended March 31, 2013 (unaudited)					
(in € million)	**Cost of sales**	**Research & Development expenses**	**Selling expenses**	**Administrative expenses**	**Total**	**% of revenue**
Capitalized development cost	1.2	5.7	—	—	6.9	3.1
Personnel expenses	(49.6)	(5.7)	(6.1)	(8.2)	(69.6)	31.7
Material expenses	(101.8)	(1.6)	(4.2)	(1.1)	(108.7)	49.5
Depreciation and amortization	(13.0)	(3.8)	(1.9)	(1.1)	(19.8)	9.0
Other	(4.9)	(2.9)	(7.7)	(0.3)	(15.7)	7.2
Total	**(168.1)**	**(8.3)**	**(19.9)**	**(10.7)**	**(206.9)**	**94.3**
% of revenue	76.6	3.8	9.1	4.9	94.3	

	Six months ended March 31, 2014 (unaudited)					
(in € million)	**Cost of sales**	**Research & Development expenses**	**Selling expenses**	**Administrative expenses**	**Total**	**% of revenue**
Capitalized development cost	1.2	6.0	—	—	7.2	2.9
Personnel expenses	(52.5)	(6.1)	(6.5)	(9.6)	(74.6)	30.3
Material expenses	(116.0)	(2.2)	(3.6)	(1.1)	(122.9)	50.0
Depreciation and amortization	(12.2)	(4.7)	(1.9)	(0.7)	(19.6)	8.0
Other	(7.7)	(3.0)	(7.2)	1.9	(16.0)	6.5
Total	**(187.2)**	**(9.9)**	**(19.2)**	**(9.5)**	**(225.8)**	**91.8**
% of revenue	76.1	4.0	7.8	3.9	91.8	

Cost of sales

Our cost of sales as a percentage of revenue decreased slightly from 76.6% in the six months ended March 31, 2013 to 76.1% in the six months ended March 31, 2014. This slight decrease was primarily the result of operational improvements partially offset by an increased share of automotive products, which generally carry a lower margin and additional launch efforts in certain Powerise solutions.

Cost of sales excluding PPA effects and including distribution expenses

	Six months ended March 31,		
	2013	**2014**	
(in € million)	**(unaudited)**		**Change**
Cost of sales	**(168.1)**	**(187.2)**	**11.4%**
PPA effects[1]	4.6	4.6	0.0%
Distribution expenses	(9.6)	(8.8)	(8.3%)
Cost of sales excl. PPA effects and incl. distribution expenses	**(173.1)**	**(191.4)**	**10.6%**
% of revenue	78.9	77.8	

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Cost of sales excluding PPA effects and including distribution expenses increased from €173.1 million in the six months ended March 31, 2013 by €18.3 million to €191.4 million in the six months ended March 31, 2014. As a percentage of revenue, cost of sales excluding PPA effects and including distribution expenses decreased from 78.9% in the six months ended March 31, 2013 to 77.8% in the six months ended March 31, 2014. We believe that cost of sales excluding PPA effects and including distribution expenses are a better indicator of the development of our real cost of sales between periods because they disregard the individual customer agreements with regards to payment of freight. Certain markets and customers fund and arrange freight themselves, others do not. Additionally, the view excludes PPA effects, which are by nature non-cash items. These non-cash IFRS valuations result from Triton's acquisition of the Group in April 2010.

R&D expenses

R&D expenses increased from €8.3 million in the six months ended March 31, 2013 by €1.6 million to €9.9 million in the six months ended March 31, 2014. As a percentage of revenue, R&D expenses increased from 3.8% in the six months ended March 31, 2013 to 4.0% in the six months ended March 31, 2014. This increase mainly reflected cost inflation related to employees as well as a slight headcount increase driven by our continued focus on R&D.

Selling expenses

Selling expenses slightly decreased from €19.9 million in the six months ended March 31, 2013 to €19.2 million in the six months ended March 31, 2014, mainly driven by lower material expenses. As a percentage of revenue, selling expenses decreased from 9.1% in the six months ended March 31, 2013 to 7.8% in the six months ended March 31, 2014. The slight reduction was mainly due to adjustments in the cost structure, such as reduced marketing costs and reallocation of employees within the Group.

Selling expenses excluding PPA effects and excluding distribution expenses

	Six months ended March 31,		
	2013	2014	
(in € million)	(unaudited)		Change
Selling expenses	**(19.9)**	**(19.2)**	**(3.5%)**
PPA effects[1]	1.7	1.7	0.0%
Distribution expenses	9.6	8.8	(8.3%)
Selling expenses excl. PPA effects and excl. distribution expenses	**(8.5)**	**(8.7)**	**2.4%**
% of revenue	3.9	3.5	

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Selling expenses excluding PPA effects and excluding distribution expenses increased from €8.5 million in the six months ended March 31, 2013 to €8.7 million in the six months ended March 31, 2014. As a percentage of revenue, selling expenses excluding PPA effects and excluding distribution expenses also decreased from 3.9% in the six months ended March 31, 2013 to 3.5% in the six months ended March 31, 2014.

Administrative expenses

Administrative expenses decreased from €10.7 million in the six months ended March 31, 2013 by €1.2 million to €9.5 million in the six months ended March 31, 2014. As a percentage of revenue, administrative expenses decreased from 4.9% in the six months ended March 31, 2013 to 3.9% in the six months ended March 31, 2014. This decrease was primarily due to lower legal

expenses in connection with the mezzanine litigation. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings—Mezzanine litigation*."

Other income and expenses

Other income

	Six months ended March 31,		
	2013	2014	
(in € million)	**(unaudited)**		**Change**
Foreign currency translation gains	1.0	1.4	40.0%
Gains on sale/disposal of assets	0.1	0.0	(100.0%)
Miscellaneous other income	1.3	1.2	(7.7%)
Total	**2.4**	**2.6**	**8.3%**

Other income increased from €2.4 million in the six months ended March 31, 2013 by €0.2 million to €2.6 million in the six months ended March 31, 2014. This increase by 8.3% was mainly the result of foreign currency fluctuations (higher foreign currency translation gains).

Other expenses

	Six months ended March 31,		
	2013	2014	
(in € million)	**(unaudited)**		**Change**
Foreign currency translation losses	(1.4)	(1.3)	(7.0%)
Other expenses	(0.1)	(0.2)	100.0%
Total	**(1.5)**	**(1.5)**	**0.0%**

Other expenses were stable at €1.5 million in the six months ended March 31, 2013 and in the six months ended March 31, 2014, primarily due to relatively stable foreign currency translation losses.

Profit from operating activities

Profit from operating activities increased from €13.3 million in the six months ended March 31, 2013 by €7.9 million to €21.2 million in the six months ended March 31, 2014. This considerable increase by 59.4% was primarily driven by increased revenue and corresponding improved fixed cost absorption as well as less administrative and selling expenses.

Finance income and costs

Finance income

	Six months ended March 31,		
	2013	2014	
(in € million)	**(unaudited)**		**Change**
Interest income on loans and financial receivables	0.1	0.1	0.0%
Net foreign exchange gain	—	—	—
Gains from changes in carrying amount of financial assets	—	4.4	—
Gains from changes in fair value of derivative instruments	—	5.2	—
Other interest income	0.5	0.5	0.0%
Total	**0.6**	**10.2**	**1,600%**

Finance income increased from €0.6 million in the six months ended March 31, 2013 by €9.6 million to €10.2 million in the six months ended March 31, 2014. This considerable increase was primarily due to the gains from changes in carrying amounts of an upstream shareholder loan and the call options embedded in our Senior Notes.

Finance costs

	Six months ended March 31,		
	2013	**2014**	
(in € million)	**(unaudited)**		**Change**
Interest expense on financial liabilities	(10.9)	(12.8)	17.4%
Net foreign exchange loss	(2.4)	(1.1)	(54.2%)
Loss from changes in carrying amount of EUSIs	(20.9)	(6.7)	(67.9%)
Interest expenses finance lease	(0.1)	(0.0)	(100.0%)
Other interest expenses	(0.2)	(0.2)	0.0%
Total	**(34.4)**	**(20.8)**	**(39.5%)**

Finance costs decreased from €34.4 million in the six months ended March 31, 2013 by €13.6 million to €20.8 million in the six months ended March 31, 2014. This considerable decrease was primarily due to the non-repeat of bookings related to the increase in carrying amount of the EUSIs in 2013. Due to a partial repayment of the EUSIs in connection with the offering of the Senior Notes we booked a one-time adjustment. The EUSIs will not remain in the Group after the Reorganization in connection with this Offering has taken place. See "*Recent developments and outlook—Financing structure and strategy*."

Income tax expense

The table below sets out the Group's income tax expenses for the six months ended March 31, 2013 and 2014.

	Six months ended March 31,		
	2013	**2014**	
(in € million)	**(unaudited)**		**Change**
Current income taxes	(3.4)	(4.4)	29.4%
Deferred taxes	0.8	0.2	(75.0%)
Total	**(2.6)**	**(4.2)**	**61.5%**

Income tax expense increased from €2.6 million in the six months ended March 31, 2013 by €1.6 million to €4.2 million in the six months ended March 31, 2014. Our higher current income tax was impacted by the improved pre-tax result of €10.7 million in the six months ended March 31, 2014, compared to a negative €20.5 million in the six months ended March 31, 2013.

Adjusted Net Income

Adjusted Net Income increased from €10.4 million in the six months ended March 31, 2013 by €5.2 million to €15.6 million in the six months ended March 31, 2014. This increase was primarily due to an increase of revenue of €26.5 million or 12.1% from the six months ended March 31, 2013 to the six months ended March 31, 2014.

__Fiscal years ended September 30, 2012 and 2013__

The table below sets out our consolidated income statement data for the fiscal years ended September 30, 2012 and 2013:

	Year ended September 30,		
	2012	**2013**	
(in € million)	**(audited)**		**Change**
Revenue	**443.5**	**460.1**	**3.7%**
Cost of sales	(336.4)	(349.7)	4.0%
Gross profit	**107.1**	**110.4**	**3.0%**
Research and development expenses	(14.0)	(17.6)	25.7%
Selling expenses	(37.3)	(38.9)	4.3%
Administrative expenses	(28.0)	(21.2)	(24.3%)
Other income	8.5	6.1	(28.2%)
Other expenses	(4.4)	(3.6)	(18.2%)
Profit from operating activities (EBIT)	**31.9**	**35.2**	**10.3%**
Finance income	7.9	5.5	(30.4%)
Finance costs	(21.9)	(46.5)	112.3%
Profit/(loss) before income tax	**17.9**	**(5.9)**	**(133.0%)**
Income tax income / (expenses)	(9.5)	(10.1)	6.3%
Profit/(loss) for the period[(1)]	**8.4**	**(16.0)**	**(290.5%)**

(1) Profit/(loss) for the period includes PPA effects of €12.7 million per year. Had PPA effects not been included in our profit/(loss) for the period our profit/(loss) would have been €21.1 million for the fiscal year ended September 30, 2012 and €(3.3) million for the fiscal year ended September 30, 2013.

	Year ended September 30,		
	2012	**2013**	
(in € million)	**(unaudited)**		**Change**
Cost of sales excl. PPA effects and incl. distribution expenses[(1)]	(343.3)	(358.7)	4.5%
Gross profit excl. PPA effects and incl. distribution expenses[(2)]	100.2	101.4	1.2%
Selling expenses excl. PPA effects and excl. distribution expenses[(3)]	(17.7)	(17.2)	(2.8%)

(1) Cost of sales excluding PPA effects and including distribution expenses represents our cost of sales excluding the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation ("PPA effects") and including distribution expenses (mainly for shipping costs). Cost of sales excluding PPA effects and including distribution expenses is presented because we believe that it helps understanding our pure operating cost of sales without the April 2010 acquisition related charges.

(2) Gross profit excluding PPA effects and including distribution expenses represents our gross profit excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Gross profit excluding PPA and including distribution expenses is presented because we believe that it helps understanding our pure operating gross profit without the April 2010 acquisition related accounting charges.

(3) Selling expenses excluding PPA effects und excluding distribution expenses represents our selling expenses excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and excluding distribution expenses. Selling expenses excluding PPA and excluding distribution expenses is presented because we believe that it helps understanding our pure operating selling expenses without the April 2010 acquisition related accounting charges.

Revenue

Total revenue increased from €443.5 million in the fiscal year ended September 30, 2012 by €16.6 million, to €460.1 million in the fiscal year ended September 30, 2013. The total revenue increase of 3.7% was primarily driven by our automotive business. Revenue of our automotive business rose by 5.4%, caused by a 92.7% revenue growth in our Powerise solution, which was only partially offset by a 4.5% decline in gas spring revenue. The overall positive development of our automotive business reflected generally favorable market conditions that were only partly offset by

certain exchange rate related softening from our U.S. dollar-invoiced revenue due to the weaker U.S. dollar. Our industrial business recorded a revenue increase of 3.2%, which was mainly the result of overall improved economic conditions and a better market penetration in the NAFTA and Asia/Pacific regions.

The table below sets out a breakdown of our revenue by regional segments for the fiscal years ended September 30, 2012 and 2013 on a "billed-to" basis:

	Year ended September 30,			
	2012		2013	
(in € million)	(unaudited, except as noted)			
		%		%
Europe	**237.9***	**53.6**	**230.2***	**50.0**
Automotive	136.5	30.8	130.2	28.3
Gas spring	128.3[(1)]	28.9	120.1	26.1
Powerise	8.2[(1)]	1.8	10.1	2.2
Industrial	78.9	17.8	80.1	17.4
Swivel Chair	22.5	5.1	20.0	4.3
NAFTA	**134.6***	**30.3**	**150.0***	**32.6**
Automotive	95.0	21.4	107.6	23.4
Gas spring	74.5[(1)]	16.8	62.4	13.6
Powerise	20.5[(1)]	4.6	45.2	9.8
Industrial	36.2	8.2	39.1	8.5
Swivel Chair	3.4	0.8	3.3	0.7
Asia/Pacific	**71.0***	**16.0**	**79.8***	**17.3**
Automotive	51.3	11.6	60.2	13.1
Gas spring	51.3	11.6	60.2	13.1
Powerise	—	—	—	—
Industrial	17.6	4.0	17.7	3.8
Swivel Chair	2.1	0.5	1.9	0.4
Total	**443.5***	**100.0**	**460.1***	**100.0**

* audited

(1) In the fiscal year ended September 30, 2013, electronic control modules and brackets were reported as revenue generated from sales of the Powerise solution, while in the fiscal year ended September 30, 2012, these electronic control modules and brackets were reported as revenue from gas spring sales. Consequently, the figures reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2013 are not fully comparable to the figures reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2012, which were also reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2013. Had sales of electronic control modules and brackets been included in Powerise sales revenue for Powerise would have been €36.6 million and revenue for gas springs would have been €246.2 million in the fiscal year ended September 30, 2012.

Revenue in Europe decreased from €237.9 million in the fiscal year ended September 30, 2012 by €7.7 million to €230.2 million in the fiscal year ended September 30, 2013. This decrease of 3.3% was mainly driven by the adverse economic environment in Europe partially offset by increased revenue from Powerise sales.

Revenue in NAFTA increased from €134.6 million in the fiscal year ended September 30, 2012 by €15.4 million to €150.0 million in the fiscal year ended September 30, 2013. This considerable increase of 11.4% was mainly driven by the continued recovery of the U.S. automotive industry, related higher vehicle sales following the crisis and the continuing strong demand for our Powerise solution.

Revenue in the Asia/Pacific segment increased from €71.0 million in the fiscal year ended September 30, 2012 by €8.8 million to €79.8 million in the fiscal year ended September 30, 2013. This considerable increase of 12.4% was driven by our increased presence and capacities in Asia partially offset by the effects of the dispute between China and Japan with respect to the Diaoyu islands, which negatively affected the production rate of the Japanese car manufacturers in China in 2012.

In the fiscal year ended September 30, 2013, we improved our revenue allocation between automotive gas springs and Powerise. Historically, Powerise revenue comprised the revenue related to the spindle drive unit only. However, in the fiscal year ended September 30, 2013, we started to include control units and brackets that are offered with the spindle drive unit as part of one quote and by the same sales team. Accordingly, these brackets and control modules are now recognized as Powerise revenue. This approach is consistent with our system solution offering for Powerise. In the fiscal year ended September 30, 2013, Powerise revenue increased by €6.4 million due to this allocation change. In the fiscal year ended September 30, 2012, these electronic control modules and brackets generated €7.9 million revenue, recognized in our gas spring revenue.

The table below sets out our consolidated revenue across the automotive, industrial and swivel chair sectors for the fiscal years ended September 30, 2012 and 2013:

	Year ended September 30,		
	2012	2013	
(in € million)	(audited)		Change
Automotive	282.8	298.0	5.4%
Gas spring	254.1(1)	242.7	(4.5%)
Powerise	28.7(1)	55.3	92.7%
Industrial	132.7	136.9	3.2%
Swivel chair	28.0	25.2	(10.0%)
Total	**443.5**	**460.1**	**3.7%**

(1) In the fiscal year ended September 30, 2013, electronic control modules and brackets were reported as revenue generated from sales of the Powerise solution, while in the fiscal year ended September 30, 2012, these electronic control modules and brackets were reported as revenue from gas spring sales. Consequently, the figures reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2013 are not fully comparable to the figures reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2012, which were also reported in the annual financial statements of the Company as of and for the fiscal year ended September 30, 2013. Had sales of electronic control modules and brackets been included in Powerise sales revenue for Powerise would have been €36.6 million and revenue for gas springs would have been €246.2 million in the fiscal year ended September 30, 2012.

Automotive

Automotive revenue increased from €282.8 million in the fiscal year ended September 30, 2012 by €15.3 million to €298.0 million in the fiscal year ended September 30, 2013. This increase of 5.4% was primarily driven by the start of various Powerise projects, partially offset by a volume decrease from the fiscal year ended September 30, 2012 to the fiscal year ended September 30, 2013.

Gas spring revenue decreased from €254.1 million in the fiscal year ended September 30, 2012 by €11.4 million to €242.7 million in the fiscal year ended September 30, 2013. This decrease of 4.5% was mainly driven by the dispute between China and Japan around the Diaoyu islands, which negatively affected the production rate of Japanese car manufacturers in China and the re-allocation of sales of electronic control modules and brackets to sales of our Powerise solution.

Revenue from sales of the Powerise solution increased from €28.7 million in the fiscal year ended September 30, 2012 by €26.6 million to €55.3 million in the fiscal year ended September 30, 2013. This increase of 92.7% was mainly driven by an increase in light vehicle demand, the corresponding increase of light vehicle production and the start of production of various Powerise projects.

Industrial

Industrial revenue increased from €132.7 million in the fiscal year ended September 30, 2012 by €4.2 million to €136.9 million in the fiscal year ended September 30, 2013. This increase of 3.2% was mainly driven by overall improved economic conditions and a better market penetration in the NAFTA and Asia/Pacific regions.

Swivel chair

Swivel chair revenue decreased from €28.0 million in the fiscal year ended September 30, 2012 by €2.8 million to €25.2 million in the fiscal year ended September 30, 2013. This decrease of 10.0% was driven by a trend in Europe to buy low cost solutions, typically Asian sourced, and a general softening of the European swivel chair production.

Adjusted EBITDA

	Year ended September 30,		
	2012	2013	
(in € million)	(unaudited)		Change
EBITDA	**71.9**	**75.9**	**5.6%**
EBITDA as % of revenue	16.2%	16.5%	0.3pp
Adjustments	9.8	9.7	(1.0%)
Pension interest	1.4	1.5	7.1%
Adjusted EBITDA	**83.1**	**87.1**	**4.8%**
Adjusted EBITDA as % of revenue	18.7%	18.9%	0.2pp

Our total Adjusted EBITDA increased from €83.1 million in the fiscal year ended September 30, 2012 by €4.0 million to €87.1 million in the fiscal year ended September 30, 2013. This increase of 4.8% was primarily the result of higher sales volumes and improvements in the Group's purchasing and production functions partially offset by cost inflation related primarily to personnel and a weakening of the U.S. dollar. For a detailed reconciliation of Adjusted EBITDA to EBITDA and from profit from operating activities to EBITDA, see "*Selected historical consolidated financial information*." Adjusted EBITDA as a percentage of revenue increased from 18.7% in the fiscal year ended September 30, 2012 to 18.9% in the fiscal year ended September 30, 2013. This increase was mainly driven by our growing Powerise business in the NAFTA region.

Cost of sales, R&D expenses, selling expenses, and administrative expenses

The tables below set out the breakdown of our cost of sales, R&D expenses, selling expenses, administrative expenses and the respective percentage of revenue in the periods presented.

	Year ended September 30, 2012 (audited)					
(in € million)	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	Total	% of revenue
Capitalized development cost	—	12.8	—	—	12.8	2.8
Personnel expenses	(98.1)	(8.5)	(14.1)	(19.5)	(140.2)	31.6
Material expenses	(197.5)	(3.5)	(5.8)	(2.2)	(209.0)	47.1
Depreciation and amortization	(26.7)	(7.7)	(4.0)	(1.6)	(40.0)	9.0
Other	(14.1)	(7.1)	(13.4)	(4.7)	(39.3)	8.8
Total	**(336.4)**	**(14.0)**	**(37.3)**	**(28.0)**	**(415.7)**	**93.7**
% of revenue	75.9	3.1	8.4	6.3	93.7	

(in € million)	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	Total	% of revenue
	Year ended September 30, 2013 (audited)					
Capitalized development cost	—	13.8	—	—	13.8	3.0
Personnel expenses	(100.6)	(11.6)	(11.8)	(17.0)	(141.0)	30.6
Material expenses	(201.4)	(3.3)	(7.2)	(2.3)	(214.2)	46.6
Depreciation and amortization	(26.2)	(8.8)	(3.8)	(1.9)	(40.7)	8.8
Other	(21.5)	(7.7)	(16.1)	(0.0)	(45.3)	9.8
Total	**(349.7)**	**(17.6)**	**(38.9)**	**(21.2)**	**(427.4)**	**92.9**
% of revenue	76.0	3.8	8.5	4.6	92.9	

Cost of sales

Our cost of sales as a percentage of revenue remained stable at 75.9% in the fiscal year ended September 30, 2012 and 76.0% in the fiscal year ended September 30, 2013. Our gross margin of 24.1% in the fiscal year ended September 30, 2012 remained the same in the fiscal year ended September 30, 2013. This was primarily the effect of increased personnel expenses offset by larger sales volumes.

Cost of sales excluding PPA effects and including distribution expenses

(in € million)	Year ended September 30, 2012	Year ended September 30, 2013	Change
	(unaudited, except as noted)		
Cost of sales	**(336.4)***	**(349.7)***	**4.0%**
PPA effects[(1)]	9.2	9.2	0.0%
Distribution expenses	(16.1)	(18.2)	13.0%
Cost of sales excl. PPA and incl. distribution expenses	**(343.3)**	**(358.7)**	**4.5%**
% of revenue	77.4	78.0	

* audited

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Cost of sales excluding PPA effects and including distribution expenses increased from €343.3 million in the fiscal year ended September 30, 2012 by €15.4 million to €358.7 million in the fiscal year ended September 30, 2013. As a percentage of revenue, cost of sales excluding PPA effects and including distribution expenses, however, increased slightly from 77.4% in the fiscal year ended September 30, 2012 to 78.0% in the fiscal year ended September 30, 2013 due to our increased revenue.

R&D expenses

R&D increased from €14.0 million in the fiscal year ended September 30, 2012 by 25.7% to €17.6 million in the fiscal year ended September 30, 2013. R&D expenses excluding capitalization as a percentage of revenue increased from 3.1% in the fiscal year ended September 30, 2012 to 3.8% in the fiscal year ended September 30, 2013. The increased expenses were mainly due to the higher personnel expenses included in R&D function costs, a consequence of the reclassification of costs for a number of application managers from selling to R&D expenses.

Selling expenses

Selling expenses increased from €37.3 million in the fiscal year ended September 30, 2012 by €1.6 million to €38.9 million in the fiscal year ended September 30, 2013.

However, as a percentage of revenue, selling expenses remained stable at 8.4% in the fiscal year ended September 30, 2012 compared to 8.5% in the fiscal year ended September 30, 2013. This increase of €1.6 million was primarily due to higher distribution cost, which increased due to higher sales. A reclassification of approximately 29 application engineers from selling expenses to R&D provided some offset hereto.

Selling expenses excluding PPA effects and excluding distribution expenses

	Year ended September 30,		
	2012	**2013**	
(in € million, except as noted)	**(unaudited, except as noted)**		**Change**
Selling expenses	**(37.3)***	**(38.9)***	**4.3%**
% of revenue	8.4	8.5	
PPA effects[(1)]	3.5	3.5	0.0%
Distribution expenses	16.1	18.2	13.0%
Selling expenses excl. PPA and excl. distribution expenses	**(17.7)**	**(17.2)**	**(2.8%)**
% of revenue	4.0	3.7	

* audited

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Selling expenses excluding PPA effects and excluding distribution expenses decreased from €17.7 million in the fiscal year ended September 30, 2012 by €0.5 million to €17.2 million in the fiscal year ended September 30, 2013. As a percentage of revenue, selling expenses excluding PPA effects and excluding distribution expenses decreased slightly from 4.0% in the fiscal year ended September 30, 2012 to 3.7% in the fiscal year ended September 30, 2013. The cost from reallocating application engineering to R&D were partly offset by unrelated higher cost allocations.

Administrative expenses

Administrative expenses decreased from €28.0 million in the fiscal year ended September 30, 2012 by €6.8 million to €21.2 million in the fiscal year ended September 30, 2013. As a percentage of revenue, administrative expenses decreased from 6.3% in the fiscal year ended September 30, 2012 to 4.6% in the fiscal year ended September 30, 2013. This decrease was driven by lower legal fees in relation to the mezzanine litigation in the fiscal year ended September 30, 2013. Our Adjusted EBITDA also reflects the adjustment. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings—Mezzanine litigation.*"

Other income and expenses

Other income

	Year ended September 30,		
	2012	**2013**	
(in € million)	**(audited)**		**Change**
Foreign currency translation gains	4.9	2.7	(44.9%)
Gains on sale/disposal of assets	0.1	0.6	500.0%
Income from the release of other provisions	1.0	0.3	(70.0%)
Miscellaneous other income	2.6	2.4	(7.7%)
Total	**8.5**	**6.1**	**(28.2%)**

Other income decreased from €8.5 million in the fiscal year ended September 30, 2012 by €2.4 million to €6.1 million in the fiscal year ended September 30, 2013. This decrease of 28.2% was primarily due to less beneficial foreign currency fluctuations.

Other expenses

	Year ended September 30,		
	2012	2013	
(in € million)	(audited)		Change
Foreign currency translation losses	(4.1)	(3.4)	(17.1%)
Losses on sale/disposal of tangible assets	(0.1)	(0.1)	0.0%
Addition to other provision	—	(0.0)	—
Other expenses	(0.2)	(0.1)	(50.0%)
Total	**(4.4)**	**(3.5)**	**(20.5%)**

Other expenses decreased from €4.4 million in the fiscal year ended September 30, 2012 by €0.9 million to €3.5 million in the fiscal year ended September 30, 2013. This decrease of 20.5% was primarily due to lower foreign currency translation losses.

Profit from operating activities

Profit from operating activities increased from €31.9 million in the fiscal year ended September 30, 2012 by €3.3 million to €35.2 million in the fiscal year ended September 30, 2013. This increase of 10.3% was primarily a result of our increased revenue in the NAFTA and Asia/Pacific regions as well as improvements to the Group's purchasing and production functions.

Finance income and costs

Finance income

	Year ended September 30,		
	2012	2013	
(in € million)	(audited)		Change
Interest income on loans and financial receivables	0.4	0.2	(50.0%)
Net foreign exchange gain	4.8	—	(100.0%)
Gains from changes in carrying amount of financial assets	—	2.8	—
Gains from changes in fair value of derivative instruments	—	1.4	—
Gains from changes in carrying amount of financial liabilities	2.0	—	(100.0%)
Other interest income	0.7	1.1	57.1%
Total	**7.9**	**5.5**	**(30.4%)**

Finance income decreased from €7.9 million in the fiscal year ended September 30, 2012 by €2.4 million to €5.5 million in the fiscal year ended September 30, 2013, primarily due to the decreased net foreign exchange gains on financial assets and liabilities.

Finance costs

(in € million)	Year ended September 30, 2012	2013	Change
	(audited)		
Interest expense on financial liabilities measured at amortized cost	(21.2)	(38.4)	81.1%
Net Foreign exchange loss	—	(7.2)	—
Interest expenses finance lease	(0.3)	(0.2)	(33.3%)
Other interest expenses	(0.4)	(0.8)	100.0%
Total	**(21.9)**	**(46.5)**	**112.3%**

Finance costs increased considerably from €21.9 million in the fiscal year ended September 30, 2012 by €24.6 million to €46.5 million in the fiscal year ended September 30, 2013. This increase by 112.3% was primarily due to the one-time interest expense on EUSIs due to their repayment as part of the Group refinancing in June 2013, and net foreign exchange loss of €7.2 million.

Income tax expense and income

The table below sets out the Group's income tax expenses for the fiscal years ended September 30, 2012 and 2013.

(in € million)	Year ended September 30, 2012	2013	Change
	(audited)		
Current tax income/(expense)	(11.9)	(10.4)	(12.6%)
Deferred tax income	2.4	0.2	(91.7%)
Total	**(9.5)**	**(10.1)**	**6.3%**

Income tax expense increased from €9.5 million in the fiscal year ended September 30, 2012 to a tax expense of €10.1 million in the fiscal year ended September 30, 2013, mainly driven by the development of taxable profit in the period, the deferred taxes amount and the expense resulting from the German tax audit covering our financial years September 30, 2009, 2010, 2011 and 2012.

Adjusted Net Income

Adjusted Net Income increased from €23.5 million in the fiscal year ended September 30, 2012 by €2.3 million to €25.8 million in the fiscal year ended September 30, 2013. This increase was primarily due to an increase in revenue of €16.6 million.

Fiscal years ended September 30, 2011 and 2012

The table below sets out our consolidated income statement data for fiscal years ended September 30, 2011 and 2012:

(in € million)	Year ended September 30, 2011 (audited)	2012 (audited)	Change
Revenue	**411.6**	**443.5**	**7.8%**
Cost of sales	(308.2)	(336.4)	9.1%
Gross profit	**103.4**	**107.1**	**3.6%**
Research and development expenses	(13.8)	(14.0)	1.4%
Selling expenses	(36.5)	(37.3)	2.2%
Administrative expenses	(20.8)	(28.0)	34.6%
Other income	6.6	8.5	28.8%
Other expenses	(8.7)	(4.4)	(49.4%)
Profit from operating activities (EBIT)	**30.2**	**31.9**	**5.6%**
Finance income	1.1	7.9	618.2%
Finance costs	(23.0)	(21.9)	(4.8%)
Profit/(loss) before income tax	**8.3**	**17.9**	**115.7%**
Income tax income / (expenses)	2.2	(9.5)	(531.8%)
Profit for the period[(1)]	**10.5**	**8.4**	**(20.0%)**

(1) Profit for the period includes PPA effects. Had PPA effects not been included in our profit for the period our profit would have been €23.2 million for the fiscal year ended September 30, 2011 and €21.1 million for the fiscal year ended September 30, 2012.

(in € million)	Year ended September 30, 2011 (unaudited)	2012 (unaudited)	Change
Cost of sales excl. PPA effects and incl. distribution expenses[(1)]	(314.6)	(343.3)	9.1%
Gross profit excl. PPA effects and incl. distribution expenses[(2)]	97.0	100.2	3.3%
Selling expenses excl. PPA effects and excl. distribution expenses[(3)]	(17.4)	(17.7)	1.7%

(1) Cost of sales excluding PPA effects and including distribution expenses represents our cost of sales excluding the depreciation and amortization of adjustments of our assets to fair value resulting from the April 2010 purchase price allocation ("PPA effects") and including distribution expenses (mainly for shipping costs). Cost of sales excluding PPA effects and including distribution expenses is presented because we believe that it helps understanding our pure operating cost of sales without the April 2010 acquisition related charges.

(2) Gross profit excluding PPA effects and including distribution expenses represents our gross profit excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and including distribution expenses (mainly for shipping costs). Gross profit excluding PPA and including distribution expenses is presented because we believe that it helps understanding our pure operating gross profit without the April 2010 acquisition related accounting charges.

(3) Selling expenses excluding PPA effects und excluding distribution expenses represents our selling expenses excluding the depreciation and amortization of adjustments of our assets to fair value resulting from PPA effects and excluding distribution expenses. Selling expenses excluding PPA and excluding distribution expenses is presented because we believe that it helps understanding our pure operating selling expenses without the April 2010 acquisition related accounting charges.

Revenue

Total revenue increased from €411.6 million in the fiscal year ended September 30, 2011 by €31.9 million, or 7.8%, to €443.5 million in the fiscal year ended September 30, 2012.

The total revenue increase of 7.8% was primarily driven by our automotive business, which recorded an 11.9% revenue increase, caused by a 67.8% revenue growth in our Powerise solution and 7.8% growth in our automotive gas spring revenue, reflecting generally favorable

market conditions and the strengthening of the U.S. dollar. Our industrial revenue grew by 2.9%, which was only partly offset by a €1.9 million decrease in swivel chair revenue.

The table below sets out a breakdown of our revenue by regional segments for the fiscal years ended September 30, 2012 and 2011 on a "billed-to" basis:

	Year ended September 30,			
	2011		2012	
(in € million)	(unaudited, except as noted)			
		%		%
Europe	**239.5***	**58.2**	**237.9***	**53.6**
Automotive	134.6	32.7	136.5	30.8
Gas spring	129.1	31.4	128.3	28.9
Powerise	5.5	1.3	8.2	1.8
Industrial	80.7	19.6	78.9	17.8
Swivel Chair	24.2	5.8	22.5	5.1
NAFTA	**108.4***	**26.3**	**134.6***	**30.3**
Automotive	73.3	17.8	95.0	21.4
Gas spring	61.6	15.0	74.5	16.8
Powerise	11.7	2.8	20.5	4.6
Industrial	31.9	7.8	36.2	8.2
Swivel Chair	3.2	0.8	3.4	0.8
Asia/Pacific	**63.7***	**15.5**	**71.0***	**16.0**
Automotive	44.8	10.9	51.3	11.6
Gas spring	44.8	10.9	51.3	11.6
Powerise	—	—	—	—
Industrial	16.4	4.0	17.6	4.0
Swivel Chair	2.5	0.6	2.1	0.5
Total	**411.6***	**100.0**	**443.5***	**100.0**

* audited

Revenue in Europe decreased marginally from €239.5 million in the fiscal year ended September 30, 2011 by €1.6 million to €237.9 million in the fiscal year ended September 30, 2012. This slight decrease of 0.7% was mainly driven by the adverse economic environment in Europe partially offset by increased revenue from Powerise sales.

Revenue in NAFTA increased from €108.4 million in the fiscal year ended September 30, 2011 by €26.2 million to €134.6 million in the fiscal year ended September 30, 2012. This considerable increase of 24.2% was mainly driven by the strong recovery of the U.S. economy, related higher vehicle sales following the crisis and the continuing strong demand for our Powerise solution as well as a stronger U.S. dollar.

Revenue in the Asia/Pacific segment increased from €63.7 million in the fiscal year ended September 30, 2011 by €7.3 million to €71.0 million in the fiscal year ended September 30, 2012. This increase of 11.5% was driven by our increased presence and capacities in Asia, partially offset by the dispute between China and Japan around the Diaoyu islands ongoing during 2012, which negatively affected the production rate in China of the Japanese car manufacturers with whom we have strong relationships.

The table below sets out our consolidated revenue across the automotive, industrial and swivel chair sectors for the fiscal years ended September 30, 2011 and 2012:

(in € million)	Year ended September 30, 2011 (audited)	Year ended September 30, 2012 (audited)	Change
Automotive	252.8	282.8	11.9%
Gas spring	235.7	254.1	7.8%
Powerise	17.1	28.7	67.8%
Industrial	128.9	132.7	2.9%
Swivel chair	29.9	28.0	(6.4%)
Total	**411.6**	**443.5**	**7.8%**

Automotive

Automotive revenue increased from €252.8 million in the fiscal year ended September 30, 2011 by €30.0 million to €282.8 million in the fiscal year ended September 30, 2012. This increase of 11.9% was primarily driven by an increased demand for light vehicles and the corresponding increased car production, in particular in NAFTA. The strengthening of the U.S. dollar also improved our Euro reported revenue.

Revenue from sales of our gas springs increased from €235.7 million in the fiscal year ended September 30, 2011 by €18.4 million to €254.1 million in the fiscal year ended September 30, 2012. This increase of 7.8% was mainly driven by an increase in demand for gas springs and a corresponding volume increase of products sold from the fiscal year ended September 30, 2011 to the fiscal year ended September 30, 2012 and an increase in the average selling price per unit sold.

Revenue from sales of our Powerise solution increased from €17.1 million in the fiscal year ended September 30, 2011 by €11.6 million to €28.7 million in the fiscal year ended September 30, 2012. This increase of 67.8% was mainly driven by an increase in demand, the corresponding increase of car production generally, an increase in the average selling price per unit and the start of production of various Powerise projects due to OEM platform wins.

Industrial

Industrial revenue increased from €128.9 million in the fiscal year ended September 30, 2011 by €3.8 million to €132.7 million in the fiscal year ended September 30, 2012. This increase of 2.9% was mainly driven by mix effects within the individual product lines which resulted in an increase in the average selling price per unit sold.

Swivel chair

Swivel chair revenue decreased from €29.9 million in the fiscal year ended September 30, 2011 by €1.9 million to €28.0 million in the fiscal year ended September 30, 2012. This decrease of 6.4% primarily occurred in Europe.

Adjusted EBITDA

(in € million)	Year ended September 30, 2011 (unaudited)	Year ended September 30, 2012 (unaudited)	Change
EBITDA	**67.5**	**71.9**	**6.5%**
EBITDA as % of revenue	16.4%	16.2%	(0.2)pp
Adjustments	3.8	9.8	157.9%
Pension interest	1.7	1.4	(17.6%)
Adjusted EBITDA	**73.0**	**83.1**	**13.8%**
Adjusted EBITDA as % of revenue	17.7%	18.7%	1.0pp

Our total Adjusted EBITDA increased from €73.0 million in the fiscal year ended September 30, 2011 by €10.1 million to €83.1 million in the fiscal year ended September 30, 2012. This increase of 13.8% was primarily the result of higher sales volumes and improvements in the Group's purchasing and production functions partially offset by cost inflation related primarily to personnel. For a detailed reconciliation of Adjusted EBITDA to EBITDA and from profit from operating activities to EBITDA, see "*Selected historical consolidated financial information*." Adjusted EBITDA as a percentage of revenue increased from 17.7% in the fiscal year ended September 30, 2011 to 18.7% in the fiscal year ended September 30, 2012. This increase was mainly driven by our achievements in the Europe and Asia/Pacific regions.

Cost of sales, R&D expenses, selling expenses, and administrative expenses

The tables below set out the breakdown of our cost of sales, R&D expenses, selling expenses, administrative expenses and the respective percentage of revenue in the periods presented.

	Year ended September 30, 2011					
						(audited)
(in € million)	**Cost of sales**	**Research & Development expenses**	**Selling expenses**	**Administrative expenses**	**Total**	**% of revenue**
Capitalized development cost	—	10.1	—	—	10.1	2.5
Personnel expenses	(91.8)	(7.9)	(13.0)	(16.0)	(128.6)	31.2
Material expenses	(185.8)	(2.9)	(5.3)	(1.0)	(195.0)	47.4
Depreciation and amortization	(25.4)	(5.8)	(4.3)	(1.8)	(37.3)	9.1
Other	(5.2)	(7.3)	(13.9)	(2.0)	(28.6)	6.9
Total	**(308.2)**	**(13.8)**	**(36.5)**	**(20.8)**	**(379.4)**	**92.2**
% of revenue	74.9	3.4	8.9	5.1	92.2	

	Year ended September 30, 2012					
						(audited)
(in € million)	**Cost of sales**	**Research & Development expenses**	**Selling expenses**	**Administrative expenses**	**Total**	**% of revenue**
Capitalized development cost	—	12.8	—	—	12.8	2.8
Personnel expenses	(98.1)	(8.5)	(14.1)	(19.5)	(140.2)	31.6
Material expenses	(197.5)	(3.5)	(5.8)	(2.2)	(209.0)	47.1
Depreciation and amortization	(26.7)	(7.7)	(4.0)	(1.6)	(40.0)	9.0
Other	(14.1)	(7.1)	(13.4)	(4.7)	(39.3)	8.8
Total	**(336.4)**	**(14.0)**	**(37.3)**	**(28.0)**	**(415.7)**	**93.7**
% of revenue	75.9	3.1	8.4	6.3	93.7	

Cost of sales

Our cost of sales as a percentage of revenue increased slightly from 74.9% in the fiscal year ended September 30, 2011 to 75.9% in the fiscal year ended September 30, 2012. The slight reduction of gross margin from 25.1% in the fiscal year ended September 30, 2011 to 24.1% in the fiscal year ended September 30, 2012 was primarily driven by mix effects relating to a higher share of our Powerise solution within revenue as well as related start-up expenses. Furthermore, we incurred ramp-up expenses in relation to a relocation of the product group Bloc-O-Lift from Germany to Romania and our expansion in China.

Cost of sales excluding PPA effects and including distribution expenses

	Year ended September 30,		
	2011	2012	
(in € million)	(unaudited)		Change
Cost of sales	**(308.2)***	**(336.4)***	**9.1%**
PPA effects[1]	9.2	9.2	0%
Distribution expenses	(15.6)	(16.1)	3.2%
Cost of sales excl. PPA and incl. distribution expenses	**(314.6)**	**(343.3)**	**9.1%**
% of revenue	76.4	77.4	

* audited

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Cost of sales excluding PPA effects and including distribution expenses increased from €314.6 million in the fiscal year ended September 30, 2011 by €28.7 million to €343.3 million in the fiscal year ended September 30, 2012. As a percentage of revenue, cost of sales excluding PPA effects and including distribution expenses, however, remained relatively stable with 76.4% in the fiscal year ended September 30, 2011 and 77.4% in the fiscal year ended September 30, 2012 due to our increased revenue.

R&D expenses

R&D increased slightly from €13.8 million in the fiscal year ended September 30, 2011 by 1.4% to €14.0 million in the fiscal year ended September 30, 2012. R&D expenses excluding capitalization as a percentage of revenue decreased from 3.4% in the fiscal year ended September 30, 2011 to 3.1% in the fiscal year ended September 30, 2012, reflecting our increased revenue. As our Powerise technology is advanced and fully developed, we are able to use templates, which result in more stable costs. The addition of three new R&D employees in connection with the expansion of our R&D competence center in Romania only had a minor impact on R&D expenses.

Selling expenses

Selling expenses increased from €36.5 million in the fiscal year ended September 30, 2011 by €0.8 million to €37.3 million in the fiscal year ended September 30, 2012. However, as a percentage of revenue, selling expenses decreased from 8.9% in the fiscal year ended September 30, 2011 to 8.4% in the fiscal year ended September 30, 2012. This decrease was the result of an increased fixed cost absorption due to our increased revenue in the fiscal year ended September 30, 2012, partially offset by higher personnel expenses and higher commissions to our industrial and external sales representatives as a result of our increased activity.

Selling expenses excluding PPA effects and excluding distribution expenses

	Year ended September 30,		
	2011	2012	
(in € million)	(unaudited)		Change
Selling expenses	**(36.5)**	**(37.3)**	**2.2%**
PPA effects[1]	3.5	3.5	0%
Distribution expenses	15.6	16.1	3.2%
Selling expenses excl. PPA and excl. distribution expenses	**(17.4)**	**(17.7)**	**1.7%**
% of revenue	4.2	4.0	

(1) PPA effects represent non cash effective depreciation and amortization on valuation performed following our acquisition by Triton.

Selling expenses excluding PPA effects and excluding distribution expenses increased marginally from €17.4 million in the fiscal year ended September 30, 2011 by €0.3 million to €17.7 million in the fiscal year ended September 30, 2012. As a percentage of revenue, selling expenses excluding PPA effects and excluding distribution expenses also remained stable with 4.2% in the fiscal year ended September 30, 2011 and 4.0% in the fiscal year ended September 30, 2012.

Administrative expenses

Administrative expenses increased from €20.8 million in the fiscal year ended September 30, 2011 by €7.2 million to €28.0 million in the fiscal year ended September 30, 2012. As a percentage of revenue, administrative expenses increased from 5.1% in the fiscal year ended September 30, 2011 to 6.3% in the fiscal year ended September 30, 2012. This increase was primarily due to one-off legal expenses in an amount of €9.4 million relating to the mezzanine litigation (including other legal, bond issuance, tax audit and reorganization related advisory expenses). Excluding those expenses, administrative expenses as a percentage of revenue would have decreased from 4.4% in the fiscal year ended September 30, 2011 to 4.1% in the fiscal year ended September 30, 2012 given the increase in revenue in the fiscal year ended September 30, 2012. Our Adjusted EBITDA also reflects the adjustment. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings—Mezzanine litigation*." Personnel expenses increased in the fiscal year ended September 30, 2012 as a result of cost inflation related primarily to personnel.

Other income and expenses

Other income

	Year ended September 30,		
	2011	2012	
(in € million)	(audited)		**Change**
Foreign currency translation gains	3.9	4.9	25.6%
Gains on sale/disposal of assets	0.1	0.1	0%
Income from the release of other provisions	0.1	1.0	900.0%
Miscellaneous other income	2.5	2.6	4.0%
Total	**6.6**	**8.5**	**28.8%**

Other income increased from €6.6 million in the fiscal year ended September 30, 2011 by €1.9 million to €8.5 million in the fiscal year ended September 30, 2012. This increase of 28.8% was primarily due to foreign currency translation gains on the increasing strength of the U.S. dollar during the fiscal period and income from the partial release of a provision for bad debt and from the release of provisions for potential warranty claims. The increase also reflected an increase in miscellaneous other income of €0.1 million, primarily related to sales of scrap materials (income from the sale of scrap materials was reclassified during the period from sales to other operating income), third-party rental income and supplier bonuses.

Other expenses

	Year ended September 30,		
	2011	2012	
(in € million)	(audited)		**Change**
Foreign currency translation losses	(3.3)	(4.1)	24.2%
Losses on sale/disposal of tangible assets	(0.1)	(0.1)	0%
Addition to other provision	(4.1)	—	(100%)
other expenses	(1.2)	(0.2)	(83.3%)
Total	**(8.7)**	**(4.4)**	**(49.4%)**

Other expenses decreased from €8.7 million in the fiscal year ended September 30, 2011 by €4.3 million to €4.4 million in the fiscal year ended September 30, 2012. This decrease of 49.4% was primarily the result of a decrease in the bad debt reserve for both general reserve requirements and specific customer write-offs, offset in part by an increase in foreign exchange losses (primarily related to U.S. dollar and Romanian Leu transactions).

Profit from operating activities

Profit from operating activities increased from €30.2 million in the fiscal year ended September 30, 2011 by €1.7 million to €31.9 million in the fiscal year ended September 30, 2012. This increase of 5.6% was primarily a result of our increased revenue in our automotive and industrial business partially offset by increased legal costs in connection with the mezzanine litigation.

Finance income and costs

Finance income

	Year ended September 30,		
	2011	2012	
(in € million)	**(audited)**		**Change**
Interest income on loans and financial receivables	0.4	0.4	0%
Net foreign exchange gain	—	4.8	—
Net change in fair value of financial liabilities designated at fair value through profit or loss	0.7	2.0	185.7%
Other interest income	—	0.7	—
Total	**1.1**	**7.9**	**618.2%**

Finance income increased considerably from €1.1 million in the fiscal year ended September 30, 2011 by €6.8 million to €7.9 million in the fiscal year ended September 30, 2012, primarily due to our foreign exchange gain (primarily related to U.S. dollar transactions) in the fiscal year ended September 30, 2012 and net gains in fair value of financial liabilities.

Finance costs

	Year ended September 30,		
	2011	2012	
(in € million)	**(audited)**		**Change**
Interest expense on financial liabilities measured at amortized cost	(19.3)	(21.2)	9.8%
Net Foreign exchange loss	(2.3)	—	(100%)
Interest expenses finance lease	(0.4)	(0.3)	(25%)
Other interest expenses	(1.0)	(0.4)	(60%)
Total	**(23.0)**	**(21.9)**	**(4.8%)**

Finance costs decreased from €23.0 million in the fiscal year ended September 30, 2011 by €1.1 million to €21.9 million in the fiscal year ended September 30, 2012. This decrease by 4.8% was primarily due to foreign exchange losses in the fiscal year ended September 30, 2011.

Income tax expense and income

The table below sets out the Group's income tax expenses for the fiscal years ended September 30, 2012 and 2011.

	Year ended September 30,		
	2011	2012	
(in € million)	(audited)		Change
Current tax income/(expense)	(4.9)	(11.9)	142.8%
Deferred tax income	7.1	2.4	(66.2%)
Total	**2.2**	**(9.5)**	**(531.8%)**

Income tax expense changed from a tax income of €2.2 million in the fiscal year ended September 30, 2011 to a tax expense of €9.5 million in the fiscal year ended September 30, 2012, primarily due to the effects of thin cap regulations which limits the interest deductibility.

Adjusted Net Income

Adjusted Net Income increased from €18.5 million in the fiscal year ended September 30, 2011 by €5.0 million to €23.5 million in the fiscal year ended September 30, 2012. This increase was primarily due to an increase in revenue of €31.9 million.

Liquidity and capital resources

Analysis of cash flows

Our primary sources of liquidity are cash generated from operating activities and financing activities. Our plan going forward is to finance our capital expenditure and debt service out of operating cash flow. Because we typically pay most of our suppliers during the first days of each month and seek to collect payment from our customers towards the end of the month, our intra-month cash balance can vary significantly in any month.

The following tables set out a summary of our cash flows from, operating activities, investing activities and financing activities for the six months ended March 31, 2013 and 2014 and the fiscal years ended September 30, 2011, 2012 and 2013:

Consolidated statement of cash flows

	Year ended September 30,			Six months ended March 31,	
	2011	2012	2013	2013[3]	2014
(in € million)		(audited)		(unaudited)	
Profit/(loss) for the period	10.5	8.4	(16.0)	(23.2)	6.5
Tax expense[1]	4.9	11.9	10.1	2.6	4.2
Net finance result[1][2]	20.0	14.0	41.0	33.8	10.5
Depreciation and amortization	37.3	40.0	40.7	19.8	19.6
Other non-cash income and expenses[1][2]	0.8	3.8	(5.5)	(0.5)	(3.8)
Changes in inventories	(7.5)	(4.6)	3.9	(4.1)	(2.2)
Changes in trade accounts receivables	(1.0)	(3.8)	(8.8)	(4.6)	15.5[4]
Changes in trade accounts payables	9.3	10.8	2.1	(2.7)	1.4
Changes in other assets and liabilities	4.9	(8.5)	5.0	(2.1)	(0.3)
Changes in restricted cash	0.1	1.6	2.7	(0.4)	—
Changes in provisions	(12.3)	(1.4)	(6.9)	(3.1)	(3.4)
Changes in deferred tax assets and liabilities	(6.7)	(2.4)	0.2	0.8	0.2
Tax payments	(7.1)	(13.5)	(5.7)	(2.9)	(4.4)
Cash flows from operating activities	**53.2**	**56.3**	**62.8**	**13.4**	**43.8**
Proceeds from disposal of property, plant and equipment	—	—	1.3	0.2	0.0
Purchase of intangible assets	(10.5)	(13.3)	(14.2)	(6.1)	(6.3)
Purchase of property, plant and equipment	(23.6)	(19.2)	(20.2)	(7.5)	(10.6)
Acquisition of assets and liabilities within the business combination, net of cash acquired	(0.2)	(0.2)	—	—	—
Payments for upstream shareholder loan	—	—	(80.0)	—	—
Cash flows from investing activities	**(34.3)**	**(32.7)**	**(113.1)**	**(13.4)**	**(16.8)**
Receipts under revolving credit facility	—	—	—	—	8.0
Payments under revolving credit facility	—	—	—	—	(8.0)
Receipts from contribution of equity	—	—	44.0	—	—
Receipts from issuance of senior secured notes	—	—	315.0	—	—
Payments for redemption of financial liabilities	(26.0)	—	(303.8)	(4.9)	—
Payments for finance leases	—	—	(1.8)	—	(0.6)
Payments of transaction costs	—	—	(12.7)	—	
Dividends paid	(0.2)	(0.3)	(0.2)	(0.2)	—
Dividends paid to non-controlling interests	—	—	(0.1)	—	—
Payments for interest	(4.4)	(9.0)	(9.2)	(5.9)	(13.0)
Cash flows from financing activities	**(30.6)**	**(9.3)**	**31.3**	**(10.9)**	**(13.6)**
Net increase in cash and cash equivalents	**(11.6)**	**14.3**	**(19.0)**	**(10.8)**	**13.4**
Changes in foreign currency	(0.1)	0.8	(0.9)	0.2	(0.2)
Cash as of beginning of the period	38.2	26.5	41.6	41.6	21.8
Cash as of end of the period	**26.5**	**41.6**	**21.8**	**31.0**	**35.0**

(1) "Tax expense" is the total of current and deferred income tax expenses as presented in the income statement. For the fiscal year ended September 30, 2012 deferred tax income amounting to €2.4 million was included in the in the line item "other non-cash income and expenses". For the fiscal year ended September 30, 2011 deferred tax income amounting to €7.1 million was included in the line item "other non-cash income and expenses.".

(2) "Net finance result" is the total of finance costs and finance income as presented in the income statement. For the fiscal year ended September 30, 2011 net finance result comprised only the total of interest costs and interest income, *i.e.*, the net foreign exchange loss of €2.3 million, agency fees of €0.3 million and finance income resulting from changes in the fair value of financial liabilities designated at fair value through profit and loss of €0.8 million were included in the line item "other non-cash income and expenses."

(3) As a consequence of the first-time adoption of revised IAS 19, Employee Benefits, the figures have been adjusted/ restated in accordance with IAS 8. Information related to the adjustment of the prior-year figures is disclosed in the Management's discussion and analysis of financial condition and results of operations in the section "Critical accounting policies" under the subheading "Pensions and similar obligations."

(4) The significant change in trade accounts receivable for the six months ended March 31, 2014 is mainly due to the effect of our factoring transactions, which we implemented in March of 2014.

Cash flow from operating activities

Our cash flows from operating activities were €13.4 million for the six months ended March 31, 2013 compared to €43.8 million for the six months ended March 31, 2014. Such increase was mainly the result of the increased profit for the period, which increased from a negative €23.2 million in the six months ended March 31, 2013 to €6.5 million in the six months ended March 31, 2014 and the initial use of factoring transactions. We started our factoring transactions in March 2014 and sold receivables of €20.2 million.

Our cash flows from operating activities in the fiscal years ended September 30, 2012 and 2013 (€56.3million and €62.8 million, respectively) were primarily impacted by lower inventory and other operating improvements as well as lower tax payments.

Our cash flows from operating activities in the fiscal years ended September 30, 2011 and 2012 (€53.2 million and €56.3 million, respectively) were primarily impacted by inventory build-up in connection with our Powerise products supply chain. Our cash generated from operating activities was partially offset by legal fees in connection with the mezzanine litigation. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings—Mezzanine litigation*."

Cash flow from investing activities

Our cash flow from investing over the past years was mainly driven by capital expenditure for increasing our capacities in China, Mexico and Romania by investing, for example, in production plants, buildings, equipment and IT products, including the expansion of our gas spring capacity in China and to a lesser degree Brazil, building up the Powerise production equipment, building a new production plant for Powerise in Romania as well as a number of smaller investments.

Cash flows from financing activities

Our cash flows used for financing activities were €10.9 million for the six months ended March 31, 2013, representing primarily interest payments of €5.9 million on our senior and mezzanine debt facilities and a €4.9 million repayment on our senior debt facilities. In the six months ended March 31, 2014, financing cash flows amounted to €13.6 million representing mainly interest payments in December 2013 of €12.7 million on our Senior Notes.

Our cash flows used for financing activities were €31.3 million for the fiscal year ended September 30, 2013, representing primarily interest payments of €9.2 million on our senior and mezzanine debt facilities, €12.7 million of payments related to the Senior Notes issuance and €1.8 million for payment of finance leases.

Our cash flows used for financing activities were €9.3 million for the fiscal year ended September 30, 2012, representing primarily interest payments of €9.0 million on our senior and mezzanine debt facilities.

Our cash flows used for financing activities were €30.6 million for the fiscal year ended September 30, 2011, representing primarily €26.0 million for the repayment of our super senior facility and interest payments of €4.4 million on our senior and mezzanine debt facilities.

Financial debt

Our debt consists of the Senior Notes and the drawn amounts under the Revolving Credit Facility (which was drawn only briefly during the six months ended March 31, 2014 and were undrawn as of March 31, 2014). Our total net financial debt as of March 31, 2014 was €296.1 million. Adjusted for the use of proceeds from this Offering and the effects of the Reorganization taking place in connection with the Offering, our net financial debt would have been €227.2 million as of March 31, 2014. As part of the Reorganization the EUSIs will be transferred and thus our financial debt will only consist of the Senior Notes, a working capital shareholder loan and the Revolving Credit Facility. For more information, see "*Recent developments and*

outlook—Financing structure and strategy" and "*Capitalization and indebtedness.*" For a detailed description of our financing arrangements, see "*Material contracts—Certain financing arrangements.*"

On March 27, 2014 we entered into a factoring agreement with CommerzFactoring GmbH, which is an affiliate of COMMERZBANK. Under section 2.1 of the agreement we are offering all of our accounts receivable for sale to CommerzFactoring GmbH. Subject to certain conditions CommerzFactoring GmbH agrees to buy accounts receivable from us up to a value of €35.0 million. As of March 31, 2014 CommerzFactoring GmbH has purchased accounts receivable amounting to €20.2 million. The factoring agreement has an initial term until February 2015 which is, at the end of each term, automatically extended by one year unless a party cancels the factoring agreement in the respective previous year.

Capital expenditures

Past investments

In the fiscal year ended September 30, 2011, investments in property, plant and equipment totaled €23.6 million. These investments comprised for growth/expansion amounting to €15.4 million with the remainder being capital expenditures for general maintenance for existing equipment. Our capital expenditures were used for the equipment for Powerise production in Romania and Mexico, our gaspring production expansion in China, for additional powder painting equipment in Germany for gaspring, Microsoft upgrade to Windows 7 and new Office software licensing.

In the fiscal year ended September 30, 2012, investments in property, plant and equipment totaled €19.2 million. These investments for growth and expansion amounted to €10.3 million with the remainder being capital expenditures for general maintenance for existing equipment. Our capital expenditures were for the Powerise production in Mexico and our China expansion, as well as additional piston rod equipment in Mexico.

In the fiscal year ended September 30, 2013, investments in property, plant and equipment totaled €20.2 million. These investments for growth and expansion amounted to €11.0 million with the remainder being capital expenditures for general maintenance for existing equipment. Our capital expenditures were used for further investments in the Powerise production in Romania and in Mexico, as well as initial investments in our Powerise production in China.

Our growth capital expenditures in the past three fiscal years ended September 30, 2011, 2012 and 2013 mainly included expenses related to the expansion of our Powerise production capacity in Romania and Mexico as well as to the increase of our gas spring production capacity in China. We mainly financed our capital expenditures in the three years ended September 30, 2013 by using cash flow from operating activities.

Current investments

Current investments (growth capital expenditures) mainly relate to the expansion of our Chinese plant as well as to the expansion of our Powerise production. Our past investments as well as our current investments are funded from ongoing cash flow.

Future investments

We intend to primarily invest in the expansion of our global production footprint, with the main focus on providing capacity for the Asia/Pacific region. We will continue to expand our Powerise capacity in Romania and Mexico. In the short term, we expect to expand our gas spring capacity in our U.S. plant in response to NAFTA market growth. We expect to fund our future investments from ongoing cash flow and we expect that our capital expenditures will remain at historic levels at approximately 2% for maintenance Capex and, assuming continued strong growth, approximately 6% capacity expansion Capex.

We have committed €4.1 million of investments for our China capacity increase. In addition, we have committed investments of €2.9 million for a powder painting system in our Korean plant, for which delivery is expected during May or June of 2014.

Off-balance sheet arrangements

As of March 31, 2014, we had two types of off-balance sheet commitments: rent and leasing and capital commitments.

	As of September 30,			As of March 31,
	2011	2012	2013	2014
(in € million)		(audited)		(unaudited)
Rent and leasing	10.2	11.9	11.2	13.7
Capital commitments	2.3	2.5	3.0	8.2
Off-balance sheet financial commitments	**12.5**	**14.4**	**14.2**	**21.9**

The following table summarizes our future obligations under our capital commitments for fixed and other intangible assets as well as our obligations under rental and leasing agreements, as of March 31, 2014:

	Less than 1 Year	1-5 Years	More than 5 Years	Total
(in € million)		(unaudited)		
Capital commitments for fixed and other intangible assets	8.2	—	—	8.2
Obligations under rental and leasing agreements	2.7	9.2	1.8	13.7
Total	**10.9**	**9.2**	**1.8**	**21.9**

Rent and leasing

Our rent and leasing commitments relate to non-cancellable operating leases for properties that we rent, including one building in Mexico for rod production and a further building for Powerise. In addition, in Romania we rent a building for swivel chair production equipment and lease a building to house various engineering and support functions. Furthermore, we lease IT hardware, cars and other equipment (remaining lease terms between two and six years). The annual operating leasing expenses in the fiscal year ended September 30, 2013 were €4.9 million, with total off-balance sheet items of €11.2 million (€13.7 million in the six months ended March 31, 2014). Total minimum lease payments amount to €13.7 million, with €2.7 million due within one year and €9.2 million due between one and five years, and the remainder (€1.8 million) after five years.

Capital commitments

Capital commitments are contractually agreed capital expenditures where the cash payment will be made by the Group in future periods. Such capital commitments relate to machinery that has been ordered but not fully paid on the date of the balance sheet.

Pensions and retirement benefits

Stabilus GmbH ("**Stabilus Germany**") operated a general defined benefit pension scheme until the end of 2010. During 2010, the defined benefit scheme was closed for all employees (with limited exceptions for persons who have individual pension agreements and for those very close to the retirement age) and replaced by a defined contribution plan. Our total pension liabilities in Germany amounted to €41.9 million as of March 31, 2014 for 2,016 current and past employees. Out of this, 504 were receiving a pension at March 31, 2014. The average pension payments per person eligible was approximately €309 per month in the fiscal year ended September 30, 2013.

Stabilus Germany also offered a part-time, government subsidized program for its elderly employees to help support them with early retirement part-time work (*Altersteilzeit*). This program has now been closed for new participants, with the last such contracts signed in 2008. In 2013, the last employees have finished the active phase of this program.

We recorded funded liabilities of €5.9 million in non-current provisions on the balance sheet for the year ended September 30, 2013, relating to this part-time program. As of March 31, 2014 we had no employees in the active phase (during which employees work full-time and receive reduced remuneration) and 66 in the passive phase (during which they no longer work, but continue to receive their reduced remuneration). The salary payable over the entire period of this part-time program is 50% of the full-time salary and increased by a top-up payment on the part-time salary plus additional contributions into the state pension scheme. In addition to the participants with signed contracts, Stabilus Germany has created a provision of €0.9 million for 21 potential future participants. By 2016, the last employee will leave the passive phase of the program.

The pension and part-time programs working obligations recognized on the balance sheet represent the present value of the defined benefit obligations. Reductions in interest rates, increasing inflation or certain other changes, could adversely affect the funding position of our plans and affect the level and timing of required contributions, thus increasing our pension expenses and reducing our profitability. See "*Risk factors—Risks related to our capital structure—We are exposed to risks in connection with our pension commitments*."

The relevant accounting standard IAS 19 (Employee Benefits) has been revised by the International Accounting Standard Board, has been endorsed by the European Union and will have to be applied by us for the first time with respect to the fiscal year ending September 30, 2014. Accordingly, this accounting standard was applied in our interim consolidated financial statements for the first quarter of fiscal year 2014, leading to an adjustment of €3.3 million. The significant change brought about by the revisions to IAS 19 is that the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been eliminated for defined benefit plans. Actuarial gains and losses are to be recognized in other comprehensive income when they occur. In addition, the disclosure requirements were expanded and now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably foreseeable change in each significant actuarial assumption. The application of the revised accounting standard will have an impact on our future consolidated financial statements. Upon adoption of the revisions to IAS 19, the pension liability as of September 30, 2013 would increase by €3.3 million to €39.1 million.

Risk Management

Financial risks

Our Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of us. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

We may seek to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures. The use of financial derivatives is governed by our policies approved by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not have any derivative financial instruments as of March 31, 2014, apart from the derivatives embedded in the indenture which was entered into by the Company on June 7, 2013 in relation to the Senior Notes issuance.

We do not plan to use currency hedging or raw material hedging going forward. For our operating business, we seek to balance the cash in and out of the key currencies by location. This provides a "natural hedge," which may, however, not fully cover all exchange related risks.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. We have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Our exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where viewed appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations impact the credit lines per customer.

Credit risk of other financial assets of us, which comprise cash and cash equivalents, and miscellaneous financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

We do not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and are typically also lenders to us. Therefore, credit quality of financial assets which are neither past due nor impaired is assessed to be good.

Liquidity risks

Our Management Board has established a liquidity risk management framework for the management of our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted cash flows at regular intervals.

The following table summarizes the principal payments we are obligated to make as of March 31, 2014 under current and non-current debt obligations. The table contains the redemption of Senior Notes amounting to €58.9 million in the period April 1, 2014 through September 30, 2014. The following table does not include the EUSIs, which mature in 2043 (except for the Mezzanine Warrant Instrument, which does not have a maturity date). As part of the Reorganization prior to this Offering our obligations under the EUSIs will be extinguished and our net financial debt will be reduced accordingly. See "*—Liquidity and capital resources—Financial debt.*" The table describes the course of the undiscounted principal and interest outflows of the financing liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions: If the counterparty can request payment at different dates, the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described under the note on "non-current financial liabilities."

(in € millions)	Senior Notes	Finance leases	Trade accounts payable	Total
	(unaudited)			
April 1, 2014 through September 30, 2014[1]	(70.9)	(0.6)	(46.4)	(117.9)
2014/2015	(19.9)	(0.6)	—	(20.5)
2015/2016	(19.9)	(0.2)	—	(20.1)
2016/2017	(19.9)	(0.2)	—	(20.1)
2017/2018	(275.5)	(0.2)	—	(275.7)
2018/2019 and after	—	(0.6)	—	(0.6)
Total	**(406.1)**	**(2.4)**	**(46.4)**	**(454.9)**

(1) The payments related to the Senior Notes in the period April 1, 2014 through September 30, 2014 include the redemption of Senior Notes in the amount of €58.9 million.

Holding company risks

The Company is a holding company that conducts its operational business through its subsidiaries, which it directly or indirectly owns. Therefore, any significant changes to the subsidiaries of the Company could also have a significant effect on our assets and liabilities, financial position or profits and losses. See "*Risk factors—Risks related to the Company's shares, the listing and the Company's shareholder structure—The Company is incorporated under and subject to Luxembourg law.*" The Company closely monitors and manages the operating performance of its subsidiaries to manage their operational risks.

Industry overview

Unless stated otherwise, the statements on markets and competition provided below are based on the Company's beliefs and estimates, some of which were, in turn, derived from various sources it believes to be reliable, including industry publications and from surveys or studies conducted by third party sources, including EIU and Autocompass. The Company compiled its projections for the market and competitive data beyond 2013 in part on the basis of such historical data and in part on the basis of assumptions and methodologies which it believes to be reasonable, as well as various sources it believes to be reliable. In light of the absence of publicly available information on a significant proportion of participants in the industry, many of whom are small and/or privately owned operators, the data on market sizes and projected growth rates should be viewed with caution. Additional factors, which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates, are described elsewhere in this Prospectus, including those set out in the section entitled "Risk factors."

Our industry

We believe that we are one of the leading suppliers of highly-engineered and value-added gas springs and hydraulic dampers for the automotive and the industrial sectors worldwide. We also sell electromechanical opening and closing systems, which we call Powerise, to automotive customers for applications in passenger cars. In addition to sales to OEMs, some components are sold directly to the independent aftermarket.

Automotive

The global automotive industry designs, develops, manufactures, sells and services light vehicles and heavy commercial vehicles. The light vehicle segment consists of passenger cars, vans and light trucks (all weighing less than six tons), while the heavy vehicle segment is generally defined as the market for vehicles with an allowable weight of more than six tons.

The automotive production value chain is broken down into OEMs, such as Daimler, Ford, Toyota and Volkswagen, and automotive part suppliers, such as us, Brose, BorgWarner, Continental, Johnson Control, Lear, Valeo and ZF Friedrichshafen. The automotive part supplier industry can be further segmented into three different tiers. Tier 1 automotive suppliers sell their products directly to OEMs. Tier 2 suppliers sell products to Tier 1 suppliers, and in turn are supplied by Tier 3 suppliers. In general, suppliers develop components and systems on the basis of agreements with OEMs to meet their technological and regulatory requirements.

The independent aftermarket represents a smaller but typically more profitable and stable revenue source for many automotive suppliers. The term "aftermarket" refers to the market of spare parts that are used in the maintenance and repair of passenger cars and commercial vehicles. Such spare parts include mechanical parts, electrical parts and electronics, body parts (including headlights), assembly parts, tires, oils and lubricants, car paint, other chemical products, accessories and windows. The same products supplied to OEMs are generally also distributed in the independent aftermarket, but there are also products supplied only in the independent aftermarket.

Growth drivers

The most important driver of the automotive supply industry is the overall vehicle production volume, driven, in turn, by vehicle demand and thus sales volume. Although suppliers typically have contracts for particular vehicle models, which typically have an average life of five to seven years, the actual production volume is rarely fixed and may vary depending on specific customer demand. The economic environment and consumer confidence generally have a large impact on vehicle demand, with more minor impacts from regulations and government policies (such as the scrappage schemes introduced in the United States and Europe in 2009). Other specific

factors that can influence automotive production include changing demographics (growing population, increase of median age, urbanization), consumer preferences (e.g., low cost cars for basic transportation), specific levels of disposable income, replacement requirements of old vehicles and affordability.

Key trends

The automotive supply industry is influenced by a range of complementary trends, which, together, influence the performance of the individual participants. The key trends relevant for us are described below:

Relevant automotive trends

The impact of the automotive industry's key growth trends on demand for our products is further compounded by changes in trends relating to consumer preferences. These trends include:

- *Increasing comfort requirements, in particular in emerging markets:* OEMs are constantly looking for ways to enhance comfort, convenience and the general driving experience through new technologies. Suppliers that provide solutions to enable OEMs to address these trends and meet regulatory standards are well positioned to experience above-average growth and establish themselves as key future partners for OEMs. This is particularly true in emerging markets, such as China, where significant catch-up potential exists in this respect.
- *Increased fuel efficiency and reduced CO_2 emissions:* Tightening environmental standards for vehicles globally are imposing a need to develop more environmentally-friendly technologies, aimed at lower fuel consumption and, consequently, at reduced CO_2 emissions. This can generally be achieved by enhancing the efficiency, or reducing the weight, of existing technologies or by developing new alternative technologies.

Trends affecting electromechanical opening and closing systems

Trends driving the increase in demand for electromechanical opening and closing systems include:

- *Aerodynamic coupe design and large hatchback:* In recent years automotive design has moved more and more in the direction of coupés and coupé like sedans as well as SUVs and hatchbacks across the vehicle segments. This trend and the implicit change in model mix are expected to continue. One of the results of this development is a higher likelihood of an electromechanical opening and closing system to be part of the equipment offered with the car given the increased size and weight of the tailgate / trunk lid of coupé style sedans and SUVs.
- *Electromechanical tailgate migrates from premium option to a "must have" feature in mid-class vehicles:* Electromechanical opening and closing systems are currently a feature in luxury / high end vehicles but are forecasted to become a standard application across a wider range of vehicle classes. This market is growing as manufacturers medium (C segment) vehicles and of small (B segment) vehicles are increasingly incorporating such systems into more affordable cars. For this reason, automated tailgate solutions are expected to gradually penetrate lower price and higher volume vehicle segments.

	Global automatic rear opening and closing system for vehicles											**CAGR**	
Market (million vehicles)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014E**	**2015E**	**2016E**	**2017E**	**2007-13A**	**2013-17E**
NAFTA	1.1	1.0	0.7	1.4	1.7	2.1	2.5	2.7	2.9	3.1	3.3	14.5%	7.5%
Europe	0.4	0.6	0.8	1.0	1.1	1.2	1.4	1.6	2.0	2.1	2.4	21.5%	15.0%
Asia	0.1	0.2	0.2	0.3	0.4	0.5	0.8	0.9	1.2	1.6	1.7	45.9%	22.7%
Total	**1.6**	**1.7**	**1.7**	**2.6**	**3.2**	**3.8**	**4.6**	**5.3**	**6.1**	**6.8**	**7.5**	**19.2%**	**12.7%**

	Global automatic rear opening and closing system for vehicles										
Fitment rate	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E
NAFTA	7%	8%	8%	11%	13%	13%	15%	16%	17%	17%	19%
Europe . . .	2%	3%	4%	5%	5%	6%	7%	8%	10%	10%	11%
Asia	0%	1%	1%	1%	1%	1%	2%	2%	2%	3%	3%

Sources: Autocompass, March 12, 2014 for NAFTA data; for European and Asia data the Company's internal studies; pre 2011 European and Asian global automatic opening and closing systems for vehicle trunklids markets are based on rough estimates.

OEM trends

Changes in the development, sourcing and production strategy of OEMs can also influence the automotive supplier market. These include:

- *Global vehicle platforms and consolidation of the supplier base:* Over the past decade, OEMs have increasingly shifted to global vehicle platforms with the aim of maximizing the commonality of components and systems and to derive cost savings via economies of scale. Consequently, OEMs are looking for global suppliers that can provide standardized components worldwide, at a competitive cost level and with close proximity to OEM production sites. On parts deemed appropriate, OEMs would use two to three suppliers globally per component and platform to ensure a degree of multiple sourcing and in order to avoid dependence on a single supplier. This trend benefits suppliers, such as Stabilus, with global presence and scale, and the ability to deliver the same technological and quality standards at competitive costs across regions.
- *Outsourcing:* OEMs are increasingly outsourcing the engineering and production of modules and systems to their suppliers. In connection with our Powerise solution, these development costs are initially and primarily borne by Tier 1 suppliers, who aim to subsequently recover these R&D costs over the components' lifecycle. Larger automotive suppliers tend to be better placed to act as system providers and component integrators, provided they have a larger capital base.

Growth trends

Certain market segments are more attractive for automotive suppliers due to their higher growth, profitability and resilience in a downturn. These include:

- *Emerging markets:* The increase in disposable income, low existing vehicle penetration and the development of efficient road infrastructure are driving demand for light vehicles in emerging markets. As a result of high and rapidly growing local demand combined with low manufacturing costs, global OEMs are expanding their production and sales networks in these markets. At the same time, local vehicle manufacturers, particularly in China, India and Russia, are also gaining significant scale. Large scale suppliers with strong OEM relationships and resources to invest in their production footprint are well positioned to tap growth opportunities in emerging markets, both with existing and new local OEM customers. In addition, OEMs are constantly looking for ways to enhance comfort, convenience and the general driving experience through new technologies. Suppliers that provide solutions to enable OEMs to address these trends and meet regulatory standards are well positioned to experience above-average growth and establish themselves as key future partners for OEMs. This is particularly true in China, where significant catch-up potential exists in this respect.
- *Premium segment:* Increasing wealth (particularly in China and other emerging markets) is driving demand for premium and luxury cars. Suppliers with strong relationships with leading global premium car makers, such as Audi, BMW and Mercedes are likely to have above-average growth. Given the generally higher profitability of premium car manufacturers, their focus on new technologies and quality of components (rather than price) and lower competitive pressures, suppliers are also typically able to generate higher margins from premium OEM customers.

- *Independent aftermarket:* The total number of vehicles on the road (also known as "vehicle parc"), the total kilometers driven and the increasing age of vehicles on the road are the key drivers for growth of sales in the independent aftermarket. The development of vehicle parc is directly related to the number of new registrations in a certain period less the number of vehicles retired during that same period. The growth of the independent aftermarket depends on a number of different factors, both in terms of demand (dimension, average age and composition of the vehicles on the road, mileage and technological development of the vehicles) and in terms of the service rendered and the range of products offered.

Historical and forecast market development

The automotive sector is primarily impacted by factors influencing consumer demand for new passenger vehicles. Our analysis of industry data indicates the following market developments which we believe were the most relevant with respect to the production of light vehicles in recent years:

- *Return to positive growth post-crisis:* All major vehicle production regions returned to positive growth in 2010 and total global light vehicle production recovered strongly by approximately 25% year-on-year to approximately 74 million units in 2010, above the pre-crisis level. Significant recovery through 2012 ensured volumes in developed markets have returned to pre-crisis peaks.
- *Increasing move of production towards emerging markets:* Production of light vehicles is increasingly moving towards emerging markets, which accounted for approximately 52% of global production volume in 2012, compared to approximately 41% in 2008, mainly attributable to China, where production of light vehicles doubled from approximately 9 million units in 2008 to approximately 18 million units in 2012, with the country becoming the largest single light vehicle production market globally (approximately 22% of global production in 2012 vs. approximately 13% in 2008). Growth in emerging markets remained strong.
- *Economic Uncertainty negatively affected light vehicle production in Western Europe, recovery in other developed markets:* Western European volume was negatively affected by the sustained economic uncertainty in 2012, with light vehicle production down approximately 8% year-on-year in 2012. Excluding Western Europe, global production increased by approximately 9% year-on-year. Other major developed markets continued to recover, with production volumes up approximately 19% and 20% year-on-year in North America (excluding Mexico) and Japan, respectively.

Our analysis of industry data indicates that in 2013 approximately 85 million light vehicles were produced on a worldwide basis. Based on our review and analysis of industry data and studies prepared by independent automotive research providers, we believe the following estimates regarding global and regional light vehicle production to form a reasonable basis for our assumptions with respect to future market developments:

- *Global growth will be led by emerging markets*. In the period from 2013 to 2017, global growth in light vehicle production will be led by emerging markets, which are expected to account for approximately 60% of global production volume in 2017 (compared to approximately 52% in 2012). Growth is expected to remain strong across BRIC countries, mainly due to anticipated high growth rates in India and China.
- *Moderate growth on a global basis and in most of the developed markets*. The main developed light vehicle markets, such as Western Europe and North America (excluding Mexico), are expected to have six consecutive years of positive growth at annualized rates of approximately 2% and 2%, respectively. Japan, South Korea and Australia are the only regions with respect to which a negative annualized growth is expected over 2012-2017. In total, global light vehicle production volume is expected to grow at an annualized rate of 4% from 2012 to 2017.

	Production of light vehicles (units in million)								CAGR
	2010A	2011A	2012A	2013A	2014E	2015E	2016E	2017E	2012-17
Developed markets Western Europe	13	14	13	13	13	13	14	14	2%
U.S. / Canada	10	11	13	13	14	14	14	14	2%
Japan	9	8	9	9	9	8	8	8	(4%)
South Korea	4	5	5	5	4	4	4	4	1%
Australia	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5	(18%)
Sub-total	**36**	**38**	**40**	**40**	**40**	**40**	**40**	**40**	**<0.5%**
Emerging markets Central and Eastern Europe[1]	6	7	7	7	7	7	8	8	4%
Latin America	6	7	7	8	7	8	8	9	5%
Asia (ex-Japan/South Korea)	24	24	27	29	31	34	36	38	8%
Middle-East & Africa	2	2	2	2	2	2	2	2	6%
Sub-total	38	40	42	45	47	51	54	58	7%
Total	**74**	**78**	**82**	**85**	**87**	**91**	**94**	**98**	**4%**

Historical light vehicle productions data and forecasts are based on the Company's analysis of industry data.

Industrial

Definition, size and structure

The global industrial gas spring market comprises two underlying industries: vehicle components and non-vehicle components. Within the vehicle components sub-industry, gas springs are supplied to the bus/truck, vehicle seats, OEM sub-supplier, agricultural machinery, construction and other transportation sectors. The non-vehicle components industry encompasses the following key end markets: office and furniture, medical technology, production technology, construction and others.

There are two distinct sales channels that exist in the Industrial gas spring market: direct and indirect. The majority of gas springs are channeled directly to component manufacturers and OEMs whilst the rest reach their end customer via a distributor.

In addition to sales to OEMs, component manufacturers and distributors, some components are sold directly to independent aftermarket traders (e.g., Autozone and ATU), representing a smaller but typically more profitable and stable revenue source for many industrial gas spring suppliers. The term "aftermarket" refers to the market of spare parts that are used in the maintenance and repair of existing products. The same products supplied to OEMs, component manufacturers and distributors are generally also distributed in the aftermarket sector.

Industrial—OEM

Growth drivers

Performance in the industrial sector is highly correlated to the industrial production growth, which is expected by EIU to grow at a CAGR of 3.2% in the period from 2013 to 2015 with 2.7% growth in Europe, 3.3% growth in NAFTA and 5.0% growth in Asia (source: EIU as of April 2014). Historically, our industrial revenue growth exceeded GDP growth. Additionally, the utilization of gas springs is influenced by megatrends, such as aging population, increased comfort requirements and increased standard of living. The performance of the industrial sector has been highly correlated to economic cycles and recorded GDP+ growth in the past.

Historical and forecast development

	Gross domestic product growth (% real change per year)								CAGR	
	2010	2011	2012	2013E	2014E	2015E	2016E	2017E	2010-12	2012-17E
Global	4.0%	2.7%	2.2%	2.3%	3.0%	3.1%	3.1%	3.1%	3.0%	2.8%
Europe[(1)]	2.1%	1.6%	(0.3%)	(0.2%)	1.0%	1.5%	1.5%	1.5%	1.1%	0.8%
NAFTA	2.6%	2.0%	2.3%	2.1%	2.5%	2.4%	2.4%	2.4%	2.3%	2.4%
Asia Pacific	7.2%	4.1%	4.2%	4.6%	4.9%	4.8%	4.8%	4.5%	5.2%	4.6%

Source: EIU as of April 2014. (1) 27 European Union member states.

	Industrial production growth (% real change per year)								CAGR[(1)]
	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2013-15E
Global	8.0%	3.3%	1.3%	1.4%	3.2%	3.3%	3.4%	3.4%	3.2%
Europe	7.25%	3.8%	(0.3%)	0.2	2.3%	3.1%	3.3%	3.5%	2.7%
NAFTA	5.5%	3.4%	3.3%	2.1%	3.4%	3.3%	3.3%	3.6%	3.3%
Asia Pacific	13.6%	3.8%	3.8%	3.2%	5.3%	4.8%	4.7%	4.5%	5.0%

Source: EIU as of April 2014. (1) CAGR has been calculated on a quarterly basis (growth from the first quarter 2013 to the fourth quarter 2015), while the real change per year has been calculated on a full year basis

Global GDP grew by 4.0% in 2010, primarily driven by strong growth in the Asia/Pacific region. All major regions exhibited positive growth.

GDP growth is increasingly being driven by growth in the Asia Pacific region. In 2012, global GDP growth was 2.2%, (according to EIU) while growth in the Asia/Pacific region was 4.2% (according to EIU). Global GDP growth has been negatively affected by the economic uncertainty in Europe. European instability has led Europe's GDP to contract by –0.3% in 2012, (according to EIU) compared to a 2.1% growth rate in 2010 (according to EIU).

In the period from 2012 to 2017, EIU expects that global GDP growth will be led by Asia Pacific, which is expected to grow at an average rate of 4.6% between 2012 and 2017 compared to a global growth rate of 2.8% over the same period. EIU projects that GDP will grow at an average rate of 0.8% between 2012 and 2017 in Europe while reaching an average rate of 2.4% in the NAFTA region over the same period.

Megatrends

The main megatrends that are shaping the industrial sector's demand for gas springs are:

- demographical development towards increased mobility in higher age brackets driving demand for applications that incorporate gas springs;
- ongoing regulatory initiatives for ergonomic work environments as well as employees' increased comfort requirements; and
- emerging markets' health and safety regulations requiring an increasing numbers of solutions that incorporate gas springs.

Competition and Customers

Basis for determination of market shares and forecasts

We base our estimates as to the growth of the markets in which we operate and our respective market share on a combination of internal market analysis, expert interviews and, to the extent available, external empirical analysis. Regarding the automotive sector, there are several external market data providers, which allows us to also base our market analysis on their relevant reports.

In the automotive gas spring market, we calculate our current market share by comparing our sales volume to the estimated total volume of the market, derived from external market

analyses, taking into account the car platforms awarded by OEMs and the respective supply volumes. The limited number of OEMs active in the automotive sector and available market knowledge on the size of the relevant car platforms allows estimating the total volume of the automotive gas spring market.

We base our estimates as to the future development of the automotive gas spring market volume on data from external data providers who take into account assumptions and estimates as to the future development of car fitment rates. Our estimates as to the future development of the automatic tailgate market volume, in particular, take into account assumptions on the future take rate, i.e., how often customers will choose the option to have a specific feature in their cars that requires our Powerise solution. Such take rate mainly depends on the respective car manufacturer's decision to offer the relevant option as part of a comfort package as well as on assumptions as to how many customers will choose such an option.

To determine the future development of our market share with respect to the automotive gas spring and automatic tailgate market, we rely on the size of the car platforms we have been awarded as well as on the external market development estimates described above.

With respect to the industrial and swivel chair sectors, our estimates regarding market growth and our respective market share are, in the absence of reliable external market surveys, mainly based on expert interviews and internal market analysis.

Our competitor and customer structure

We believe that we have leading market positions in all our end markets, particularly automotive and industrial, where we believe that we are the leading Tier 1 supplier of highly-engineered and value-added gas springs and hydraulic dampers with a worldwide market share of approximately 70% and 35%, respectively. Furthermore, we believe that we are the only company able to serve OEMs worldwide with high quality products produced locally (for more information on our market share estimates please refer to "*—Basis for determination of market shares and forecasts*").

The following sets forth our customer and competitor structure in each of our sectors:

- We are exposed to a homogenous customer structure in the automotive sector, all being OEMs. Our close relationships with gas spring customers have provided access to the same customers for purposes of selling our Powerise solution. Our key gas spring competitors are (in alphabetical order): Airax, Kayaba, Showa and Suspa. Kayaba recently announced its intention to exit the automotive gas spring business. In electromechanical opening and closing systems, our main competitors are (in alphabetical order): Brose, Edscha, Magna and Valeo.
- We have some big global customers in the industrial sector, but the majority of our customers are small and local (especially in Asia and Turkey). It is a very loyal customer base and often we are the single source provider. In the industrial sector, our competitors are (in alphabetical order): AVM Industries, Gaysan Gas Springs, Hanil, Kayaba and Suspa.

We are exposed to a highly fragmented customer base in the swivel chair sector; worldwide there are only three to four global players in the high quality swivel chair segment, the majority are small and local companies. We also face increasing competition from low cost competitors in China who have high capacity and price aggressively. Our key competitors in the swivel chair sector are (in alphabetical order): Kore Gas Spring, Lant, MDI, and Samhongsa.

Our business

Business overview

We believe that we are the leading supplier of highly-engineered and value-added gas springs and hydraulic dampers and automatic opening and closing systems for the automotive and industrial sectors. We believe that we have a worldwide gas spring market share of approximately 70% and 35% in the automotive and industrial sector, respectively (which we believe is approximately 15 times and 3 times larger than our respective closest competitor). In the market of automatic opening and closing systems for the automotive industry, which we serve with our Powerise product line, we believe we have an estimated market share of approximately 22%. We supply high quality and technologically advanced components and systems for a broad range of applications to a large number of automotive OEMs and industrial customers as well as to the independent aftermarket. In the automotive sector, our products are used, for example, to control the movement of tailgates, trunk lids, hoods, seats, convertible roofs and steering and trailer systems for cars. In the industrial sector, the applications of our products include smart movement control solutions, for example, in construction and agricultural machines, railway applications, aircraft, commercial vehicles, marine applications, furniture, health care and production equipment. Our products also find a wide usage in swivel chairs for seat height and backrest inclination adjustment.

In 1962, we were the first company to put gas springs into industrialized serial production and since then, we have continued to expand and strengthen our role as an industry leader. We have successfully expanded our product portfolio into the field of electromechanical opening and closing systems for car tailgates and trunk lids—with our spindle drive based solution called Powerise—and believe that we have become one of the leading suppliers to the vehicle producers in this attractive field.

In the fiscal year ended September 30, 2013, we generated revenue of €460.1 million, Adjusted EBITDA of €87.1 million and an Adjusted EBITDA margin of 18.9%. As of March 31, 2014, we had 4,164 employees globally. In the fiscal year ended September 30, 2013, we manufactured more than 132.7 million gas springs (including 4.6 million dampers) and 1.2 million Powerise solutions.

We have a strong global presence and operate our business through three regional segments to support close customer contact within each region: Europe, NAFTA (which comprises the United States, Mexico and sales to Canada), and Asia/Pacific including rest of world (“**Asia/Pacific**”). In the fiscal year ended September 30, 2013, we generated 50.0% of our revenue and 62.8% of our Adjusted EBITDA in our Europe segment, 32.6% of our revenue and 24.1% of our Adjusted EBITDA in the NAFTA segment and 17.3% of our revenue and 13.1% of our Adjusted EBITDA in the Asia/Pacific segment (based on “billed-to” revenue). We have an increasing presence in the rapidly growing emerging markets, *i.e.*, in China and Brazil, which accounted for 8.2% of our revenue in the fiscal year ended September 30, 2013. In addition, we have increased our headcount in the Asia/Pacific region from 393 employees as of September 30, 2011 to 522 employees as of September 30, 2013 to further strengthen our “in the region, for the region” approach.

In the fiscal year ended September 30, 2013, we sold our products to more than 100 automotive, 2,000 industrial and 300 swivel chair customers in more than 100 countries worldwide.

We generated 64.8% of our revenue in the fiscal year ended September 30, 2013 with our automotive customers (66.8% in the six months ended March 31, 2014), of which our gas spring products contributed 81.4% (76.9% in the six months ended March 31, 2014) and our Powerise solution the remaining 18.6% (23.1% in the six months ended March 31, 2014). Our gas springs and dampers, used in cars for tailgates, trunk lids, hoods, and other closures, seats or various forms of vibration dampening, are utilized to facilitate safe and comfortable motion. In the case of dampers, our parts typically provide a vibration dampening function. We supply more than

3,000 product variations to more than 100 customers globally, including all major global automotive OEMs. Six out of the top ten automotive manufactures by revenue have chosen us a supplier for one or more automated tailgate opening and closing applications as of March 31, 2014. This indicates the positive market reaction to our product Powerise and also to spindle technology in general for this field of application. The increasing penetration of automatic tailgates from SUVs, Vans and luxury vehicles to mid-sized cars is an indicator of the increased demand for this technology and our Powerise product line.

We also offer more than 15,000 product variations (gas springs and hydraulic dampers) to industrial OEMs and to the independent aftermarket. These products are supplied to more than 2,500 customers globally (more than 25,000 additional customers are supplied through our dealership networks) for use in hundreds of different industrial applications. With our industrial customers, we generated 29.8% of our revenue in the fiscal year ended September 30, 2013 (28.2% in the six months ended March 31, 2014).

We generated 5.5% of our revenue in the fiscal year ended September 30, 2013 with our swivel chair customers (5.0% in the six months ended March 31, 2014). Primary applications for these products are seat height adjustment and backrest and seat inclination adjustment. Special applications include telescope and multifunctional columns.

In the fiscal year ended September 30, 2013, we generated approximately 50% of our gross profit with our automotive customers and approximately 50% with our industrial and swivel chair customers, demonstrating our well-balanced business model and resilience against a single market decline.

As of March 31, 2014, we operated eleven production plants in nine countries, which strongly emphasizes our "in the region, for the region" approach and enables us to supply customers in all of our three regional segments with locally produced goods. In addition, we maintain a strong global footprint through a worldwide sales and service network, supported by 220 distribution partners to ensure a strong regional presence.

We believe to have a market-leading position, which is driven in part by the fact that gas springs are "low ticket" products that require a highly efficient manufacturing process to minimize production costs, which has caused customers to concentrate volumes on a very limited number of reliable suppliers giving them the ability to realize economies of scale. Potential new entrants to the large volume business market face significant initial capital expenditure requirements, creating high barriers to entry, although subsequent maintenance capital expenditure requirements are relatively modest. In addition, we believe that being the only manufacturer of gas springs and dampers with an industrial presence on five continents and a worldwide sales and services network provides us with unparalleled reach and tangible cost advantages. Following our integrated "in the region, for the region" approach, with our worldwide plants we have built a global manufacturing footprint with a strong regional foothold. We operate three plants in Europe, three in NAFTA, one in South America and four in Asia/Pacific, which include one highly automated and one semi-automated gas spring plant per region. We typically allocate our highly automated production equipment to countries with a highly skilled workforce such as Germany, the United States, and South Korea while allocating more labor-intensive production equipment to low labor-cost countries such as Romania, Mexico and China. Our entire Powerise production is in low labor cost locations, such as Mexico and Romania.

We believe that our industry-leading technology platform (which allows us to produce gas springs in a cycle time of as little as two seconds on certain machines), well-balanced product portfolio and long-standing customer relationships, global and very flexible production base, well-automated manufacturing capabilities, high product quality and a track record of innovation, differentiate us from our competitors and position us well for future growth.

Competitive strengths

Our principal strengths are:

Market leadership and scale that provide competitive advantages in a sector with high barriers to entry

Unparalleled leadership positions in gas spring technology in the automotive and industrial sectors

We are the global leader in gas springs for automotive and industrial applications. We have a worldwide market share of approximately 70% in the automotive sector and approximately 35% in the industrial sector. Based on these figures and on internal analysis of competitor data, we believe that our market share is approximately 15 times and three times bigger than the market share of our largest competitors in the automotive and industrial sectors, respectively. Particularly in the automotive sector, we have a track record of maintaining our high market share over time. We even managed to further increase our market share in the automotive sector from approximately 68% in the fiscal year ended September 30, 2003 to approximately 70% in the fiscal year ended September 30, 2013. We are also continuously increasing our market penetration in Asia with the goal of increasing our market share further within the region across all businesses.

Tangible competitive advantages in a sector with high barriers to entry

We believe that our market share, relative to our competitors, provides us with highly competitive economies of scale in an industry that is characterized by high initial capital expenditure requirements creating high barriers to entry, despite relatively modest maintenance capital expenditure requirements. In addition, we believe that we are the only company with fully automated lines that employ standardized production processes and equipment resulting in even greater economies of scale and more efficient quality checks. Within the last ten years, at least four major competitors have discontinued the majority of their gas spring business in the automotive sector (Kayaba, Suspa Germany and USA, Unisia Jecs and Tokico). We believe that we are the only player in the market for automotive and industrial gas springs able to serve customers on five continents with high quality and locally manufactured products. Additionally, our application engineering department customizes and adjusts products for each OEM and model, while our flexible production system does not require specific tooling for different OEMs or models.

Strong track record of innovation and quality leadership

Our high market share in gas springs has been achieved through the continuous innovations that we brought to the market over the years which kept us ahead of our competitors. These innovations include different features such as dampening, lock ability, temperature control and height control.

We were also one of the first companies to introduce automatic tailgate opening and closing systems in the market. Our excellent knowledge of the "system tail" has allowed us to become a systems supplier with the development of our Powerise solution that is based on the spindle-drive technology. Based on our market observation and order intake, there is a clear trend towards that technology as the preferred solution for automatic opening and closing systems going forward. Certain trends in the automotive industry, including the push for lower CO_2 emissions, favor the spindle-drive technology because the spindle drive is lighter, cheaper and quieter than certain products based on other technologies. We believe that our technological leadership position in spindle drive technology should help us capture a significant share of this business. Based on awarded projects, we estimate our global market share in this sector to move from approximately 22% in calendar year 2013 to 30% in calendar year 2017.

Additionally, based on our internal analysis of customer feedback as well as on benchmark quality checks of competitors' parts, we believe our quality standards are among the highest in the markets for our products.

Well balanced business portfolio and strong growth of automatic opening and closing systems

Well-diversified customer base with long standing customer relationships

Our products are sold to OEMs, Tier 1 and Tier 2 suppliers and distributors (including those in the independent aftermarket) in a variety of different industries. Our key customers include all top-tier OEMs in the global automotive industry as well as leading industrial OEMs. We have numerous longstanding customer relationships, in many cases going back more than 30 years. Given our co-engineering activity, we have direct access to the purchasing and engineering departments of all major OEMs. In the fiscal year ended September 30, 2013, we sold our products to more than 100 automotive, 2,000 industrial and 300 swivel chair customers in more than 100 countries worldwide. In the same period, our top ten automotive customers represented 54.0% of our consolidated revenue (with no single customer representing more than 11.7%). As a result, we are not dependent on any specific customer, model or market.

Strong regional diversification

We have a geographically diversified customer base and currently operate eleven production facilities across nine countries and maintain a global sales and marketing network through our network of sales and representative offices to serve all of our clients globally. We are regionally organized to take full advantage of this set-up. In the fiscal year ended September 30, 2013, we generated 50.0% of our revenue in our European region, 32.6% in NAFTA and 17.3% in our Asia/Pacific region and in the six months ended March 31, 2014 we generated 49.6% of our revenue in our Europe region, 32.4% in NAFTA and 18.0% in our Asia/Pacific region. Based on our "in the region, for the region" strategy, we are in close geographic proximity to our customers. As a result, we are perceived as a local supplier in many markets and our global manufacturing and sales platforms allow us to market our products and services to a growing and increasingly global customer base. We believe to have a position as the leading global gas spring supplier, which further allows us to capitalize on growth opportunities associated with globalization and increasing trade flows with relatively modest maintenance capital expenditure requirements due to our already globally well-established footprint. Our broad geographical footprint reduces our exposure to market risks in a single country or region. As a result of our broad geographical coverage, we also benefit from low-cost production (*e.g.*, at our production facilities in Romania, Mexico and China). Our machine automation strategy is taking advantage of labor cost differences between the locations as we deploy the highly automated machines in high labor-cost countries and tend to deploy less automated equipment in the low labor-cost countries. Where possible, we take advantage of local supply chains to minimize exchange risks. At the same time, we are maintaining our industry-leading quality standards.

Broad product and application spectrum

We serve industrial customers in various segments including agricultural machinery, aircraft, commercial vehicles, marine applications, furniture, health care equipment and independent aftermarket. Within the automotive sector, we sell more than 3,000 gas spring, hydraulic damper and 73 Powerise product variations for different types of applications to all major OEMs worldwide. Within the industrial sector, we serve customers in various different sectors, selling over 15,000 product variations to be used in a diverse range of applications ranging from doors, hoods and flaps in agricultural machines to the adjustment of aircraft seats. Within our industrial business, we also serve the independent aftermarket.

Each of the end-markets for our products is influenced by different economic factors, making us less vulnerable to adverse changes in the economic environment or fluctuations in a particular economic parameter in any specific market sector in which we operate. In the fiscal year ended September 30, 2013, we generated approximately 50% of our gross profit in non-automotive applications.

Growing global end-markets with supportive industry trends

We primarily serve the global automotive and the industrial sectors. Both sectors are exposed to long-term growth drivers.

Our products benefit from supportive industry trends.

Underlying sector growth

We expect automotive production to grow globally at a compound annual growth rate (CAGR) of approximately 4% from 2013 to 2015, with Asia expected to record a regional growth at a CAGR of 4.6% over the same period, Europe at around 3%, NAFTA at 3% as well and rest of world at approximately 7%.

Performance in the industrial sector is highly correlated to the industrial production growth, which is expected by EIU to grow at a CAGR of 3.2% in the period from 2013 and 2015 with 2.7% growth in Europe, 3.3% growth in NAFTA and 5.0% growth in Asia (*source*: EIU as of April 2014)). Historically, our industrial revenue growth exceeded GDP growth. For further information on GDP growth and industrial production growth, please see "*Industry—Industrial—OEM.*"

Supportive industry trends

We expect to benefit from certain trends in the automotive industry. We believe that the following trends will drive the demand for gas springs:

- Increasing comfort requirements, in particular in emerging markets:

  The more basic cars, common in several emerging markets, currently do not use gas springs. The general shift in customer demand towards more comfort, however, requires the integration of gas springs, as evidenced by the increased use of gas springs in emerging markets (*i.e.*, local passenger car manufacturers in China are beginning to use gas spring applications). During the fiscal years ended September 30, 2012 and 2013, the basic cars manufactured in emerging markets (defined as Africa, Middle East, Asia (without Australia, Japan and South Korea), Eastern Europe and South America) had an average number of 1.2 gas springs per car compared to 2.5 gas springs on average for cars manufactured in Western Europe and by 2018 we expect that the average number of gas springs per car for emerging market cars will increase to 1.3.

- Shift in light vehicle production mix:

  A shift in light vehicle production mix towards premium cars in both mature and emerging markets as well as an increasing market share of large hatchback cars, such as SUVs, relative to classic sedans are expected to result in an increase in the average number of gas spring fitments per vehicle. A large SUV, for example, is typically equipped with 1-2 additional gas springs as compared to classic sedans. We believe SUV production is expected to grow globally at a compound annual growth rate ("**CAGR**") of about 6% from 2013 to 2015, with Asia and rest of world expected to record the highest regional growth at a CAGR of approximately 9% and 19%, respectively over the same period.

- Migration of automatic opening and closing systems:

  We also expect automatic opening and closing systems to migrate from the luxury segment into the higher volume middle class segment, partially replacing gas springs. According to our internal data, the volumes of automatic opening and closing systems are expected to grow at a CAGR of 20% over the period from 2013 through 2015. Given our successful gains of new customers in this segment, we expect to outpace market growth and therefore further expand our market share.

In the industrial sector, we believe that our revenue growth will continue to exceed market growth of industrial production as a result of the following trends:

- Increasing comfort requirements, in particular in emerging markets:

  A large number of tools, machines, equipment and appliances currently do not utilize gas springs. With consumers becoming savvier, we expect the utilization of gas springs which are typically utilized to facilitate safe and comfortable motion sequences and vibration damping to increase.

- Demographic trends:

  The demographical development towards increased mobility in higher age brackets drive demand for applications that incorporate gas springs such as wheelchairs, nursing beds and walking frames.

- Positive legislation:

  Ongoing regulatory initiatives for ergonomic work environments, including a continuing proliferation of such regulations in emerging markets is expected to increase the utilization of gas springs.

Strong financial and operating track record and experienced management team

Strong performance and financial profile, leading profitability in industrial markets and above-average growth

Over the last three fiscal years, we have achieved revenue growth at CAGR of 8.6% and EBITDA growth at CAGR of 16.4%, and an Adjusted EBITDA margin of 18.9% in the fiscal year ended September 30, 2013, which we believe to be leading in industrial markets based on an analysis of competitor data. Our management has successfully achieved a business recovery following the height of the recent financial crisis, resulting in an increase in Adjusted EBITDA from €73.0 million in the fiscal year ended September 30, 2011 to €87.1 million in the fiscal year ended September 30, 2013.

Strong cash flow generation and solid balance sheet

We have steadily increased our operating cash flow over the last three years through growth in EBITDA, effective working capital and capital expenditures management as well as through cost reductions achieved through the consolidation of manufacturing plants in Europe and the development of our engineering capabilities in low cost locations. Our Adjusted operating cash flow before tax as a percentage of revenue was 9.5% in the fiscal year ended September 30, 2013 and 13.9% in the six months ended March 31, 2014. This cash generation was achieved despite investments relating to the launch and rollout of Powerise.

Experienced management team

Our management team has extensive experience in the automotive and industrial sectors and a proven track record of successfully managing global businesses. Each management team member has between 20 and 35 years of experience in the automotive and industrial industry. We believe the experience of our management team gives us a competitive advantage and positions us favorably for future growth and profitability. Since joining the Group, they have successfully:

- Re-ignited growth by strengthening focus on emerging markets, industrial customers and new application. Over the last three fiscal years, we have continuously increased our foothold in the fast growing Asian market, increasing the share of gas spring revenue from 7.1% in 2005 to 14.2% in 2013 in the Asia/Pacific region. We have further increased the share of our industrial business (excluding swivel chair) from 21% of our total revenue in 2002 to 30% of our total revenue in the fiscal year ended September 30, 2013. Between 2010 and 2013, our industrial business has performed well against the market with revenue growth of 8.0%

compound annual growth rate (5.1% in Europe, 13.6% in NAFTA and 10.6% in Asia/ Pacific on a billed-to basis) driven by a sales force increase, active pursuit of new applications and focus on the independent aftermarket business;

- Improved the cost structure by increasing flexibility of the workforce and further globalizing the footprint. We increased the number of leased and temporary employees to approximately 13% as of the date of this Prospectus and the share of our employees in Mexico, USA, Romania, and China to approximately 50%. We have optimized the footprint by closing the plants in Spain and Italy and increasing the volumes in Romania, China and Mexico; and
- Driven the technological and cost breakthrough behind the success of our automatic opening and closing system. We have built up this line of business from €2.7 million in revenue in 2009 to a revenue of €55.3 million in the fiscal year ended September 30, 2013.

Strategy

We believe that we are a leading supplier of gas springs and hydraulic dampers for the automotive and industrial sectors worldwide. In addition, we have successfully expanded into the production and sale of automatic opening and closing systems. Our strategic aim is to further extend our leadership positions in these industries. The key focus areas of our strategy are to: (i) drive profitable and cash generating growth, (ii) benefit from megatrends, such as increased standard of living, increasing comfort requirements and aging population, (iii) focus on innovative gas spring solutions, especially in our industrial business through new applications and selected add-on acquisitions in untapped markets and (iv) maintain and strengthen our cost and quality leadership.

Drive profitable and cash generating growth in all our regional segments and across end-markets

We aim to continue to increase revenue, profits and cash flows across all our businesses by further focusing on regions and sectors where we have currently lower market shares and by strengthening our position with select add-on acquisitions and by actively pursuing our turnaround plan in the swivel chair sector.

Automotive & Powerise: focus on rapidly growing regions and trend towards large hatchback cars

We intend to continue to expand our international presence in rapidly growing markets, in particular in Asia, which has become a significant growth driver for the automotive sector and where our market share still lags behind our market share in other regions. We seek to increase our revenue from South Korean and Japanese OEMs in our automotive business, supported by new targeted investments in additional production capacity in Asia. In addition, to take advantage of the rapidly growing Chinese automotive manufacturing sector we plan to increase revenue from Chinese OEMs. To achieve this goal, management has implemented a targeted sales strategy and is in the process of establishing engineering capabilities in China, which has already secured orders from some local Chinese OEMs. We aim to increase the revenue share of our Asia/Pacific automotive business from 16.5% in the fiscal year ended September 30, 2013 to a revenue share of around 21.8% by 2018.

We plan to further take advantage of the strong growth rates of automatic opening and closing systems driven by the trend towards large hatchback cars. To benefit especially from the increasing comfort requirements in emerging markets as well as the trend towards large hatchback cars, we are planning to add production capabilities for Powerise to our existing Chinese site focused on the production of automatic opening and closing systems in China.

Industrial: increase regional coverage of the market

While we have a large industrial market share in certain European countries in which we have a strong commercial presence, we believe that there is still significant potential to increase market share in other European countries, as well as in Asia and North America, where our market

coverage is less strong. We have identified regions and countries in which we are in the process of repeating our successful strategies from markets where we have a high share, by improving our market coverage with the objective of strengthening our local sales footprint. In addition, we intend to transfer our production, application engineering and sales know-how from Europe and NAFTA to the Asia/Pacific region, where our footprint is less strong. In addition to our presence in South Korea and Japan, we are continually increasing our presence in China. We have extended our production capabilities and set-up local application engineering, sales and project management teams. We believe that the local impact will further strengthen our position in the Asia/Pacific region.

Benefit from megatrends, such as increased standard of living, increasing comfort requirements and aging population

We continue to adapt our product offerings towards megatrends, such as increased standard of living and comfort requirements. Our Powerise solution enhances comfort through automatically opening and closing car tailgates and trunk lids. In addition, our gas springs offer more comfortable opening and closing solutions as well as increased comfort in swivel chairs and industrial applications, such as airplane seats. We therefore seek to benefit from an increased standard of living, in particular in emerging markets, and further continued increase of comfort requirements in the developed world.

The global population of older persons is growing considerably faster than the population as a whole. We focus on capitalizing on this megatrend. It is inevitable that aging persons will require more automated systems in their vehicles and in other aspects of their daily lives. We intend to benefit from this megatrend as we have positioned the Group as a system provider in automatic opening and closing systems that will continue to experience an increasing demand in applications for its solutions.

Focus on innovative components and systems to take advantage of global industry trends

We believe that our products are at the forefront of innovation. We employed over 200 people in R&D across our three regional segments as of March 31, 2014 and our engineering capabilities are spread across our regions with R&D application engineers on each continent.

We are focused on designing and manufacturing highly-engineered components, modules and system solutions that address key global trends in the automotive and industrial sectors. We aim to adapt to these trends by continuously improving our existing technology, in particular the requirement for ergonomic solutions as well as automated opening and closing systems. We believe that actively addressing these key trends reinforces our ability to maintain our market share and profitability.

In the industrial sector, we continue to develop products for enhanced safety and comfort as well as noise reduction. For example, we have developed an application based on our Bloc-O-Lift for use in airplane seats. We have received the required approvals, which allows us to now offer products for this market. We also seek to improve our market share in low temperature railway dampers.

We expect that recent and continued wins with key clients for Powerise solutions due to the superior technology features of our products will be a key growth driver for us. We are working on and investing in improving and further developing our current technology to further reduce noise, weight and cost. In addition, we are exploring industrial applications for Powerise for the high-volume commercial vehicle segment as well as a special application to raise and lower pick-up truck loading area covers.

Maintain and strengthen our cost and quality leadership

Build on our global footprint and proximity to customers

Based on our guiding strategy "in the region, for the region," we establish our facilities in close proximity to our customers. Over the last ten years, we have begun gas spring productions at

two new manufacturing facilities in Romania and China. In addition, we started production at our fully-owned manufacturing facility in South Korea in 2003. Both, our current Powerise plants in Mexico and Romania, have been set up in the last two years and thus offer state of the art material flow and a layout well suited for modern production technologies. Management is currently focusing on increasing revenue share generated in the Asia/Pacific region, among others with a capacity expansion project for the Chinese plant, which will almost double Chinese plant capacity from 8.7 million units per year to almost 15 million units per year by the end of 2015 and an approved new plant building in China to further expand industrial and Powerise production capabilities. It is our goal to continue to provide a comprehensive product and service offering to current and new customers globally. We seek to fully globalize our product portfolio and to provide an even broader range of components and systems to each customer.

Continue to optimize cost base

We implemented operational improvements relating to plant and overhead in the past two years, which included productivity improvements, overhead reduction, consolidation of manufacturing sites and the rollout/implementation of local sourcing, amounting to meaningful reduction of our operating cost. Overhead improvements mainly related to the closures of our plants in Spain and Italy.

For the coming years, we expect to continue on this path with productivity improvements, a range of specific initiatives relating to the profit improvement plan for our swivel chair business and the impacts of higher capacity utilization backed by a high level of already locked in Powerise business. In addition, we plan to further reduce our cost base through efficiency gains in our manufacturing processes that will enable us to supply standard, low cost and tailor-made products to our customers at an attractive cost/performance balance.

Due to our production know-how and long-standing client relationships backed by our quality leadership, we are confident that we can protect our market shares in gas springs in Europe and NAFTA and gain further market shares for gas springs in the Asia/Pacific region, especially with local customers, and gain further worldwide market share in Powerise and the industrial sector.

Company history

Stabilus was founded in Koblenz, Germany in 1934 as a manufacturer of hydro-pneumatic devices. We put the first gas spring into serial production in 1962, the first locking gas spring into serial production in 1965 and the first locking gas spring for height adjustments in swivel chairs into serial production in 1972. Also in 1972, we started our geographical expansion by commencing production in the United States. Since then, we have established a global production, sales and services network with manufacturing facilities in nine countries and representation in 70 countries. In the recent past, we started production in South Korea and Romania and increased production capacity in Mexico and, at an accelerated pace, in China.

In 2009, with the introduction of our Powerise solution, we introduced a new generation of automated opening and closing mechanisms that represents in our view the biggest technological innovation in the sector in the last 30 years. With our Powerise solution we successfully transitioned from a pure component supplier to a system supplier.

Regional segments

We operate our business through three regional segments: Europe, NAFTA and Asia/Pacific. Our business has a strong regional focus, given our integrated "in the region, for the region" approach. Our senior management is organized by regions and we report our revenues and other operating data on a regional basis.

As of March 31, 2014, we operate three plants in Europe, three in NAFTA, one in South America and four in Asia/Pacific. We typically allocate our highly automated production equipment to countries with a highly skilled workforce such as Germany, the United States, and South Korea

while allocating more labor-intensive production equipment to low labor-cost countries such as Romania, Mexico and China. Our Powerise production is located in the low labor cost countries Mexico and Romania. Following our integrated "in the region, for the region" approach, we have built a global manufacturing footprint with a strong regional foothold.

The table below sets out a breakdown of our revenue by regional segments for the fiscal years ended September 30, 2011, 2012 and 2013 (on a "billed-to" basis) and for the six months ended March 31, 2013 and 2014 (on a "billed-from" basis):

	Year ended September 30,			Six months ended March 31,	
	2011	**2012**	**2013**	**2013**	**2014**
(in € million)		**(audited)**		**(unaudited)**	
Europe[1]	239.5	237.9	230.2	117.6	129.9
% of revenue	*58.2*	*53.6*	*50.0*	*53.6*	*52.8*
NAFTA[1]	108.4	134.6	150.0	74.8	84.7
% of revenue	*26.3*	*30.4*	*32.6*	*34.1*	*34.4*
Asia/Pacific[1]	63.7	71.0	79.8	27.0	31.3
% of revenue	*15.5*	*16.0*	*17.3*	*12.3*	*12.7*
Total revenue	**411.6**	**443.5**	**460.1**	**219.4**	**245.9**

(1) In this Prospectus, most regional revenue data is presented on a "billed-to" basis for the fiscal years ended September 30, 2011, 2012 and 2013 as, with respect to the financial statements for these three years, the "billed-to" approach has been used as basis for the calculation of the regional revenue split. We commenced segment reporting in relation to this Offering. We intend to report all regional segment data (*i.e.*, all regional revenue and Adjusted EBITDA) on a "billed-from" basis in the future. Accordingly, we have included "billed-from" segment data for the six months ended March 31, 2013 and 2014 and have specifically indicated any other figures that refer to "billed-from" revenue. In the table above the regional revenue splits are presented on a "billed-from" basis for the six months ended March 31, 2013 and 2014.

Product and customer overview

Automotive sector

The Company supplies a broad portfolio of gas springs and hydraulic dampers and a large variety of Powerise solutions to the automotive sector. We generated 64.8% of our revenue in the fiscal year ended September 30, 2013 with our automotive customers (66.8% in the six months ended March 31, 2014), of which our gas spring products contributed 81.4% (76.9% in the six months ended March 31, 2014) and our Powerise solution the remaining 18.6% (23.1% in the six months ended March 31, 2014), representing growth of 92.7% to the previous twelve-month period (24.2% in the six months ended March 31, 2014 compared to the six months ended March 31, 2013). In the fiscal year ended September 30, 2013, we manufactured more than 132.7 million gas springs (including 4.6 million dampers) and 1.2 million Powerise solutions.

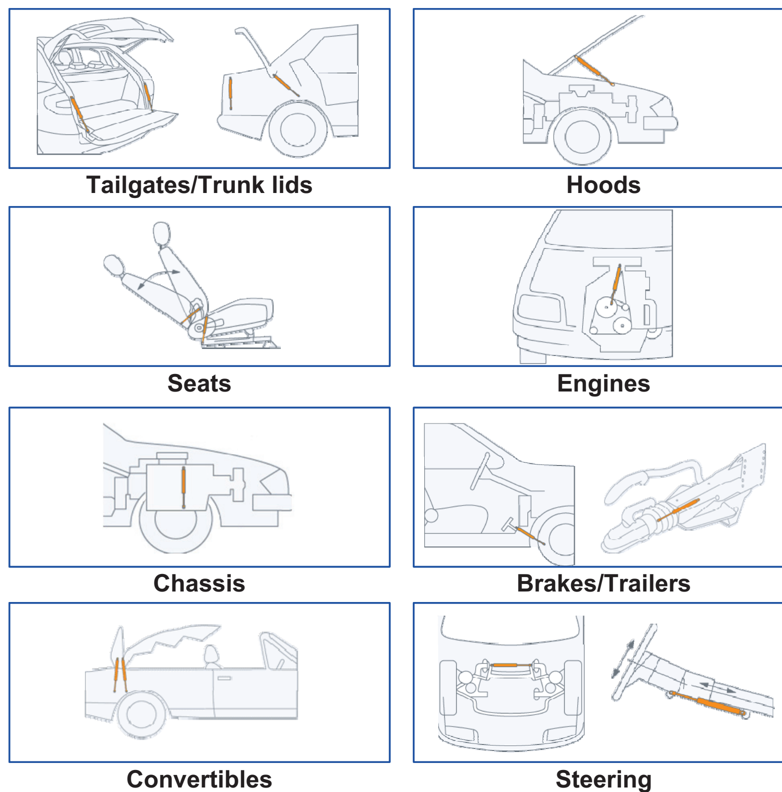
Products

Gas springs

Gas springs are used whenever components such as doors, flaps and lids must be brought into a defined position. For gas springs to open an application easily and to close it safely, their extension force must be matched accurately. For example, if the force of the gas spring is too low, the hand force required by the user becomes uncomfortably high and may not hold the application in the open position. A special characteristic of the gas spring is damping. Damping can be used to determine a specific speed curve, for example for the tailgate. When and how strongly the damping action should work can be established individually.

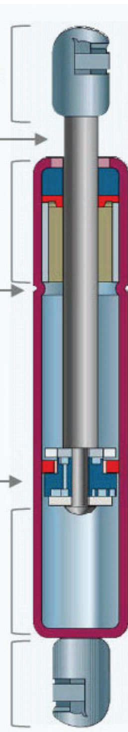
In the automotive sector, gas springs are used for a variety of applications in passenger cars including tailgate, trunk lids, bonnets, convertible top and lid opening mechanisms, chassis, roll bars, glove compartments, middle consoles, folding tables, SUV and minivan backseat adjustment mechanisms and steering columns.

The following graph shows selected applications of our products in the automotive sector:



Source: Company information

Gas springs



The gas spring is a hydropneumatic adjusting element, consisting of a pressure tube, a piston rod with piston and appropriate connection fittings. It is filled with compressed nitrogen, which acts with equal pressure on differently dimensioned cross-sectional areas of the piston. This produces a force in the extension direction. This extension force can be exactly defined within physical limits through the appropriate selection of the filling pressure.

Our main gas spring product group is Lift-O-Mat, a non-locking gas spring which serves as a staple item for the automotive industry. Lift-O-Mat helps raise and compensate weights by controlling the extension force and damping action depending on the function. Our standard Lift-O-Mat with hydraulic damping has an additional oil fill. The oil reduces the speed as the end position is approached, as soon as the piston leaves the gas and enters the oil chamber. The use of patented labyrinth pistons and the viscosity of the oil determine the damping degree; the oil amount used determines the damping range.

Lift-O-Mat

There are several additional product functions available within our Lift-O-Mat product group. For example, it is possible to have a mechanical end position stop which provides additional protection against accidental closing of trunk lids. With Hydro-Lift®, in addition to the normal Lift-O-Mat function, the movement can be stopped in several positions. Lift-O-Mat high friction permits the gas spring to be stopped in any position and Inter-STOP® allows to manually hold/stop the application, such as the trunk lid, in several positions as the stroke is divided into different functional ranges.

Lift-O-Mat

The product group Lift-O-Mat generates the majority of our revenue. Within this product group, we have 18 sub-products, with differences among them including length and diameter variations as well as gas pressure and end fitting variations.

Bloc-O-Lift

Bloc-O-Lift

Bloc-O-Lift is a locking gas spring which offers weight compensation and a step-less positioning over stroke. This is achieved with a special piston/valve system. If the valve is open, Bloc-O-Lift provides force support and damping. If the valve is closed, the gas spring locks and provides high resistance to any motion. The Bloc-O-Lift technology is, for example, used in airplane seats. With their elastic cushioned locking characteristics, in the event of a crash landing, the seat will spring back to its upright position, allowing for improved safety for passengers.

Dorstop

Dorstop allows for the step-less fixing of a car door in any desired position. Our gas springs and dampers, whether used in cars for tailgates, hoods, other closures, seats or various forms of vibration dampening, are utilized to facilitate safe and comfortable motion sequences and vibration damping.

Dorstop

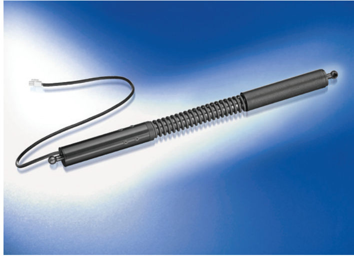
Hydraulic dampers

Stab-O-Shoc

Hydraulic dampers are used in seats, steering and trailer systems, washing machines, overrun brakes, bicycles and engine pitch. Dampers are used to influence the properties of movements and vibrations in a positive manner. They are matched to the individual application. Oil hydraulic dampers consist of a pressure cylinder, a piston rod with piston system and end fittings. During a movement, the filling medium—the oil—is forced through specifically dimensioned bores in the piston, thus creating the desired damping force. Through our Stab-O-Shoc product line, we offer our customers an application tailored dampening element to absorb vibration.

Powerise

In the automatic opening and closing systems market, we sell electromechanical opening and closing systems, which we call Powerise, for passenger cars.



In the fiscal year ended September 30, 2013, we manufactured approximately 1.2 million Powerise solutions (approximately 1.0 million in the six months ended March 31, 2014). These products accounted for 12.0% of our consolidated revenue (18.6% of revenue from our automotive business) in the fiscal year ended September 30, 2013 and these products accounted for 15.4% of our consolidated revenue (23.1% of revenue from our automotive business) in the six months ended March 31, 2014. Our Powerise product portfolio includes an array of 44 automated closing and opening systems for automotive applications.

These products provide system solutions for the electromechanical opening and closing of tailgates or trunk lids.

Powerise contains a spindle, an electrical motor and a reducer gear, supported by a mechanical spring. Driven by the torque of the motor, the Powerise unit provides an axial movement and operates the opening and closing function of the tailgate. There is a growing variety of component solutions in this product line with different spindle drive technologies to respond to the application needs of OEMs across their product offering. This spindle drive technology is lighter (resulting in more fuel-efficient cars), cheaper and less noisy than competing technologies. We believe that our spindle drive technology will become the new industry standard for the sector as it provides all functionality offered by alternative technologies at a competitive cost level.

The following is a schematic presentation of a Powerise device.

Customers

We supply our automotive products to OEMs worldwide and have long-term supply relationships, many of which go back more than 30 years. We believe that these longstanding relationships with our automotive customers give us a strong competitive advantage. As of March 31, 2014, we supplied our gas springs and dampers to approximately 100 automotive customers. These automotive customers include major global automobile manufacturers and Tier 1 and Tier 2 suppliers in the passenger car sector. In the fiscal year ended September 30, 2013, our top ten automotive customers represented 54.0% of our total revenue, with no single automotive customer representing more than 11.7% of our total revenue.

Industrial sector

To our industrial customers, we offer more than 15,000 product variations (gas springs and hydraulic dampers) based on eight main product lines, supplemented by our aftermarket business in the replacement parts segment. These products are supplied to more than 2,500 customers (in addition to approximately 25,000 customers supplied through dealers) for use in hundreds of different industrial applications. Revenue with our industrial customers accounted for 29.8% of total revenue in the fiscal year ended September 30, 2013 and 28.2% of total revenue in the six months ended March 31, 2014.

Products

Our product portfolio includes an array of gas springs and hydraulic dampers for industrial use. The gas springs and hydraulic dampers service a variety of customers' application needs within the industrial sector including agricultural machines, aircraft applications, commercial vehicles, marine applications, furniture, health care equipment and independent aftermarket. Examples of such applications include smoke exhaust vents for buildings which, in case of fire, open so

that smoke can exit the building. Since the opening process is pyrotechnical, high speeds of the vent have to be damped, which is done by a Stabilus damper. Other examples of such applications are flaps in kitchen cabinets where gas springs help to open the flap or furniture such as hospital beds, where Stabilus products help to adjust and/or position the footrest and backrest of the bed or swivel chairs for dentists, where the gas spring allows the dentist to adjust the correct height of the chair. In addition to gas springs used for opening and closing overhead luggage compartments or maintenance doors of airplane engines, the Bloc-O-Lift technology is, for example, used in airplane seats. With their elastic cushioned locking characteristics, in the event of a crash landing, the seat will spring back to its upright position, allowing for improved safety for passengers.

Given that our products for our industrial customers are often used for highly specialized applications, sales volumes differ from sector to sector.

The following graphic shows selected applications of our products in the industrial sector:

Source: Company information

Customers

We serve industrial customers in various segments including agricultural machinery, aircraft, commercial vehicles, marine applications, furniture, health care equipment and independent

aftermarket. We also sell our products to the independent aftermarket, through distributors and direct sales channels. Aftermarket sales of our industrial business include sales for industrial applications and for automotive applications to customers other than OEMs. Our industrial customers are, amongst others, ZF, Iveco, Daimler Bus and Trucks, SKF, Enea Rossi, JWF, John Deere, Volvo Trucks, MAN and Bultz. In the fiscal year ended September 30, 2013, our top ten industrial customers represented 7.4% of our total revenue, with no single customer representing more than 5% of our total revenue. We operate sales and marketing facilities in 18 locations.

Swivel chair sector

To swivel chair customers, we offer swivel chair columns and gas springs. We generated 5.5% of our total revenue with our swivel chair customers in the fiscal year ended September 30, 2013 and 4.9% of revenue in the six months ended March 31, 2014.

Products

The product portfolio includes two different product lines comprising swivel chair columns and gas springs, used in an array of more than 2,000 applications.

Swivel chair columns

Swivel chair column

Swivel chair columns comprise telescope columns, multi-function columns, depth cushioning, non-rotating columns, which do not have a swivel function, and columns with stop functions. These columns are used for special functions in swivel chairs. For example, multi-function columns are used if it is desired that the swivel chair returns to a certain position upon removal of the weight. The chair then automatically returns to the highest seat position and turns into its home position. Columns with depth cushioning on the other hand optimize the spring characteristics in the lowest seat position. The highly progressive force increase of the locked gas spring in the compressed position is improved due to a groove in the guide cylinder. Columns with a stop function give a combined seating/standing task chair the required safety in the upper adjustment range because, above a defined actuation point, a rubber stopper springs out of the column when a load is applied, thus preventing the chair from rolling away. Below this actuation point, the chair can be used normally.

Gas springs

The gas springs are used for a variety of applications in the swivel chair sector including seat height, backrest, seat inclination and synchronous adjustment. Our main swivel chair products, Stab-O-Mat and Stab-O-Bloc, imbedded inside the swivel chair column, offer their users stepless height adjustment that can be locked and adjusted via an activator handle.

The following graph shows selected applications of our products in swivel chairs:

Customers

We serve more than 300 swivel chair customers globally. Among those customers are HermanMiller, Dauphin, Scandinavian Business Seating, Kinnarps, Sedus, Steelcase, ITOKI, Vitra,

Interstuhl and Haworth. In the fiscal year ended September 30, 2013, our top ten swivel chair customers represented 2.7% of our total revenue, with no single customer representing more than 0.5% of our total revenue.

Sales and distribution channels

We maintain a worldwide sales and service network, *inter alia* through our sixteen sales offices in Australia, Brazil, China, Germany, Spain, France, Italy, Japan, South Korea, Mexico, New Zealand, Singapore, the United Kingdom and the United States. Our sales organization has a global footprint and is active in all key countries with local sales facilities. As of March 31, 2014 we employed 170 people (permanent and temporary employees) in selling and marketing and we also work with external distribution partners. In the automotive sector, as we sometimes collaborate with in-house engineers at our OEM customers, we have direct access to the purchasing and engineering departments of all OEMs. In the six months ended March 31, 2014, we served more than 100 automotive customers, more than 2,500 industrial customers and more than 300 swivel chair customers, all in more than 100 countries worldwide.

In our industrial business we sell products to the independent aftermarket, which includes the distribution of spare parts and service to customers worldwide. Our independent industrial aftermarket business sells gas spring products through a comprehensive network of external distribution partners to more than 25,000 customers in over 70 countries worldwide. Revenue generated in the independent aftermarket, including for the sale of products for automotive applications to customers other than OEMs, are recorded within our industrial business.

Our functions

Research and development

We conduct R&D activities with a focus on key growth technologies, primarily our Powerise solution. We believe that our R&D and application engineering competencies are key differentiating factors for our Group, especially for innovative products, such as Powerise. In addition, we develop our technology and manufacturing lines in-house, which guarantees continuous process improvement, rising efficiency and worldwide support with the same standards and also creates barriers to entering the market for potential new market participants.

As of March 31, 2014, we employed 223 employees in our R&D function (representing approximately 5.4% of our workforce) within a global R&D network comprising three locations. Main locations for our R&D activities outside Germany are Romania and the United States. As of March 31, 2014, 139 of our R&D employees were based in Germany, 53 were based in Romania, three in China and the remainder were based in the United States. In addition, our R&D engineers also work to a limited extent with external contracted engineering and consulting services.

Our total R&D spend (including capitalized R&D) amounted to €23.9 million, or 5.8% of our revenue, in the year ended September 30, 2011, €26.8 million, or 6.0% of our revenue, in the year ended September 30, 2012 and €31.4 million (including application engineering), or 6.8% of our revenue, in the year ended September 30, 2013, emphasizing our high focus on maintaining technology leadership.

Our R&D works in close cooperation with customers in all key areas of product development. We carry out all necessary tests in order to ensure the operating safety of our products and to gain valuable insights for developing and improving our products further.

Automotive R&D

Our R&D efforts in relation to the automotive OEM business follows the major trends towards enhanced safety and comfort and the reduction of fuel consumption through weight reduction.

We believe that we are at the forefront of innovation with our Powerise solution. Increased interest from automotive OEMs for the development of Powerise parts has led to increased R&D activity to further develop and build on this technology.

We are also a development partner for many of our automotive customers, working with them to develop new products that meet the needs of their own R&D. For example, we collaborated with a manufacturer of convertible car roof systems in order to develop a solution that allows the car roof to be opened during the car ride.

Industrial R&D

In addition to continuously improving the performance of our existing products, our industrial R&D program is designed to capitalize on the market trends and customer needs in all of the sectors that we serve by developing new products and seeking new applications for our existing technologies. We are the industrial development partner for numerous projects, creating a basis for advancing the development and cost-effectiveness of innovative products based on gas springs and hydraulic dampers. For example, we collaborated with a furniture manufacturer in order to use our technology in adjustable sofa backrests as well as height adjustable tables.

Swivel chair R&D

Through sustained innovation and R&D investment, we seek to develop new applications and products that address the ergonomic need of our end-markets and their respective customers. In this regard, we have built a strong pipeline of new applications and products such as new height and backrest adjustments or movement softening mechanisms that we are developing further with the aim of bringing them to the market to expand our business, in particular, in the U.S.

Intellectual property

We have obtained patents and licenses to cover our products, their design and our manufacturing processes and are continuously seeking to secure further patents on our developments.

As of March 31, 2014, we held 383 patents and 201 patent applications worldwide with 39 patents received in the fiscal year ended September 30, 2011 and 39 patents received in the fiscal year ended September 30, 2012.

We consider our intellectual property a competitive advantage of our business. Hence, we devote significant resources to the filing and monitoring of our patents and other intellectual property rights, to the prosecution of infringements thereof and to the protection of our proprietary information. For example, we monitor patent studies with regards to the competitive situation of our developments. For a detailed description of the risks associated with intellectual property rights, please see "*Risk factors—Legal, taxation and environmental risks—We are exposed to certain risks with regards to our intellectual property, its validity and the intellectual property of third parties.*"

Production technologies

We believe that we are among the leaders in terms of production technology and quality in the fields of gas springs, hydraulic dampers and electromechanical opening and closing systems. All quality check functions, such as automated gas spring force testers, leak detectors, but also basic checks for manual assembly work and visual inspection, are carried out in-house. We are well-known in the industry for our track record of innovation such as the roll closing of gas springs or in-process powder painting.

Our aim is to maintain the highest quality standards in the industry. As of March 31, 2014, we operated eleven production plants in Germany, Mexico, the United States, Romania, China, South Korea, Australia, New Zealand and Brazil. We operate several assembly lines in Koblenz,

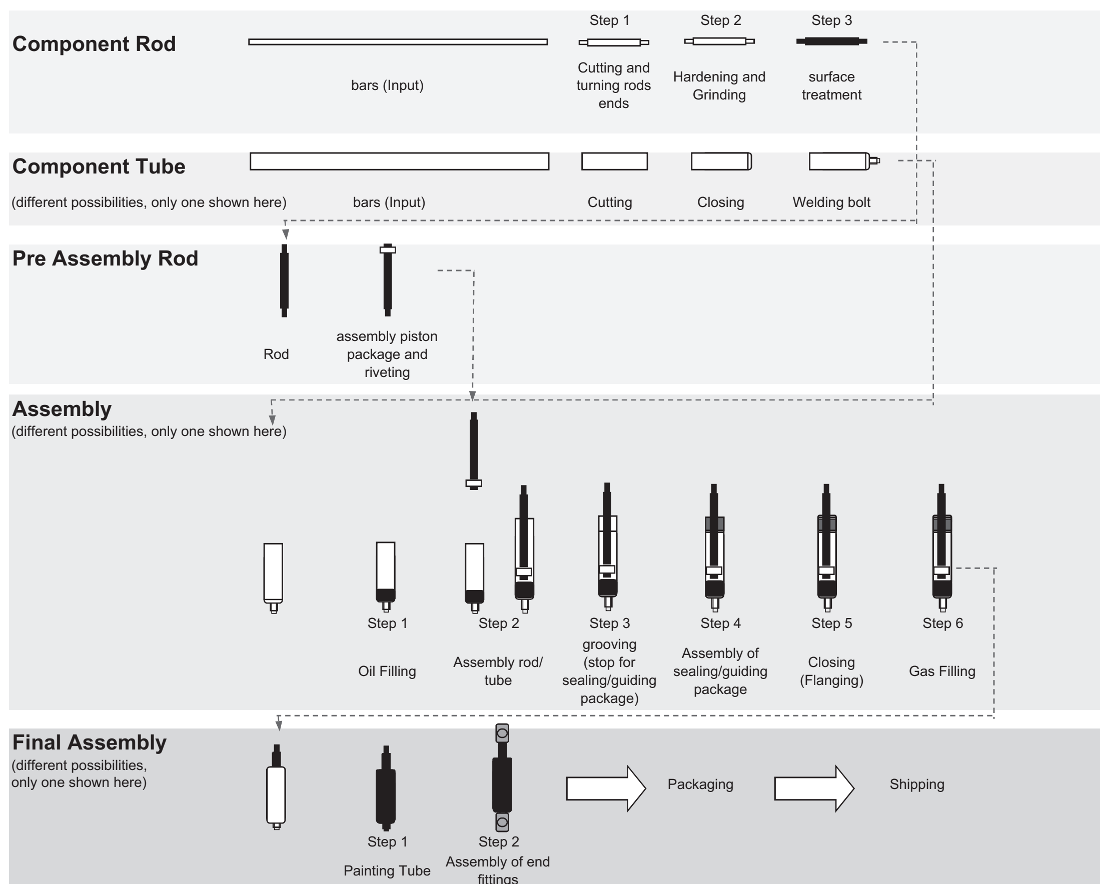
Germany, which serve both low-volume and high-volume customers. Our highest capacity, fully automated assembly line in Koblenz, Germany is operated by five people per shift and has an output of up to approximately 35,000 gas springs per day. Lower labor cost locations such as China, Brazil and Mexico utilize less automated lines to reduce investment. All of our plants operate according to our global manufacturing standards. Our in-house machine and tool shop are designed to guarantee continuous process improvement, rising efficiency and worldwide support with the same standards.

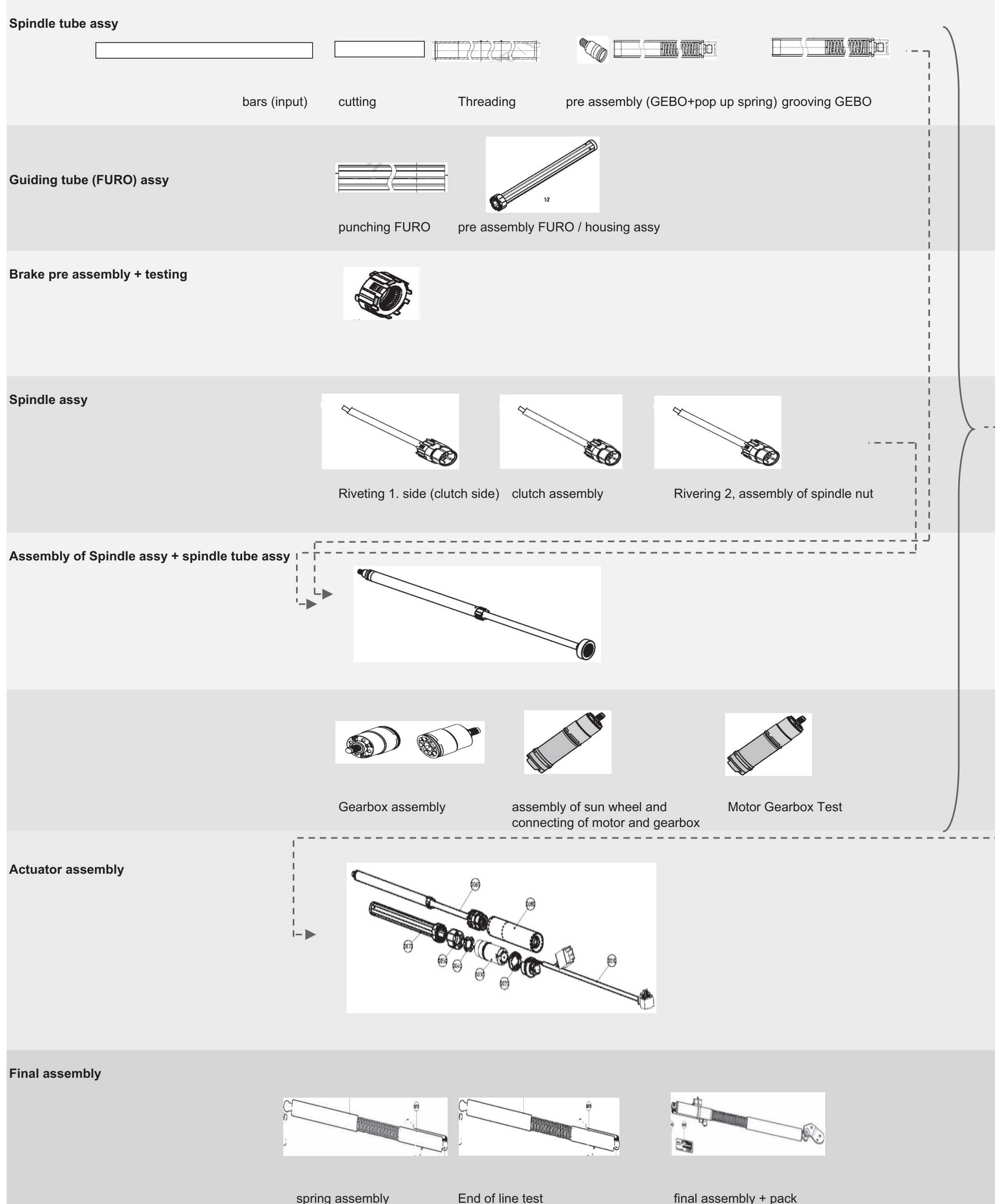
We aim to expand our production facilities across regions and products as increased sales make this a viable proposition. We believe that our in-house machine construction department should give us an advantage over competitors with less integrated set-ups. In addition, targeted improvements of individual lines and ongoing efficiency improvement initiatives should offset labor cost inflation.

As we continue to build out our base in emerging markets, we are using a step-by-step investment approach to increase automated manufacturing capacity, which increases flexibility while reducing immediate investment requirements. We initiated this modular concept approach *e.g.*, in Brazil, where we increased automation in steps in order to reduce manufacturing bottlenecks.

The following graphs show the production processes for gas spring products and our Powerise solution, respectively.

Production process of gas springs





Property, plant and equipment

Our headquarters are situated in Koblenz, Germany. We fully own the area and the building with a surface area of 78.8 thousand square meters. As of March 31, 2014, we own six of our plants and rent five of them. In addition, we own real property related to our former production plant in Spain, which we intend to sell in the future.

The following table provides an overview of the various rented/leased and owned buildings at our eleven plants (expiring lease contracts are expected to be renewed in time).

Location	Size of property in thousand square meters	Owned, rented or leased/expiry date for rent or lease
Koblenz, Germany	78.8	Owned
Brasov, Romania	31.0	
Brasov, Romania, Plant 1 (swivel chair)	21.2	Rented/November 2017
Brasov, Romania, Plant 2 (Powerise)	6.7	Owned
Brasov, Romania, Plant 3 (R&D)	3.0	Rented/March 2023
Gastonia, United States	72.8	Owned
Ramos Arizpe, Mexico	86.2	
Ramos Arizpe, Mexico, Plant 1(Gas spring)	50.9	Owned
Ramos Arizpe, Mexico, Plant 2 (rod building)	29.0	Rented/February 2016
Ramos Arizpe, Mexico, Plant 3 (Powerise)	6.4	Rented/May 2016
Busan, South Korea	8.9	Owned
Wujin, China	25.7	Rented/September 2017
Itajubá, Brazil	14.5	Owned
Dingley, Australia	2.1	Rented/December 2016
Auckland, New Zealand	0.7	Rented/June 2017

Purchasing of prefabricated materials and components

Steel tubes and bars, seals, joints, electric motors and specific machine parts are the principal materials used in our products. We purchase these materials through our global purchasing network with whom we work closely to assure quality. Through our global footprint, we have been able to access new suppliers through our regional experience and expertise, which has allowed us to procure pre-fabricated materials at favorable prices. Metal materials comprised 42.4% of our total production material expenses and 26.0% of our total cost of goods sold in the fiscal year ended September 30, 2013. We obtain prefabricated materials from a variety of sources and in general from more than one supplier. Our top five and top 100 suppliers accounted for 24.5% and 91.7%, respectively, of total purchases in the fiscal year ended September 30, 2013.

Prices for prefabricated materials continue to remain volatile. Prices of prefabricated materials are subject to curtailment or change due to, among other things, new laws or regulations, changes in demand levels, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. The development of prices of raw materials used in the prefabricated components that we purchase have only a limited impact on the prices of these components; the value added to the raw materials in assembling them is the key price driver.

For a detailed description of the risks associated with materials and energy supply, please see "*Risk factors—Risks related to our business—We depend on a limited number of key suppliers for certain products*" and "*Risk factors—Risks related to our business—We are exposed to fluctuations in prices of prefabricated materials and components*."

IT systems

The IT infrastructure employed by us is characterized by a high level of standardization. Our IT systems and application landscapes rely heavily on SAP software. We own the relevant SAP licenses. Certain smaller subsidiaries (*e.g.*, in Australia, New Zealand and Brazil) use local ERP systems. In 2011, we purchased new Windows 7 and MS office licenses for company-wide application.

Employees

The table below shows the headcount as of September 30, 2011, 2012, and 2013 and as of March 31, 2014 for each of the regions in which we operate. The table below includes full-time, temporary and leased employees.

	As of September 30,			As of March 31,
	2011	2012	2013	2014
Number of employees by region			(unaudited)	
Europe	2,213	2,177	2,182	2,276
NAFTA	1,027	1,146	1,254	1,321
Asia/Pacific	393	507	522	567
Total	**3,633**	**3,830**	**3,958**	**4,164**

The table below shows the headcount as of September 30, 2011, 2012, and 2013 and as of March 31, 2014 in our functional areas. The table below includes permanent, temporary and leased employees.

	As of September 30,			As of March 31,
	2011	2012	2013	2014
Number of employees by functional areas			(unaudited)	
Production	3,082	3,273	3,392	3,578
Permanent employees	2,634	2,720	2,813	2,973
Temporary employees	251	361	358	403
Leased employees	123	124	144	139
Apprentices, Trainees, Interns, Graduates	74	68	77	63
Research and development	149	200	216	223
Permanent employees	144	196	209	218
Temporary employees	3	4	7	5
Leased employees	—	—	—	—
Apprentices, Trainees, Interns, Graduates	2	—	—	—
Selling	214	168	163	170
Permanent employees	192	158	158	166
Temporary employees	21	9	5	4
Leased employees	1	—	—	—
Apprentices, Trainees, Interns, Graduates	—	1	—	—
General administration	188	189	187	193
Permanent employees	162	162	164	167
Temporary employees	6	6	4	7
Leased employees	3	3	4	4
Apprentices, Trainees, Interns, Graduates	17	18	15	15
Total	**3,633**	**3,830**	**3,958**	**4,164**

Headcount rose by 3.3% to 3,958 during the fiscal year ended September 30, 2013, which reflected our improved business environment and increased demand.

In connection with transitioning our cost structure to one with a more flexible cost ratio, we have increased our flexibility within headcount by increasing the number of temporary or leased employees as a percentage of total headcount from 11.1% in 2007 to 13.2% in 2013. Leased employees are workers that are not Stabilus employees, who can be hired for very short periods without any restrictions in reducing headcount. We are also prepared to participate in the German short-time working program (*Kurzarbeitergeld*), through which a company can apply for cost sharing for employees so that the company covers only parts of the cost for the idle time of such employees while the government grants subsidies to a certain extent. However, as

a prerequisite a company must reduce all leased employees and must utilize its vacation and overtime hours in order to be eligible for government aid. In addition, we have substituted fixed 40-hour week contracts in Germany with 35-hour week contracts containing variable overtime regulations.

Relationships with unions and works councils

In Germany, we are a member of the metal and electrical industry organization of employers (*Verband der Metall-und Elektronikindustrie*) and are therefore subject to the various collective bargaining agreements of the association.

According to German law, our German employees established a separate joint works council (*gemeinsamer Betriebsrat*).

We have a constructive relationship with our German works councils and our German unions, evidenced by the fact that we have not experienced any major disruptions from strikes or work stoppages in recent years. However, union demands and our business often diverge, requiring ongoing discussions among the various parties to find an overall acceptable compromise.

Outside Germany, there are several other countries where our employees are represented by unions, *e.g.*, Mexico.

Pensions and other retirement benefits

Stabilus Germany operated a general defined benefit pension scheme until 2010. During 2010, the defined benefit scheme was discontinued (with limited exceptions for persons who have individual pension agreements) and replaced by a defined contribution plan.

Our total pension liabilities in Germany amounted to €41.9 million as of March 31, 2014 and we also recorded unfunded liabilities of €4.5 million in Germany as of March 31, 2014, relating to early retirement schemes. Over 100 Stabilus Germany employees have participated in the *Altersteilzeit* program, with all remaining 64 employees now being in the passive phase of the program.

See "*Risk factors—Risks related to our capital structure—We are exposed to risks in connection with our pension commitments*" and "*Management's discussion and analysis of financial condition and results of operations—Pensions and retirement benefits*."

Investments

Unlike for most suppliers, in particular in the automotive sector, our capital expenditures do not require customer- or model-related tooling, but are primarily capacity related. Our investment strategy is tailored towards further enhancing our technological capabilities and cost competitiveness and increasing our penetration of high-growth market segments such as Powerise as well as the Asian growth markets.

Our material investments in the fiscal year ended September 30, 2011, 2012 and 2013 and the first six months ended March 31, 2014 can mainly be categorized as investments in existing production facilities in order to generate organic growth and improve operating efficiencies (*i.e.*, investments in production facilities, equipment and software).

Environment, insurance and legal

Environment and pollution

Our operations are subject to a wide range of environmental laws and regulations in various jurisdictions, including those governing the management and disposal of hazardous materials, the clean-up of contaminated sites and occupational health and safety.

Hazardous material, soil and groundwater contamination

Our operations include the use and storage of hazardous materials and can otherwise have an impact on soil and groundwater. Other environmentally sensitive substances required for the operation of sites, such as fuel and heating and lubricating oil, are used and stored at our sites.

At some of our sites, asbestos was used in the construction of buildings. As of the date of this Prospectus, asbestos used at these sites is usually bound in other materials, such as asbestos-containing cement boards used for heat insulation. The replacement of bound asbestos is usually not required under environmental laws. If a building is refurbished or demolished, however, or if asbestos containing materials are in a condition that could cause asbestos to become airborne, precautions for the protection of employees must be taken and the material must be properly disposed of. At some of our sites, asbestos-containing structures will have to be demolished and such materials disposed of in the future.

Many of the sites at which we operate or operated in the past have been used for industrial purposes for many years, leading to risks of contamination and the resulting site restoration obligations. In addition, we could be held responsible for the remediation of areas adjacent to our sites if these areas were contaminated due to our activities. Groundwater contamination was discovered at a site in Colmar, Pennsylvania operated by us from 1979 to 1998. In June 2012, the EPA issued an administrative order against our U.S. subsidiary and determined requirements in respect of the remedy and the remedy cost. See "*Regulation—Soil and groundwater contamination.*" Our subsidiary, together with the other responsible parties, will reimburse the EPA for past and current remediation costs, which could potentially be significant.

For more information on the risks associated with the use of hazardous material and possible soil, water and groundwater contamination, please see "*Risk factors—Legal, taxation and environmental risks—We could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials*" and "*Regulation*."

Permit requirements

All countries in which we operate have adopted complex laws, regulations, technical rules and standards concerning environmental protection. We are required to obtain and maintain permits from governmental authorities for many of our operations. These laws, regulations and permits are subject to change over time and require the ongoing improvement and retrofitting of plants, equipment and operations, which can, at times, require substantial investments. Most of our plants are validated according to the EMAS system, ISO 14001 and/or OHSAS 18001.

Insurance coverage

We believe that we have economically reasonable insurance coverage with respect to product and environmental liability, property insurance, business interruption insurance and other insurance (*e.g.*, automobile, credit and freight insurance). Furthermore, we consider the insurance coverage level relating to our directors and officers (D&O insurance) to be economically reasonable.

Legal proceedings and warranty claims

We are routinely involved in litigation, claims and disputes incidental to our business, which at times involve claims for significant monetary amounts, some of which may not be covered by insurance.

Legal proceedings

Mezzanine litigation

In connection with our financial restructuring and as part of an enforcement action initiated by our former senior creditors, the Operating Stabilus Group was sold to an entity controlled by funds advised by Triton in April 2010 (the "**Restructuring**"). As a result of this sale, our former mezzanine lenders were left without any significant assets securing their mezzanine debt claims.

In December 2010, two former mezzanine lenders (the "**Mezzanine Plaintiffs**"), filed a lawsuit with the District Court (*Landgericht*) of Koblenz, Germany, against Stabilus GmbH demanding repayment of an amount of €82 million including interest and possible legal steps by other mezzanine creditors with a total charge of approximately €90 million (excluding interest), claiming, among other things, that the restructuring agreement of April 2010 implementing the Restructuring (the "**Restructuring Agreement**")—by which the shares in the Stabilus group were transferred by way of enforcement and the mezzanine liabilities were transferred so that the claims of the former mezzanine lenders (including the Mezzanine Plaintiffs) became valueless—was void (the "**German Mezzanine Proceedings**").

In February 2011, our former senior lender Saltri III Limited ("**Saltri III**"), which is affiliated with Triton and acted with our consent, filed a lawsuit with the High Court in London, England, for declaration that the enforcement and the restructuring were performed correctly (the "**English Mezzanine Proceedings**").

In 2012, the state liquidator in Luxembourg, in his capacity as trustee in bankruptcy of the former parent of the Stabilus group, Stable I S.à r.l. ("**Stable I**") filed a lawsuit with the District Court in Luxembourg seeking a judgment that the sale and purchase agreements which were concluded pursuant to the Restructuring Agreement were void and that therefore Stable I still holds the shares in Stable II S.à r.l. ("**Stable II**") and other assets sold by Stable I in the Restructuring and, consequently, controls the Operating Stabilus Group; alternatively, the state liquidator claimed for damages to compensate for the loss of the shares in Stable II as a result of the enforcement of the share pledge and other assets sold by Stable I in the Restructuring (the "**Luxembourg Mezzanine Proceedings**"). At the end of calendar year 2012, the District Court of Luxembourg handed down the commercial judgment that the claim for invalidity was inadmissible (which the trustee seeks to appeal) and that the remaining proceeding be stayed until the pending cases before the German and English courts receive a final ruling.

In November 2012, the High Court in London decided in favor of Saltri III and us that the Restructuring Agreement did not become void and that enforcement was performed correctly.

In April 2013, a settlement was reached with the Mezzanine Plaintiffs, leading to the immediate termination of the German Mezzanine Proceedings and the English Mezzanine Proceedings. The Luxembourg Mezzanine Proceedings are still ongoing, but no substantial action has been taken by the plaintiff since the settlement was reached in the German Mezzanine Proceedings and the English Mezzanine Proceedings. However, we believe that, following the settlement with all former mezzanine lenders and the various positive rulings, no substantial risks remain in connection therewith.

Other Litigation

As of the date of this Prospectus, we are involved in several other proceedings, including four product liability cases in the United States. In the opinion of our management, however, none of the existing litigation is likely to have a material adverse effect on our financial position, results of operations or cash flows. However, a substantial settlement payment or judgment in excess of our provisions could have a material adverse effect on our consolidated results of operations or cash flows. See "*Risk factors—Legal, taxation and environmental risks—We are subject to risks from legal, administrative and arbitration proceedings*."

Warranty claims

Although we aim to address any product-related risks prospectively through a careful product development procedure and thorough quality management systems, we are from time to time subject to claims of customers alleging violations of due care or of warranty obligations and to claims arising from recall or service campaigns. Although we believe that we have established sufficient provisions to cover the cost arising from such claims, a substantial payment in excess of our provisions could have a material adverse effect on our consolidated results of operations or cash flows.

Some of our dampers for car seats we supplied to a German automotive supplier turned out to be defective. Our customer informed us in 2012 that this may lead to substantial delay for the market entry of a car seat project and reserved *inter alia* the right to claim damages from us.

Some of our Bloc-o-Lift gas springs, which we supplied to various customers, do not work properly. We believe that the malfunction is caused by a component that we purchased from a sub-supplier. About 71,000 gas springs manufactured in April and May 2013 might be affected. As of March 31, 2014, costs amounting to approximately €400,000 have been charged to us. So far, no customer has initiated a field recall.

Material contracts

There are currently no material contracts in place other than the ones listed below under "—*Certain financing arrangements*."

In connection with this Offering and the related transactions, the Senior Notes will be partially repaid. For additional information on the Reorganization taking place prior to this Offering and the related effects, see "*Recent developments and outlook—Financing structure and strategy*."

Certain financing arrangements

Senior Notes

On June 7, 2013, Servus Luxembourg Holding S.C.A., a direct subsidiary of the Company (the "**HY-Issuer**") issued €315 million aggregate principal amount of senior secured notes (the "**Senior Notes**"), carrying a coupon of 7.75% and having a maturity date of June 15, 2018, under a New York law governed indenture dated June 7, 2013 among the HY-Issuer, the Company, certain of the Company's subsidiaries as guarantors, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, J.P. Morgan Europe Limited as security agent and others (the "**Indenture**").

The Senior Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The net proceeds from the issuance of the Senior Notes were approximately €305 million, and were used to repay existing debt and shareholder loans and for an upstream shareholder loan.

Set forth below is a description of the principal terms of the Senior Notes.

Maturity and Interest

The Senior Notes will mature on June 15, 2018. We pay interest on the Senior Notes on June 15 and December 15 of each year, beginning on December 15, 2013, at a rate of 7.75% per year. Interest has been accruing from June 7, 2013 and is payable semi-annually in arrears.

Ranking and Guarantees

The Senior Notes are general obligations of the HY-Issuer and (a) rank equally in right of payment with all existing and future indebtedness of the HY-Issuer that is not subordinated in right of payment to the Senior Notes, including indebtedness incurred under the Revolving Credit Facility (as defined below); (b) are unconditionally guaranteed (subject to certain guarantee limitations) by the Guarantors (as defined below); (c) are secured by first-priority liens over the Collateral (as defined below), but will receive proceeds from the enforcement of security over the Collateral only after any obligations secured on a super priority basis, including obligations under the Revolving Credit Facility described below, certain priority hedging obligations and certain indemnity obligations, have been paid in full; (d) are senior in right of payment to all existing and future indebtedness of the HY-Issuer that is subordinated in right of payment to the Senior Notes, if any; (e) are effectively subordinated to any existing and future indebtedness of the HY-Issuer and its subsidiaries, if any, that are secured by liens senior to the liens securing the Senior Notes, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets; and (f) are effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that are not Guarantors.

The Senior Notes are unconditionally guaranteed (the "**Senior Note Guarantees**") on a senior secured basis by the Company, by Servus Sub S.à r.l. ("**HoldCo**") and by certain of our subsidiaries (each, a "**Subsidiary Guarantor**" and, together with the Company and HoldCo, the "**Guarantors**").

The Senior Notes are secured by pledges over, or security assignments of, various of our and our subsidiaries' assets, including the shares of the Subsidiary Guarantors and certain of our other

subsidiaries, certain of our and our subsidiaries' bank accounts, and certain receivables, intellectual property rights and moveable and real estate assets of certain of our subsidiaries (the "**Collateral**").

The Senior Note Guarantees of the Subsidiary Guarantors are subject to contractual and legal limitations under relevant local law and may be released under certain circumstances. Each Senior Note Guarantee is a general obligation of that Guarantor; (a) ranks equally in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Senior Note Guarantee, including indebtedness incurred under the Revolving Credit Facility; (b) is secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including obligations under the Revolving Credit Facility, certain priority hedging obligations and certain indemnity obligations, have been paid in full; (c) is senior in right of payment to any and all existing and future indebtedness of such Guarantor that is subordinated in right of payment to its Senior Note Guarantee (including the Company's obligations under the EUSIs); and (d) is effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by liens senior to the liens securing the Senior Notes, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets.

Optional Redemption

Prior to June 15, 2015, the HY-Issuer is entitled at its option to redeem all or a portion of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes plus an applicable "make-whole" premium and accrued and unpaid interest to the redemption date.

On or after June 15, 2015, the HY-Issuer is entitled at its option to redeem all or a portion of the Senior Notes at certain redemption prices plus accrued and unpaid interest to the redemption date.

Prior to June 15, 2015, the HY-Issuer is entitled at its option, on one or more occasions, to redeem the Senior Notes in an aggregate principal amount not to exceed 35.0% of the aggregate principal amount of the Senior Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 107.750% of the principal amount outstanding in respect of the Senior Notes, plus accrued and unpaid interest to the redemption date, so long as at least 65% of the aggregate principal amount of the Senior Notes remains outstanding immediately after each such redemption and each such redemption occurs within 90 days after the date of the relevant equity offering.

In the event of certain developments affecting taxation or certain other circumstances in the law of any relevant tax jurisdiction that would impose withholding taxes or other deductions on the payment of the Senior Notes, the HY-Issuer may redeem the Senior Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption.

Certain Covenants

The Indenture contains certain covenants that limit, among other things, our and our Group's ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem or repurchase capital stock and make distributions and certain other payments and investments (but so long as there is no default or event of default under the Notes, following a public equity offering that results in a public market for its shares, the Company may pay dividends in an amount of up to 6% per annum of the net cash proceeds received in that offering or any subsequent public offering of its shares);
- create or incur certain liens;

- enter into transactions with affiliates;
- provide guarantees of other debt;
- merge or consolidate;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; and
- impair the security interests.

Each of the covenants is subject to a number of important exceptions and qualifications.

Change of Control

Upon the occurrence of certain change of control events, the HY-Issuer will be required to offer to repurchase the Senior Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. However, such a change of control event will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded immediately prior to and immediately after such event.

Events of Default

The Indenture contains customary events of default, including, but not limited to: (a) defaults in the payment of principal, premium or interest; (b) defaults with respect to the compliance with covenants contained in the Indenture; (c) cross-defaults on more than €20 million of certain specified indebtedness; (d) failure to pay more than €20 million (exclusive of any amounts that an insurance company has acknowledged liability for) of judgments that have not been discharged or waived or stayed by appeal, waiver or otherwise; and (e) the occurrence of certain events of bankruptcy or insolvency.

Super senior revolving credit facility

The HY-Issuer and Stable II S.à r.l. (among others) as borrowers and those entities and certain other members of the Company's subsidiaries (the "**Restricted Group**") as guarantors entered into a super senior revolving credit facility agreement expressed to be governed by English law with, amongst others, J.P. Morgan Limited and COMMERZBANK Aktiengesellschaft as mandated lead arrangers, J.P. Morgan Europe Limited as facility agent and security agent (the "**Agent**"), JPMorgan Chase Bank, N.A. and/or its affiliates and COMMERZBANK Aktiengesellschaft as lenders, providing for a committed €25.0 million multi-currency revolving credit facility (the "**Revolving Credit Facility**") (with an option for one or more uncommitted up to €15 million additional facilities (the "**Additional Facility**") exercisable by the Company subject to certain requirements being met, which the Company intends to exercise in connection with this Offering). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. The Revolving Credit Facility may be utilized by loans (in Euro and U.S. dollars or other currencies agreed to by the relevant lenders), letters of credit, guarantees, indemnities or ancillary facilities. As of March 31, 2014, the Revolving Credit Facility was undrawn.

Utilizations under the Revolving Credit Facility (other than the Additional Facility) may be used for general corporate and working capital purposes of the Group (other than (i) the payment of Transaction Costs (as defined in the Revolving Credit Facility agreement), (ii) the purchase, redemption, repayment or prepayment of the Senior Notes, any Permitted Refinancing Indebtedness (as defined below) the proceeds of which have been applied to prepay, purchase, defease or redeem the Senior Notes, any Term Debt (as defined below) or any Permitted Refinancing Indebtedness ("**Replacement Debt**"), or any term financial indebtedness with a scheduled maturity date 12 months or more from the date it was incurred ("**Term Debt**"), (iii) the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of share capital, (iv) refinancing any cash utilizations under any other facility available to a member of the Group or (v) financing acquisitions of any person or business). Utilizations under the Additional Facility may be used for any purpose agreed to by the person(s) providing commitments thereunder.

Ancillary facilities

Under the Revolving Credit Facility, a lender may make available an ancillary facility, such as overdraft facilities, guarantee, bonding, documentary or standby letter of credit facilities, short-term loan facilities, derivatives or foreign exchange facilities subject to the satisfaction of certain conditions precedent, to a borrower in place of all or part of its unutilized commitment under the Revolving Credit Facility.

The Revolving Credit Facility matures on the date falling 4 years and 9 months after the issue date of the Senior Notes, being June 7, 2013 (or such other date as may be agreed in the case of an Additional Facility which shall be no earlier than the original termination date of the Revolving Credit Facility). The initial margin payable on loans utilized under the Revolving Credit Facility is 3.75% per annum and will be, after twelve months from the issue date of the Senior Notes, a percentage rate per annum determined in accordance with a net leverage ratio related margin grid (ratchet) with a range from 2.75% to 3.75% per annum. The letter of credit fee, payable quarterly in arrears, is a rate equal to the applicable margin on the contingent liability of the lenders under the letter of credit or bank guarantee issued under the Revolving Credit Facility. The fronting fee, payable quarterly in arrears, is 0.125% per annum (or any other amount agreed to by the Company and the relevant issuing bank) on the amount of any letter of credit or bank guarantee issued under the Revolving Credit Facility.

We are also required to pay a commitment fee in arrears on the last day of each successive three month period during the availability period on the available but unused commitments under the Revolving Credit Facility at a rate of 30% of the applicable margin under the Revolving Credit Facility.

We are also required to pay fees related to the issuance of ancillary facilities, letters of credit, and certain fees to the Agent and the Security Agent in connection with the Revolving Credit Facility.

Ranking, Guarantors and Security

The Revolving Credit Facility will be guaranteed by the Guarantors and will be secured by the same Collateral that secures the Senior Notes and the Senior Note Guarantees.

The Revolving Credit Facility also provides that, at the issue date of the Senior Notes and thereafter by reference to the Group audited annual financial statements, the aggregate gross assets (excluding goodwill, intra-group items and investments in subsidiaries) and earnings before interest, tax, depreciation and amortization (in each case on an unconsolidated basis) of the Senior Notes guarantors must (subject to certain limitations) represent not less than 80% of the Restricted Group's consolidated gross assets (excluding goodwill) and consolidated EBITDA, provided that any member of the Restricted Group incorporated in China, India or South Korea is not required to be a Senior Notes guarantor and its EBITDA and gross assets shall be excluded from the consolidated EBITDA and gross assets of the Restricted Group for these purposes. The EBITDA of any member of the Restricted Group which has negative EBITDA will be deemed to be zero for this purpose.

Prepayments

Subject to certain conditions, we may voluntarily prepay our utilizations or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving five or three, respectively, business days' prior written notice to the Agent. Amounts prepaid or repaid may (subject to the terms of the Revolving Credit Facility agreement) be reborrowed.

In addition to any voluntary prepayments, the Revolving Credit Facility requires mandatory prepayment in full or in part in certain circumstances, and if applicable, cancellation, of the Revolving Credit Facility including:

1. with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Revolving Credit Facility or to fund, issue or maintain its participation in any utilization under the Revolving Credit Facility;

2. immediately following the occurrence of a "Change of Control" (as defined in the Revolving Credit Facility agreement which includes, *inter alia*, a Senior Notes change of control);
3. immediately following a sale of all or substantially all of the assets of the Restricted Group (as defined in the Revolving Credit Facility agreement) whether in a single transaction or a series of related transactions; and
4. upon a prepayment, purchase, defeasance, redemption or purchase of any Notes, Replacement Debt or Term Debt (each a "**Purchase**") on a pro rata basis to the amount thereof purchased unless, immediately following the Purchase, the aggregate principal amount of the Senior Notes, Replacement Debt and Term Debt Purchased (other than from the proceeds of Replacement Debt) is not greater than €90,000,000 plus the amount of any additional shareholder funding provided to the Company for that purpose, provided that the total aggregate principal amount of Senior Notes, Replacement Debt and Term Debt so Purchased (other than from the proceeds of Replacement Debt) does not exceed 50% of the total aggregate principal amount of Senior Notes, Replacement Debt and Term Debt then outstanding (the "**Note Purchase Condition**").

Covenants

The Company must comply with a minimum EBITDA test, which is tested quarterly on a rolling twelve months basis provided that, if the Revolving Credit Facility and/or the ancillary facilities are not utilized (including by way of letters of credit or bank guarantees) or, if utilized, are fully cash collateralized, during the last 10 days of the relevant testing period, a failure to comply will not result in a default under the Revolving Credit Facility. We will be unable to draw new money under the Revolving Credit Facility unless we were in compliance with the minimum EBITDA requirement.

Our Group is subject to certain restrictive and, as the case may be, affirmative covenants under the Revolving Credit Facility agreement customary for these types of financing which are subject to certain specified exceptions and/or qualifications (customized to our business and adjusted to our current credit standing). These restrictive and affirmative covenants largely replicate those covenants which apply under the Senior Notes subject to certain agreed amendments and exceptions but also provide for further customary restrictive and affirmative covenants. Additionally, under the Revolving Credit Facility we have the obligation to provide certain financial information and other information regarding our financial condition to the lenders.

Events of Default

The facility agreement sets out certain events of default which are customary for such type of financing (including a cross-default in relation to the Senior Notes and, subject to a materiality threshold of €5 million in aggregate, other financial indebtedness of the Restricted Group (subject to exceptions in respect of intra-Restricted Group financial indebtedness and financial indebtedness supported by a letter of credit under the Revolving Credit Facility or an ancillary facility)). The occurrence of any such event of default would, subject to any applicable grace periods and/or cure rights and/or agreed exceptions, entitle the lenders to cancel their commitments, declare that all or part of the loans (together with accrued interest and all other amounts accrued or outstanding under the finance documents in respect of the Revolving Credit Facility (including any ancillary facility)) be immediately due and payable or payable on demand and declare that cash cover in respect of each letter of credit or bank guarantee is immediately due and payable or payable on demand.

Intra-group loan arrangements

Intercompany loans

In order to provide for adequate financing within the Stabilus Group, a number of intercompany loan agreements have been entered into by and among some of the Stabilus Group entities under which both upstream and cross stream loans are provided by different group companies to other members of the Stabilus Group.

Regulation

General

Our worldwide operations, *i.e.*, the manufacturing and distribution of gas springs and other devices used for lifting, lowering and adjusting functions in automotive, furniture, medical and other industrial applications are subject to a variety of environmental and regulatory laws governing our business activities in the respective countries. We are currently operating manufacturing sites in Germany, the United States (U.S.), Romania, Brazil, Mexico, China, South Korea, Australia and New Zealand. Further, on four sites in Italy, Spain, the United Kingdom and the U.S. we previously operated manufacturing facilities.

The regulatory framework includes*, inter alia*, provisions on (i) permits; (ii) waste management; (iii) soil and groundwater contamination; (iv) water use and protection; and (v) handling, storage and transport of chemicals and hazardous substances. In addition, we are subject to legal requirements on product safety and liability, occupational health and safety, export control regulations, laws on state aid and specific regulations relevant for the industrial sectors (in particular the automotive sector) we are involved in. None of our manufacturing sites are subject to the European or any other carbon emissions trading scheme.

The application of the various regulations depends on the specific facilities, installations and activities at the business locations and the type and use of the products manufactured by us. For example, the permits and notifications required for a specific facility depend on many individual factors, including the specific purpose of the facility, its capacity and physical structure, the emissions produced by the facility, and the existence of any auxiliary facilities.

Further, the products manufactured by us have to comply with various legal requirements.

Environmental and regulatory laws and regulations applicable to us and our products are subject to permanent legislative amendments. They are continuously being adapted, at the national and international levels, in particular by the European Union, to the level of technical sophistication, the increased need for safety and environmental protection. In the following we outline the legal framework of particular relevance for our worldwide business operations with a special focus on the laws applicable in the European Union.

Permits

General permitting requirements

The construction, operation and alteration of industrial premises, such as manufacturing facilities, storage sites (*e.g.*, for equipment or hazardous substances) or warehouses—depending on their type—regularly require permitting under *e.g.,* emissions control, building, waste and water laws and regulations. In the application process for such permits, the authorities regularly assess whether a specific operation will be in compliance with applicable provisions of environmental and regulatory law, in particular, with regard to emissions, waste disposal, nature protection and other environmental impacts. For example, our site in Koblenz/Germany requires permitting under the Federal Emissions Control Act (*Bundesimmissionsschutzgesetz*), building and water laws.

In particular, application procedures for permits related to large industrial facilities may include elements of public participation. As a result of the public participation, objections may be raised *e.g.*, by specific stakeholders or third parties in general and thereby complicate and delay the permitting process. Moreover, permits may be subject to legal proceedings initiated by third parties, *e.g.*, by neighbors or environmental non-governmental organizations ("**NGOs**"). For example, in the EU the participation rights of environmental NGOs have been expanded by the EU public participation directive (Directive 2003/35/EC) and its interpretation by the European Court of Justice in several recent judgments (*e.g.*, judgments of May 12, 2011 case-115/09, *Trianel*, (C-115/09), of July 25, 2008—cases-23707, 237/07, *Janecek*—2008 ECR I-6221 and of March 8, 2011—cases-24009/09, *Lesoochranärske zuskupenie* VLK—2011 ECR I-1255).

Non-compliances with the requirements set out in specific permits and their ancillary conditions typically trigger administrative fines, the responsible individuals may also be subject to criminal prosecution. Furthermore, in worst case scenarios the authority may order a (partial) shutdown of the facility and, under certain circumstances, revoke a permit.

Incident prevention and control

On the EU level, the so called "Seveso I-III-Directives" (Directive No 82/501/EEC of June 24, 1982 on the major-accident hazard of certain industrial activities, Directive No 96/82/EC of December 9, 1996 on the control of major-accident hazards involving dangerous substances, Directive 2003/105/EC of December 16, 2003 amending Directive 96/82/EC and Directive No 2012/18/EU of July 4, 2012 on control of major-accident hazards involving dangerous substances, the latter to be implemented into national law by the Member States by June 2015) serve to protect human beings and the environment from negative effects which could occur from major accidents in industrial plants involving hazardous substances. Operators of plants subject to the Directives are obliged to develop and implement safety procedures and precautionary measures in order to prevent major accidents and to limit their consequences for human beings and the environment. The Seveso III Directive 2012/18/EU entered into force on August 13, 2012. Member States have to transpose and implement the Directive by June 1, 2015, which is also the date when the new chemicals classification legislation becomes fully applicable in Europe. It establishes, *inter alia*, stricter standards for inspections of installations to ensure more effective enforcement of safety rules.

Industrial emissions control

In the EU, Directive 2010/75/EU on industrial emissions ("Industrial Emissions Directive", "**IED**"), successor of Directive 2008/1/EC concerning integrated pollution prevention and control (the "**IPPC Directive**"), stipulates that certain industrial installations are generally required to have a permit.

In Germany the IED was implemented *inter alia* by amendments to the Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*), the Federal Water Act (*Wasserhaushaltsgesetz*), the Waste Management Act (*Kreislaufwirtschaftsgesetz*) and several additional regulations.

The IED includes, *inter alia*, stricter emission threshold levels. Activities subject to a permit requirement under the IED have to reach the standard of the "best available techniques" ("**BAT**"). The EU Commission will draw up, review and update the BAT standards and issue binding BAT conclusions for the application of BAT in practice, thus avoiding having to prescribe a specific technique but only setting standards and goals (*e.g.*, specific thresholds, monitoring measures, consumption levels). These binding BAT conclusions are published in best available technique reference documents ("**BREF**"). The IED requires a periodical review of the ancillary conditions in existing permits and, if necessary, amendments of these conditions to ensure compliance with the IED. We cannot exclude that our European manufacturing sites, our German site in particular, may fall within the scope of the IED requirements. As of the date of this Prospectus, we are still in the process of internal investigation on whether or not this is the case. Currently, we assume that we will be able to continue our operations on the basis of the requirements on emissions of our current permits without any technical adaptation of our installations being necessary.

Volatile organic compound emissions

Several of our industrial installations use volatile organic compounds ("**VOC**"). Since January 7, 2014, those installations have been subject to the IED, which repealed Directive 1999/13/EC of March 11, 1999 ("**VOC Directive**"). The IED includes, in particular, emissions limits for VOC. Those are, as a rule, not stricter than under the VOC Directive. The IED strengthens, however, the importance of BAT in the permitting procedure as well as in the course of a permit review. These BAT standards may impose more stringent emission limit values compared to the VOC Directive. The IED may therefore constitute a ratcheting up of the regulatory framework for

VOC emissions. Further, by June 1, 2015, substances or mixtures which, because of their content of volatile organic compounds classified as carcinogens, mutagens or toxic to reproduction, are assigned or need to carry the hazard statements H340, H350, H350i, H360D or H360F, shall be replaced, as far as possible, by less harmful substances or mixtures within the shortest possible time.

Waste management

Our manufacturing and other operational processes generate a variety of hazardous *(e.g.*, solvent containing waste paint and lacquers, acidic solutions, waste oils, metal and other sludges, contaminated packaging, used chemicals) and non-hazardous wastes (*e.g.*, iron cuttings and scrap) in substantial amounts, which must be treated in line with the requirements of waste legislation applicable in the relevant jurisdictions. For example, the wastes generated in the nitrating plants on our site in Koblenz/Germany, are hazardous wastes requiring disposal in special underground waste dumps.

Directive 2008/98/EC of November 19, 2008 ("**Waste Framework Directive**") established the framework on waste treatment within the EU we have to comply with as implemented by national laws. Member States must prohibit the abandonment, dumping or uncontrolled disposal of waste. The measures provided for in the Waste Framework Directive apply to all substances or objects which the holder discards or intends or is required to discard. They do not apply to gaseous effluents, waste waters and some other types of waste which are subject to specific EU rules. The Waste Framework Directive introduces a new waste hierarchy*, i.e.*, the Member States should take the following measures for the treatment of their waste in order of priority: (i) prevention, (ii) preparing for reuse, (iii) recycling, (iv) other recovery including, notably, energy recovery and (v) disposal. Yet, as regards specific waste streams, Member States may depart from the hierarchy where this is justified by life-cycle thinking on the overall impacts of the generation and management of such waste. The generator of waste is obliged to duly dispose of its waste and to keep records of each disposal.

On our operational sites we take care of adequate collection, treatment, recycling and disposal of accruing wastes in compliance with applicable laws and regulations, regularly by involving certified third party waste disposal companies.

Soil and groundwater contamination

On the European level liability for contamination of soil and groundwater has not, to date, been subject to specific regulations or a protection policy. Yet, national regimes on liability for contamination of soil and groundwater can include, for example, obligations to explore, remove, reduce or prevent detected contaminations from spreading onto adjacent sites. Authorities may order investigation, remediation or containment measures. Such liabilities regularly affect the owner of the relevant premises or the party that caused the contamination (polluter), but national laws may also provide that further parties, like the former owner or the party having control of the premises, can be held (jointly or severally) liable for costly remediation measures. Contractual agreements under civil law between private parties involved can mitigate such risks but do regularly not protect against authority action. Thus, it cannot be entirely excluded that we are affected by such liabilities, even regarding sites formerly owned or operated by us.

Due to our substantial worldwide manufacturing operations involving eleven active and four former production sites it is part of our regular business to ensure compliance with applicable legal requirements and also to deal with liabilities or liability claims related to soil and groundwater contamination, irrespective of whether we contributed to the causation of such contamination. We may also be liable for soil and groundwater contamination on former sites as well as adjacent premises. Also, we cannot entirely exclude that soil and groundwater contamination may be identified on further currently used or former sites apart from the cases mentioned below.

As of the date of this Prospectus, we are involved in an ongoing groundwater remediation case related to our formerly operated manufacturing site in Colmar, Pennsylvania/U.S., which we had leased from 1979 to 1999. The contamination of groundwater with trichlorethene (TCE) and volatile organic compounds (VOC) was detected in the late 1970s. The U.S. Environmental Protection Authority (EPA) incurred expenses for investigation and evaluation of remediation measures for the former Stabilus site and other sites adjacent to the Stabilus site of approximately €5.86 million and demanded payment of such expenses and interest from us and several other potentially responsible corporate parties in 2010. We have not yet made any payments, as we do not consider the expenses as reasonable and negotiations on cost sharing are still ongoing. Additionally, we believe that the EPA expenses should only partially be borne by us as they were, *inter alia*, caused by activities of other third-party sites. In 2012, EPA ordered us to implement certain interim remediation measures, with which we agreed to comply.

In addition, further investigation and remediation of contamination of the bedrock aquifer in the area of the former Colmar site will be required in the future. We have currently reserved €0.8 million for this case and comprehensively notified our insurance providers. Yet, as the relevant insurers did not confirm insurance coverage for this case, we initiated lawsuits against them. We expect substantial payments from these insurance providers, yet we are not in a position to estimate a potential contribution as the proceedings are still pending. Our related maximum insurance coverage available is €2.8 million. We spent an amount of €1.4 million on related legal representation during 2003 to 2013.

On our formerly operated leased manufacturing site in Vilar Perosa/Italy soil and groundwater contamination with mineral oil hydrocarbons was detected in 2001. During 2001 and 2008 remediation measures were performed and related costs were shared on a 50/50% basis by us and the lessee that sublet the premises to us. Upon termination of our lease as of March 31, 2010 we ceased our 50% contribution to the expenses. In December 2009, the sub-lessor of the property requested us in writing to bear the remediation costs and 50% of its future expenses, which we rejected in January 2010. Since then, we have not heard back from the sub-lessor. After having paid approximately €100,000 for remediation measures and documentation, we cannot entirely exclude that we will be affected by further liability claims of the authorities or third parties related to remaining contamination on the site, although we currently have no indication for any such claims or administrative proceedings.

We still own the premises of our former manufacturing site in Lezama/Spain, which was closed in 2011. This site is registered as a potentially contaminated site in the local contaminated land cadastre, although there are no indications for contaminations on our part of the premises. We currently seek to obtain a separate registration by the local authorities, as a classification as potentially contaminated site may have an impact on our options to sell the premises. In order to clarify the contamination status of the premises, we instructed independent environmental consultants, in accordance with the municipality, to perform an environmental assessment. We received their report in July 2013, which states that there is no significant contamination on our site. Further, we cannot exclude that in case of a potential demolition of the buildings on the Lezama site elevated costs for the removal of asbestos containing materials ("**ACM**") in the roofing material may be incurred.

Water use and protection

We are subject to regulations on water use and protection as we use and dispose of it in the course of our production processes. National water laws regularly provide for permit requirements and safety standards in order to ensure a sustainable and ecologically sound use of water resources. Such requirements (*e.g.*, for the safeguarding of protective areas for drinking water) may conflict with ongoing or projected operations for which required permits may be denied by the authorities.

For example, on the EU level, Directive 2000/60/EC of October 23, 2000, as amended by Council Directive 2013/64/EU of December 17, 2013 ("**Water Framework Directive**") sets forth a

comprehensive approach to water protection. By means of this Directive, the EU provides for the management of inland surface waters, groundwater, transitional waters and coastal waters in order to prevent and reduce pollution, promote sustainable water use, protect the aquatic environment, improve the status of aquatic ecosystems and mitigate the effects of floods and droughts. Groundwater is protected by both the Water Framework Directive and Directive 2006/118/EC of December 12, 2006 ("**Groundwater Daughter Directive**") which is a daughter directive to the Water Framework Directive. In particular, the Groundwater Daughter Directive lays down detailed quality criteria for the assessment of the groundwater's chemical status including standards set on EU level and requirements for threshold values to be set at the Member State level. The provisions on quality criteria and threshold values are currently being reviewed by the European Commission and may be amended in this context. The Groundwater Daughter Directive further contains criteria for the identification and reversal of pollution trends and requires Member States to establish measures to prevent the input of hazardous substances into the groundwater, and limit the introduction of other pollutants.

On our operational sites we take care of adequate use and disposal of waters in compliance with applicable laws and regulations. Some of our manufacturing premises, as *e.g.*, our site in Koblenz/Germany, operate on-site wastewater treatment plants.

On our manufacturing site in Changzhou/China we are currently collecting industrial wastewater in above ground storage tanks (approximately 10 tons per day) for daily transportation and off-site treatment by a third party disposal company. In view of the large amounts of wastewater generated on site, this is an interim solution only. Our expenses for the planned installation of an on-site wastewater treatment facility, in order to meet the requirements for wastewater discharge into the municipal sewage system, are currently estimated at approximately €200,000. Related works have already been started in the course of the general enlargement of the site.

Environmental liability

On April 21, 2004 the EU adopted Directive 2004/35/EC of May 26, 2003, as amended by Directive 2009/31/EC of April 23, 2009, on environmental liability with regard to the prevention and remedying of environmental damage (Environmental Liability Directive). The Directive is based on the 'polluter pays' principle which should induce facility operators to adopt measures and develop practices to reduce the risks of environmental damage.

In Germany, for example, the Directive is implemented by the Environmental Damages Act (*Umweltschadensgesetz*, "**USchadG**"). The USchadG defines 'environmental damage' as damage to habitats and species protected by the Habitats Directive (92/43/EEC of May 21, 1992, last amended by Directive 2006/105/EC of November 20, 2006) or the Birds Directive (2009/147/EC of November 30, 2009) (biodiversity damage), surface water, groundwater or the soil. The scope and conditions of liability for environmental damage depend on the business operations having caused the damage. For specific operations listed in Annex I to the USchadG, an environmental liability is triggered for any environmental damage (including biodiversity damage) regardless of fault if a causal link between the damage and the activity in question can be established. For other operations—as, for example, for our paint finishing installations at the Koblenz site—an environmental liability is triggered for biodiversity damage only. Further, the responsible person must have acted intentionally or negligently. As German regulations on soil and groundwater contamination and German water laws already include strict regulations on liability for damage to these resources, the USchadG is in practice only relevant for biodiversity damage. In case of an imminent environmental damage, the law requires the responsible person to take preventive measures at its own expense. If environmental damage has already occurred, the responsible person is obliged to implement and bear the costs of containment and/or remediation measures to be approved by the authorities. If necessary, the authorities may also order the responsible person to implement the required measures.

Further, liability for injury or damage to human health or property originating from the environmental effects of certain installations may arise under specific national legislation, such as the German Environmental Liability Act (*Umwelthaftungsgesetz*, "**UmweltHG**"). Our paint finishing installations at the Koblenz site are subject to this legislation.

Chemicals and hazardous substances

For our manufacturing activities we use, store and handle various chemicals and hazardous substances (*e.g.*, cooling lubricants, oils, solvents, paints and lacquers, diesel fuels, acids) being subject to specific regulations on their use, storage and transport in various jurisdictions and on an international level.

REACH

For the EU, the Regulation No. 1907/2006/EC of December 18, 2006 ("**REACH**"), as amended by Regulation No. 517/2013/EU of May 13, 2013 stipulates the framework for registration, evaluation, authorization and restriction of chemicals. Its main objectives include improving the protection of human health and the environment from the risks that can be posed by chemicals, and ensuring the free circulation of substances on the internal market of the EU. Other legislation regulating chemicals or related legislation (*e.g.*, on health and safety of workers handling chemicals, product safety, construction products) not replaced by REACH will continue to apply. As we use several chemical substances and mixtures, without manufacturing or importing them into the EU, in the course of our production processes, we have obligations under REACH as a downstream user. Manufacturers and importers must provide their downstream users with the risk information they need to be able to use the substance safely. This will be done via (i) the classification and labeling system established by Regulation No. 1272/2008/EC of December 16, 2008 on the classification, labeling and packaging of substances and mixtures ("**CLP**") as amended by Regulation No. 944/2013/EU of October 2, 2013 and (ii) the Safety Data Sheets (SDS), where needed.

REACH also foresees an authorization system aiming to ensure that substances of very high concern ("**SVHC**") are adequately controlled, and progressively substituted by safer substances or technologies or only used where there is an overall benefit for society of using the substance. These substances will be prioritized and gradually included in Annex XIV to REACH. Once they are included, the industry will have to submit applications to ECHA on authorization for continued use of these substances which are otherwise prohibited. In addition, EU authorities may impose restrictions on the manufacture, use or placing on the market of substances causing an unacceptable risk to human health or the environment. Although we currently have no indications for this, we cannot entirely exclude that several of the chemicals we use may be classified as SVHCs in the future and will become subject to restrictions on use or are prohibited, so that we must replace these substances which may have a financial impact on our business operations.

Handling and transport of hazardous goods

As regards the transportation of dangerous goods, for example, at the international level the European Agreement concerning the International Carriage of Dangerous Goods by Road as of September 30, 1957 (*Accord européen relatif au transport international des marchandises dangereuses par Route*, "**ADR**") as amended on January 1, 2011 includes provisions applicable to the carriage of dangerous goods on roads. Pursuant to ADR, dangerous goods, as a general rule, may be carried internationally in road vehicles subject to compliance with a number of conditions, such as packaging and labeling requirements. Specific dangerous goods (*e.g.*, goods which are poisonous and explosive at the same time) are excluded from carriage on the road. The ADR has been implemented and supplemented by many Member States. The shipment of hazardous goods relevant for our business operations is either effected by third party transportation companies or qualified personnel employed by us.

Occupational health and safety

According to national and international provisions we are in most jurisdictions obliged to take measures relating to health and safety at work. In general, compliance with employment safety regulations is subject to regulatory supervision. We ensure compliance with the applicable legal requirements to protect health and safety of humans involved in our operations. In the EU, for example, we must ensure that the machinery used by our employees is in compliance with applicable health and safety requirements, *e.g.*, under national legislation implementing the EU Machinery Directive 2006/42/EC or preceding directives, or, for machinery placed on the market before 1995, pursuant to related national legislation. The Machinery Directive, applicable since December 29, 2009, provides—as did preceding directives since 1995—the regulatory basis for the harmonization of the essential health and safety requirements for machinery. On our site in Koblenz/Germany, we perform general workplace risk assessments and regular inspections. Yet, our in-depth examination of older and technically amended machinery regarding compliance with health and safety requirements is only partially (approximately 40%) completed to date. We expect this process to be accomplished in the course of 2015. We are currently working on verifying full compliance with applicable requirements, in particular under the Ordinance on Operational Safety (*Betriebssicherheitsverordnung*). Specific machines required for our production, that cannot be procured on the market, are manufactured by us. For those machines, we are accordingly subject to the obligations of a manufacturer, for example, the duty to implement a conformity assessment procedure and to affix the CE marking on the machinery.

Product safety and liability

Product safety

We have to comply with national and international legal requirements on product safety, like, *e.g.*, with Directive 2001/95/EC of the December 3, 2001, as amended by Regulation No 596/2009/EC of June 18, 2009, on general product safety. It applies in the absence of specific provisions governing the safety of products concerned, or if sectoral legislation is insufficient. Under this Directive, manufacturers must put on the market only products which comply with the general safety requirement. A safe product is one which poses no threat or only a reduced threat in accordance with the nature of its use and which is acceptable in view of maintaining a high level of protection for the health and safety of persons. Distributors are also obliged to supply products that comply with the general safety requirement, to monitor the safety of products on the market and to provide the necessary documents ensuring that the products can be traced.

A draft regulation intended to replace Directive 2001/95/EC and imposing more obligations on manufacturers (*e.g.*, regarding documentation) is currently in the legislative process (cf. proposal of the European Commission COM (2013) 78 final of February 13, 2013). Further, a regulation on market surveillance of products amending Directive 2001/95/EC and closing gaps in market surveillance (Product Safety and Market Surveillance Package) is in the process of being adopted (cf. proposal of the European Commission COM (2013) 75 final of February 13, 2013).

Product liability

We are subject to provisions on product liability as, for example, EU Directive 85/374/EEC of July 25, 1985, as amended by Directive 1999/34/EC of May 10, 1999, ("**Product Liability Directive**") applicable to movables which have been industrially produced. It establishes the principle of objective liability, *i.e.*, liability without fault of the producer, in cases of damage caused by a defective product. The Directive applies to damage caused by death or by personal injuries and damage to an item of property intended for private use or consumption, with a lower threshold of €500 caused by defective products. The Product Liability Directive does not in any way restrict compensation for non-material damage under national legislation.

In view of the large amounts of products manufactured and distributed to a variety of customers, particularly in the automotive sector, we are from time to time faced with liability claims related to actual or potentially deficient charges of our products and may therefore be held liable in cases of damage caused by a defective product manufactured by us. We believe that we have obtained appropriate insurance coverage for such cases.

Further, a Japanese automobile manufacturer recalled in the U.S. vehicles of a certain type and model year (model year 2005, approximately 24,000 vehicles affected) which are equipped with non Stabilus power liftgates due to an elevated failure rate of gas springs we supplied. In single cases also physical injuries of end customers occurred. The relevant vehicle type also has a high gas spring warranty rate for vehicles without power liftgates. For this, the vehicle was not recalled but we have to bear high warranty costs. A similar issue occurred with the same vehicle model for model year 2008/09 where approximately 52,000 cars have been recalled in the U.S. In addition, the vehicles without power liftgates have a high warranty rate which leads to high warranty cost. The cases have been inactive for several years, as of the date of this Prospectus.

In 2013, a Dutch customer informed us that gas springs which are installed in bicycle holders may lose their damping function. In this particular case, the gas spring does no longer dampen the movements of the arm which holds the bicycle so that the end user can be hit by the fast moving arm, which happened in very limited instances. The customer intends to replace the about 24,000 gas springs in the field. It is likely that we will conclude a settlement agreement with the customer. This agreement would foresee that we have to supply the replacement parts with a changed design for a reduced price.

In 2012, the U.S. National Highway Traffic Safety Administration ("**NHTSA**") noticed that four car types that have been subject to recalls in the U.S. were equipped with a certain type of our gas springs with an elevated failure rate. Thus, NHTSA initiated an investigation to clarify whether the same or similar gas springs have been supplied to further customers and whether there are general safety issues related to these gas springs. We expressed our view that no gas springs of the same or a similar type have been supplied to other U.S. customers and that safety risks for car users rather arise from non-existent or defective technical safety features of car liftgates (so-called "catch-a-falling-gate" features), for which the car manufacturers are responsible, than from defective gas springs. Further, we explained to NHTSA that we already, in 2006, informed our customers that it is a normal feature of gas springs to lose pressure over a certain period of time and that, consequently, properly working safety features for liftbacks are essential to prevent any safety risks. Upon our explanations NHTSA formally closed the investigation on December 31, 2012. Yet, we cannot entirely exclude that NHTSA would re-open this investigation, if further cases of recalls related to defective gas springs supplied by us would prospectively occur in the U.S. market.

We learned by press publications on February 26, 2014, that Volkswagen ("**VW**") announced a recall of approximately 589,000 VW Caddy vehicles (manufacturing dates 2003-2013) because of defective ball studs which are used to fix the tailgate gas springs on the vehicle. According to such press publications the defective ball studs can cause the tailgate to fall down. We do not believe that we are or that we will be held responsible for this issue as we did not deliver the ball studs (only the gas springs) and VW has not contacted us in relation to this issue as of the date of this Prospectus. In addition, the recall action does not concern the gas springs. The recall resulted in replacement of the ball studs only.

An automotive customer in the US notified us about single (4) incidents including gas springs which are equipped with a temperature compensating valve. Components of the gas spring can potentially be pushed out of the gas spring. Technical details are still unclear. Possibly other parts not supplied by us like weak brackets, were responsible that components could escape out of the gas spring. The customer compares the incidents with single (5) incidents experienced with vehicles of other customers. The customer is assessing how to proceed, including, whether a campaign should be undertaken. However, we presently do not see a necessity for a campaign

as we do not believe that the issue creates an unreasonable risk for end customers. In addition, the number of incidents discussed is very limited (in total 9 cases).

Export control regulations

We must ensure compliance with national and international export and import control regulations relating to military or dual-use goods, such as Council Regulation (EC) No 428/2009 of May 5, 2009, as last amended by Regulation (EU) No 388/2012 of April 19, 2012 ("**Dual-Use-Regulation**") which sets forth an EU-wide regime for the control of exports, transfer, brokering and transit of dual-use items or other national or international instruments. For example, the export of such dual-use goods to destinations outside the EU requires a permit.

Also, national or international export control regulations may require notifications of or permits for exports, but may also limit or prohibit the export of our products if specific countries, entities or individuals are the destination of such exports. On EU level, such restrictions are set out in specific regulations on sanctioned countries or individuals. Currently, none of the goods we manufacture qualify as dual-use items, yet several of our products are military goods. In order to comply with applicable laws and regulations we employ specifically trained personnel, use internal export control guidelines and specific software facilitating the internal handling of export processes.

State aid and subsidies

State authorities pursue specific goals when granting state aid (by way of grants, loans, guarantees etc.), *e.g.*, the promotion of local economic structures, fostering of national research or safeguarding of workplaces. To ensure that these objectives are being complied with, subsidies are regularly granted under specific conditions under which they can be withdrawn and the funds have to be reimbursed (clawback clauses). Within the EU, for example, state aid may be granted by the EU itself or the Member States.

Under EU law, state aid or aid granted through state resources that distorts or threatens to distort competition by favoring certain businesses or manufacturing sectors, is incompatible with the Common Market of the EU insofar as it affects trade between Member States. The EU Commission verifies on an ongoing basis whether Member States are in compliance with the existing rules on state aid. If the EU Commission classifies a certain state aid as prohibited aid, it may order *e.g.*, the aid to be clawed back by the Members States' authorities.

Regulations on automotive products

Regulations on safety and technical standards

Our products for the automotive sector have to comply with several road safety and technical standards and requirements. Other legal requirements, for example on emissions from vehicles, do not apply directly to us or our products, but to our customers in the automotive industry. We assist them to meet the regulatory requirements by continuously developing our products in accordance with the needs of our customers.

For example, for the purpose of passenger safety, vehicle components and technical units have to comply with various requirements set forth in a large number of legal acts on the EU level. For instance, Directive 2007/46/EC of September 5, 2007 (as amended by Regulation No 136/2014/EU of February 11, 2014) established a framework for the approval of motor vehicles and of systems, components and separate technical units intended for such vehicles which Member States were required to implement into national law. The Directive lists several separate legal requirements for the purpose of EC type-approval of different models of vehicles.

A further example is Regulation No 661/2009/EC of the European Parliament and of the Council of July 13, 2009 (as amended by Regulation No 523/2012/EU of June 20, 2012), establishing requirements for the type-approval of motor vehicles including systems, components and separate technical units with regard to safety. Generally, this Regulation has come into effect on November 1, 2011.

As part of "CARS 2020," an action plan of the European Commission for a competitive and sustainable automotive industry in Europe of November 8, 2012 (COM (2012) 636 final), the European Commission will carry out an extensive in-depth-evaluation of the vehicle type-approval framework. This may, in particular, lead to stricter provisions on market surveillance of automotive products. The European Commission issued a first working document on the evaluation of the type-approval framework on November 12, 2013.

Regulations on waste management related to motor vehicles

Regulatory requirements related to disposal, reuse, recycling and recovery of motor vehicles apply to our customers in the automotive industry. Further, we are legally obliged to support our customers in fulfilling such requirements.

Directive 2000/53/EC of September 18, 2000, as amended by Directive 2013/28/EU of May 17, 2013, ("**Directive 2000/53/EC**") sets forth measures to prevent waste arising from end-of-life vehicles and to promote the collection, re-use and recycling of vehicle components. Waste prevention is the priority objective of the Directive. For this purpose, it stipulates that vehicle manufacturers supported by material and equipment manufacturers must: (i) endeavor to reduce the use of hazardous substances when designing vehicles; (ii) design and produce vehicles which facilitate the dismantling, re-use, recovery and recycling of end-of-life vehicles; (iii) increase the use of recycled materials in vehicle manufacture; and (iv) ensure that components of vehicles placed on the market after July 1, 2003 do not contain mercury, hexavalent chromium, cadmium or lead, except in a limited number of applications.

Directive 2000/53/EC is currently being reviewed by the European Commission (cf. Roadmap for the Review of Waste Policy and Legislation of the European Commission of February 2013) and may be amended or recast as a result of the review.

Regulations on aeronautical products

As we also supply the aeronautical sector, our products, parts and appliances have to comply with specific regulatory requirements. Within the EU, for example, the following are of relevance:

The design, production and maintenance of aeronautical products, parts and appliances is regulated by Regulation (EC) No 216/2008 of February 20, 2008, as last amended by Regulation (EU) No 6/2013 of January 8, 2013 as a basic regulation. Detailed requirements for the design and production of aeronautical products are provided by Regulation (EU) No 748/2012 of August 3, 2012, as last amended by Regulation (EU) No 7/2013 of January 8, 2013 ("**Regulation 748/2012**"). Further, detailed requirements for the maintenance of aeronautical products are included in the Regulation (EC) No 2042/2003 of November 20, 2003, as last amended by Regulation (EC) No 593/2012 of July 5, 2012 ("**Regulation 2042/2003**").

Under Regulation 748/2012, an organization responsible for the design of products, parts and appliances related to aircraft requires a design organization approval ("**DOA**") according to Annex I to Regulation 748/2012 (so-called "**Part 21**"), Subpart J. The holder of a DOA is entitled to perform design activities under Part 21 within the scope approved in the DOA. Further, the European Aviation Safety Agency will accept specific compliance documents submitted by the holder of the DOA without further verification. The production of several products, parts and appliances related to aircraft requires a production organization approval ("**POA**") according to Part 21, Subpart G. The POA demonstrates conformity of the manufactured products, parts and appliances with their applicable design data. In addition, organizations involved in the maintenance of large aircrafts and related components require a maintenance organization approval ("**MOA**") according to Annex II to Regulation 2042/2003 (so-called "**Part-145**"). The holder of a MOA is entitled to, for example, maintain any aircraft or component at the sites for which the holder is approved according to the MOA and the maintenance organization exposition relating to the MOA.

We are a holder of pertinent ISO certificates, but do not hold DOAs, POAs or MOAs by ourselves, as we provide products (classified as non-critical) to companies which are certified suppliers for the aeronautical industry.

Regulations on medical devices

We also manufacture components for various medical devices. Thus, the requirements of Directive 93/42/EEC of June 14, 1993 as amended by Directive 2007/47/EC of September 5, 2007 ("**Medical Devices Directive**") do not apply directly to us or our products, but to our customers in the medical devices industry. We assist them to meet the regulatory requirements by continuously developing our products in accordance with the needs of our customers. For example, under the Medical Devices Directive products have to fulfill specific requirements, in particular as regards product safety and reliability. Further, products must be CE-marked and are therefore required to pass a conformity assessment, the conditions of which are specified in the Directive.

In September 2012, the European Commission published a legislative proposal for a regulation on medical devices (COM (2012) 542 final), providing for the repeal of the Medical Devices Directive. The proposal includes, for example, a stricter surveillance and vigilance system. The final adoption of the regulation is still outstanding.

Information on the Selling Shareholder

Ownership

Servus Group HoldCo II S.à r.l. (the "**Selling Shareholder**"), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B151872, having its registered office at 26-28 rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 100% of the share capital of the Company immediately prior to the Offering contemplated in this Prospectus.

The following table sets forth certain information concerning the shareholders of the Company upon completion of the Offering at an Offer Price at the (i) low end (ii) mid-point and (iii) high end of the Price Range. Upon completion of the Offering the Selling Shareholder will hold 50% of the shares in the Company (pre-Greenshoe) and 42.5% (assuming exercise of the Greenshoe Option):

(i) low end:

	As of May 9, 2014		Immediately prior to the completion of the Offering		Upon completion of the Offering (no exercise of Greenshoe Option)		Upon completion of the Offering (full exercise of Greenshoe Option)	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
Servus Group HoldCo II S.à.r.l.	17,700,000	100.0	17,700,000	100.0	10,560,527	50.0	8,976,448	42.5
Freefloat	0	0.0	0	0.0	10,560,526	50.0	12,144,605	57.5
Total	**17,700,000**	**100.0**	**17,700,000**	**100.0**	**21,121,053**	**100.0**	**21,121,053**	**100.0**

(ii) mid-point:

	As of May 9, 2014		Immediately prior to the completion of the Offering		Upon completion of the Offering (no exercise of Greenshoe Option)		Upon completion of the Offering (full exercise of Greenshoe Option)	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
Servus Group HoldCo II S.à.r.l.	17,700,000	100.0	17,700,000	100.0	10,327,273	50.0	8,778,183	42.5
Freefloat	0	0.0	0	0.0	10,327,273	50.0	11,876,363	57.5
Total	**17,700,000**	**100.0**	**17,700,000**	**100.0**	**20,654,546**	**100.0**	**20,654,546**	**100.0**

(iii) high end:

	As of May 9, 2014		Immediately prior to the completion of the Offering		Upon completion of the Offering (no exercise of Greenshoe Option)		Upon completion of the Offering (full exercise of Greenshoe Option)	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
Servus Group HoldCo II S.à.r.l.	17,700,000	100.0	17,700,000	100.0	10,150,000	50.0	8,627,500	42.5
Freefloat	0	0.0	0	0.0	10,150,000	50.0	11,627,500	57.5
Total	**17,700,000**	**100.0**	**17,700,000**	**100.0**	**20,300,000**	**100.0**	**20,300,000**	**100.0**

The voting rights of the Company's shareholders listed above with respect to their shares do not differ in any respect from the rights attaching to any other shares, including the Offer Shares.

Persons indirectly owning or controlling the Company

Servus Group HoldCo S.à r.l., registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B151588, having its registered office at 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 100% of the share capital of the Servus Group HoldCo II S.à r.l.

Triton Masterluxco 3 S.à r.l., registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B143926, having its registered office at 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg owns 90.1% of the shares in Servus Group HoldCo S.à r.l. Triton Masterluxco 3 S.à r.l. is a 100% subsidiary of Triton Partners (HoldCo) Limited ("**Triton**"), which is ultimately owned by Peder Erik Prahl.

Servus Managementbeteiligungs GbR owns 9.9% of the shares in Servus Group HoldCo S.à r.l. 50.0% of Servus Managementbeteiligungs GbR are owned by current members of the Management Board and current members of the Senior Management. As a result the indirect ownership or control is as follows: Dietmar Siemssen owns 2.0%, Mark Wilhelms controls 1.5%, Ansgar Krötz owns 0.5%, Hans-Josef Hosan owns 0.8% and Frank Spitz owns 0.2% of the shares in Servus Group HoldCo S.à r.l. through Servus Managementbeteiligungs GbR.

General information on the Company and the Group

Formation, incorporation, entry in the trade and companies register, registered office, name

The Company (formerly known as Servus HoldCo S.à r.l) was founded as a private limited liability company (*société à responsabilité limitée*) under Luxembourg law on February 26, 2010 and was converted into a public limited liability company (*société anonyme*) under Luxembourg law on May 5, 2014. The Company is registered in the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B151589. The Company's registered office is 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg (tel. +352 (0) 26-753-0). The commercial name of the Company and the Group is "Stabilus."

The Company's articles of association were adopted at the extraordinary general meeting of the sole shareholder that approved the Company's conversion into a public limited liability company (*société anonyme*), which was held on May 5, 2014.

Object and corporate purpose

Pursuant to article 4 of the Company's Articles of Association, the purpose of the Company is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, including but not limited to any entities forming part of the Group, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Company may borrow in any form. It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issuance programs. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or any other company.

The Company may also give guarantees and grant security interests over some or all of its assets including, without limitation, by way of pledge, transfer or encumbrance, in favor of or for the benefit of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally use any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be construed broadly and their enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing matters.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its purpose.

The Company may carry out any commercial, industrial, and financial operations, which are directly or indirectly connected with its purpose or which may favor its development.

Financial year and term of the Company

The duration of the Company is for an unlimited duration (article 3.1 of the Company's Articles of Association). Pursuant to article 26 of the Company's Articles of Association, the financial year begins on the first day of October of each year and ends on the last day of September of the following year.

Trend information

There has been no material adverse change in the prospects of the Company since September 30, 2013.

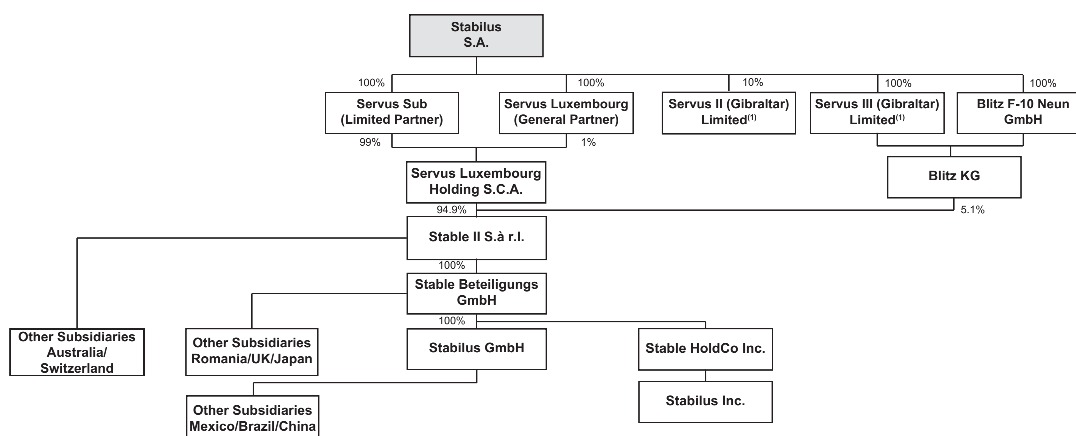
Significant change in the financial or trading position of the Group

There has been no significant change in the financial or trading position of the Group since March 31, 2014.

Structure of the Group

The Company acts as holding company and has no operating activities. The operating business is carried out by the subsidiaries of the Company.

The following chart provides an overview (in simplified form) of the shareholdings of the Company as of the Closing date:



(1) Servus III (Gibraltar) Limited has been incorporated on April 29, 2014. Stabilus S.A. anticipates to transfer its 10% share in Servus II (Gibraltar) Limited to Servus Group HoldCo II S.à r.l. after the closing of this Offering. For more information relating to the Reorganization, please refer to "*Recent developments and outlook—Financing structure and strategy.*"

Significant subsidiaries

The table below provides an overview of our significant holding and operating subsidiaries.

Name	Country of incorporation	Interest held directly or indirectly by the Company
Stabilus GmbH	Germany	100.0%
Stable Beteiligungs GmbH(1)	Germany	100.0%
Stabilus, Inc.	United States (Delaware)	100.0%
Stable HoldCo, Inc.	United States (Delaware)	100.0%
Stabilus S.A. de C.V.	Mexico	100.0%
Stabilus Romania S.R.L.	Romania	100.0%
Stable II S.à r.l.	Luxembourg	100.0%
Servus Sub S.à r.l.	Luxembourg	100.0%
Servus Luxembourg S.à r.l.	Luxembourg	100.0%
Stabilus Jiangsu Ltd.	China	100.0%

(1) Stable Beteiligungs GmbH is currently in the process of forming a supervisory board according to mandatory legal requirements.

Auditors

The consolidated annual financial statements of the Group, prepared in accordance with IFRS, as of and for the fiscal years 2011, 2012 and 2013 (the "**Annual Financial Statements**") included in this Prospectus, have been audited by KPMG Luxembourg S.à r.l., 9, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, as independent auditor (*réviseur d'entreprises agréé*), as stated in their reports appearing herein.

The independent auditor's reports in respect of the Annual Financial Statements for the fiscal years ended September 30, 2011 and 2012 included emphasis paragraphs on the following matters, which were not included in the Annual Financial Statements for the fiscal year ended September 30, 2013:

We might fail to comply with our financial covenants. Our ability to continue as a going concern depends on the achievement of the assumptions underlying our budget. However, it is our view that this risk is no longer relevant.

Our continued existence could be threatened by the potential risk of the successful outcome of the suit filed by former mezzanine lenders, who lost their claims under the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008) as a result of the financial restructuring of the Group in April 2010, demanding repayment of an amount of €82 million including interest and possible legal steps by other mezzanine creditors with a total charge of approximately €90 million (excluding interest). However, in early April 2013 we entered into a settlement with our former mezzanine lenders and, therefore, the risk is no longer relevant. See "*Our business—Environment, insurance and legal—Legal proceedings and warranty claims—Legal proceedings*."

KPMG Luxembourg S.à r.l. is a member of the Luxembourg Institute of Registered Auditors (*l'Institut des Réviseurs d'Entreprises*), qualifying as *cabinet de révision agréé*.

Publications, Paying Agent

Announcements of the Company are published on the Company's website (*www.stabilus.com*).

The paying agent is COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

Description of share capital of the Company and applicable regulations

Current share capital; shares

The Company's share capital is set at €177,000 divided into 17,700,000 shares with a nominal value of one cent (€0.01) each, all of which are fully paid up. All shares have the same rights and entitlements.

Development of the share capital since the Company's foundation

The share capital of the Company has developed as follows:

Date	Event	Subscribed Share Capital	Number of Shares
February 26, 2010	Incorporation of the company	€12,500	1,250,000 shares with a nominal value of €0.01 each.
April 6, 2010	Increase of the share capital of the company by an amount of €5,000,000 by way of the issuance of 500,000,000 new shares, having a nominal value of €0.01 each.	€5,012,500	501,250,000 shares, with a nominal value of €0.01 each.
September 29, 2010	Increase of the share capital of the company by an amount of €0.01 by way of the issuance of 1 new share having a nominal value of €0.01.	€5,012,500.01	501,250,001 shares, with a nominal value of €0.01 each.
May 5, 2014	Reduction of the share capital of the Company by an amount of €4,835,500.01 by way of cancellation of 483,550,001 shares having a nominal value of €0.01.	€177,000	17,700,000 with a nominal value of €0.01 each

Authorized capital

The authorized capital of the Company is set at 315,000 represented by a maximum of 31,500,000 shares, each with a nominal value of €0.01.

Pursuant to article 5.5(b) of the Company's Articles of Association, the Management Board is authorized, during a period starting on the date of publication of the general meeting approving this authorization in the *Mémorial C, Recueil des Sociétés et Associations*, and expiring on the fifth anniversary of such date, to increase the current share capital up to the amount of the authorized capital, in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalization of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Management Board is authorized to determine the terms and conditions attaching to any subscription and issuance of shares pursuant to the authority granted under article 5.5(b) of the

Company's Articles of Association, including by setting the time and place of the issue or the successive issues of shares, the issue price, with or without a share premium, and the terms and conditions of payment for the shares under any documents and agreements including, without limitation, convertible loans, option agreements or stock option plans.

The Management Board is also authorized to issue convertible bonds, or any other convertible debt instruments, bonds carrying subscription rights or any other instruments entitling their holders to subscribe for or be allocated with shares, such as, without limitation, warrants, under the authorized capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorized capital in accordance with the Articles of Association.

In connection with the Offering, the preferential subscription rights will be excluded by the Management Board when issuing the New Shares under the authorized share capital in accordance with the Articles of Association.

Securities other than shares

The Group has issued securities other than shares. For a description of the Senior Notes issued by the HY-Issuer and guaranteed by the Company as well as other financing arrangements, see "*Material contracts*."

Repurchase of own shares

The Company does not currently hold any of its own shares, nor does a third party on behalf of the Company.

According to article 6.4 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares.

Without prejudice to the principle of equal treatment of shareholders in the same situation and the provisions of the Luxembourg Market Abuse Law, pursuant to the 1915 Companies Act, the Company may acquire its own shares either itself or through a person acting in its own name but on the Company's behalf subject to the following statutory conditions:

(1) the authorization to acquire shares is to be given by a general shareholders' meeting, which determines the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorization is given and which may not exceed five years and, in the case of acquisition for value, the maximum and minimum consideration;

(2) the acquisitions must not have the effect of reducing the net assets of the Company below the aggregate of the subscribed capital and the reserves which may not be distributed under the law or the Articles of Association; and

(3) only fully paid-up shares may be included in the transaction.

At the time each authorized acquisition is carried out, the Management Board must ensure that the statutory conditions mentioned in the preceding paragraph are complied with.

Where the acquisition of the Company's own shares is necessary in order to prevent serious and imminent harm to the Company, no authorization will be required from the general shareholders' meeting. In such a case, the next general shareholders' meeting must be informed by the Management Board of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

No authorization will likewise be required from the general shareholders' meeting in the case of shares acquired either by the Company itself or by a person acting in his own name but on

behalf of the Company for the distribution thereof to the staff of the Company. The distribution of any such shares must take place within 12 months from the date of their acquisition.

None of the abovementioned statutory conditions, except for the condition described under (2) above, apply to the acquisition of:

(a) shares acquired pursuant to a decision to reduce the capital or in connection with the issue of redeemable shares;

(b) shares acquired as a result of a universal transfer of assets;

(c) fully paid-up shares acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;

(d) shares acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in particular, in the event of a merger, the division of the Company, a change in the Company's object or form, the transfer abroad of its registered office or the introduction of restrictions on the transfer of shares;

(e) shares acquired from a shareholder in the event of failure to pay them up; and

(f) fully paid-up shares acquired pursuant to an allotment by court order for the payment of a debt owed to the Company by the owner of the Shares.

Shares acquired in the cases indicated under (b) to (f) must, however, be disposed of within a maximum period of three years after their acquisition, unless the nominal value, or, in the absence of nominal value, the accounting par value of the shares acquired, including shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company, does not exceed 10 per cent of the subscribed capital.

If the shares so acquired are not disposed of within the period prescribed, they must be cancelled. The subscribed capital may be reduced by a corresponding amount. Such a reduction is compulsory where the acquisition of shares and their subsequent cancellation results in the Company's net assets having fallen below the amount of the subscribed capital and the reserves which may not be distributed under the law or the Articles of Association.

Any shares acquired in contravention of the above conditions (a) to (f) must be disposed of within a period of one year after the acquisition. Have they not been disposed of within that period, they must be cancelled.

In those cases where the acquisition by the Company of its own shares is permitted in accordance with the foregoing, the holding of such shares is subject to the following conditions: (i) among the rights attaching to the shares, the voting rights in respect of the Company's own shares are suspended; and (ii) if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company has acquired own shares in accordance with the abovementioned, the annual report of the Management Board must indicate: (i) the reasons for acquisitions made during the financial year, (ii) the number and the nominal value of the shares acquired and disposed of during the financial year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the shares, and (iv) the number and nominal value of all the shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

At the date of the Prospectus, the Management Board is currently not authorized by the general shareholders' meeting to acquire own shares.

General rules on allocation of profits and dividend payments

All shares are entitled to participate equally in dividends when, as and if declared by the general shareholders' meeting and/or the Management Board out of funds legally available for such purposes. The shares offered in the Offering will be entitled to full profit participation.

Pursuant to the 1915 Companies Act and the Articles of Association, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting. The Articles of Association provide that the annual general shareholders' meeting is held on the third Wednesday of the month of February at 10a.m. Luxembourg time. If such day is a not a business day, the meeting shall be held on the next following business day, at the same hour.

The amount of distribution to shareholders may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, minus any losses carried forward and sums to be placed in reserve in accordance with the law or the Articles of Association.

Each year at least 5% of any net profit has to be allocated to a legal reserve account. Such allocation ceases to be compulsory when the legal reserve reaches one-tenth of the subscribed capital.

The remainder of any net profit is at the disposal of the general shareholders' meeting to be allocated as appropriate to a reserve, the profits to be carried forward and/or to be distributed equally between all the shares, as the case may be, together with profits carried forward, distributable reserves and/or share premium.

Subject to the conditions provided for by Luxembourg laws, the Articles of Association also authorize the Management Board to make interim payments on account of dividends for a particular financial year to be deducted from profits or the available reserves. The Management Board must determine the amount and the date of payment of any such interim payments. Any interim payments of dividends shall be subject to the conditions that (i) a balance sheet be drawn-up showing that the funds available for distribution are sufficient, (ii) the amount to be distributed does not exceed total profits made since the end of the last financial year for which the annual accounts have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the law or the Articles of Association, (iii) the decision of the Management Board to distribute an interim dividend is not to be taken more than two months after the date at which the balance sheet referred to under (i) above has been drawn up. The independent auditor (*réviseur d'entreprises agréé*) must issue a report to the Management Board to verify whether the above conditions have been fulfilled.

Where the payments on account of interim dividends exceed the amount of the dividend subsequently decided upon by the general meeting of shareholders, they shall, to the extent of the overpayment, be deemed to have been paid on account of the next dividend.

Luxembourg laws provide that claims for dividends lapse in favor of the Company ten years after the date on which such dividends were declared.

Details on dividend payments and the respective paying agent will be published on the website of the Company (*www.stabilus.com*). Neither Luxembourg law nor the Articles of Association provide for a special procedure for the dividends to shareholders not resident in Luxembourg or Germany.

General provisions governing the liquidation of the Company

The Company may only be voluntarily dissolved by a resolution passed at an extraordinary general shareholders' meeting subject to the quorum and majority requirements for an amendment to the Articles of Association. The quorum is at least one half (1/2) of all the shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such extraordinary general shareholders' meeting.

In the event of a loss of at least half of the share capital, the Management Board must convene an extraordinary general shareholders' meeting within two months as of the date on which the Management Board discovered or should have ascertained this loss of capital. At this extraordinary general shareholders' meeting, shareholders will resolve on the possible dissolution of the Company. The quorum is at least one half (1/2) of all the shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such extraordinary general shareholders' meeting. Where the loss equals or exceeds three quarters (3/4) of the share capital, the same procedure must be followed, it being understood, however, that the dissolution only requires the approval of shareholders representing 25% of the votes cast at the meeting.

The Company, once dissolved, is deemed to exist for as long as necessary for its proper liquidation.

If the Company is dissolved for any reason, the general shareholders' meeting will have the most extensive powers to appoint the liquidator(s), determine their powers and fix their remuneration. The powers of the Management Board in office will end at the time when the liquidators are appointed. In case the general shareholders' meeting fails to appoint the liquidator(s), the members of the Management Board then in office will, vis-à-vis third parties, be deemed to be the liquidators of the Company.

The principal duty of the liquidators consists of winding up the Company by paying its debts, realizing its assets and distributing them to the shareholders. If the financial situation so warrants, pre-payments of liquidation dividends may be made by the liquidator in accordance with the 1915 Companies Act.

After payment of all debts and liabilities of the Company or deposit of any funds to that effect, the liquidation surplus will be used to reimburse in cash or securities the amount paid up on the shares. If all the shares are not equally paid up, the liquidator(s) shall restore equality either by a call for funds or a prior distribution. The balance of the liquidation surplus will be distributed equally between all shares.

Pursuant to the 1915 Companies Act, upon the termination of the liquidation, the liquidators report to a general shareholders' meeting, at which one or several special auditor(s) are appointed to report on the liquidation. This auditor's report is submitted for approval to a general shareholders' meeting, at which a resolution to close the liquidation of the Company is taken.

Neither the 1915 Companies Act nor the Articles of Association currently provide for special rights of shareholders on a winding up.

General provisions governing share capital increases and decreases

The subscribed share capital of the Company may be increased or decreased by a resolution passed at an extraordinary general shareholders' meeting subject to the quorum and majority requirements for an amendment to the Articles of Association.

The extraordinary general shareholders' meeting may also amend the Articles of Association for the purpose of authorizing the Management Board to increase the subscribed share capital within the limits of the authorized capital. As at the date of this Prospectus, article 5.5(a) of the Articles of Association provides that the authorized capital of the Company is of €315,000 represented by a maximum of 31,500,000 shares with a nominal value of €0.01 each. The Management Board is authorized for a period starting on the date of publication in the *Mémorial C, Recueil des Sociétés et Associations*, of the minutes of the general meeting that has

amended the Articles of Association to include the authorized capital and expiring on the fifth anniversary of such date, to increase the current issued capital up to the amount of the authorized share capital, in whole or in part from time to time.

In the event of decrease of the share capital with a repayment to the shareholders or a waiver of their obligation to pay up their shares, creditors whose claims predate the publication of the minutes of the extraordinary general shareholders' meeting may, within 30 days from such publication, apply for the constitution of security to the judge presiding over the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters and sitting in urgency. The judge may only reject such an application if the creditor already has adequate safeguards or if such security is unnecessary having regard to the assets of the Company. No payment may be made or waiver given to the shareholders until such time as the creditors have obtained satisfaction or until the judge presiding over the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters has ordered that their application should not be granted. No creditor protection rules apply in the case of a reduction in the subscribed capital for the purpose of offsetting losses incurred which are not capable of being covered by means of other own funds or to include sums in a reserve provided that such reserve does not exceed 10% of the reduced subscribed capital.

In the event of a capital increase in cash with the issuance of new shares, the existing shareholders have a preferential right to subscribe for the new shares, pro rata to the part of the share capital represented by the shares that they already have. The Management Board determines the period within which the preferential subscription rights can be exercised. The period during which those rights can be traded and exercised may not be less than 30 days from the start of the subscription period.

The start of the subscription period of the preferential subscription rights must be announced by a notice setting out the subscription period published in the Luxembourg Official Gazette and two Luxembourg newspapers.

The preferential subscription rights are transferable throughout the exercise period, and no restrictions may be imposed on such transferability other than those applicable to the shares in respect of which the right arises. The unexercised preferential subscription rights are, after the end of the exercise period, publicly sold by the Company in a public auction organized by the Luxembourg Stock Exchange. The proceeds from such public sale, after deduction of the expenses thereof, are made available to the shareholders not having exercised their preferential subscription rights and forfeited in favor of the Company after a period of ten years from the date of the public sale.

The Luxembourg Stock Exchange will publish on its website a notice specifying the date of the public auction at least three trading days before the public auction pursuant to article 4 of part 4 of the Rules and Regulations of the Luxembourg Stock Exchange.

Pursuant to article 32-3 of the 1915 Companies Act, the preferential subscription rights of existing shareholders in case of a capital increase by means of a contribution in cash may not be restricted or withdrawn by the Articles of Association. Nevertheless, the Articles of Association may authorize the Management Board to withdraw or restrict these preferential subscription rights in relation to an increase of capital made within the limits of the authorized capital. Such authorization is only valid for a maximum of five years from publication in the *Mémorial C, Recueil des Sociétés et Associations* of the relevant amendment of the Articles of Association. The Management Board must draw up a report to the general meeting on the detailed reasons for the restriction or withdrawal of the preferential subscription rights which must include in particular the proposed issue price. It may be renewed on one or more occasions by the extraordinary general meeting, deliberating in accordance with the requirements for amendments to the Articles of Association, for a period which, for each renewal, may not exceed five years. As at the date of this Prospectus, the Articles of Association authorize the

Management Board to increase the capital and to restrict or withdraw the preferential subscription rights of shareholders in relation to an increase of capital made within the limits of the authorized capital. (See "—*Authorized capital*").

In addition, an extraordinary general shareholders' meeting called upon to resolve, on the conditions prescribed for amendments to the Articles of Association, either upon an increase of capital or upon the authorization to increase the capital, may limit or withdraw preferential subscription rights or authorize the Management Board to do so. Any proposal to that effect must be specifically announced in the convening notice. Detailed reasons therefore must be set out in a report prepared by the Management Board and presented to the extraordinary general shareholders' meeting dealing, in particular, with the proposed issue price. This report must be made available to the public at the Company's registered office, and on its website. An issuance of shares to banks or other financial institutions with a view to their being offered to the shareholders of the Company in accordance with the decision relating to the increase of the subscribed capital does not constitute an exclusion of the preferential subscription rights pursuant to the 1915 Companies Act.

Luxembourg law on dematerialized securities

Pursuant to a law of April 6, 2013 on dematerialized securities, the Company has the option to issue new shares in dematerialized form or convert existing shares into shares in dematerialized form instead of bearer or registered forms. Such issue or conversion into shares in dematerialized form would be subject, inter alia, to a prior amendment to the Articles of Association approved by a general meeting of shareholders.

Mandatory takeover bids and exclusion of minority shareholders

Mandatory bids, squeeze-out and sell-out rights under the Luxembourg Takeover Law

The Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids (the "**Luxembourg Takeover Law**") provides that if a person, acting alone or in concert, obtains voting securities of the Company which, when added to any existing holdings of the Company's voting securities, give such person voting rights representing 33 1/3% of all of the voting rights attached to the voting securities in the Company, this person is obliged to make an offer for the remaining voting securities in the Company at a fair price. In a mandatory bid situation the "fair price" is considered to be the highest price paid by the offeror or by the person acting in concert with the offeror for the voting securities during the 12-month period preceding the mandatory bid.

Following the implementation of the Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004, any voluntary bid for the takeover of our Company and any mandatory bid will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law, which has implemented the Takeover Directive into Luxembourg law, and by the BaFin pursuant to the German Takeover Act (the German Takeover Act).

Under the shared regulation regime, German takeover law applies to the matters relating to the consideration offered, the bid procedure, the contents of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG-Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, will exclusively be governed by Luxembourg law.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and after such offer the offeror holds voting securities representing not less than 95% of the share capital that carry voting rights and 95% of the voting rights, the offeror may require the holders of the remaining voting securities

to sell those securities to the offeror. The price offered for such securities must be a "fair price." The price offered in a voluntary offer would be considered a "fair price" in the squeeze-out proceedings if not less than 90% of the securities that carry voting rights to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and if after such offer the offeror (and any person acting in concert with the offeror) holds voting securities carrying more than 90% of the voting rights, the remaining security holders may require that the offeror purchase the remaining voting securities. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if 90% of the securities that carry voting rights of the Company to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the Company has issued more than one class of voting securities, the rights of squeeze-out and sell-out described in the last two preceding paragraphs can be exercised only in the class in which the applicable thresholds have been reached.

Luxembourg Mandatory Squeeze-Out and Sell-Out Law

The Company may also be subject to the Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**") and to the CSSF Circular 12/545. These provide that if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company: (i) such owner may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**"); and (ii) the holders of the remaining shares or securities may require such owner to purchase those remaining shares or other voting securities (the "**Mandatory Sell-Out**"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF.

Amendment to rights of shareholders

Any amendments to the rights of the shareholders set out in the Articles of Association require the amendment of the Articles of Association. An amendment to the Articles of Association must be approved by an extraordinary general shareholders' meeting of the Company held in front of a Luxembourg public notary in accordance with the quorum and majority requirements applicable to an amendment to the Articles of Association. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such general shareholders' meeting. The Articles of Association do not provide for any specific conditions that are stricter than required by Luxembourg law.

Shareholdings disclosure requirements

Luxembourg Transparency Law

Luxembourg is the home Member State of the Company pursuant to article 1 (9) (a) the Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "**Luxembourg Transparency Law**").

Holders of the shares and derivatives or other financial instruments linked to the shares may be subject to notification obligations pursuant to the Luxembourg Transparency Law. The following description summarizes these obligations. The Company's shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law provides that, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the abovementioned thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he/she/it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

(a) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;

(b) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;

(c) voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;

(d) voting rights attaching to shares in which that person or entity has the life interest;

(e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;

(f) voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;

(g) voting rights held by a third party in its own name on behalf of that person or entity;

(h) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

The notification requirements also apply to a natural person or legal entity who/which holds, directly or indirectly, financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, under a formal agreement, shares to which voting rights are attached and already issued.

The notification to the Company and the CSSF must be effected as soon as possible, but not later than six trading days following a transaction or four trading days following receipt of information of an event changing the breakdown of voting rights by the issuer. Upon receipt of the notification, but no later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

Where within the 15 days preceding the date for which the general shareholders' meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Management Board may postpone the general shareholders' meeting for up to four weeks.

In accordance with article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*) in securities insofar as the acquisition or disposal is effected in his capacity as a regulated market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

Luxembourg Mandatory Squeeze-Out and Sell-Out Law

Pursuant to article 3 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, any individual or legal entity, acting alone or in concert with another, who (i) becomes the owner directly or indirectly of a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company, (ii) falls below one of the thresholds under (i) above or (iii) acquires additional shares or other voting securities while having already crossed the thresholds under (i) above, such person must notify the Company and the CSSF of the exact percentage of its holding, the transaction that triggered the notification requirement, the effective date of such transaction, its identity and the ways the shares or other voting securities are being held.

The notification to the Company and the CSSF must be effected as soon as possible, but not later than four working days after obtaining knowledge of the effective acquisition or disposal or of the possibility of exercising or not the voting rights or the date on which he/she should have learnt of it, having regard to the circumstances, regardless of the date on which the acquisition, disposal or possibility of exercising the voting rights takes effect. Upon receipt of the notification, but no later than three working days thereafter, the Company must make public all the information contained in the notification in a manner ensuring fast access to the information and on a non-discriminatory basis.

Disclosure of transactions of persons holding management responsibilities

Pursuant to article 17 of the Luxembourg Market Abuse Law, persons discharging managerial responsibilities within the Company and, as applicable, persons who have a close link with such persons (being "persons closely associated with a person discharging managerial responsibilities") must notify the CSSF and the Company of all transactions effectuated in their name and relating to shares admitted to trading on a regulated market, derivatives or other financial instruments relating to the shares. The disclosure must be made within five business days following the conclusion of each individual operation. The information must be accessible to the public.

For the purpose of the Luxembourg Market Abuse Law, "persons discharging managerial responsibilities within the Company" include (i) members of the administrative, management or

supervisory bodies of the Company and (ii) senior executives having regular access to inside information relating, directly or indirectly, to the Company, and the power to make managerial decisions affecting the future developments and business prospects of the Company. Persons closely associated with a person discharging managerial responsibilities within the Company include the following persons:

- the spouse of the person discharging managerial responsibilities, or any partner of that person considered by national law as equivalent to the spouse,
- according to national law, dependent children of the person discharging managerial responsibilities,
- other relatives of the person discharging managerial responsibilities, who have shared the same household as that person for at least one year on the date of the transaction concerned,
- any legal person, trust estate or other trust, or any association without legal personality, whose managerial responsibilities are discharged by a person discharging managerial responsibilities within the Company or by another person closely associated with such person, or which is directly or indirectly controlled by such a person, or that is set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such person.

As the Company intends to list its shares on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz*) will apply.

Under section 15a of the German Securities Trading Act, persons holding managerial responsibilities within listed stock corporations are required to notify the stock corporation and BaFin within five business days of their own transactions involving shares of the Company or related financial instruments, including, in particular, derivatives. This obligation also applies for related parties of persons holding managerial responsibilities.

Notification is not required if the total sum of all transactions involving a person holding managerial responsibilities and his or her related parties is less than €5,000 for the calendar year. Persons holding managerial responsibilities for these purposes refer to any managing partner or member of the company's management, administrative or supervisory bodies and any person who has regular access to insider information and is authorized to make important managerial decisions. Related parties include spouses, registered civil partners, dependent children and other relatives who have been living in the same household as the person holding managerial responsibilities for at least one year when the relevant transaction is made. Notice is also required for legal entities in which a person holding managerial responsibilities and/or any of the aforementioned parties holds supervisory responsibilities, which are controlled by a person holding managerial responsibilities or such parties, which were established for the benefit of a person holding managerial responsibilities or such a party or the economic interests of which are substantially equivalent to those of a person holding managerial responsibilities or such a party. Negligent or willful non-compliance with these notification requirements may result in the imposition of a statutory fine on the person holding managerial responsibilities or related party.

Description of the governing bodies of the Company

The Management Board of the Company, Stabilus S.A., is made up of four members, appointed by the supervisory board of the Company (the "**Supervisory Board**").

The business address of each member of the Management Board of the Company is 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg, and our telephone number at that address is +352 26 753 0.

Management Board of the Company

The Company is managed by the Management Board. According to the Articles of Association, the Management Board must be composed of at least two members. The members of the Management Board shall be appointed by the Supervisory Board. The Supervisory Board shall also determine the number of members of the Management Board, their remuneration and the terms of their office. Currently, the Management Board consists of four members.

The members of the Management Board shall be elected for a term of (i) four years for the member of the Management Board designated by the Supervisory Board as Chief Executive Officer, (ii) three years for the member of the Management Board designated by the Supervisory Board as Chief Financial Officer and (iii) one year for any other member of the Management Board. The members of the Management Board shall be eligible for re-appointment. A member of the Management Board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the Supervisory Board. The Company's Articles of Association also provide for an audit committee (the "**Audit Committee**"), to be appointed by the Supervisory Board, and a remuneration committee (the "**Remuneration Committee**"), to be appointed by the Supervisory Board.

The Management Board is vested with the broadest powers to perform, or to cause to be performed, all acts of disposition and administration in the Company's interest. All powers not expressly reserved by the 1915 Companies Act or by the Company's Articles of Association to the general shareholders' meeting or the Supervisory Board fall within the competence of the Management Board.

The Management Board meets as often as the business and interests of the Company require.

The Management Board may validly deliberate and make decisions only if at least one half of its members is present or represented. Decisions are made by the majority of the votes of the members present or represented. If a member of the Management Board abstains from voting or does not participate to a vote in respect of a proposed resolution, this abstention or non-participation is taken into account in calculating the majority as a vote against the proposed resolution. Any member of the Management Board may participate in a meeting of the Management Board by conference call, video conference or by similar means of communication in accordance with the Articles of Association. A resolution of the Management Board may also be passed in writing, which must be signed by each member of the Management Board.

At least every three months, the Management Board must submit a written report to the Supervisory Board, in which it describes the status of the Company's business activities and the provisional development. In addition, the Management Board must inform the Supervisory Board of any events that might have a noticeable effect on the Company's situation. The Management Board must also submit to the Supervisory Board those documents it shall provide to the auditors in accordance with the 1915 Companies Act.

The following table sets out the name, date of birth, position and the year of appointment for each member of the Management Board.

Name	Date of birth	Position	Year first appointed
Dietmar Siemssen	Jun. 10, 1963	Chairman/CEO	2014
Mark Wilhelms	May 7, 1960	CFO	2014
Bernd-Dietrich Bockamp	Jan. 4, 1968	Accounting	2014
Andreas Schröder	Jan. 9, 1978	Financial Reporting	2014

The following is a summary of the business experience and principal outside business interests of the current members of the Management Board.

Dietmar Siemssen (*Chairman*) is the Chief Executive Officer and a managing director of Stabilus GmbH as well as the chairman of our Management Board. With 20 years of experience in the automotive industry, Mr. Siemssen joined Stabilus in 2011 following a 19-year career in various management positions at Continental AG, where he was responsible for Continental Automotive Corporation (CAC), a joint venture between Continental and Nisshinbo headquartered in Yokohama, Japan. He was also a Board Member of the Continental Chassis & Safety Division responsible for the Asia region. Starting 2009, Mr. Siemssen was also responsible for the overall business activities of Continental in Japan. He began his professional career in 1994 in various positions in Industrial Engineering and Logistics at ITT Automotive Europe—which was acquired by Continental in the late 1990s. He holds a degree in mechanical engineering and business administration. Mr. Siemssen was appointed to the Management Board in 2014.

Mark Wilhelms is the Chief Financial Officer and a managing director of Stabilus GmbH. With 25 years of experience in the automotive industry, Mr. Wilhelms joined Stabilus in 2009 from FTE Automotive, where he served as Chief Financial Officer for six years. From 2007, he was also head of the NAFTA region at FTE. Prior to that, he held various management positions in finance, plant and marketing at various locations over his 17-year career at Ford. He holds a degree in Process Engineering as well as a degree in Economics. Mr. Wilhelms was appointed to the Management Board in 2014.

Bernd-Dietrich Bockamp is the Head of Group Accounting of the Stabilus Group. Mr. Bockamp joined Stabilus in 2011. Prior to that, he led the financial projects and system team at FTE Automotive following several years at KPMG Bayerische Treuhand. He holds a degree in industrial engineering and management. Mr. Bockamp was appointed to the Management Board in 2014.

Andreas Schröder is the Head of Financial Reporting of the Stabilus Group. Mr. Schröder joined Stabilus in 2010. Prior to that, he worked for several years in assurance and advisory business services at Ernst & Young. He holds a degree in business administration. Mr. Schröder was appointed to the Management Board in 2014.

The following table lists additional relevant positions with companies and enterprises held by the members of the Management Board as of the date of this Prospectus and during the last five years, with the exception of positions held with the subsidiaries of the Company:

Name	Positions	Position still held? Yes/No
Dietmar Siemssen	• Board member of Continental Automotive Corporation Japan and Continental Automotive Corporation Korea	No
	• Board member of Continental Automotive Corporation Japan	No
Mark Wilhelms	• CFO at FTE Automotive	No
Bernd-Dietrich Bockamp	• Team member Corporate Finance at FTE automotive	No
	• Team leader Projects and Systems at FTE automotive	No
Andreas Schröder	• Senior Associate in assurance and advisory business services at Ernst & Young	No

Supervisory Board of the Company

According to the Articles of Association, the Supervisory Board must be composed of at least three members. The members of the Supervisory Board shall be elected for a term not exceeding six years and shall be eligible for re-appointment. The members of the Supervisory Board shall be appointed by the general meeting of shareholders. The general meeting of shareholders shall also determine the number of members of the Supervisory Board, their remuneration and the terms of their office.

A member of the Supervisory Board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the general meeting of shareholders. Currently, the Supervisory Board consists of four members.

The members of the Supervisory Board were appointed by the general shareholders' meeting for a term set to expire at the end of the annual general shareholders' meeting that will approve the consolidated financial statements for the year ended September 30, 2017.

The Supervisory Board shall carry out the permanent supervision of the Management Board, without being authorized to interfere with such management. The Supervisory Board may validly deliberate and make decisions only if at least one half of its members is present or represented. Decisions are made by the majority of the votes of the members present or represented. If a member of the Supervisory Board abstains from voting or does not participate to a vote in respect of a proposed resolution, this abstention or non-participation is taken into account in calculating the majority as a vote against the proposed resolution. Any member of the Supervisory Board may participate in a meeting of the Management Board by conference call, video conference or by similar means of communication in accordance with the Articles of Association. A resolution of the Supervisory Board may also be passed in writing, which must be signed by each member of the Supervisory Board.

The Supervisory Board may require the Management Board to provide information of any kind which it needs to exercise its supervision. The Supervisory Board may undertake or arrange for any investigations necessary for the performance of its duties.

The following table sets out the name, date of birth and the year of appointment for each of the members of the Supervisory Board.

Name	Date of birth	Business address	Position	Year first appointed
Udo Stark	Nov. 21, 1947	Biedersteiner Str. 11, 80802 Munich, Germany	Chairman	2014
Nizar Ghoussaini	Nov. 17, 1950	8743 La Palma Lane, Naples, Florida 34108, USA	Member	2014
Dr. Stephan Kessel	Sep. 13, 1953	Salinenstr. 30, 30952 Ronnenberg, Germany	Member	2014
Andi Klein	Feb. 5, 1975	Westpark Management Services, Große Eschenheimer Str. 13, 60313 Frankfurt am Main, Germany	Member	2014

Udo Stark was chairman of the executive board of MTU Aero Engines AG until 2007. From 1991 until 2000, Mr. Stark led the listed plant construction and machinery group Agiv AG. Subsequently, he became chairman of the shareholder committee at Messer Griesheim GmbH, chairman of the executive board of mg technologies AG and CEO of MTU Aero Engines AG. From 2008 to 2013, Mr. Stark served as a member of the supervisory board of MTU Aero Engines AG. He is currently a member of the supervisory board of Bilfinger SE.

Nizar Ghoussaini was from 1999 until 2008 the President and CEO of Benteler Automobiltechnik based in Paderborn, Germany. Prior to that, he was President of the Premium Car Division of Lear Corporation, based in Sulzbach, Germany with responsibility for seating, interiors and electrical / electronics business for the German and French car companies worldwide. Since 2014, Mr. Ghoussaini serves as a member of the Supervisory Board.

Dr. Stephan Kessel was Chief Executive of Continental AG until 2002. Previously, Dr. Kessel held a variety of management positions at Continental AG, joining its management board in 1997 and becoming chief executive in 1999. In recent years, Dr. Kessel has taken up a number of board positions at European companies including, among others, Stabilus. From 2008 through 2010, Dr. Kessel was Chairman of the Board of the former holding company of the Operating Stabilus Group. Since 2014, Dr. Kessel serves as a member of the Supervisory Board of the Company.

Andi Klein is an operating and investment partner at WestPark management Services Germany GmbH, which provides services exclusively to Triton and Triton portfolio companies. Formerly he held several executive positions at Procter & Gamble (Executive in M&A, Restructuring & Turnaround, Portfolio & Long Term Strategy, Financial Management of diverse business units in Germany, Switzerland, Belgium and the U.S.). Since 2014, Mr. Klein serves as a member of the Supervisory Board of the Company.

The following table lists additional relevant positions with companies and enterprises held by the members of the Supervisory Board as of the date of this Prospectus and during the last five years, with the exception of positions held with the subsidiaries of the Company:

Name	Positions	Position still held? Yes/No
Udo Stark	• Member of supervisory board of Bilfinger Berger SE	Yes
	• Member of advisory board of Barmenia Versicherungen	Yes
	• Senior advisor of Goldman Sachs	No
	• Member of supervisory board of MTU Aero Engines AG	No
Nizar Ghoussaini	• Member of the board of Ovako	Yes
	• Member of the board of Befesa	Yes
	• Consultant to Triton	Yes
	• Member of the board of Dematic	No
Dr. Stephan Kessel	• Director of the board of WireCo Worldgroup and member of executive and compensation committees; between April 2013 and July 2013 Interim-CEO	Yes
	• Member of the director's committee of MartinreaHonsel	Yes
	• Director of the board of EURODRIP S.A.	Yes
	• Chairman of the board of Novem Beteiligungs GmbH	Yes
	• Member of the advisory board of Minimax GmbH	No
	• Chairman of the advisory board of Armacell International GmbH	No
	• Chairman of the advisory board of Schefenacker Plc. (renamed to Visiocorp Plc.)	No
	• Member of the advisory board of Schollglas Holding	No
	• Chairman of Global Safety Textiles	No
	• Member of the supervisory board of WEPA SE	No
	• Member of the board of R 360 Environmental Solutions	No
Andi Klein	• Member of the advisory board of Compo AcquiCo S.à r.l.	Yes
	• Managing director of Servus Management GbR I and II	Yes
	• Managing director of prorea partners UG	Yes
	• Employee of Westpark Management Services GmbH	Yes
	• Member of the advisory board of Basler Fashion GmbH	No

Compensation of members of the Management Board

The service agreements of the members of the Management Board include executive employment agreements (*Geschäftsführerverträge*) of Stable Beteiligungs GmbH with Dietmar Siemssen and Mark Wilhelms, management agreements of the Company with Dietmar Siemssen and Mark Wilhelms, employment contracts of the Company with Bernd-Dietrich Bockkamp and Andreas Schröder and employment contracts of Stable Beteiligungs GmbH and Stabilus GmbH with Bernd-Dietrich Bockkamp and Andreas Schröder, which are stayed for the duration of the Luxembourg employment contracts. The compensation of the members of the Management Board consists of fixed and variable, success-oriented components. The variable compensation consists of an annual cash bonus, a cash-based long-term incentive program with a three-year assessment base and a matching stock program for the period from October 1, 2013 until September 30, 2017. The variable compensation is based on financial figures (EBITDA and free cash flow) of the Group.

The aggregated compensation for the members of the Management Board under the new service agreements consists of an annual fixed remuneration amounting to approximately 45% of the total compensation (in each case assuming 100% target achievement for short-term and long-term incentives) depending on the individual and the variable remuneration components. The variable remuneration is divided in three components: a short-term incentive, a long-term incentive and a matching stock program.

Short-term incentive program

The short term incentive is an annual bonus payment dependent upon results from normal business activities and is measured by performance against two financial figures: EBITDA and free cash flow (excluding financing cost) of the Group, which are provided in or on the basis of the Group budget approved by the Supervisory Board which can add further key performance indicators ("**KPIs**") such as return on capital employed ("**ROCE**") at its discretion. The short term incentive consists of approximately 20% of the aggregate total compensation and in general is limited in amount. The short-term incentive is subject to a multiplier set by the Supervisory Board within the range of 0.8 times to 1.2 times to allow for adjustments for the general market environment and relative performance versus peers. Additionally, 20% of the aggregate total compensation is paid as a long-term incentive.

Long-term incentive program

The long term incentive is granted in tranches, one for each year and in general is limited in amount. The performance period of each tranche is three years. The long term incentive actually paid out depends upon the performance against two financial figures: EBITDA and free cash flow of the Group. The Supervisory Board can add further KPIs such as ROCE at its discretion. The actual amount paid out generally also depends on the share price performance of the group over a relevant period and is in addition subject to a multiplier set by the Supervisory Board within the range of 0.8 times to 1.2 times to allow for adjustments for the general market environment and relative performance versus peers. If, however, the actual EBITDA and free cash flow are below the EBITDA and/or free cash flow projected in the mid-term Group budget approved by the Supervisory Board, the pay-out is reduced, which may even lead to a loss of the long-term incentive for the relevant tranche.

Stock program

The matching stock program provides for four annual tranches granted each year during the fiscal year ending September 30, 2014 until September 30, 2017. Participation in the matching stock program requires Management Board members to invest in shares of the Company. The investment has generally to be held for the lock-up period.

As part of matching stock program A (the "**MSP A**") for each share the Management Board invests in the Company in the specific year (subject to a general cap), the Management Board members receive a certain number of fictious options to acquire shares in the Company for each tranche of the matching stock program. The amount of stock options received depends upon a factor to be set by the Supervisory Board annually which will be in a range between 1.0 times and 1.7 times for the outlined timeframe. Thus, if a Management Board member was buying 1,000 shares under the MSP in the Company, he would receive 1,000 to 1,700 fictious options for a certain tranche. The fictious options are subject to a lock-up period of four years and may be exercised during a subsequent two-year exercise period.

As part of matching stock program B (the "**MSP B**") for each share the Management Board holds in the Company in the specific year (subject to a general cap), the Management Board members receive a certain number of fictious options to acquire shares in the Company for each tranche of the matching stock program. The amount of stock options received depends upon a factor to be set by the Supervisory Board annually which will be in a range between 0.0 times and 0.3 times for the outlined timeframe. Thus, if a Management Board member was holding 10,000 shares under the MSP in the Company, he would receive 0 to 3,000 fictious options for a certain tranche. The fictious options are subject to a lock-up period of four years and may be exercised during a subsequent two-year exercise period.

The options may only be exercised if the stock price of the Company exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine, and which needs to be between ten percent and fifty percent growth over the base price, which is the share price on the grant date. If exercised, the fictious options are transformed into a gross amount equaling

the difference between the option price and the relevant stock price multiplied with the number of exercised fictious options. The generally limited net amount resulting from the calculated gross amount is paid out to the Management Board members.

Alternatively, the Company may decide to buy shares in an amount equaling the net amount in order to settle the exercised options. The maximum gross amounts resulting from the exercise of the fictious options of one tranche in general is limited in amount. Reinvestment of IPO proceeds from previous equity programs are not taken into account for MSP A.

Ancillary benefits

In addition, Management Board members are entitled to ancillary benefits that include, among other things, continued payment of remuneration in case of sickness, a death and disability insurance, which also covers private accidents. The Management Board members also receive a company car for business and private use as well as travel expenses and certain limited housing support. The Management Board members do not receive pension benefits.

Directors' and officers' insurance

The members of the Management Board are covered under a directors' and officers' insurance policy with coverage for up to €50.0 million per insured event and year, the costs of which are borne by the Company.

The Company does not disclose the individual compensation for each member of the Management Board. Accordingly, the following overview provides a combined summary of the overall remuneration and benefits payable to the members of the Management Board under the service agreements for 2014 (including the corresponding bonus agreements, assuming meeting the agreed targets):

Entitlement	Scope (in € million)
Annual fixed remuneration	0.9
Annual bonus /Long term incentive/IPO bonus	0.8
MSP A / B	0.3

The remuneration of the members of the Management Board is to be reviewed at regular intervals each year starting in the second half of 2014. The Supervisory Board is entitled to reduce the remuneration if a detrimental change in the Company's or the Group's financial situation renders the scope of remuneration inappropriate. In this case, the members of the Management Board may terminate their service agreements with a notice period of six weeks to the end of a calendar quarter.

Shareholdings and stock options of members of the Management Board

None of the members of the Management Board currently directly hold shares in the Company or options on shares in the Company.

The management participants of the current equity program have committed themselves to reinvest approximately 90% of the net proceeds received under the management equity participation program into shares of the Company in connection with this Offering.

In addition, certain members of the management will receive an IPO bonus, approximately 90% of the net proceeds of such bonus will be reinvested into shares of the Company in connection with this Offering. All members of the management that choose to participate in this Offering will be fully allocated the number of Offer Shares for which they submit orders. The preferential allocation to the members of the management will be conducted without any discount on the Offer Price. These shares will be subject to a 12-month lock-up period.

The following table shows the shareholdings of the Management Board upon completion of the Offering:

Name	Upon completion of the Offering and based on the mid-point of the Price Range
Dietmar Siemssen	73,126
Mark Wilhelms	54,806
Bernd-Dietrich Bockamp	650
Andreas Schröder	434

Compensation of members of the Supervisory Board

The extraordinary general shareholders' meeting, which took place on May 5, 2014 passed a resolution regarding the remuneration of the members of the Supervisory Board. The main features of the remuneration system to be established by this resolution comprise:

Fixed remuneration

Each member of the Supervisory Board receives a fixed remuneration in the amount of €45,000 for every full business year of its membership in the Supervisory Board. The chairman of the Supervisory Board's remuneration amounts to 2.0 times the amount, and the deputy chairman of the Supervisory Board's remuneration amounts to 1.33 times the amount.

Office bonuses

In addition, the chairman of the Audit Committee is granted an office bonus in the amount of €25,000 per year. The chairman of any other committee established by the Supervisory Board shall receive an office bonus in the amount of €20,000 per year. Members of the compensation committee receive an office bonus in the amount of €10,000 per year and members of the audit committee receive an office bonus of €15,000 per year. This office bonus is being granted in addition to an office bonus as chairman / deputy chairman of the Supervisory Board. All members of the Supervisory Board receive meeting fees of €1,000 per meeting.

Directors' and officers' insurance

The Company maintains a directors' and officers' insurance for the members of the Supervisory Board at the Company's cost.

Miscellaneous

The members of the Supervisory Board are entitled to reimbursement of their reasonable expenses (including, but not limited to, travel, board and lodging and telecommunication expenses). Expenses are reimbursed upon invoicing and evidence. In addition, the members of the Supervisory Board will be reimbursed for any value added tax accrued on remuneration and expenses.

The remuneration system remains in force until it has been amended or terminated by the general shareholders' meeting of the Company. The members of the Supervisory Board are not entitled to benefits upon termination of employment.

Shareholdings and stock options of Supervisory Board members

In connection with this Offering, Udo Stark intends to acquire 7,500 shares, for which he will receive preferential allocation rights. None of the members of the Supervisory Board currently directly hold shares in the Company or options on shares in the Company.

Terms and termination of service agreements

The Company has service agreements with each of the four members of the Management Board. The following table provides an overview of the service agreements entered into by them:

Name	Term	Change of control clause
Dietmar Siemssen	4 years	no
Mark Wilhelms	3 years	no
Bernd-Dietrich Bockamp	indefinite	no
Andreas Schröder	indefinite	no

The service agreements entered into with the Company can be terminated by a member of the Management Board for serious cause without a notice period. In other respects, a notice period is to be observed by a member of the Management Board. There are no agreements between the Company and the members of the Management Board beyond their service agreements. There are no loans extended to the members of the Management Board. No benefits will be provided upon termination of services by board members.

Committees

The Supervisory Board has established the following committees in accordance with the Company's Articles of Association:

- the Remuneration Committee; and
- the Audit Committee.

The principal responsibilities of and membership in the above committees are as follows:

Remuneration Committee

The Remuneration Committee has responsibility for making recommendations to the Supervisory Board and the Management Board on the terms of appointment and the benefits of the managers of the Company for each financial year of the Company, as well as for making recommendations on bonus payments to be made to all employees based on recommendation from the Management Board.

The Remuneration Committee is chaired by Udo Stark with Nick Ghoussaini and Andi Klein completing the membership of the committee. The Remuneration Committee meets at least twice annually.

Audit Committee

The Audit Committee is appointed by the Supervisory Board and is responsible for the consideration and evaluation of all material questions concerning the auditing and accounting policies of the Group and its financial controls and systems, together with related recommendations to be made to the Management Board.

The Audit Committee consists of three members, Andi Klein (Chairman), Udo Stark and Dr. Stephan Kessel, of which Udo Stark and Dr. Stephan Kessel are considered to be independent. The Audit Committee intends to meet up to twice annually.

Conflicts of interest

The investment funds managed by Triton engage in a broad spectrum of activities, including investment advisory activities, and have extensive investment and business activities that are independent of and may from time to time conflict with the Company's activities. Certain directors and/or employees of Triton serve or may serve as Management Board members or executive officers of the Company. Such directors and/or employees of Triton may also serve as

Management Board members, directors or executive officers of one or more existing or future funds or companies managed by Triton, including funds that invest and companies that operate in the same sectors as those in which the Group operates. Such individuals may, in particular circumstances, act in ways that conflict with the Company's and the Group's interests or those of our investors.

Apart from these potential conflicts of interest and the transactions and legal relations described in "Certain Relationships and Related Party Transactions," there are no other actual or potential conflicts of interest between the obligations of the members of the Management Board and Supervisory Board toward the Company and their respective private interests or other obligations.

Pursuant to the 1915 Companies Act and the Articles of Association, in the event that a member of the Management Board or a member of the Supervisory Board, as the case may be, has an interest opposite to the interest of the Company in any transaction of the Company that is submitted to the approval of the Management Board or the Supervisory Board, as the case may be, such member of the Management Board or the Supervisory Board shall make known to the Management Board or the Supervisory Board, as the case may be, such opposite interest at that meeting and shall cause a record of his statement to be included in the minutes of the meeting. The member of the Management Board or the member of the Supervisory Board may not take part in the deliberations relating to that transaction and may not vote on the resolutions relating to that transaction. The transaction and the member's interest therein, shall be reported to the next following general meeting of shareholders. In the case of a conflict of interest between a member of the Management Board and the Company in respect of a transaction, the approval of the Supervisory Board is in addition required. This procedure does not apply to resolutions of the Management Board or the Supervisory Board concerning transactions made in the ordinary course of business of the Company which are entered into on arm's length terms.

Certain information on the members of the Company's Management Board and Supervisory Board

Within the past five years no member of the Management Board and Supervisory Board was involved in any insolvency, insolvency administration, liquidation, or similar proceedings in their capacity as a member of any administrative, managing, or supervisory body or as senior executives.

No member of the Management Board and Supervisory Board has, within the past five years, been deemed by a court or any other statutory or regulatory authority to be unfit for membership of an administrative, management, or supervisory body of a company, nor has any such person been deemed to be unfit to exercise management duties or to manage the business of an issuer.

The Company considers two of the members of the Supervisory Board to be independent. The Company defines an "independent board member" to be an individual who is duly appointed or elected as a member of the Supervisory Board and who is not, and has never been for any part of the last three years, or in the case of item (3) below, for any part of the past two years, and will not, while serving as a member of the Supervisory Board, be any of the following:

(1) a manager, Management Board member, senior manager or employee of the Company or of any of the Company's affiliates (other than as an independent member of the Management Board or as a director or management board member of any of the Company's affiliates);

(2) a person who has received any money, compensation or other payment from the Company or of any of the Company's affiliates (including, without limitation, any of the Company's or any of the Company's affiliates' creditors, suppliers or service providers), except for (a) any

person who has received any fees or compensation by virtue of being an independent Management Board member or director, (b) any person who has received any dividends or other distributions as a registered holder of ordinary shares, or (c) any person who has been appointed as an independent Management Board member or director prior to the date of consummation of this Offering and who has received fees or compensation from the Company;

(3) a member, partner, equity holder, manager, director, senior manager or employee of the current or former auditor of the Company;

(4) a person that (a) has a conflicting interest with the Company as determined by a nomination committee or the Remuneration Committee in good faith, (b) is a manager, director, senior manager or employee of any of the Company's competitors or (c) is a controlling shareholder of any of the Company's competitors or a manager, director, senior manager or employee thereof;

(5) the spouse, sibling, child, stepchild, grandchild, niece, nephew or parent of any person described in (1) to (4) above or the spouse of any such person; or

(6) any partner, employee or representative of a major shareholder.

There are no family relationships among the Management Board and among the Supervisory Board members.

No current member of the Company's Management Board and Supervisory Board has been convicted of any fraudulent offenses, nor have they been publicly incriminated, and/or sanctioned by statutory or regulatory authorities (including professional associations) within the past five years.

General shareholders' meeting

Pursuant to article 9 of the Articles of Association, the general shareholders' meetings shall be held at the registered office or any other place in Luxembourg indicated in the convening notice for the general shareholders' meeting. Except as otherwise provided in the Articles of Association or by law, the convening notice shall be published at least 30 days before the date chosen for the general shareholders' meeting in the Luxembourg Official Gazette, in a Luxembourg newspaper, and in such media as may reasonably be relied upon for the effective dissemination of information throughout the European Economic Area in a manner ensuring fast access to it on a non-discriminatory basis.

The Articles of Association provide that the annual general shareholders' meeting is held on the third Wednesday of the month of February at 10 a.m. Luxembourg time. If such day is not a business day in Luxembourg, the annual general shareholders' meeting shall be held on the following business day, at the same hour.

In respect of those matters for which a quorum of half of the share capital is required in the Articles of Association and by law, the general shareholders' meeting shall not validly deliberate unless at least half of the capital is represented. If this condition is not satisfied, a second general shareholders' meeting may be convened and the time to convene the second general shareholders' meeting is reduced to at least 17 days before the date chosen for the general shareholders' meeting. Such convening notice shall include the agenda and indicate the date and the results of the previous meeting. The second meeting shall validly deliberate regardless of the proportion of the capital represented.

The convening notices must, in addition, be communicated, in the timeframe stated in the preceding paragraphs, to the registered shareholders (if any), as well as to the members of the Management Board, the members of the Supervisory Board and the independent auditor (*réviseur d'entreprises agréé*). Such communication must be made by mail unless the addressees have individually, expressly and in writing, accepted to receive the convening notice by another means of communication, the performance of this formality not needing to be justified.

Except as otherwise provided in the Articles of Association and by law, resolutions shall be adopted by the simple majority of the votes validly cast without counting the abstentions no quorum being required. Resolutions to amend the Articles of Association may be adopted by a majority of two thirds of the votes validly cast, without counting the abstentions, if the quorum of half of the share capital is met. If the quorum requirement of half of the share capital of the Company is not met at the first general meeting of shareholders, then the shareholders may be re-convened to a second general meeting of shareholders. No quorum is required in respect of such second meeting and the resolutions are adopted by a supermajority of two-thirds of the votes validly cast, without counting the abstentions.

Each share entitles the holder to one vote.

One or more shareholders representing at least 5% of the Company's capital can request that (i) items be added to the agenda of the general shareholders' meeting or (ii) draft resolutions be tabled for items included or to be included on the agenda of a general meeting, provided that they establish the ownership of such fraction of the capital at the date of their request. Requests must be notified in writing to the Company, at the latest the 22nd day before the general shareholders' meeting, along with an explanation or a draft resolution. In such case, the Company must publish a revised agenda, at the latest the 15th day before the general shareholders' meeting.

Each shareholder has the right to ask questions regarding the items on the agenda of the general shareholders' meeting at the general meeting. In addition, the Articles of Association provide that, as soon as the convening notice is published, shareholders have the right to ask questions in writing regarding the items on the agenda. Shareholders wishing to exercise this right must submit their questions to the Company at least six days before the general shareholders' meeting, along with a certificate proving that they are shareholders at the Record Date (as defined below).

Pursuant to the law in force, the right of a shareholder to participate in a general meeting and to exercise the voting rights attached to his shares are determined with respect to the shares held by such shareholder the 14th day before the general shareholders' meeting at midnight (00:00h) (Luxembourg time), which is known as the "**Record Date**." At the latest at the Record Date, the shareholder must communicate in writing to the Company his intention to take part in the general shareholders' meeting in accordance with the terms of the convening notice. In order to participate in the general shareholders' meeting and to exercise the voting rights attached to their shares, shareholders must first provide the Company with the documents evidencing their status as shareholder and the number of shares they hold at the Record Date, in accordance with the terms of the convening notice.

Except as otherwise provided by the law, any shareholder may be represented at a general shareholders' meeting by a proxyholder who needs not be a shareholder himself. If a shareholder holds shares on more than one securities account, he may appoint a separate proxyholder as regards the shares held in each securities account, in relation to a given general shareholders' meeting.

In the event that a share is held by more than one person, the Company has the right to suspend the exercise of all rights attached to that share until one person has been appointed as sole owner in relation to the Company.

The Articles of Association provide that the proxies must be notified in writing to the Company in the form provided by the Company, received six days at least before the general shareholders' meeting, duly completed and signed, along with or, as the case may be, followed by the evidence of shareholder status at the Record Date.

The Articles of Association provide that, if provided for in the relevant convening notice, any shareholder may vote by correspondence in advance of the general shareholders' meeting. The ballot forms in which it is not indicated in which way the votes shall be cast or if the vote is to

be withheld are considered void. To be taken into consideration, ballot forms completed and signed as required must be submitted to the Company at least six days before the general shareholders' meeting, along with or, as the case may be, followed by the evidence of shareholder status at the Record Date.

The Articles of Association provide that, if provided for in the relevant convening notice, any shareholder may participate in the general shareholders' meeting by conference call, video conference or similar means of communication in accordance with the Articles of Association.

The Management Board has the right to postpone the meeting by four weeks. The Management Board must do so if requested by shareholders representing at least 20% of the Company's subscribed capital. Such postponement shall cancel all decisions taken.

The annual general shareholders' meeting shall be held on the third Wednesday of the month of February at 10 a.m. Luxembourg time. If such day is not a business day in Luxembourg, the meeting shall be held on the next following business day, at the same hour. The annual general shareholders' meeting shall examine, in particular, the reports of the Management Board and the independent auditor (*réviseur d'entreprises agréé*) and, if thought fit, approve the annual accounts and the consolidated accounts. It shall also determine the allocation of the profit and decide by special vote on the discharge of the members of the Management Board and the Supervisory Board from their liability for the performance of their duties over the previous financial year.

The Management Board and Supervisory Board may convene extraordinary general shareholders' meetings as often as the Company's interests so require. An extraordinary general shareholders' meeting must be convened upon the request of one or more shareholders who together represent at least one tenth of the Company's share capital. In such event, the requesting shareholders shall indicate in their request the items to be put on the agenda and the Management Board shall convene the general meeting so as to be held within the month of the request addressed to it.

The minutes of the general shareholders' meeting shall be signed by the members of the bureau of the meeting and any shareholders who so requires.

Convening notice, agenda, proposed resolutions, ballot papers, proxy and any document to be submitted to the general meeting shall be available as from the day of convening of the general meeting on the Company's website (*www.stabilus.com*). After the general shareholders' meeting, the results of the vote and the minutes shall be published on the Company's website.

Corporate governance

As a Luxembourg *société anonyme* that is traded on a regulated market in Germany, the Company is not required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg or to the German corporate governance regime applicable to stock corporations organized in Germany.

Nonetheless, the Company has decided to follow, on a voluntary basis, to a certain extent, the German corporate governance rules. However, certain rules will apply to the Company only to the extent allowed by Luxembourg corporate law and subject to certain reservations stemming from the Company's corporate structure.

Certain relationships and related party transactions

Related parties of the Stabilus Group in accordance with IAS 24 primarily comprise the shareholders of the Company and the Stabilus Group management, who hold an indirect investment in the Company. During the fiscal years ended September 30, 2011, 2012 and 2013 and during the six months ended March 31, 2014, there have been no relevant related party transactions with members of Stabilus Group's management, except as described in this section.

Shareholder loan

To fund working capital requirements of the Company and Stable II S.à r.l., our ultimate shareholder provided us with an interest free, undocumented overdraft which amounted to €1.9 million as of March 31, 2014 (€1.7 million as of September 30, 2013) and which has been repaid by us prior to this Offering.

Intercompany loan receivable

As part of the Reorganization taking place in connection with this Offering, the Selling Shareholder will extend to the Company an intercompany loan in a principal amount of €23 million. The intercompany loan is a partial exchange for the transfer by the Selling Shareholder of certain EUSI assets to the Company. The intercompany loan has a term of one year. It is anticipated that the intercompany loan receivable will be exchanged after the closing of this Offering for the remaining 10% share of the Company in Servus II (Gibraltar) Limited. See also "*Recent Developments and Outlook—IPO Reorganization*."

Management equity participation program

The CEO and CFO and further members of our management benefit from a management equity participation program. The beneficiaries of the program each hold a certain number of shares in two Triton companies which permits them to participate in payments that are effected from the Stabilus Group towards Triton either by way of dividend payments or by way of payments on certain EUSIs with up to 2% of the relevant payment amount.

All current management participants in the management equity participation program have committed themselves to reinvest approximately 90% of the net proceeds received under the management equity participation program into shares of the Company in connection with this Offering.

In addition, certain members of the management team will receive an IPO bonus, approximately 90% of the net proceeds of such bonus will be reinvested into shares of the Company in connection with this Offering.

EUSIs

In connection with our financial restructuring in April 2010, we issued certain equity upside-sharing instruments to entities controlled by Triton in consideration for the transfer to us of certain receivables. For a description of the EUSI transfers prior to this Offering, please refer to "*Recent developments and outlook*."

Upstream Loan

Using a portion of the proceeds from the issuance of the Senior Notes in June 2013 and a cash contribution from the Selling Shareholder, our subsidiary Servus II (Gibraltar) Limited provided a €80.0 million loan to the Selling Shareholder (the "**Upstream Loan**"). According to the Upstream Loan agreement dated June 7, 2013 and an amendment agreement dated June 28, 2013, the Upstream Loan matures on June 7, 2018. No interest accrues or is payable on or in respect of this loan. On the maturity date a premium of 61.051% is due and payable on the outstanding

principal amount. All or part of the outstanding principal amount, including an early prepayment premium specified in the agreement, can be repaid prior to the maturity date in which case the premium is recalculated on a pro rata temporis basis. In the IFRS group accounts the loan to the Selling Shareholder is measured at amortized cost according to the effective interest method. As part of the Reorganization in connection with the Offering, we will distribute our shares in Servus II (Gibraltar) Limited, and therefore the Upstream Loan, to the Selling Shareholder.

Underwriting

General

On May 8, 2014, the Company, the Selling Shareholder and the Underwriters entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

The Offering consists of (i) up to 3,421,053 bearer shares with a nominal value of €0.01 each from the holdings of the Selling Shareholder to be made available to the Underwriters by way of a share loan for the purpose of placing such shares (the "**Share Loan Shares**") in the Offering; to the extent Share Loan Shares will be placed in the Offering, the share loan will be redeemed by way of delivery by the Underwriter to the Selling Shareholder of the corresponding number of newly issued bearer shares in the Company with a nominal value of €0.01 each from the capital increase, (ii) up to 7,550,000 existing bearer shares in the Company with a nominal value of €0.01 each from the holdings of the Selling Shareholder and (iii) up to an additional 1,584,079 existing bearer shares in the Company from the holdings of the Selling Shareholder made available to J.P. Morgan Securities plc as Stabilization Manager on behalf of the Underwriters by way of a share loan to cover potential Over-Allotments. All shares have been created under Luxembourg law.

The Offering consists of a public offering of the Offer Shares in Germany and private placements of the Offer Shares in certain jurisdictions outside Germany. The Offering Period is expected to begin on May 9, 2014 and May 12, 2014 for institutional and retail investors, respectively, and ends on May 22, 2014. In the United States, the Offer Shares will be offered for sale by the Underwriters to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Outside the United States, the Offer Shares will be offered and sold to professional and institutional investors in reliance on Regulation S under the Securities Act. Any offer and sale of the Offer Shares in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended.

The Offer Price for each Offer Share is expected to be determined by the Company and the Selling Shareholder after consultation with the Underwriters on or about May 22, 2014 on the basis of an order book prepared during the bookbuilding process.

Under the terms of the Underwriting Agreement and subject to certain conditions, each Underwriter will be obliged to underwrite the number of Base Shares set forth below opposite the Underwriter's name:

Underwriters	Maximum number of Share Loan Shares to be Underwritten	Maximum number of Existing Shares to be Underwritten	Percentage of Underwritten Base Shares
COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany	1,248,684	2,755,750	36.50%
J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom	1,488,158	3,284,250	43.50%
Société Générale Corporate & Investment Banking, 29 Boulevard Haussmann, 75009 Paris, France	427,632	943,750	12.50%
UniCredit Bank AG, Kardinal-Faulhaber-Str. 1 80333 München, Germany	256,579	566,250	7.50%
Total	**3,421,053**	**7,550,000**	**100.00%**

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps with investors) in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

Underwriting Agreement

In the Underwriting Agreement, dated May 8, 2014, the Underwriters agreed to underwrite the Base Shares with a view to offering them to investors in this Offering. The Underwriters agreed to suscribe the New Shares to the extent Share Loan Shares have been placed in the Offering in order to deliver such New Shares to the Selling Shareholder in settlement of the Share Loan. The Offer Price for such issued New Shares will be paid to the Company (less agreed commissions and expenses), at the time the shares are issued and delivered, which is expected to be two Frankfurt a.M., Germany bank working days following the first day of trading on the Frankfurt Stock Exchange of the Existing Shares. The Underwriters further agreed to acquire up to 7,550,000 Existing Shares (as well as up to up to 1,584,079 additional shares with regard to a possible Over-Allotment) from the Selling Shareholder and to sell such shares as part of the Offering. The Underwriters agreed to remit the purchase price of the Existing Shares (less agreed commissions) to the Selling Shareholder at the time the shares are delivered.

The obligations of the Underwriters are subject to various conditions, including, among other things, the (i) non-occurrence of material adverse changes in the business, prospects, management, consolidated financial position, shareholders' equity or results of operations of Stabilus, or a suspension or material limitation in securities trading generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange, (ii) receipt of customary certificates, legal opinions, auditor letters, and (iii) the introduction of the Existing Shares to trading on the Frankfurt Stock Exchange. The Underwriters have provided and may in the future provide services to the Company and the Selling Shareholder in the ordinary course of business and may extend credit to and have regular business dealings with the Company and the Selling Shareholder in their capacity as financial institutions. (For a more detailed description of the interests of the Underwriters in the Offering, see "*The Offering—Interests of parties participating in the Offering*").

Commission

The Underwriters will offer the Offer Shares at the offer price. The Company (for the New Shares issued in the capital increase, the number of which is equal to the number of Share Loan Shares sold within the Offering) and the Selling Shareholder (for the shares offered from its own holdings including any Greenshoe Shares in respect of which the Greenshoe option has been exercised) will pay the Underwriters a basic commission of about 2.4% of their respective gross proceeds from the Offering. In addition to this base commission, the Company will pay the Underwriters an additional discretionary fee of up to 1.1% of the aggregate gross proceeds from the Offering including any Greenshoe Shares in respect of which the Greenshoe option has been exercised, payable entirely at the sole discretion of the Company. The decision to pay any performance fee and its amount are within the sole discretion of the Company, and such distribution is to be made within 35 calendar days after the closing date of the Offering. The Company and the Selling Shareholder will also agree to reimburse the Underwriters for certain costs and expenses incurred by them in connection with the Offering.

Greenshoe Option and Securities Loan

To cover a potential Over-Allotment, the Selling Shareholder will make available up to 1,584,079 additional shares to the Underwriters free of charge through a share loan. In addition, the Selling Shareholder will grant the Underwriters the option of acquiring up to 1,584,079 shares at the Offer Price less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after the commencement of the stock exchange trading of the Offer Shares.

Termination/Indemnification

The Underwriting Agreement will provide that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the shares have been allotted and listed, up to delivery and settlement. Grounds for termination include, in particular, if:

- the Company suffers from material change; *inter alia*, in its business, prospects, management, consolidated financial condition, shareholders' equity or results of operations, or material adverse changes to its business activities since the date of the most recent audited financial statements of the Company contained in the offering documents, and which losses or changes are not disclosed in the offering documents;
- a suspension or material limitation in trading (except for technical reasons) (a) in any of the Company's securities, (b) in securities generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange has occurred;
- a general moratorium on banking activities in the Federal Republic of Germany, Luxembourg, the United Kingdom or the United States declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the Federal Republic of Germany, Luxembourg, the United Kingdom or the United States has occurred;
- a change or development involving a prospective change in German or Luxembourg taxation materially affecting the Company, the shares or the transfer thereof or the imposition of exchange controls by the Federal Republic of Germany, Luxembourg, the United Kingdom or the United States has occurred;
- a downgrading in the rating accorded to any debt securities issued or guaranteed by the Company by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act, or any public announcement by such an organization that it has under surveillance or review, or has changed its outlook with respect to, its rating of any debt securities issued or guaranteed by the Company with respect to a potential downgrading;
- the outbreak or escalation of hostilities or the declaration of a national emergency or war, which have a material adverse effect on the financial markets in the Federal Republic of Germany, Luxembourg, the United Kingdom or the United States; or
- the occurrence of any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls which have a material adverse effect on the financial markets in the Federal Republic of Germany, Luxembourg, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to fees already paid and costs incurred by an investor in connection with the purchase order will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Company and the Selling Shareholder will agree in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholder or the Underwriters to permit a public offering of the Offers Shares anywhere other than Germany or the possession or distribution of this document in any other jurisdiction, where action for that purpose may be required.

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold, or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the U.S. securities laws and in compliance with all other applicable U.S. legal regulations. In the Underwriting Agreement, the Underwriters will represent and warrant that they have not offered or sold and will refrain from offering or selling the Offer Shares in or into the United States except to persons they reasonably believe to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act, and outside the United States except in accordance with Rule 903 of Regulation S under the Securities Act and in compliance with other U.S. legal regulations, and that neither they nor any third party acting on their behalf, have undertaken or will undertake, (i) "direct selling efforts" as defined in Regulation S under the Securities Act or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act (other than by means of a "permitted general solicitation" (as defined in the Underwriting Agreement)) in relation to the Offer Shares.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. This Prospectus has been approved solely by the CSSF.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice to investors in the European Economic Area

The Prospectus has been prepared on the basis that all offers of Offer Shares (other than the offers contemplated in the English-language prospectus in Germany, once the English-language prospectus has been approved by the Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*, the "**CSSF**"), notified to the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, the "**BaFin**") and published in accordance with the Prospectus Directive (2003/71/EC) as implemented in Luxembourg) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer within the EEA (excluding Germany) of Offer Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither the Company nor the Underwriters have authorized, nor do they authorize, the making of any offer of Offer Shares through any financial intermediary, other than offers made by Underwriters which constitute the final placement of Offer Shares contemplated in this Prospectus.

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State (other than the offers contemplated in the English-language prospectus in Germany once the English-language prospectus has been approved by the CSSF, notified to the BaFin and published in accordance with the Prospectus Directive as implemented in Luxembourg), except that an offer to the public in that Relevant Member State of any of the Offer Shares may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to legal entities which are qualified investors as defined under the Prospectus Directive;
2. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Underwriters for any such offer; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Offer Shares shall result in a requirement for the publication by the Company or any Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any of the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC and "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to investors in the United Kingdom

This Prospectus has not been approved by an authorized person in the United Kingdom and is directed at and for distribution in the United Kingdom only to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Order**"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended, ("**FSMA**") in connection with the issue or sale of any securities may otherwise be lawfully be communicated or caused to be communicated (all such persons being together referred to as "**relevant persons**"). In the United Kingdom, this Prospectus is directed only at relevant persons. In the United Kingdom, any person who is not a relevant person should not act or rely on this Prospectus or any of its content. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Furthermore, the Underwriters have warranted that they have complied and will comply with applicable provisions of the FSMA with respect to anything done by them in relation to the Offer Shares in, from or otherwise involving the United Kingdom, and that they will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by them in connection with the issue or sale of the Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

Taxation in Luxembourg

The following summary of certain material Luxembourg tax consequences relating to the purchase, holding and disposal of the Offer Shares is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. It is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

Prospective investors in the Offer Shares should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge (together referred to as Luxembourg corporate taxes) invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of shareholders

Withholding tax

Under Luxembourg tax laws currently in force, dividends paid by the Company are in principle subject to a Luxembourg withholding tax equal to 15% of the gross dividend (17.65% of the net dividend if the Company bears the cost of the withholding tax, which is not mandatory under Luxembourg tax laws). Responsibility for the withholding of the tax is assumed by the Company.

However, if a double tax treaty between Luxembourg and the respective country of residence of the shareholders of the Company (the "**Shareholders**") applies (a "**Tax Treaty**"), an exemption or a reduction of the Luxembourg withholding tax may be available pursuant to the relevant provisions of such double tax treaty.

In addition, pursuant to current Luxembourg tax laws, an exemption from Luxembourg dividend withholding tax may apply under the following conditions:

- the Shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident collective entity, (ii) a collective entity resident in a European Union ("**EU**") Member State and falling under article 2 of the Council directive of November 30, 2011 (2011/96/EU) on the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Member States, as amended (the "**EU Parent / Subsidiary Directive**"), (iii) a permanent establishment of an entity referred to at letters (i) and (ii) above, (iv) a Swiss resident joint-stock company subject to corporate income tax in Switzerland without benefiting from any exemption, (v) a joint-stock company or a cooperative company resident in an EEA country (other than a EU Member State) to the extent that such company is fully taxable and subject (in its country of residence) to a tax corresponding to Luxembourg corporate income tax, as well as a permanent establishment of such company, or (vi) a collective entity resident in a Tax Treaty country, to the extent that such entity is fully taxable and subject (in its country of residence) to a tax corresponding to Luxembourg corporate income tax, as well as a domestic permanent establishment of such entity; and

- at the date on which the income is made available, the Shareholder holds or commits to hold directly (or even indirectly under certain conditions) for an uninterrupted period of at least twelve months, a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least €1,200,000).

Income taxation

Taxation of dividend income

Shareholders who are either Luxembourg resident individuals or Luxembourg fully taxable resident companies (or foreign Shareholders having a permanent establishment in Luxembourg through which the Offer Shares are held), will in principle be subject to tax at the ordinary rates on the dividends received from the Company. However, under Luxembourg tax laws currently in force, 50% of the amount of such dividend may be tax exempt at the level of these shareholders. An additional lump-sum amount may also be deductible from total dividends received during the tax year by a Luxembourg resident individual Shareholder.

The Luxembourg withholding tax levied at source on the dividends paid may, under certain conditions, be credited against the Luxembourg income tax due on these dividends.

Furthermore, certain corporate Shareholders may benefit from an exemption of Luxembourg corporate taxes on dividend income under the following conditions:

- the Shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident collective entity, (ii) a domestic permanent establishment of an EU resident collective entity falling under article 2 of the EU Parent / Subsidiary Directive, (iii) a domestic permanent establishment of a joint-stock company that is resident in a Tax Treaty country, or (iv) a domestic permanent establishment of a joint-stock company or of a cooperative company which is a resident of a EEA Member State (other than a EU Member State); and
- at the date on which the income is made available, the Shareholder holds or commits to hold directly (or even indirectly through certain entities) for an uninterrupted period of at least twelve months, a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least €1,200,000).

The Shareholder which is a Luxembourg resident entity governed by the law of December 17, 2010 on undertakings for collective investment, by the law of February 13, 2007 on specialized investment funds, as amended, by the law of May 11, 2007 on the family estate management company, as amended, or by the law of June 15, 2004 on venture capital vehicles, as amended, is no subject to any Luxembourg corporate taxes in respect of dividends received from the Company. No tax credit is then available for Luxembourg withholding tax on dividends received from the Company.

Non-resident shareholders (not having a permanent establishment in Luxembourg through which the Offer Shares are held) will in principle not be subject to Luxembourg income tax on the dividends received from the Company (except for the withholding tax mentioned above, if applicable).

Taxation of capital gains

Under current Luxembourg tax laws, capital gains realized by a Luxembourg resident individual Shareholder (acting in the course of the management of his/her private wealth) upon the disposal of his/her Shares are not subject to Luxembourg income tax, provided this disposal takes place more than six months after the Offer Shares were acquired and he/she does not hold a substantial participation in the Company. The participation is considered as substantial if the Shareholder holds or has held (either solely or together with his spouse or partner and minor children) directly or indirectly more than 10% of the share capital of the Company at any time during a period of 5 years before the realization of the capital gain (a "**Substantial Participation**"). Such Shareholder is also deemed to alienate a Substantial Participation if he acquired free of charge, within the five years preceding the transfer, a participation that was

constituting a Substantial Participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Offer Shares by resident individual Shareholders who act in the course of their professional or business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realized upon the disposal of shares by a Luxembourg resident corporate Shareholder (fully subject to Luxembourg corporation taxes) are in principle fully subject to tax at ordinary rates. However, an exemption from Luxembourg corporate taxes applies under the following conditions:

- the Shareholder realizing the capital gains is either (i) a fully taxable Luxembourg resident collective entity, (ii) a domestic permanent establishment of an EU resident collective entity falling under article 2 of the EU Parent / Subsidiary Directive, (iii) a domestic permanent establishment of a joint-stock company that is resident in a Tax treaty country, or (iv) a domestic permanent establishment of a joint-stock company or of a cooperative company which is a resident of a EEA Member State (other than a EU Member State); and
- at the date on which the disposal takes place, the Shareholder has held for an uninterrupted period of at least twelve months, a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least €6,000,000).

The Shareholder which is a Luxembourg resident entity governed by the law of December 17, 2010 on undertakings for collective investment, by the law of February 13, 2007 on specialized investment funds, as amended, by the law of May 11, 2007 on the family estate management company, as amended, or by the law of June 15, 2004 on venture capital vehicles, as amended, is no subject to any Luxembourg corporate taxes in respect of capital gains realized upon disposal of its shares.

Under Luxembourg tax laws currently in force (subject to the provisions of applicable Tax Treaties), capital gains realized by a Luxembourg non resident Shareholder (not acting via a permanent establishment or a permanent representative in Luxembourg through which/whom the Offer Shares are held) are not taxable in Luxembourg unless (a) the Shareholder holds a Substantial Participation in the Company and the disposal of the Offer Shares takes place within six months of their acquisition, or (b) in case of alienation after six months or more, the Shareholder has been a Luxembourg resident for more than fifteen years and has become a non-resident within the last five years preceding the realization of the capital gains. Capital gains realized on the Offer Shares and attributable to a Luxembourg permanent establishment are subject to Luxembourg income tax, unless the conditions of the participation exemption regime are satisfied (see above).

Net wealth taxation

A corporate Shareholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg through which/whom such Offer Shares are held, is subject to Luxembourg net wealth tax on such shares, except if the Shareholder is governed by the law of May 11, 2007 on family estate management companies, by the law of December 17, 2010 on undertakings for collective investment, by the law of February 13, 2007 on specialized investment funds, as amended, or is a securitization company governed by the law of March 22, 2004 on securitization, as amended, or is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended.

The Shareholder which is a Luxembourg resident fully taxable collective entity (or which is (i) a domestic permanent establishment of an EU resident collective entity falling under article 2 of

the EU Parent / Subsidiary Directive, (ii) a domestic permanent establishment of a joint-stock company that is resident in a State with which Luxembourg has concluded a double tax treaty, or (iii) a domestic permanent establishment of a joint-stock company or of a cooperative company which is a resident of a EEA Member State (other than a EU Member State)), may be exempt from Luxembourg net wealth tax on its shares if it holds a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least €1,200,000).

An individual shareholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such shares.

Other taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the Shareholder upon the acquisition, holding or disposal of the Offer Shares, unless they are recorded in a Luxembourg notarial deed or otherwise registered in the Grand Duchy of Luxembourg.

When the Shareholder is a Luxembourg individual resident for inheritance tax assessment purposes at the time of his/her death, the Offer Shares are included in his/her taxable estate for Luxembourg inheritance tax assessment purposes.

Luxembourg gift tax may be due on a gift or donation of the Offer Shares if embodied in a notarial deed signed before a Luxembourg notary or recorded in Luxembourg.

Taxation in Germany

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Offer Shares. It does not purport to be a comprehensive or definitive description of all German tax considerations that may be relevant to a decision to purchase Offer Shares, and in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser (including the tax consequences of the acquisition or holding of Offer Shares by investment funds and other tax-exempt entities). This summary is based on the tax laws of Germany (including the double taxation treaty between Germany and Luxembourg) currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of Offer Shares are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Offer Shares, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons. Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

Tax residents

The section "*Tax residents*" refers to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Taxation of dividend income

Offer Shares held as non-business assets

Dividends received by a German tax resident individual holding the Offer Shares as non-business assets are, as a general rule, taxed as investment income (*Einkünfte aus Kapitalvermögen*) and, as such, subject to a 25% flat tax plus 5.5% solidarity surcharge thereon resulting in an aggregate tax rate of 26.375% (flat tax regime, *Abgeltungsteuer),* plus church tax, if applicable.

If the Offer Shares are held in a custodial account with a German branch of a German or non-German bank or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a German securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a German securities trading bank (*inländische Wertpapierhandelsbank*) (the "**German Disbursing Agent**"—*inländische Zahlstelle)* the German Disbursing Agent generally withholds German tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) on the gross amount of the dividends paid by the Company. However, the German Disbursing Agent must credit the amount of tax withheld in Luxembourg (15% of the dividends as described above under "*Taxation in Luxembourg—Taxation of shareholders—Withholding tax*") against the amount of the German withholding tax. The German tax resident individual's personal income tax liability with respect to dividends is generally satisfied through the withholding. To the extent withholding tax has not been levied, such as in the case of Offer Shares kept in custody abroad, the shareholder must report his or her income derived from the Offer Shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable).

Shareholders who are subject to unlimited tax liability in Germany and hold their Offer Shares as non-business assets may provide to the German Disbursing Agent either an exemption declaration (*Freistellungsauftrag*) in the maximum amount of the saver's allowance (*Sparer-Pauschbetrag*) of €801 (or, for married couples and registered partnerships filing jointly, €1,602) or a non-assessment certificate *(Nichtveranlagungsbescheinigung)*.

Upon application of shareholders who are subject to church tax and who hold their Offer Shares as non-business assets, church tax on their investment income will generally be withheld and remitted by a German Disbursing Agent. If church tax is not withheld, shareholders who are

subject to church tax are obliged to report the dividends in their income tax return. In this case, church tax is imposed by assessment. With regard to dividends and other investment income received after 31 December 2014, an electronic information system for church withholding tax will apply, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the shareholder has filed a blocking notice *(Sperrvermerk)* with the German Federal Central Tax Office in which case the shareholder will be assessed to church tax.

The individual shareholder is taxed on his/her aggregate investment income, less the saver's allowance. Income-related expenses are generally not tax-deductible. Private investors may apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the shareholder if this results in a lower tax, but even in this case, income-related expenses are generally not tax-deductible. Further, in such a case, tax withheld in Luxembourg (15% of the dividends as described above under "*Taxation in Luxembourg—Taxation of shareholders—Withholding tax*") can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident individual. The double tax treaty between Germany and Luxembourg does not provide for a further reduction of Luxembourg withholding tax on dividends for individuals to a rate lower than 15%.

Offer Shares held as business assets

If the Offer Shares are held as business assets by a German tax resident holder, the taxation of dividends differs depending on whether the shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to dividends paid on Offer Shares held by a German tax resident shareholder as business assets.

Corporations

For corporations subject to an unlimited corporate income tax liability in Germany, dividends are, as a general rule, tax exempt from corporate income tax (including solidarity surcharge) provided that the corporation holds a direct participation of at least 10% in the share capital of the Company at the beginning of the calendar year in which the dividends are paid. However, in this case 5% of the dividend income is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax; business expenses actually incurred in connection with dividend income from a tax perspective are generally tax-deductible. However, dividends that a shareholder receives are fully subject to corporate income tax (including solidarity surcharge thereon) if the shareholder holds a direct participation of less than 10% in the share capital of the Company at the beginning of the calendar year in which the dividends are paid (a "**Portfolio Participation**"—*Streubesitzbeteiligung).* Participations of at least 10% acquired during a calendar year are deemed to be acquired at the beginning of the calendar year. Participations in the share capital of the Company which a corporate shareholder holds through a partnership, including a partnership that is a partnership being engaged or deemed to be engaged in a business ("**Co-Entrepreneurship**"—*Mitunternehmerschaft*), are attributable to the shareholder pro rata in the amount of the participation.

Dividends are fully subject to trade tax, unless the shareholder holds at least 10% of the registered share capital of the Company at the beginning of the relevant tax assessment period; the 10% threshold derives from the fact that the Company is a Luxembourg limited company *(société anonyme)* and, therefore, falls within the scope of application of the EU Parent/ Subsidiary Directive. In case of such a participation of at least 10%, effectively 95% of the dividends are also exempt from trade tax. Business expenses actually incurred in connection with the dividends are deductible for corporate income tax and—subject to certain restrictions—also for trade tax purposes.

Tax withheld on the dividends in Luxembourg is generally not creditable against the corporate income tax liability of the corporate shareholder in Germany. However, it should generally be creditable against corporate income tax imposed on Luxembourg investment income to the extent it relates to dividends from Portfolio Participations.

A full relief from Luxembourg withholding tax on dividends under the EU Parent/Subsidiary Directive, *inter alia*, requires a direct participation of at least 10% in the Company and a minimum holding period of 12 months. In case the EU Parent/Subsidiary Directive does not apply the double tax treaty between Germany and Luxembourg provides in case of a participation of at least 10% in the Company for a partial relief from Luxembourg withholding tax on dividends (*i.e.*, a reduction to a withholding tax rate of 5%).

Even if the Offer Shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax on dividends paid by the Company to a corporate shareholder.

Sole proprietors (individuals)

Where the Offer Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany, 60% of the dividends are taxed at the applicable individual income tax rate plus 5.5% solidarity surcharge on such income tax (partial income taxation method, *Teileinkünfteverfahren)* totaling up to a maximum rate of around 47.5%, plus church tax, if applicable. Correspondingly, only 60% of any business expenses related to the dividends may be deducted for income tax purposes. Dividends are fully subject to trade tax, unless the sole proprietor holds at least 10% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividend (*i.e.*, after deduction of the business expenses directly connected to it) is exempt from trade tax. In general, business expenses are deductible for trade tax purposes but certain restrictions may apply. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Tax withheld in Luxembourg (15% of the dividends as described above under "*Taxation in Luxembourg—Taxation of shareholders—Withholding tax*"*)* should generally be creditable against the German personal income tax liability with respect to the dividend income.

If the Offer Shares are held in a custodial account with a German Disbursing Agent, the German Disbursing Agent is not obliged to withhold German tax on dividends paid by the Company provided that the individual certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in subsection (i) and (ii) apply accordingly.

Trade tax, however, is assessed and levied at the level of the partnership if the Offer Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany; this applies irrespective of whether the dividends are attributable to individual partners or corporate partners. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax on a lump-sum basis.

The creditability of the tax withheld in Luxembourg against the German corporate or personal income tax depends on whether the partner is a corporation or an individual. If the partner is a corporation, the principles explained for corporations above apply (see "*—Corporations*" above). If the partner is an individual, the principles explained for individuals above apply (see "*—Sole proprietors (individuals)*" above).

If the Offer Shares are held in a custodial account with a German Disbursing Agent, no German withholding tax arises provided that the partnership certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies and pension funds.

Taxation of capital gains

Offer Shares held by individual shareholders as non-business assets

Capital gains from the sale of Offer Shares which an individual shareholder holds as non-business assets are generally subject to a 25% flat tax (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%), plus church tax, if applicable. Losses from the sale of such Offer Shares can only be used to offset capital gains from the disposal of shares in stock corporations during the same year or in subsequent years. The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the Offer Shares and the expenses directly related to the sale. Income-related expenses may not be deducted from capital gains. If the Offer Shares are deposited with or administered by a German Disbursing Agent, the tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375% (including solidarity surcharge), plus church tax, if applicable (as described under "*—Taxation of dividend income—Offer Shares held as non-business assets*"), of the capital gains from the sale proceeds and remit it to the tax authority. To the extent withholding tax has not been levied, such as in the case of Offer Shares kept in custody abroad, the individual holder must report his or her capital gains derived from the Offer Shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable).

If, however, a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least 1% of the share capital of the Company at any time during the five years preceding the sale of Offer Shares (a "**Qualified Participation**"), the flat tax regime does not apply and, rather, 60% of any capital gain resulting from the sale is taxable as business income at the shareholder's individual income tax rate plus 5.5% solidarity surcharge (and church tax, if applicable) on such income tax. Accordingly, 60% of a capital loss from the disposal of the Offer Shares is generally recognized for tax purposes. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. Upon the shareholder's assessment to income tax, the withheld and remitted tax is credited against the individual income tax liability. To the extent that the amounts withheld exceed the individual income tax liability of the shareholder, it will be refunded.

Offer Shares held as business assets

Gains on the disposal of Offer Shares held by an individual or corporation as business assets are in principle not subject to the 25% flat tax plus 5.5% solidarity surcharge thereon (and church tax, if applicable). Withholding tax must only be withheld in the case of a German Disbursing Agent. The tax withheld, however, is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the shareholder's individual or corporate income tax liability and any amounts withheld in excess of such individual or corporate income tax liability will be refunded. Even if the Offer Shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax (i) in the case of a corporate shareholder, or (ii) if the shareholder holds the Offer Shares as assets of a business in Germany and certifies this on an officially prescribed form to the German Disbursing Agent. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted

(including solidarity surcharge, and church tax, if applicable) will be credited against the individual income tax or corporate income tax liability and any excess amount will be refunded.

The taxation of capital gains from the disposal of Offer Shares held as business assets depends on whether the shareholder is a corporation, a sole proprietor or a partnership:

Corporations

For corporations subject to unlimited corporate income tax liability in Germany, capital gains from the sale of Offer Shares are, as a general rule and currently irrespective of any holding period or percentage level of participation, tax exempt from corporate income tax (including solidarity surcharge) and trade tax. 5% of the capital gains is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge; business expenses actually incurred in connection with the capital gains from a tax perspective are generally tax-deductible. Losses from the sale of Offer Shares and other reductions in profit in connection with the Offer Shares are generally not deductible for corporate income tax and trade tax purposes. Capital gains are, irrespective of the percentage level of shareholding, effectively 95% exempt from trade tax.

Sole proprietors (individuals)

60% of capital gains from the sale of Offer Shares are taxed at the individual income tax rate plus 5.5% solidarity surcharge (plus church tax, if applicable) on such income tax where the Offer Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany. Correspondingly, only 60% of the capital losses, other reductions in profit in connection with the Offer Shares and business expenses resulting from a share sale may be deducted for income tax purposes. Only 60% of the capital gains are subject to trade tax. Correspondingly, subject to general restrictions, only 60% of the business expenses resulting from a share sale may generally be deducted for trade tax purposes. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in *"—Corporations"* and *"—Sole proprietors (individuals)"* apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the Offer Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany. Generally, 60% of a capital gain attributable to an individual partner and 5% of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the Offer Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual.

The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax in accordance with such lump-sum method.

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies and pension funds.

Non-residents

Taxation of dividend income

Shareholders who are not tax resident in Germany are only subject to taxation in Germany in respect of their dividend income if their Offer Shares form part of the business assets of a permanent establishment or a fixed place of business in Germany, or constitute business assets for which a permanent representative has been appointed in Germany. In general, the situation described above for shareholders tax resident in Germany who hold their Offer Shares as business assets applies accordingly ("*Taxation in Germany—Tax residents—Taxation of dividend income—Offer Shares held as Business Assets*").

Taxation of capital gains

Capital gains from the disposal of Offer Shares by a shareholder not tax resident in Germany are only taxable in Germany if the selling shareholder holds the Offer Shares through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany. In such a case, the description above for German tax resident shareholders who hold their Offer Shares as business assets applies accordingly ("*Taxation in Germany—Tax residents—Taxation of capital gains—Offer Shares held as business assets*").

German Controlled Foreign Corporation Rules (Außensteuergesetz)

Tax residents of Germany will have to include in their income distributed and undistributed earnings of a foreign company in which they hold shares if the foreign company qualifies as a low taxed controlled foreign corporation ("**CFC**") for German tax purposes. The (partial) exemption of dividends from German tax does not apply to these amounts. A foreign company generally qualifies as a CFC if the majority of its shares is held by German tax residents and certain expatriates and further requirements are met. However, with regard to certain passive portfolio income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) of a foreign company (including, among other things, interest and capital gains from the disposal of financial instruments but excluding dividends received), the German shareholders will be required to include these amounts into income on a pro rata basis regardless of whether the majority of the shareholders is tax resident in Germany. The inclusion will take place if the passive portfolio income of the Company (as determined under German tax accounting principles) is subject to Luxembourg income tax of less than 25%. However, a German tax resident shareholder may escape such taxation of undistributed earnings if such shareholder holds less than 1% of the issued share capital of the Company and can either show to the satisfaction of the German tax authorities that (1) less than 90% of the Company's income is passive portfolio income or (2) that regular and substantial trading in the Company's main class of Offer Shares takes place at a recognized stock exchange. Further, with respect to income other than the aforementioned passive portfolio income, if the Company was in a position to demonstrate that it actually performed business activities in Luxembourg, a German shareholder should not be required to include the respective income items in his German tax return.

Inheritance and gift tax

The transfer of Offer Shares to another person upon death or by way of gift is generally subject to German inheritance and gift tax if:

(i) the decedent, the person making the gift, the heir, the person receiving the gift or the other person acquiring the assets has at the time of the transfer of the assets, his domicile or ordinary residence, place of management or registered office in Germany, or is a German citizen who has not permanently resided in a foreign country for longer than five years without having a German residence, or

(ii) the Offer Shares belong to business assets of the decedent or the person making the gift for which a permanent establishment was maintained in Germany or for which a permanent representative was appointed.

Currently, there is no double taxation treaty on inheritance tax and gift tax in force between Germany and Luxembourg. Special rules apply to German citizens living outside Germany and to former German citizens.

Other taxes

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of shares or other forms of share transfer. Currently net assets tax is not levied in Germany. However, an entrepreneur can opt to pay value added tax on the sale of shares, despite being generally exempt from value added tax, if the shares are sold to another entrepreneur for the entrepreneur's business.

The European Commission and certain EU Members States (including Germany) are currently intending to introduce a financial transaction tax ("**FTT**") (presumably on secondary market transactions on financial transactions involving at least one financial intermediary). It is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States.

Responsibility of the Company for withholding of taxes at source

The Company does not assume any responsibility for the withholding of taxes at source.

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Glossary of terms

"***1915 Companies Act***" refers to the Luxembourg law dated August 10, 1915 on commercial companies, as amended.

"***Agent***" refers to J.P. Morgan Europe Limited.

"***Asia/Pacific***" refers to the Stabilus Group's business operations in Asia and the Asian Pacific, as well as the rest of the world (excluding Europe and NAFTA), where indicated.

"***BRIC***" refers to Brazil, Russia, India and China.

"***CAGR***" refers to compound annual growth rate.

"***Capex***" refers to capital expenditure.

"***Collateral***" refers to assets subject to security interests, which secure the Senior Notes and the Revolving Credit Facility.

"***EIU***" refers to Economist Intelligence Unit.

"***EMAS***" refers to an engineered materials arresting system.

"***EPA***" refers to the U.S. Environmental Protection Agency.

"***EU***" refers to the European Union.

"***Europe***" refers to the Stabilus Group's business operations in western, central, northern and eastern Europe.

"***EUSI***" refers to equity upside sharing instruments.

"***Fitch***" refers to the Fitch Deutschland GmbH.

"***GDP***" refers to gross domestic product, the market value of all officially recognized final goods and services produced in a given period of time.

"***Guarantors***" refers to Stabilus S.A. and certain subsidiaries of Stabilus S.A.

"***IAS***" refers to International Accounting Standard.

"***IASB***" refers to the International Accounting Standards Board.

"***IFRIC***" refers to the International Financial Reporting Interpretations Committee.

"***IFRS***" refers to the International Financial Reporting Standards as adopted by the European Union.

"***ISO 14001***" refers to the specifications for the actual requirements for an environmental management system. It applies to those environmental aspects over which the organization has control and can be expected to have an influence.

"***Moody's***" refers to Moody's Deutschland GmbH.

"***NAFTA***" refers to the Stabilus Group's business operations in North and Central America.

"***OEM***" refers to automotive/light vehicle original equipment manufacturers.

"***PEC***" refers to preferred equity certificates.

"***PPA***" refers to purchase price allocation.

"***PPL***" refers to profit participating loans.

"***Prospectus Directive***" refers to Directive 2003/71/EC, as amended.

"***Luxembourg Prospectus Law***" refers to the Luxembourg law on prospectuses for securities of July 10, 2005, as amended.

"***Regulation S***" refers to Regulation S under the U.S. Securities Act.

"***Restricted Group***" refers to the Company and Stable II S.à r.l. (among others) and certain other members of the Stabilus Group.

"***Revolving Credit Facility***" refers to the revolving credit facility of the Company.

"***Rule 144A***" refers to Rule 144A under the U.S. Securities Act.

"***S&P***" refers to Standard & Poor's Credit Market Services France S.A.S.

"***Securities Act***" refers to the U.S. Securities Act of 1933, as amended.

"***Security Agent***" refers to J.P. Morgan Europe Limited.

"***Senior Notes***" refers to the 7.75% Senior Secured Notes due 2018, with an aggregate principal amount of €315,000,000 offered on May 31, 2013.

"***Stabilization Manager***" refers to J.P. Morgan Securities plc.

"***Stabilus Group***" refers to the Company together with its consolidated subsidiaries.

"***SUV***" refers to sport utility vehicles.

"***Tier 1***" refers to companies that are direct suppliers to OEMs and major suppliers of parts to OEMs.

"***Tier 2***" refers to the key suppliers to Tier 1 suppliers.

"***Triton***" refers to Triton Partners (HoldCo) Limited, a private equity investment firm.

"***Trustee***" refers to Citibank, N.A., London Branch, as trustee of the Senior Notes.

Financial information

Table of contents

Unaudited consolidated interim financial statements of the Company as of and for the six months ended March 31, 2014

Consolidated statement of comprehensive income F-12
Consolidated statement of financial position F-13
Consolidated statement of changes in equity F-14
Consolidated statement of cash flows F-15
Notes to the financial statements F-16

Audited consolidated financial statements of the Company as of and for the year ended September 30, 2013

Consolidated statement of comprehensive income F-38
Consolidated statement of financial position F-39
Consolidated statement of changes in equity F-40
Consolidated statement of cash flows F-41
Notes to the financial statements F-42
Independent auditor's report F-89

Audited consolidated financial statements of the Company as of and for the year ended September 30, 2012

Consolidated statement of financial position F-98
Consolidated statement of comprehensive income F-99
Consolidated statement of changes in equity F-100
Consolidated statement of cash flows F-101
Notes to the financial statements F-102
Independent auditor's report F-149

Audited consolidated financial statements of the Company as of and for the year ended September 30, 2011

Consolidated statement of financial position F-158
Consolidated statement of comprehensive income F-159
Consolidated statement of changes in equity F-160
Consolidated statement of cash flows F-161
Notes to the financial statements F-162
Independent auditor's report F-213

Servus HoldCo S.à r.l.
Luxembourg

Unaudited consolidated interim financial statements of the Company as of and for the six months ended March 31, 2014

Servus HoldCo S.à r.l. Luxembourg

Key Figures

in € millions	Three months ended, 31.3.2014	31.3.2013	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, 31.3.2014	31.3.2013	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".

Servus HoldCo S.à r.l. Luxembourg
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:

	Three months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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:

	Three months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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 breakdown by location of customer (i. e. "billed-to view").

	Three months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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,			
in € millions	**31.3.2014**	**31.3.2013**	**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:

	Six months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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 breakdown by location of customer (i. e. "billed-to view").

	Six months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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,			
in € millions	**31.3.2014**	**31.3.2013**	**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,			
in € millions	**31.3.2014**	**31.3.2013**	**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.

in € millions	Six months ended, 31.3.2014	31.3.2013	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	31.3.2014	30.9.2013[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.

	Six months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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.

	Six months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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.

	Six months ended,			
in € millions	**31.3.2014**	**31.3.2013**	**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.

Servus HoldCo S.à r.l. Luxembourg

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,		Six months ended,	
in € thousands	**Note**	**31.3.2014**	**31.3.2013[1]**	**31.3.2014**	**31.3.2013[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 currency 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.

Servus HoldCo S.à r.l. Luxembourg

Consolidated Statement of Financial Position

as of March 31, 2014 (unaudited)

in € thousands	Note	31.3.2014	30.9.2013[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.

Servus HoldCo S.à r.l. Luxembourg

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.

Servus HoldCo S.à r.l. Luxembourg

Consolidated Statement of Cash Flows

for the six months ended March 31, 2014 (unaudited)

in € thousands	Note	Six months ended, 31.3.2014	Six months ended, 31.3.2013[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.

Servus HoldCo S.à r.l. Luxembourg

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	31.3.2014	30.9.2013
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,		Six months ended,	
in € thousands	31.3.2014	31.3.2013	31.3.2014	31.3.2013
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 breakdown by location of customer (i.e. "billed-to view").

in € thousands	Three months ended, 31.3.2014	Three months ended, 31.3.2013	Six months ended, 31.3.2014	Six months ended, 31.3.2013
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, 31.3.2014	Three months ended, 31.3.2013	Six months ended, 31.3.2014	Six months ended, 31.3.2013
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, 31.3.2014	Three months ended, 31.3.2013	Six months ended, 31.3.2014	Six months ended, 31.3.2013
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 (first 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

	31.3.2014			30.9.2013		
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

	31.3.2014			30.9.2013		
in € thousands	**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	31.3.2014	30.9.2013
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:

	Six months ended 31.3.2014				
in € thousands	**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)**

	Six months ended 31.3.2013				
in € thousands	**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:

	31.3.2014			**30.9.2013**		
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

	31.3.2014			30.9.2013		
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

	31.3.2014			30.9.2013		
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	31.3.2014	30.9.2013
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	31.3.2014	30.9.2013
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	31.3.2014		30.9.2013	
		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).

in € thousands	31.3.2014 Total	Level 1[1]	Level 2[2]	Level 3[3]	30.9.2013 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,		Six months ended,		Six months ended,	
in € thousands	**31.3.2014**	**31.3.2013**	**31.3.2014**	**31.3.2013**	**31.3.2014**	**31.3.2013**
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,		Six months ended,		Six months ended,	
in € thousands	**31.3.2014**	**31.3.2013**	**31.3.2014**	**31.3.2013**	**31.3.2014**	**31.3.2013**
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 breakdown 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,	
in € thousands	**31.3.2014**	**31.3.2013**
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

Servus HoldCo S.à r.l.
Luxembourg

Consolidated financial statements
and the consolidated management report
for the year ended September 30, 2013
(with the report of the Réviseur
d'Entreprises agréé thereon)

Servus HoldCo S.á r.l. Luxembourg

Key Figures

in € millions	Year ended, 30.9.2013	30.9.2012	change	% change
Revenue	460.1	443.5	16.6	3.7%
EBITDA	75.9	71.9	4.0	5.6%
Adjusted EBITDA	87.1	83.1	4.0	4.8%
Capital expenditure	(34.4)	(32.5)	(1.9)	5.8%
Adjusted operating cash flow before tax (AoCF)	43.9	45.0	(1.1)	(2.4)%
Free cash flow (FCF)	20.5	14.6	5.9	40.4%
EBITDA as % of revenue	16.5%	16.2%		
Adjusted EBITDA as % of revenue	18.9%	18.7%		
Capital expenditure as % of revenue	7.5%	7.3%		
AoCF as % of adjusted EBITDA	50.4%	54.2%		
FCF as % of adjusted EBITDA	23.5%	17.6%		

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 and other non-recurring costs, as well as interest on pension charges. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance as it is adjusted for certain one-time or non-recurring items that are not expected to impact our group going forward, and thus aids in an understanding of EBITDA in a given period.

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and before extraordinary and exceptional items. 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".

Servus HoldCo S.à r.l. Luxembourg
Group management report for the fiscal year ended September 30, 2013

General

The parent company of the Luxembourg based Stabilus Group is Servus HoldCo S.à r.l., Luxembourg ("Servus HoldCo"). Stabilus Group's operating entities typically use the brand name "Stabilus" in their registered name. The Group has subsidiaries in Australia, Brazil, China, France, Germany, Japan, Luxembourg, Mexico, New Zealand, Romania, South Korea, Spain, Switzerland, United States and United Kingdom.

The Stabilus Group is a leading manufacturer of gas springs and dampers as well as electrical lifting equipment. The products are used in a wide range of applications in the automotive and the industrial sector, as well as in many furniture applications. 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 producers. Various Tier 1 suppliers of the global car industry further diversify the Group's customer base. Overall sales to car manufacturers constitute approximately 65% of the fiscal 2013 Group's revenue, about 30% originate from industrial applications and large commercial vehicle applications and the remainder of about 5% is for swivel chair applications.

Business and general environment

Macroeconomic development

In calendar year 2012 the growth in global gross domestic product (GDP) slowed to only 3.2% (calendar year 2011: 3.9%). In its latest October 2013 World Economic Outlook, the International Monetary Fund (IMF) reduced its growth forecast for the global economy from 3.1% to 2.9% for the current calendar year 2013. The forecast for 2014 was reduced by 0.2 percentage points to 3.6%.

The IMF still believes that there are considerable risks in the high debt levels of many so called "advanced" economies. Structural reforms continue to be needed to effectively counter the risks.

Development of vehicle markets

A very important factor for our revenues in the automotive and industrial market segments is global production volumes of newly manufactured light vehicles which comprise passenger cars, station wagons and light commercial vehicles weighing less than six tons.

The global demand for vehicles developed positively in the last twelve months. Following the global increase in demand for passenger cars, station wagons and light commercial vehicles, the number of vehicles produced in calendar year 2012 increased to 81.5 million units, up by 4.6% from the 76.9 million units in calendar year 2011. Roughly 50% of this increase relates to NAFTA, but also the development of production volumes in China continues to be strongly positive. The number of light vehicles produced in Europe decreased by 4.4% in calendar year 2012.

According to the IHS October 2013 forecast for calendar year 2013, the total worldwide production of light vehicles in 2013 will amount to 83.4 million units. The total increase by 2.4% compared to 2012 will result from the positive developments in NAFTA (+5.1%) and Asia (+3.2%), while the production volumes in Europe are expected to shrink by (1.1)%.

The following table sets out the development of light vehicle production volumes in the last five years:

in millions of units per calendar year	2013**	2012	2011	2010	2009
Europe	19.1	19.3	20.2	19.0	16.5
NAFTA	16.2	15.4	13.1	11.9	8.6
Asia	42.1	40.8	37.0	37.1	28.9
Other markets	6.0	6.0	6.6	6.4	5.5
Worldwide production of light vehicles*	**83.4**	**81.5**	**76.9**	**74.4**	**59.5**

Source: IHS

* Passenger cars, station wagons and light commercial vehicles (<6t)

** IHS forecast as of October 2013

Results of operations

The table below sets out Stabilus Group's consolidated income statement for the fiscal year 2013 in comparison to the fiscal year 2012:

	Year ended,			
in € millions	30.9.2013	30.9.2012	change	% change
Revenue	460.1	443.5	16.6	3.7%
Cost of sales	(349.7)	(336.4)	(13.3)	4.0%
Gross profit	**110.4**	**107.1**	**3.3**	**3.1%**
Research and development expenses	(17.6)	(14.0)	(3.6)	25.7%
Selling expenses	(38.9)	(37.3)	(1.6)	4.3%
Administrative expenses	(21.2)	(28.0)	6.8	(24.3)%
Other income	6.1	8.5	(2.4)	(28.2)%
Other expenses	(3.6)	(4.4)	0.8	(18.2)%
Profit from operating activities (EBIT)	**35.2**	**31.9**	**3.3**	**10.3%**
Finance income	5.4	7.9	(2.5)	(31.6)%
Finance costs	(46.5)	(21.9)	(24.6)	>100.0%
Profit / (loss) before income tax	**(5.9)**	**17.9**	**(23.8)**	**<(100.0)%**
Income tax income/ (expense)	(10.1)	(9.5)	(0.6)	6.3%
Profit for the period	**(16.0)**	**8.4**	**(24.4)**	**<(100.0)%**

Revenue

Group's total revenue developed as follows:

	Year ended,			
in € millions	30.9.2013	30.9.2012	change	% change
Automotive	298.0	282.8	15.2	5.4%
Gas spring	242.7	254.1	(11.4)	(4.5)%
Powerise	55.3	28.7	26.6	92.7%
Industrial	136.9	132.7	4.2	3.2%
Swivel chair	25.2	28.0	(2.8)	(10.0)%
Revenue	**460.1**	**443.5**	**16.6**	**3.7%**

Total revenue in the fiscal year 2013 increased by 3.7% compared to the previous fiscal year. The increase is mainly due to our growing Powerise segment. Its revenue almost doubled from €28.7 million in the fiscal year 2012 to €55.3 million in the fiscal year 2013. While our revenue in the swivel chair and automotive gas spring segments decreased year-on-year by (10.0)% and

(4.5)% respectively, the revenue in our automotive Powerise segment grew by 92.7% or €26.6 million. The increase in the Powerise segment is mainly the result of new OEM platform wins and the following start of new Powerise variants. The decrease in the automotive gas spring is mainly driven by the difficult economic environment and stagnating vehicle sales in Europe as well as some distortion in Asia due to the China-Japan dispute in the late calendar year 2012. Sales in the industrial segment increased by 3.2% from €132.7 million in the fiscal year ended September 30, 2012 to €136.9 million in the fiscal year ended September 30, 2013.

Cost of sales and overhead expenses

Cost of sales in the fiscal year 2013 increased by 4.0%, compared to the previous fiscal year. The increase is mainly due to increased total revenue. The cost of sales as a percentage of revenue remained roughly stable at 76.0% (PY: 75.9%).

R&D expenses in the fiscal year 2013 increased by 25.7%, compared to the prior fiscal year 2012. Also as percentage of revenue, R&D expenses increased from 3.2% in fiscal year 2012 to 3.8% in fiscal year 2013. The increase is mainly due to the higher personnel expenses included in the R&D function costs, a consequence of the reclassification of costs for a number of application managers from the selling to the R&D expenses.

Selling expenses increased by 4.3% from €(37.3) million in fiscal year ended September 30, 2012 to €(38.9) million in the fiscal year ended September 30, 2013. As a percent of revenue, these expenses remained essentially unchanged at roughly 8.5% (PY: 8.4%). The reduced personnel expenses due to the reclassification of a number of application managers from selling to R&D expenses was partially offset by the unrelated changes in cross charges between various functions.

Administrative expenses decreased significantly from €(28.0) million in fiscal year 2013 to €(21.2) million in fiscal year 2012. As percentage of revenue, administrative expenses decreased as well, from 6.3% to 4.6%. The settlement of the ongoing mezzanine litigation in fiscal year 2013 essentially explains the absolute as well as the relative improvement.

Other income and expense. Other income decreased from €8.5 million in fiscal year 2012 by €(2.4) million to €6.1 million in fiscal year 2013. This decrease by (28.2)% is primarily the result of less beneficial foreign currency fluctuations.

Other expense decreased from €(4.4) million in fiscal year 2012 to €(3.6) million in year under review. This income statement line item comprises mainly the foreign currency translation losses.

Finance income and costs. Finance income decreased from €7.9 million in fiscal year 2012 to €5.4 million in fiscal year 2013 primarily due to the decreased net foreign exchange gains on financial assets and liabilities.

Finance costs increased significantly in fiscal year 2013 compared to the previous fiscal year, essentially caused by the one-time interest expense on equity upside-sharing instruments (EUSIs) due to their repayment as part of the Group refinancing in June 2013, and net foreign exchange loss of €(7.2) million. See Note 9 below for further details, incl. a breakdown of finance costs. The main part of this increase is non-cash expense. Net interest payments in the fiscal year 2013 amount to €(9.2) million.

Income tax expense. Income tax expense increased from €(9.5) million in fiscal year 2012 slightly to €(10.1) million in fiscal year 2013, mainly driven by the development of taxable profit in the period, the deferred taxes amount and the expense resulting from the German tax audit covering past four years. See Notes to Consolidated Financial Statements below, Note 10, for further details.

EBITDA and adjusted EBITDA

The table below sets out a reconciliation of EBIT to EBITDA and adjusted EBITDA for the fiscal years 2013 and 2012:

in € millions	Year ended, 30.9.2013	30.9.2012	change	% change
Profit from operating activities (EBIT)	**35.2**	**31.9**	**3.3**	**10.3%**
Depreciation	21.7	22.2	(0.5)	(2.3)%
Amortization	19.0	17.8	1.2	6.7%
EBITDA	**75.9**	**71.9**	**4.0**	**5.6%**
Litigation	4.7	9.9	(5.2)	(52.5)%
Consulting (strategy & tax audit consulting)	1.4	–	1.4	n/a
Restructuring / Ramp-up	3.6	(0.1)	3.7	<(100.0) %
Pension interest add back	1.5	1.4	0.1	7.1%
Total adjustments	11.2	11.2	–	(0.0)%
Adjusted EBITDA	**87.1**	**83.1**	**4.0**	**4.8%**

Adjusted EBITDA represents EBITDA, 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. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance as it is adjusted for certain one-time or non-recurring items that are not expected to impact our Group going forward, and thus aids in an understanding of EBITDA in a given period.

Financial position

in € millions	30.9.2013	30.9.2012	Change	% change
Assets				
Total non-current assets	429.0	361.4	67.6	18.7%
Total current assets	160.3	169.2	(8.9)	(5.3)%
Total assets	**589.3**	**530.6**	**58.7**	**11.1%**
Equity and liabilities				
Total equity	82.6	57.4	25.2	43.9%
Total non-current liabilities	418.8	390.8	28.0	7.2%
Total current liabilities	87.9	82.4	5.5	6.7%
Total liabilities	506.7	473.2	33.5	7.1%
Total equity and liabilities	**589.3**	**530.6**	**58.7**	**11.1%**

The Group's **balance sheet total** increased by 11.1% to €589.3 million (PY: €530.6 million). The increase in total assets is primarily due to the 18.7% increased **non-current assets** and in particular to the loan the Group provided to the shareholder in June 2013. On the other, i. e. equity and liability, side of the balance sheet, the higher total is primarily due to the increase of the Group's equity by 43.9%.

Current assets decreased by (5.3)% or €(8.9) million. This is essentially the consequence of lower cash balance, compared to September 30, 2012. The Group used €30 million cash, together with proceeds from the issuance of senior secured notes, to redeem the existing non-current financial liabilities.

The Group's **equity** as of September 30, 2013 increased, as compared to September 30, 2012, from €57.4 million to €82.6 million mainly as a consequence of shareholder equity contributions in June 2013. The shareholder contributed €80 million to the equity of parent company, of

which €36 million do not constitute a contribution of assets from the consolidated perspective, i. e. the net increase of additional paid-in capital amounts to only €44.0 million (see also Notes to Consolidated Financial Statements below, Note 20). Consistent with the equity increase, the **equity ratio** improved from 10.8% as of September 30, 2012 to 14.0% as of September 30, 2013.

Total liabilities increased by €33.5 million or 7.1%, primarily as a result of increased non-current financial liabilities. In connection with the Group's refinancing in June 2013, the existing senior, mezzanine and shareholder loans, as well as part of the profit participating loans, were redeemed using the proceeds from the issuance of new senior secured notes an the cash on hand. The carrying amount of **non-current financial liabilities** as of September 30, 2013 amounts to €315.1 million, up €29.6 million from the September 30, 2012 amount of €285.5 million.

Liquidity

Our primary sources of liquidity are cash flows from operating and financing activities. Going forward we expect that our capital expenditure and debt service will be covered by operating cash flow.

	Year ended,			
in € millions	**30.9.2013**	**30.9.2012**	**change**	**% change**
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Cash flows from financing activities	31.3	(9.3)	40.6	<(100.0)%
Net increase / (decrease) in cash	**(19.0)**	**14.3**	**(33.3)**	**<(100.0)%**
Effect of movements in exchange rates on cash held	(0.9)	0.8	(1.7)	<(100.0)%
Cash as of beginning of the period	41.6	26.5	15.1	57.0%
Cash as of end of the period	**21.8**	**41.6**	**(19.8)**	**(47.6)%**

Cash flow from operating activities increased by 11.5% from €56.3 million in fiscal year 2012 to €62.8 million in fiscal year 2013 mainly due to working capital improvements, specifically stock reductions, and (57.8)% lower income tax payments.

Cash flow from investing activities decreased by €(80.4) million from €(32.7) million in fiscal year 2012 to €(113.1) million in fiscal year 2013, mainly due to the €(80.0) million payment for upstream shareholder loan. For further details in regards to the upstream shareholder loan please refer to the Notes to Consolidated Financial Statements, Note 14, below.

Cash flow from financing activities increased by €40.6 million in the fiscal year 2013, compared to the prior fiscal year. This is mainly the result of the bond issuance related payments and receipts.

As a result of the aforementioned changes of cash flows from operating and investing activities and with adjustments to EBITDA amounting to €11.2 million (PY: €11.2 million), **adjusted operating cash flow before tax (AoCF)** decreased slightly from €45.0 million in fiscal year 2012 to €43.9 million in fiscal year 2013. 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.

	Year ended,			
in € millions	**30.9.2013**	**30.9.2012**	**change**	**% change**
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Excl. payment for upstream shareholder loan	80.0	–	80.0	n/a
Excl. changes in restricted cash	(2.7)	(1.6)	(1.1)	68.8%
Excl. income tax payments	5.7	13.5	(7.8)	(57.8)%
Operating cash flow before tax	**32.7**	**35.5**	**(2.8)**	**(7.9)%**
Adjustments to EBITDA	11.2	11.2	–	(0.0)%
Non-cash exceptional items	–	(1.7)	1.7	(100.0)%
Adjusted operating cash flow before tax	**43.9**	**45.0**	**(1.1)**	**(2.4)%**

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and before extraordinary and exceptional items. 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 €14.6 million in fiscal year 2012 to €20.5 million. The following table sets out the composition of the non-IFRS figure free cash flow.

	Year ended,			
in € millions	**30.9.2013**	**30.9.2012**	**change**	**% change**
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Payments for interest	(9.2)	(9.0)	(0.2)	2.2%
Excl. payment for upstream shareholder loan	80.0	–	80.0	n/a
Free cash flow	**20.5**	**14.6**	**5.9**	**40.4%**

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

Risk management in the Stabilus Group

The Stabilus Group employs within the budgeting process an integrated process to facilitate the early identification and monitoring of risks specific to the Group. This process should identify changes in the business environment and deviations from targets at an early stage and thus allows initiating countermeasures swiftly. This includes regular short and medium-term analysis of the order intake and the sales invoicing patterns. Control impulses for the individual companies are derived from this as well. Based on input from a globally recognized forecasting institute and customer input the forward demand is analysed and compared to the internal budget plans.

In addition, selected KPIs (e.g. sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.

To address the risk of a potential double dip scenario, the company has developed a preventive downturn plan which is updated regularly.

Hedging policies and risk management

The Stabilus Group is exposed to certain financial risks in conjunction with its business activities, including foreign exchange fluctuations and bad debts. The risk management system in the Stabilus Group takes into account the unpredictability of these factors and aims to minimise negative effects on the Group's earnings situation.

The room for manoeuvre, the responsibilities, the financial reporting and the control mechanisms are defined by internal Group guidelines. This includes the segregation of duties between the recording and control of financial activities. The foreign currency, interest rate and liquidity risks of the Stabilus Group are managed on a centralised basis.

Foreign currency risk

The Stabilus Group is reviewing continuously the need of forward exchange transactions. As of September 30, 2013 no forward exchange transactions were made within the Group.

Credit risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Receivable exposure is controlled by counterparty limits that are reviewed in intervals and are approved by the Group sales director.

Trade receivables consist of a large number of customers and are spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate and available, credit guarantee insurance cover is purchased.

Liquidity risk

The Board of Managers has set an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

There is a risk that ratios (financial covenants) and other requirements included in the intenture and revolving credit facility agreement will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The Group planning shows that these ratios will also be complied with during the forecast period of the next twelve months.

Interest rate risk

The Stabilus Group is reviewing continuously the need of forward interest swaps. As of September 30, 2013 no interest hedges were closed within the Group.

Risk of decreasing governmental creditworthiness

The downward revision of credit ratings for several European countries and for the USA by credit agencies in the wake of the ongoing economic and financial crisis and soaring national debt at a global level pose a substantial risk for future economic performance of these economies and, indirectly, for most of the Group's customers.

Technical and litigation risks

The Group's products are used in many different applications. A manufacturing quality management system has been installed many years ago to ensure a high degree of functionality

and process reliability. Technical risks for new applications are analyzed during the offer phase in an opportunities and risks summary and are reassessed regularly in the course of the project. The Group is subject to some claims, proceedings and lawsuits related to products, patents and other matters incidental to these businesses. The in-house legal department monitors these risks continuously and reports regularly to Group management and shareholders.

At the end of the prior fiscal year ended September 30, 2012 there was a risk that two former mezzanine creditors, following a complaint filed at the Koblenz district court, would enforce claims totalling to approximately €82 million and therefore burden the Stabilus Group. The mezzanine creditors were challenging the lawfulness of the Stabilus Group's restructuring which was implemented in April 2010. In November 2012 the High Court in London, chaired by judge Eder, a judge at the English Commercial Court, validated the lawfulness of the restructuring in a lawsuit brought on by the current Stabilus creditor Saltri III Limited against some mezzanine creditors. In the fiscal year 2013 the parties have settled their differences; the claim was abandoned.

Opportunities of the further development of the company

At the end of the reporting period, macro conditions in the majority of the economic regions around the globe as well as market performance measured on the basis of global automobile production were as favourable as at the beginning of the fiscal year. Nevertheless NAFTA in particular saw their vehicle markets develop more dynamically than previously anticipated.

Subsequent events

As of November 29, 2013, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of September 30, 2013.

Outlook

IHS has increased its annual global light vehicle production forecast for calendar year 2013 from 82.8 million (as of January 2013) to 83.4 million vehicles (as of October 2013). The IHS' expectations for the following years did not change materially: It still expects a worldwide production of 86.7 million light vehicles in 2014, 91.8 million in 2015 and 95.5 million light vehicles in 2016 (i. e. annual production growth rate between 4% and 6%). Stabilus Group aims for total revenue of €505.3 million in the next fiscal year 2014, up 9.8% from the fiscal year 2013's total revenue of €460.1 million.

Servus HoldCo S.à r.l. Luxembourg
Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the fiscal year ended September 30, 2013

in € thousands	Note	Year ended, 30.9.2013	30.9.2012
Revenue	4	460,103	443,488
Cost of sales	5	(349,705)	(336,419)
Gross profit		**110,398**	**107,069**
Research and development expenses	5	(17,573)	(13,951)
Selling expenses	5	(38,933)	(37,282)
Administrative expenses	5	(21,214)	(28,041)
Other income	6	6,054	8,453
Other expenses	7	(3,536)	(4,380)
Profit from operating activities		**35,196**	**31,868**
Finance income	8	5,463	7,868
Finance costs	9	(46,525)	(21,865)
Profit/ (loss) before income tax		**(5,866)**	**17,871**
Income tax income/ (expense)	10	(10,145)	(9,483)
Profit/ (loss) for the period		**(16,011)**	**8,388**
thereof attributable to non-controlling interests		(73)	46
thereof attributable to shareholders of Servus HoldCo		(15,938)	8,342
Other comprehensive income/ (expense)			
Foreign currency translation difference[1)]	20	3,145	(1,782)
Other comprehensive income/ (expense), net of taxes		**3,145**	**(1,782)**
Total comprehensive income/ (expense) for the period		**(12,866)**	**6,606**
thereof attributable to non-controlling interests		(73)	46
thereof attributable to shareholders of Servus HoldCo		(12,793)	6,560

1) Could be reclassified ('recycled') to profit and loss at future point in time when specific conditions are met.

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Servus HoldCo S.à r.l. Luxembourg

Consolidated Statement of Financial Position

as of September 30, 2013

in € thousands	Note	30/09/2013	30/09/2012
Assets			
Property, plant and equipment	11	116,276	120,115
Goodwill	12	51,458	51,458
Other intangible assets	13	175,763	180,907
Other financial assets	14	77,134	2,679
Other assets	15	1,024	1,170
Deferred tax assets	10	7,353	5,061
Total non-current assets		**429,008**	**361,390**
Inventories	16	46,063	49,974
Trade accounts receivable	17	67,776	58,950
Current tax assets	18	397	3,567
Other financial assets	14	10,845	–
Other assets	15	13,380	15,046
Cash and cash equivalents	19	21,819	41,638
Total current assets		**160,280**	**169,175**
Total assets		**589,288**	**530,565**
Equity and liabilities			
Issued capital	20	5,013	5,013
Additional paid-in capital	20	74,403	30,550
Retained earnings	20	(991)	20,588
Other reserves	20	4,044	899
Equity attributable to shareholders of Servus HoldCo		**82,469**	**57,050**
Non-controlling interests	20	169	319
Total equity		**82,638**	**57,369**
Financial liabilities	21	315,097	285,466
Other financial liabilities	22	1,472	2,342
Provisions	23	7,037	10,406
Pension plans and similar obligations	24	35,827	35,731
Deferred tax liabilities	10	59,323	56,803
Total non-current liabilities		**418,756**	**390,748**
Trade accounts payable	25	44,977	42,898
Financial liabilities	21	7,663	–
Other financial liabilities	22	8,886	7,396
Current tax liabilities	26	1,587	560
Provisions	23	13,908	17,565
Other liabilities	27	10,873	14,029
Total current liabilities		**87,894**	**82,448**
Total liabilities		**506,650**	**473,196**
Total equity and liabilities		**589,288**	**530,565**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Servus HoldCo S.à r.l. Luxembourg

Consolidated Statement of Changes in Equity

for the fiscal year ended September 30, 2013

in € thousands	Note	Issued capital	Additional paid-in capital	Retained earnings	Other reserves	Equity attributable to share-holders of Servus HoldCo	Non-controlling interest	Total Equity
Balance as of Sept 30, 2011		**5,013**	**30,850**	**12,246**	**2,681**	**50,790**	**273**	**51,063**
Profit/ (loss) for the period	20			8,342		8,342	46	8,388
Other comprehensive income	20				(1,782)	(1,782)		(1,782)
Total comprehensive income for the period		–	–	8,342	(1,782)	6,560	46	6,606
Dividends	20		(300)			(300)		(300)
Balance as of Sept 30, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**
Profit/ (loss) for the period	20			(15,938)		(15,938)	(73)	(16,011)
Other comprehensive income	20				3,145	3,145		3,145
Total comprehensive income for the period		–	–	(15,938)	3,145	(12,793)	(73)	(12,866)
Contributions by owners	20		44,003			44,003		44,003
Distribution of shareholder loan	20			(5,641)		(5,641)		(5,641)
Dividends	20		(150)			(150)	(77)	(227)
Balance as of Sept 30, 2013		**5,013**	**74,403**	**(991)**	**4,044**	**82,469**	**169**	**82,638**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Servus HoldCo S.à r.l. Luxembourg

Consolidated Statement of Cash Flows

for the fiscal year ended September 30, 2013

		Year ended,	
in € thousands	**Note**	**30.9.2013**	**30.9.2012**
Profit/ (loss) for the period		(16,011)	8,388
Current income tax expense	10	10,373	11,895
Deferred income tax expense	10	(228)	(2,412)
Net finance result	8/9	41,063	13,997
Depreciation and amortization	5	40,661	40,003
Other non-cash income and expenses		(5,544)	6,333
Changes in inventories		3,911	(4,590)
Changes in trade accounts receivable		(8,826)	(3,795)
Changes in trade accounts payable		2,079	10,758
Changes in other assets and liabilities		5,040	(8,547)
Changes in restricted cash	14	2,679	1,623
Changes in provisions		(6,930)	(1,403)
Changes in deferred tax assets and liabilities		228	(2,412)
Income tax payments	33	(5,663)	(13,491)
Cash flows from operating activities		**62,832**	**56,347**
Proceeds from disposal of property, plant and equipment		1,277	26
Purchase of intangible assets	13	(14,179)	(13,300)
Purchase of property, plant and equipment	11	(20,211)	(19,201)
Cash flows from disposals and aquisitions of tangible and intangible assets		*(33,113)*	*(32,475)*
Acquisition of assets and liabilities within the business combination, net of cash acquired		–	(191)
Payments for upstream shareholder loan	14	(80,014)	–
Cash flows from changes in non-current financial assets		*(80,014)*	*(191)*
Cash flows from investing activities		**(113,127)**	**(32,666)**
Receipts from contributions of equity	20	44,003	–
Receipts from issuance of senior secured notes	21	315,000	–
Payments for redemption of financial liabilities	21	(303,806)	–
Payments for finance leases	28	(1,792)	–
Payments of transaction costs	21	(12,658)	–
Dividends paid	20	(150)	(300)
Dividends paid to non-controlling interests	20	(77)	–
Payments for interest	33	(9,177)	(9,039)
Cash flows from financing activities		**31,343**	**(9,339)**
Net increase/ (decrease) in cash and cash equivalents		**(18,952)**	**14,342**
Effect of movements in exchange rates on cash held		(867)	760
Cash and cash equivalents as of beginning of the period		41,638	26,536
Cash and cash equivalents as of end of the period		**21,819**	**41,638**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Servus HoldCo S.à r.l. Luxembourg

Notes to consolidated financial statements as of and for the fiscal year ended September 30, 2013

1. General 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.

The 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 consolidated financial statements of Servus HoldCo and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The consolidated financial statements were authorised for issue by the Management Board on November 29, 2013.

2. Basis for presentation

Preparation. Applying IAS 1, the consolidated statement of financial position is classified in accordance with the maturities principle. Items of the statement of financial position are therefore differentiated between non-current and current assets and liabilities. Assets and liabilities are classified as current if they have a remaining term of less than one year or are turned over within a normal operating cycle. Accordingly, assets and liabilities are classified as non-current if they remain in the Group for more than one year. Deferred tax assets and deferred tax liabilities, as well as assets and provisions from defined benefit pension plans and similar obligations are reported as non-current items. The consolidated statement of comprehensive income is presented using the cost of sales method.

Measurement. The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items, such as derivative financial instruments or hedged transactions and pensions and similar obligations. The measurement methods applied to these exceptions are described below.

Use of estimates and judgements. Certain of the accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the financial position or results of operations. Critical accounting estimates could also involve

estimates where management could reasonably have used a different estimate in the current accounting period. Management wishes to point out that future events often vary from forecasts and that estimates routinely require adjustment.

Impairment of non-financial assets: Stabilus assesses at every reporting date whether there are indications that its non-financial assets may be impaired. Goodwill is tested annually for impairment. Further tests are carried out if there are indications for impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less cost to sale is calculated, management must estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate in order to determine the present value of this cash flow.

Trade and other receivables: The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances. We refer also to Note 17.

Other receivables: Other receivables are recognised when the probability of cash receipt exceeds 90%. We refer also to Note 14.

Deferred tax assets: The valuation of deferred tax assets is based on mid-term business plans of the respective entities which recorded deferred tax assets. These mid-term business plans range from three to five years and include several underlying assumptions and estimations in respect of the business development, strategic changes, cost optimisation and business improvement and also general market and economic development. Based on these business plans the Management is convinced about the recoverability of deferred tax assets. We refer also to Note 10.

Provision: Significant estimates are involved in the determination of provisions related to contract losses, warranty costs and legal proceedings. We refer also to Note 23.

Risks and uncertainties

The Group's net assets, financial position and results of operations are subject to risks and uncertainties. Factors that could affect the future net assets, financial position and results of operations and therefore cause actual results to vary from the expectations include sales volume changes due to changes in the overall economy, evolvement of price aggressive competitors, significant price changes for raw materials and overall purchase costs. Quality issues (e.g. recalls) may result in significant costs for the Group, in spite of a benchmarked insurance cover. The Group financing with its long term fixed interest rates play a key role for the long term stability of the Group.

Going concern

At the end of the prior fiscal year ended September 30, 2012 there was a risk that two former mezzanine creditors, following a complaint filed at the Koblenz district court, could get a court order allowing them to enforce claims totalling to approximately €82 million and therefore burden the Stabilus Group. The mezzanine creditors were challenging the lawfulness of the Stabilus Group's restructuring which was implemented in April 2010. In November 2012 the High Court in London, chaired by judge Eder, a judge at the English Commercial Court, validated the lawfulness of the restructuring in a lawsuit brought on by the current Stabilus creditor Saltri III Limited against some mezzanine creditors. In the fiscal year 2013 the parties have settled their differences; the claim in Koblenz was abandoned.

At the end of the prior fiscal year ended September 30, 2012 there was a risk that certain ratios (financial covenants) and other conditions included in the facility agreements would not be complied with as the financial performance of the Group could change negatively. Following the refinancing of the Group's non-current financial liabilities in June 2013, this risk was essentially eliminated and does not pose a material threat to the Group as going concern.

Accordingly, these consolidated financial statements are prepared based on the going concern assumption.

Scope of consolidation. All entities where the possibility exists to influence the financial and operating policies so that the companies of the Stabilus Group can obtain benefits from the activities of these entities (subsidiaries), supported by a share of the voting rights in excess of 50%, are included in the consolidated financial statements. Subsidiaries are included in consolidation from the date on which Servus HoldCo becomes able to control them. If this possibility ceases, the companies concerned withdraw from the scope of consolidation.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inclusion in the consolidated financial statements ends as soon as the Company no longer has control.

In addition to Servus HoldCo, altogether 29 subsidiaries (see following list), are included in the consolidated financial statements as at September 30, 2013.

Name of the Company	Registered office of the entity	Interest and control held by	Holding in %	Consolidation method
Servus Sub S.à r.l.	Luxembourg	Servus HoldCo S.à r.l.	100.00%	Full
Servus Luxembourg S.à r.l.	Luxembourg	Servus HoldCo S.à r.l.	100.00%	Full
Servus II (Gibraltar) Limited	Gibraltar	Servus HoldCo S.à r.l.	100.00%	Full
Servus Luxembourg Holding S.C.A.	Luxembourg	Servus Sub S.à r.l.	99.9968%	Full
		Servus Luxembourg S.à r.l.	0.0032%	
Blitz F10-neun GmbH	Frankfurt, Germany	Servus HoldCo S.à r.l.	100.00%	Full
Blitz F10-acht-drei-drei GmbH & Co KG	Frankfurt, Germany	Servus II (Gibraltar) Limited	94.90%	Full
Stable II S.à r.l.	Luxembourg	Servus Luxembourg Holding S.C.A.	94.90%	Full
		Blitz F10-acht-drei-drei GmbH & Co KG	5.10%	
Stable Beteiligungs GmbH	Koblenz, Germany	Stable II S.à r.l.	100.00%	Full
Stable HoldCo Inc.	Wilmington, USA	Stable Beteiligungs GmbH	100.00%	Full
Stable Romania S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	0.17%	Full
		Stabilus GmbH	99.83%	
Stable HoldCo Australia Pty. Ltd.	Dingley, Australia	Stable II S.à r.l.	100.00%	Full
LinRot Holding AG	Zürich, Switzerland	Stable II S.à r.l.	100.00%	Full
Stabilus US HoldCo Inc.	Wilmington, USA	Stable HoldCo Inc.	100.00%	Full
Stabilus UK HoldCo Ltd.	Banbury, United Kingdom	Stable Beteiligungs GmbH	100.00%	Full
Stabilus GmbH	Koblenz, Germany	Stable Beteiligungs GmbH	100.00%	Full
Stabilus Powerise GmbH	Melle, Germany	LinRot Holding AG	100.00%	Full
Stabilus Pty. Ltd.	Dingley, Australia	Stable HoldCo Australia Pty. Ltd.	100.00%	Full
Stabilus Ltda.	Itajubá, Brazil	Stabilus GmbH	99.99%	Full
Stabilus Espana S.L.	Lezama, Spain	Stabilus GmbH	100.00%	Full
Stabilus Ltd.	Banbury, United Kingdom	Stabilus UK HoldCo Ltd.	100.00%	Full
Stabilus Co. Ltd.	Busan, South Korea	Stabilus GmbH	100.00%	Full
Stabilus S.A. de C.V.	Ramos Arizpe, Mexico	Stabilus GmbH	99.9998%	Full
		Stabilus Ltd.	0.0002%	Full
Stabilus Inc.	Gastonia, USA	Stabilus US HoldCo Inc.	100.00%	Full
Stabilus Limited	Auckland, New Zealand	Stabilus GmbH	80.00%	Full
Stabilus Japan Corp.	Yokohama, Japan	Stable Beteiligungs GmbH	100.00%	Full
Stabilus France S.à r.l.	Poissy, France	Stabilus GmbH	100.00%	Full
Stabilus Romania S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	13.65%	Full
		Stabilus GmbH	86.35%	Full
Stabilus (Jiangsu) Ltd.	Wujin, China	Stabilus GmbH	100.00%	Full
Orion Rent Imobiliare S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	98.00%	Full

As against the previous fiscal year, four newly formed companies have been added to the scope of consolidated companies, prior to the Group's refinancing in June 2013. One of this newly formed companies, Servus Luxembourg Holding S. C. A., Luxembourg, being the issuer of the senior secured notes. One inactive company is no longer included in the scope of consolidation: Stabilus S.R.L., Villar Perosa, Italy.

The first steps in the internal restructuring of Romanian and US companies, initiated in the past years, have been finalised in the fiscal 2013. The shares in the Romanian operating company were sold by Stable Romania S.R.L. to Stable Beteiligungs GmbH. In the fiscal year 2014, Stable Romania S.R.L will be merged into the operating company, Stabilus Romania S.R.L., Romania. In addition, in the fiscal year ended September 30, 2013 Stable II S.à r.l., Luxembourg, sold its shares in Stable HoldCo Inc., Wilmington, USA, to Stable Beteiligungs GmbH, Germany. In the upcoming fiscal year 2014, the Group's two US holding companies will be merged as well.

Principles of consolidation. The assets and liabilities of the domestic and foreign entities included in consolidation are recognised in accordance with the uniform accounting policies of the Stabilus Group. Receivables and liabilities or provisions between the consolidated companies are offset. Intragroup revenues and other intragroup income and the corresponding expenses are eliminated. Intercompany gains and losses on intragroup delivery and service transactions are eliminated through profit or loss, unless they are immaterial. Deferred taxes, which reflect the average income tax charge on the recipient group entity, are recognised on consolidation adjustments affecting profit or loss.

Business combination. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquire, less
- the net recognised amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with the business combination are expensed as incurred.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Foreign currency translation. The consolidated financial statements are presented in Euro, as the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency of its primary economic environment in which the entity operates. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the historic rate.

Assets and liabilities of foreign subsidiaries where the functional currency is other than euro (€) are translated using the financial period-end exchange rates, while their income and expenses are translated using the average exchange rates during the period.

Translation adjustments arising from exchange rate differences are included in a separate component of shareholder's equity in amounts recognised directly in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Foreign currency transaction gains and losses on operating activities are included in other operating income and expenses. Foreign currency gains and losses on financial receivables and debts are included in interest income and expenses.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Country	ISO Code	Closing rate, 30.9.2013	Closing rate, 30.9.2012	Average rate year ended, 30.9.2013	Average rate year ended, 30.9.2012
Australia	AUD	1.4498	1.2394	1.3229	1.2631
Brazil	BRL	3.0181	2.6109	2.7669	2.4525
China	CNY	8.3055	8.1453	8.1884	8.2360
South Korea	KRW	1,454.2100	1,468.8300	1,451.4900	1,485.0900
Mexico	MXP	17.5791	16.6113	16.7285	17.3288
Romania	ROL	4.4604	4.5331	4.4422	4.4146
USA	USD	1.3510	1.2860	1.3123	1.2990

Changes in accounting policies on account of new standards

The new standards and their impact are presented below:

Standard/ Interpretation		Effective for fiscal years beginning on or after	Endorsement by EU Commission
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012	Yes

Amendment to IAS 1: Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that would be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods. The Stabilus Group applies the amendment to IAS 1 by adjusting the presentation of the OCI in the consolidated statement of comprehensive income, i. e. by adding an explanatory footnote to this item.

IFRSs issued but not yet adopted

Certain new standards, announcements of standards and interpretations were published by September 30, 2013, but their adoption is only obligatory after September 30, 2013. The Stabilus Group has decided in the case of standards and interpretations that are only to be adopted in later reporting periods not to apply the option to adopt them earlier.

Standard/ Interpretation		Effective for fiscal years beginning on or after	Endorsement by EU Commission
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	January 1, 2013	Yes
Amendment to IFRS 1	Government Loans	January 1, 2013	Yes
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013	Yes
IFRS 9	Financial Instruments	January 1, 2015	Yes
IFRS 10 and IAS 27	Consolidated Financial Statements, Separate Financial Statements	January 1, 2014	Yes
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014	No*
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance	January 1, 2014	Yes
IFRS 11 and IAS 28	Joint Arrangements, Investments in Associates and Joint Ventures	January 1, 2014	Yes
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	Yes
IFRS 13	Fair Value Measurement	January 1, 2013	Yes
Amendments to IFRS 7, 9	Mandatory Effective Date and Transition Disclosures	January 1, 2015	No*
Amendment to IAS 12	Deferred Taxes: Recovery of Unterlying Assets	January 1, 2013	Yes
IAS 19	Employee Benefits (Revised 2011)	January 1, 2013	Yes
Amendment to IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Yes
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014	No*
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014	No*
Improvements to IFRSs (2011)	Collection of Amendments to International Financial Reporting Standards	January 1, 2013	Yes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	Yes
IFRIC 21	Levies	January 1, 2014	No*

* The effective dates presented above, for the standards and interpretations that are not yet endorsed by the EU Commission, are the implementation dates stipulated by IASB.

Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters: Through this amendment to IFRS 1, previous references to a fixed transition date of January 1, 2004 are replaced with "the date of transition to IFRSs". Furthermore, rules have now been taken up in IFRS 1 for the event that an entity was unable for some time to comply with IFRSs because its functional currency was subject to hyperinflation. The amendments to IFRS 1 will not have any impact on future financial statements of the Stabilus Group as the Group has no entities in hyperinflation countries.

Amendment to IFRS 1: Government Loans: This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. Entities are required to apply these amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The amendment to IFRS 1 does not have any impact on future financial statements of the Stabilus Group as the Group has no government loans.

Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities: The standard amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosure to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The new offsetting disclosure requirements are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments need to be provided retrospectively to all comparative periods. The amendment to IFRS 7 does not have any impact on future financial statements of the Stabilus Group.

IFRS 9: Financial Instruments: IFRS 9 revises the existing principles on the classification and measurement of financial assets. The aim is to reduce the complexity of the accounting and to provide relevant decision-useful information for users of financial statements. The scope of IFRS 9 is initially limited to financial assets. The former classifications in IAS 39 are reduced to two measurement categories: amortized cost and fair value. The new classification shall be applied to existing financial assets. The retrospective application of the new regulations in accordance with IAS 8 will result in the adjustment of all information in the IFRS financial statements, as if the new accounting and measurement methods had always applied. The Stabilus Group is currently investigating the impact on the consolidated financial statements.

IFRS 10: Consolidated Financial Statements, Amendments to IAS 27 Separate Financial Statements: IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and the issues raised in SIC 12 resulting in SIC 12 being withdrawn. It does not change consolidation procedures, but creates a new and broader definition of control than under current IAS 27. IFRS 10 will not have any impact on future financial statements of the Stabilus Group.

Amendments to IFRS 10, 12 and IAS 27: Investment Entities: The amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. The key amendments include:

- "Investment entity" is defined in IFRS 10;
- An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity;
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment;
- An investment entity must measure its investment in another controlled investment entity at fair value;
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees.

The Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

IFRS 11: Joint Arrangements, Amendments to IAS 28 Investments in Associates and Joint Ventures: IFRS 11 replaces IAS 31 and SIC 13 and changes the accounting for joint arrangements by moving from three categories under IAS 31 to the two categories: joint operation and joint venture. According to this new classification, the structure of the joint arrangement is not the

only factor to be considered when classifying a joint arrangement. Under the new standard, it is required also to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, other facts and circumstances. IAS 28 was amended to include the application of the equity method to investments in joint ventures. IFRS 11 and the amendments to IAS 28 will not have any impact on future financial statements of the Stabilus Group.

IFRS 12: Disclosure of Interests in Other Entities: The new standard contains more extensive qualitative and quantitative disclosure requirements, which include disclosure of e. g. (a) summarised financial information for each subsidiary with a material non-controlling interest, for each individually material joint venture and associate, (b) significant judgements used by management in determining control, joint control, significant influence, and the type of joint arrangement, and (c) nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

IFRS 13: Fair Value Measurement: The new standard does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. It provides a definition of fair value and clarification on a number of concepts, including e. g. a description on how to measure fair value when a market becomes less active. The standard includes new disclosures related to fair value measurements as well. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendments to IFRS 7, 9: Mandatory Effective Date and Transition Disclosures: Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

Amendment to IAS 12: Deferred Taxes: Recovery of Underlying Assets: Recovery of underlying assets: In the case of investment property, it is often difficult to evaluate whether existing temporary tax differences will reverse during the continued utilisation or in the course of a disposal. The amendment to IAS 12 now clarifies that the reversal fundamentally takes place through a disposal. As a consequence of the amendment, SIC 21 Income Taxes – Recovery of Revalued Non-depreciable Assets no longer applies to investment property measured at fair value. The remaining guidelines have been integrated in IAS 12, and SIC 21 has as a consequence been withdrawn. The amendments to IAS 12 will not have any impact on future financial statements of the Stabilus Group.

IAS 19: Employee Benefits (Revised): The revised standard includes a number of amendments that range from fundamental changes to simple clarifications. The significant changes are the following:

- For defined benefits plans, the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been removed. Actuarial gains and losses are to be recognised in other comprehensive income when they occur. Amounts in profit or loss are limited to current and past service costs, gains and losses on settlements, and net interest income/expense. All other changes in the net defined benefit asset/ liability are recognised in other comprehensive income with no subsequent recycling to profit or loss.
- The distinction between short-term and other long-term employee benefits is to be based on expected timing of settlement rather than the employee's entitlement to the benefits.
- Termination benefits are to be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.
- The new disclosure requirements include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The amendments will have an impact on future consolidated financial statements of the Stabilus Group.

Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities: The amendments to IAS 32 clarify that:

- an entity has a legally enforceable right to set-off if that right is:
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle.

The amendments are to be applied retrospectively. The amendments to IAS 32 will not have any impact on future financial statements of the Stabilus Group.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets: The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. IAS 36 *Impairment of Assets* required disclosure of information about recoverable amount of impaired assets if that amount was based on fair value less costs to sell. Accordingly, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill and intangible assets with indefinite useful lives allocated to that unit was significant, compared to the entity's total carrying amount of goodwill and intangible assets with indefinite useful lives. This requirement has been deleted by the amendment. In addition, two disclosure requirements were added:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique.

The Group is currently evaluating the impact of these amendments on its consolidated financial statements.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting: The amendments provide exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations that arise as a consequence of laws or regulations, or the introduction of laws or regulations where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. All of the above criteria must be met to continue hedge accounting under this exception. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The amendments to IAS 39 will not have any impact on future financial statements of Stabilus Group.

Improvements to IFRSs (2011): Collection of amendments to International Financial Reporting Standards: In May 2012 the IASB published the Annual Improvements 2009–2011 Cycle, a collection of amendments to International Financial Reporting Standards (IFRSs), in response to five issues addressed during the 2009–2011 cycle. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. The amendments impact the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IAS 1 Presentation of Financial

Statements; IAS 16 Property, Plant and Equipment; IAS 32 Financial Instruments: Presentation; IAS 34 Interim Financial Reporting. The Improvements to IFRSs will not have any impact on future financial statements of the Stabilus Group.

IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine: In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). IFRIC 20 will not have any impact on future financial statements of the Stabilus Group.

IFRIC 21: Levies: Levies are defined as outflows of resources embodying economic benefits by government on entities in accordance with legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. The levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. IFRIC 21 will not have any impact on future financial statement of the Group.

3. Accounting policies

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the customer, a price is agreed upon or can be determined and when the payment is probable. Revenue from a contract to provide services is recognised according to the stage of completion, if the amount of the revenues can be measured reliably and it is probable that the economic benefits from the business will flow to the Group.

Cost of sales

Cost of sales comprises the cost of the conversion of products sold as well as the purchase costs of sold merchandise. In addition to the directly attributable material and production costs, it also includes indirect production-related overheads like production and purchase management, including depreciation on production plants and amortization of intangible assets. Cost of sales also includes write-downs on inventories to the lower net realizable value. Provisions for estimated costs related to product warranties are accrued at the time the related sale is recorded.

Research expenses and non-capitalized development expenses

Research expenses and non-capitalized development expenses are recognised in profit or loss when incurred.

Selling expenses

Selling expenses include sales personnel costs and operating sales costs such as for marketing. Shipping and handling costs are expensed within selling expenses when incurred. Fees charged to customers are shown as sales. Advertising costs (expenses for advertising, sales promotion and other sales-related activities) are expensed within selling expenses when incurred.

Borrowing costs. Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and therefore form part of the cost of that asset.

Interest income and expenses. The interest income and expenses include the interest expense from liabilities, interest income from the investment of cash and interest. Furthermore, the interest components from defined benefit pension plans and similar obligations and expenses from the winding back of the discounting of provisions for other risks are also reported under the personnel expenses.

Other financial income and expense. The other financial result includes all remaining expenses and income from financial transactions that are not included in the interest result.

Income taxes. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Income tax expenses represent the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

In accordance with IAS 12 deferred taxes are recognised on temporary differences between the carrying amounts and the corresponding tax base of assets and liabilities used in the computation of taxable income. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and deferred tax liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets on tax loss carry-forwards are only recognised if there is sufficient probability that the tax reductions resulting from them will actually occur. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill. Goodwill is determined to have an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36 the Group is testing the goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGU) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. An impairment of goodwill is recognised if the recoverable amount of the cash-generating unit is below its carrying amount. Impairment losses for goodwill are reported in the other expenses section. According to IAS 36 impairment losses recognised for goodwill are not reversed.

Goodwill impairment is tested at the level of Stabilus Group at the lowest level within the Group at which goodwill is being managed. As such decisions on resource allocation and production management are not being based separately on customer markets (Automotive, Industrial and Swivel Chair), but homogenously for all manufacturing lines, nearly all products can be produced by all machines to be marketed in all customer markets. Decentralised decision making and controlling structures do not yet exist in a detail that is required to base segment reporting upon – neither in respect to customer markets nor in respect to specific product lines. Also the Group only has one central worldwide purchasing structure that is not diversified in segments. Financial information for market segments is only available in terms of revenue and the gross margin, but not for EBITDA and further financial data.

Other intangible assets. Purchased or internally generated intangible assets are capitalised according to IAS 38, if a future economic benefit can be expected from the use of the asset and the costs of the asset can be determined reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortization: Software (3 to 5 years) and patented technology (16 years), customer relationships (24 years), unpatented technology (6 to 10 years) and trade name (18 years).

Research and development expenses. Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised at cost if the relevant recognition criteria according to IAS 38 are met. Capitalised development costs comprise all costs directly attributable to the development process. Capitalised development costs are amortized systematically from the start of production over the expected product cycle of three to fifteen years depending on the lifetime of the product.

Property, plant and equipment. Substantially, the entire property, plant and equipment is used for business purposes and is measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. The Group develops and assembles various production equipments internally; the related costs are also capitalised. Depreciation on property, plant and equipment is recorded straight-line in accordance with its utilization and based on the useful lives of the assets. The residual values, depreciation methods and useful lives are reviewed annually and adjusted, if necessary. Property in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Systematic depreciation is primarily based on the following useful lives: Buildings (40 years), machinery and equipment (10 years) and other equipment (5 to 8 years).

Leasing. Leases comprise all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use that asset is not explicitly described in an arrangement. Leases are classified as either finance or operating. In accordance with the regulations under IAS 17 on accounting for leases, economic ownership is attributed to the lessee if it bears substantially all of the risks and rewards associated with ownership (finance lease). If the criteria for a finance lease are fulfilled, assets and liabilities are recognised at the commencement of a lease term at fair value or the lower present value of the minimum lease payments. Assets are depreciated on a straight-line basis over the estimated useful life of the asset or shorter term of the lease. The discounted payment obligations resulting from the future leasing instalments are recognised under other long-term liabilities.

Lease payments resulting from finance leases are divided into principal payments and interest payments. Lease and rent payments resulting from operating leases are recognised as an expense in the consolidated statement of comprehensive income. Future burdens under operating lease relationships are disclosed under other financial obligations. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating leases are concluded for the leasing of office equipment.

Impairment of non-financial assets. Stabilus assesses at each reporting date whether there are indications that an asset may be impaired. If such indications exist or if annual impairment testing is required (for instance for goodwill), Stabilus estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of its fair value less cost to sell and its value in use. Stabilus determines the recoverable amount as fair value less cost to sell and compares this with the carrying amounts (including goodwill). The fair value is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of the operative planning (five-year-window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. If the fair value less cost to sell cannot be determined or is lower than the carrying amount, the value in use is calculated. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the amount of the difference.

The calculation of the fair value less cost to sell and the value in use is most sensitive to the following assumptions: (1) Gross margins are based on average values achieved in the last two years adopted over the budget period for anticipated efficiency improvements. (2) Discount rates reflect the current market assessments of the risks of the cash generating unit. The rate

was estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Partly forecast figures (mainly in Europe and the US) and partly past price developments have been used as an indicator for future developments. (4) Management notices that the Group's position continues to strengthen, as customers shift their purchases to larger and more stable companies. Therefore there is no need for any doubt regarding the assumption of market share. (5) Revenue growth rates are estimated based on published industry research.

An assessment for assets other than goodwill is made at each reporting date to determine whether there is any indication that impairment losses recognised in earlier periods no longer exist or may have decreased. In this case, Stabilus would record a partial or entire reversal of the impairment loss.

Inventories. Inventories are valued at the lower of cost and net realisable value using the average cost method. Production costs include all direct cost of material and labour and an appropriate portion of fixed and variable overhead expenses. Net realizable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Borrowing costs for the production period are not included. Provisions are set up on the basis of the analysis of stock moving and/or obsolete stock.

Financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments recorded as financial assets or financial liabilities are generally reported separately. Financial instruments are recognised as soon as the Stabilus Group becomes a party to the contractual provisions of the financial instrument. Financial instruments comprise financial receivables or liabilities, trade accounts receivable or liabilities, cash and cash equivalents and other financial assets or liabilities.

Financial instruments are initially measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories defined in IAS 39 "Financial Instruments: Recognition and Measurement". The measurement categories within the meaning of IAS 39 relevant for Stabilus Group are loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples include trade accounts receivable and loans originated by the company. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less impairment losses. Gains and losses are recognised in the consolidated earnings when the loans and receivables are derecognised or impaired. Interest effects from using the effective interest method are similarly recognised in profit or loss. For the accounting of purchase or sale of financial assets, Stabilus uses the settlement date. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year are discounted.

Financial assets. In addition to financial instruments assigned to a measurement category, financial assets also include cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, cheques and deposits at banks. The Group considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows. Interest received on these financial assets is generally recognised in profit or loss applying the effective interest method. Dividends are recognised in profit or loss when legal entitlement to the payment arises.

Impairment of financial assets. At each reporting date, the carrying amounts of the financial assets, other than those to be measured at fair value through profit or loss, are investigated to determine whether there is objective evidence of impairment (such as serious financial problems

on the part of the debtor or significant changes in the technological, economic, legal and the market environment of the debtor). For equity instruments, a significant or prolonged decline in fair value is objective evidence for possible impairment. Stabilus has defined criteria for the significance and duration of a decline in fair value.

Loans and receivables. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. In relation to trade accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will be unable to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derivative financial instruments. The Group does not have any derivative financial instruments apart from the derivatives embedded in the indenture which was concluded on June 7, 2013. Embedded derivatives are separated from the host contract, which is not measured at fair value through profit and loss, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separable embedded derivatives are measured at fair value at initial recognition and at each subsequent reporting date. The fair value of embedded derivatives 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 prise quoted on the Luxembourg stock exchange (Bourse de Luxembourg) at the respective valuation date. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative. Following initial recognition, changes in the fair value of derivative financial instruments are recognized in profit and loss.

Financial liabilities and equity instruments. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities. Financial liabilities primarily include notes (PY: bank, mezzanine and shareholder loans), equity upside-sharing instruments (EUSIs), trade accounts payable and other financial liabilities.

Financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost include notes (PY: bank, mezzanine and shareholder loans) as well as equity upside-sharing instruments (EUSIs) which comprise profit participating loans (PPLs) including a mezzanine warrant instrument. The naming is due to their highly subordinated nature. Nonetheless, they constitute "financial liabilities" and not "equity instruments" in the sense of IAS 39. After initial recognition, the financial liabilities are subsequently measured at amortized cost applying the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortization process.

Financial liabilities at fair value through profit or loss. As of September 30, 2013 the Group does not measure any financial liabilities at fair value through profit or loss. In the prior year equity upside-sharing instruments (EUSIs) were designated into this category. A financial liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. Because an active market for the EUSIs did not exist, EUSIs' fair value in prior years was established using a valuation technique. The valuation technique was based on Monte-Carlo simulations using for example the enterprise value, growth rate and volatility as parameters. For this type of instruments IFRS requires a measurement at amortized cost. However, the carrying amounts of EUSIs recognised in the previous years were not materially different from the measurement at amortized cost.

Pensions and similar obligations. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit pension plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The defined benefit liability recognised in the statement of financial position comprises the present value of the defined benefit obligation less unrecognised actuarial gains and losses and unrecognised past service cost less the fair value of plan assets out of which the obligations are to be settled directly. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions – in particular those for warranties and potential losses on pending transactions. Non-current provisions with a residual term of more than a year are recognised at balance sheet date with their discounted settlement amount. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Termination benefits are granted if an employee is terminated before the normal retirement age or if an employee leaves the company voluntarily in return for the payment of a termination benefit. The Group records termination benefits if it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate the employment of current employees or if it is demonstrably committed to pay termination benefits if employees leave the company voluntarily.

Provisions for warranties are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

4. Revenue

The Group's revenue developed as follows:

in € thousands	Year ended, 30.9.2013	30.9.2012
Automotive	298,068	282,831
Gas spring	242,728	254,172
Powerise	55,340	28,659
Industrial	136,856	132,666
Swivel chair	25,179	27,991
Revenue	**460,103**	**443,488**

in € thousands	Year ended, 30.9.2013	30.9.2012
Europe	230,221	237,868
NAFTA	150,035	134,619
Asia/Pacific and rest of world	79,847	71,001
Revenue	**460,103**	**443,488**

Group revenue results from sales of goods.

5. Cost of sales, research and development, selling and administrative expenses

	Year ended 30.9.2013				
in € thousands	Cost of sales	Research & development expenses	Selling expenses	Administrative expenses	Total
Capitalized development cost	–	13,814	–	–	**13,814**
Personnel expenses	(100,612)	(11,603)	(11,797)	(17,033)	**(141,045)**
Material expenses	(201,412)	(3,326)	(7,203)	(2,294)	**(214,235)**
Depreciation and amortization	(26,182)	(8,780)	(3,841)	(1,859)	**(40,662)**
Other	(21,499)	(7,678)	(16,092)	(28)	**(45,297)**
Total	**(349,705)**	**(17,573)**	**(38,933)**	**(21,214)**	**(427,425)**

in € thousands	Cost of sales	Research & development expenses	Selling expenses	Administrative expenses	Total
					Year ended 30.9.2012
Capitalized development cost	–	12,834	–	–	**12,834**
Personnel expenses	(98,118)	(8,523)	(14,089)	(19,524)	**(140,254)**
Material expenses	(197,515)	(3,477)	(5,779)	(2,169)	**(208,940)**
Depreciation and amortization	(26,662)	(7,692)	(4,008)	(1,641)	**(40,003)**
Other	(14,124)	(7,093)	(13,406)	(4,707)	**(39,330)**
Total	**(336,419)**	**(13,951)**	**(37,282)**	**(28,041)**	**(415,693)**

Selling expenses include shipping and handling cost amounting to €18,202 thousand (PY: €16,067 thousand). Other expenses exclude recharges to other functions. Administrative personnel expenses include all Koblenz second level managers, as well as globally all functional heads. The development of personnel expenses in the R&D and selling functions are impacted by reclassification of costs for a number of application managers from the selling to the R&D expenses.

The expense items in the statement of comprehensive income include following personnel expenses.

in € thousands	Year ended, 30.9.2013	30.9.2012
Wages and salaries	(99,323)	(98,013)
Compulsory social security contributions	(31,325)	(30,440)
Pension cost	(8,372)	(8,008)
Other social benefits	(2,025)	(3,793)
Personnel expenses	**(141,045)**	**(140,254)**

Compulsory contributions to social pension insurance are included in the line item pension cost.

The following table shows the Group's average number of employees.

	Year ended, 30.9.2013	30.9.2012
Wage earners	2,845	2,694
Salaried staff	789	748
Trainees and apprentices	78	77
Average number of employees	**3,712**	**3,519**

6. Other income

in € thousands	Year ended, 30.9.2013	30.9.2012
Foreign currency translation gains	2,746	4,851
Gains on sale / disposal of assets	617	64
Income from the release of other accruals	336	979
Miscellaneous other income	2,355	2,559
Other income	**6,054**	**8,453**

7. Other expenses

in € thousands	Year ended, 30.9.2013	30.9.2012
Foreign currency translation losses	(3,365)	(4,103)
Losses on sale / disposal of tangible assets	(60)	(72)
Addition to other provisions	(7)	–
Other expenses	(104)	(205)
Other expenses	**(3,536)**	**(4,380)**

8. Finance income

in € thousands	Year ended, 30.9.2013	30.9.2012
Interest income on loans and financial receivables	210	365
Net foreign exchange gain	–	4,824
Gains from changes in carrying amount of financial assets	2,761	–
Gains from changes in fair value of derivative instruments	1,396	–
Gains from changes in carrying amount of financial liabilities	–	1,967
Other interest income	1,096	712
Finance income	**5,463**	**7,868**

9. Finance costs

in € thousands	Year ended, 30.9.2013	30.9.2012
Interest expense on financial liabilities	(38,394)	(21,244)
Net foreign exchange loss	(7,154)	–
Interest expenses finance lease	(233)	(257)
Other interest expenses	(744)	(364)
Finance costs	**(46,525)**	**(21,865)**

10. Income tax expense

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable on the reporting date are used for the calculation of current taxes. Tax rates for the expected period of reversal, which are enacted or substantively enacted at the reporting date, are used for the deferred taxes. Deferred taxes are recognised as tax expenses or income in the statements of comprehensive income, unless they relate to items directly recognized in equity. In these cases the deferred taxes are also recognised directly in equity.

in € thousands	Year ended, 30.9.2013	30.9.2012
Current income taxes	(10,373)	(11,895)
Deferred taxes	228	2,412
Income tax expense	**(10,145)**	**(9,483)**

The respective local rates have been used to calculate the deferred taxes. A tax rate of 30 % has been used for group purposes. The current income taxes comprise prior year taxes amounting to €(2,849) thousand (PY: €(2,824) thousand).

The actual tax expense of €(10,145) thousand deviates in the amount of €11,905 thousand from the expected tax gain of €1,760 thousand that results from applying the group income tax rate 30 % to the annual earnings of the Group before income taxes.

in € thousands	Year ended, 30.9.2013	30.9.2012
Income/ (loss) before income tax	**(5,866)**	**17,871**
Expected tax income/ (loss): 30%	1,760	(5,361)
Prior year taxes	(2,849)	(2,824)
Tax effect of non-deductible expenses	(55)	(854)
Valuation allowance interest carry-forward	(6,711)	(3,051)
Tax free income	1,469	3,714
Tax audit reserve	(460)	–
Non-capitalized deferred taxes on domestic losses	28	(2,903)
Additions/ deductions due to trade tax	(502)	(783)
Effect of divergent tax rates	(3,547)	(284)
Utilization of non-capitalized losses/ interest carried forward	184	2,482
Reversal of valuation allowance DTA on net operating loss	480	–
Other tax effects	57	380
Actual income tax expense	**(10,145)**	**(9,483)**
Tax charge in %	**(172.9)%**	**53.1%**

The tax effect of non-deductible expenses mostly includes the effect of German non-deductible expenses. The tax effect due to non-recognition of deferred tax assets includes the valuation allowance for the current tax loss carry-forwards. The tax effect of non-capitalised deferred taxes on domestic losses is calculated with the local tax rates on the basis of the negative earnings before taxes (EBTs) of the respective companies.

The deferred tax assets (DTA) and deferred tax liabilities (DTL) in respect of each type of the temporary difference and each type of unused tax losses before offset are as follows:

	30.9.2013			30.9.2012		
in € thousands	DTA	DTL	Total	DTA	DTL	Total
Intangible assets	190	(50,776)	(50,586)	36	(52,849)	(52,813)
Property, plant & equipment	3,281	(8,232)	(4,951)	2,958	(9,710)	(6,752)
Inventories	220	(975)	(755)	642	(54)	588
Receivables	222	(956)	(734)	218	(2,098)	(1,880)
Other assets	333	(3)	330	199	(93)	106
Provisions and liabilities	6,361	(3,521)	2,840	8,279	(88)	8,191
Tax losses	1,886	–	1,886	816	–	816
Subtotal	**12,493**	**(64,463)**	**(51,970)**	**13,148**	**(64,892)**	**(51,744)**
Netting	(5,140)	5,140	–	(8,088)	8,088	–
Total	**7,353**	**(59,323)**	**(51,970)**	**5,060**	**(56,804)**	**(51,744)**

Deferred tax assets and deferred tax liabilities have been offset if they relate to income taxes levied by the same tax authorities and if there is a right to offset current tax assets against current tax liabilities.

As of September 30, 2013 the Group has unused tax loss carry-forwards of €22,839 thousand (PY: €16,639 thousand). The following table provides a detailed overview of the tax loss carry-forwards and the expiration dates.

					Year ended 30.9.2013	
in € thousands	**Tax loss carry-forward**	**Tax rate**	**Deferred tax asset (gross)**	**Valuation allowance**	**Deferred tax asset (net)**	**Expiration date**
Germany	1,959	30.2%	592	(592)	–	Indefinite
Spain	9,092	28.0%	2,546	(2,546)	–	Indefinite
Romania	11,788	16.0%	1,886	–	1,886	Within 5 years
Total	**22,839**		**5,023**	**(3,137)**	**1,886**	

					Year ended 30.9.2012	
in € thousands	**Tax loss carry-forward**	**Tax rate**	**Deferred tax asset (gross)**	**Valuation allowance**	**Deferred tax asset (net)**	**Expiration date**
Germany	1,881	30.2%	564	(564)	–	Indefinite
Spain	9,493	28.0%	2,658	(2,658)	–	Indefinite
Romania	5,265	16.0%	842	(26)	816	Within 5 years
Total	**16,639**		**4,064**	**(3,248)**	**816**	

The overview above excludes the tax loss carry-forward and interest carry-forward of Stable Beteiligungs GmbH, Stabilus GmbH and Stabilus Powerise GmbH for the time prior April 8, 2010. Under current tax law interpretations in Germany, the Group has lost the historical tax loss carry forward with the change of control on April 8, 2010.

A change of control/ conversion of debt clause is also included in the US tax law. As such the overview excludes the tax loss carry-forward of the subsidiaries in the USA.

Interest carry-forwards in Romania, USA and Germany are not considered, as it is not likely that these carry-forwards will be utilized.

11. Property, plant and equipment

Property, plant and equipment are presented in the following table.

in € thousands	Land, equivalent rights to real property	Building and land improvements	Technical equipment and machinery	Other tangible equipment	Construction in progress	Total
Gross value						
Balance as of Sept 30, 2011	**10,366**	**26,093**	**81,924**	**18,232**	**15,400**	**152,015**
Foreign currency difference	125	763	3,121	865	312	5,186
Additions	424	650	8,537	4,337	4,951	18,899
Disposals	–	–	(2,225)	(875)	–	(3,100)
Reclassifications	(31)	626	4,227	1,099	(7,443)	(1,522)
Balance as of Sept 30, 2012	**10,884**	**28,132**	**95,584**	**23,658**	**13,220**	**171,478**
Foreign currency difference	(46)	(757)	(3,251)	(926)	(208)	(5,188)
Additions	52	2,079	3,100	2,147	13,058	20,436
Disposals	(22)	(71)	(2,362)	(999)	–	(3,454)
Reclassifications	–	290	3,688	1,835	(5,841)	(28)
Balance as of Sept 30, 2013	**10,868**	**29,673**	**96,759**	**25,715**	**20,229**	**183,244**
Accumulated depreciation						
Balance as of Sept 30, 2011	**–**	**(2,097)**	**(20,249)**	**(5,764)**	**(819)**	**(28,929)**
Foreign currency difference	–	(245)	(2,392)	(704)	–	(3,341)
Depreciation expense	–	(1,651)	(15,228)	(5,290)	–	(22,169)
Disposals	–	–	2,223	853	–	3,076
Reclassifications	–	–	41	(41)	–	–
Balance as of Sept 30, 2012	**–**	**(3,993)**	**(35,605)**	**(10,946)**	**(819)**	**(51,363)**
Foreign currency difference	–	354	2,281	756	–	3,391
Depreciation expense	–	(1,763)	(14,888)	(5,094)	–	(21,745)
Disposals	–	30	1,957	747	–	2,734
Reclassifications	–	14	(184)	185	–	15
Balance as of Sept 30, 2013	**–**	**(5,358)**	**(46,439)**	**(14,352)**	**(819)**	**(66,968)**
Carrying amount						
Balance as of Sept 30, 2012	**10,884**	**24,139**	**59,979**	**12,712**	**12,401**	**120,115**
Balance as of Sept 30, 2013	**10,868**	**24,315**	**50,320**	**11,363**	**19,410**	**116,276**

Property, plant and equipment includes assets resulting from two finance lease contracts with a carrying amount of €3,747 thousand as of September 30, 2013 (PY: €6,327 thousand), of which €2,543 thousand (PY: €3,028 thousand) relate to a sale and leaseback agreement concluded in 2008, and €1,204 thousand (PY: €1,257 thousand) relate to a real estate finance lease agreement signed in December 2010 by Orion Rent Imobiliare S.R.L., Bucharest, prior to Stabilus Group taking the majority of the company. The third finance lease agreement, which was concluded in 2006, expired in the fiscal 2013: carrying amount as of September 30, 2013 € – (PY: 2,042 thousand).

Contractual commitments for the acquisition of property, plant and equipment amount to €2,441 thousand (PY: €1,733 thousand). Typically these have been secured by a bank guarantee or an in-depth check of the relevant supplier.

The total depreciation expense for tangible assets is included in the consolidated statement of comprehensive income in the following line items:

	Year ended,	
in € thousands	30.9.2013	30.9.2012
Cost of sales	(19,759)	(20,367)
Research and development expenses	(713)	(569)
Selling expenses	(285)	(369)
Administrative expenses	(988)	(864)
Depreciation expense	**(21,745)**	**(22,169)**

Prepayments by Stabilus Group for property, plant and equipment and intangible assets of €144 thousand (PY: €369 thousand) are included in other non-current assets.

12. Goodwill

The first-time consolidation of the Stable II S.à r. l., Luxembourg, resulted in goodwill of €51 million. The first-time consolidation of Orion Rent Imobiliare S.R.L, Bucharest, Romania, in the financial year ended September 30, 2011 resulted in goodwill of €205.1 thousand. The acquisition of additional 49% voting shares in Orion Rent Imobiliare S.R.L., Bucharest, in the fiscal year ended September 30, 2012 led to additional goodwill of €191.3 thousand.

The fair value less costs to sell of the unit is measured by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: The underlying cash flow forecasts are based on the five-year medium term plan ("MTP") approved by the Management Board. The cash flow planning takes into account price agreements based on experience and anticipated efficiency enhancements as well as sales growth of about 7.2% (PY: 8.1%) on average based on the strategic outlook. While the overall economic outlook is very volatile the Group believes that its market-orientated approach and leading edge products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (PY: 1%) growth rate. The discount rate applied to cash flow projections is 8.9% (PY: 9.6%). The pre-tax discount rate is 13.1% (PY: 12.9%).

Group management believes that the overall economic situation and the position of the Group have improved since the acquisition on April 8, 2010. The Group planning is based on the following economic assumptions:

- The business plan used to determine the purchase price and the valuations in April 2010 is viewed as achievable in the current economic environment.
- Since April 2010 the overall economic climate for automotive is seen more positively, which should support the Group's revenue plan.
- The significant debt on balance sheet reduction as a result of the refinancing and acquisition by Servus HoldCo in 2009/2010 has substantially improved key customer confidence in Stabilus' long term partnership concept. This has resulted in additional orders, also for products with a longer life cycle horizon like Powerise (electric tail gate opening system). Supplier confidence and credit insurer confidence will also improve over time, which will potentially have a positive effect on the Group's cash needs in the medium term.
- With the support of the new shareholder, business projects that are capital intensive upfront, but in the long term very profitable, allow management to improve the Group's longer term prospects.

13. Other intangible assets

Other intangible assets are presented in the following table.

in € thousands	Development cost	Development cost under construction	Software	Patents	Customer Relationship	Technology	Trade-name	Total
Gross value								
Balance as of Sept 30, 2011	**38,202**	**11,864**	**1,876**	**1,255**	**83,683**	**58,132**	**13,246**	**208,258**
Foreign currency difference	(463)	121	(173)	9	–	–	–	(506)
Additions	4,363	8,471	460	6	–	–	–	13,300
Disposals	(10)	–	(50)	–	–	–	–	(60)
Reclassifications	5,373	(5,345)	1,493	1	–	–	–	1,522
Balance as of Sept 30, 2012	**47,465**	**15,111**	**3,606**	**1,271**	**83,683**	**58,132**	**13,246**	**222,514**
Foreign currency difference	(280)	(211)	(67)	(6)	–	–	–	(564)
Additions	3,100	10,714	362	3	–	–	–	14,179
Disposals	–	–	(109)	–	–	–	–	(109)
Reclassifications	2,641	(2,758)	130	–	–	–	–	13
Balance as of Sept 30, 2013	**52,926**	**22,856**	**3,922**	**1,268**	**83,683**	**58,132**	**13,246**	**236,033**
Accumulated amortization								
Balance as of Sept 30, 2011	**(8,032)**	**–**	**(1,191)**	**(870)**	**(5,230)**	**(8,217)**	**(1,104)**	**(24,644)**
Foreign currency difference	648	–	183	(10)	–	–	–	821
Amortization expense	(5,978)	–	(837)	(59)	(3,487)	(5,478)	(736)	(16,575)
Impairment loss	(1,259)	–	–	–	–	–	–	(1,259)
Disposals	1	–	49	–	–	–	–	50
Balance as of Sept 30, 2012	**(14,620)**	**–**	**(1,796)**	**(939)**	**(8,717)**	**(13,695)**	**(1,840)**	**(41,607)**
Foreign currency difference	103	–	35	6	–	–	–	144
Amortization expense	(6,876)	–	(1,051)	(61)	(3,487)	(5,478)	(736)	(17,689)
Impairment loss	(1,227)	–	–	–	–	–	–	(1,227)
Disposals	–	–	109	–	–	–	–	109
Balance as of Sept 30, 2013	**(22,620)**	**–**	**(2,703)**	**(994)**	**(12,204)**	**(19,173)**	**(2,576)**	**(60,270)**
Carrying amount								
Balance as of Sept 30, 2012	**32,845**	**15,111**	**1,810**	**332**	**74,966**	**44,437**	**11,406**	**180,907**
Balance as of Sept 30, 2013	**30,306**	**22,856**	**1,219**	**274**	**71,479**	**38,959**	**10,670**	**175,763**

The trade name, patented and unpatented technology and customer relationship are recognised at the acquisition date.

The borrowing costs capitalised during the period amount to €1,065 thousand (PY: €674 thousand). A capitalisation rate of 7.75 % (PY: 7.25%) was used to determine the amount of borrowing costs.

The total amortization expense and impairment loss for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

	Year ended,	
in € thousands	**30.9.2013**	**30.9.2012**
Cost of sales	(6,422)	(6,295)
Research and development expenses	(8,067)	(7,123)
Selling expenses	(3,555)	(3,639)
Administrative expenses	(872)	(777)
Amortization expense (incl. impairment loss)	**(18,916)**	**(17,834)**

Contractual commitments for the acquisition of intangible assets amount to €562 thousand (PY: €753 thousand).

During the financial year, costs of €13,814 thousand (PY: €12,834 thousand) were capitalised for development projects that were incurred in the product and material development areas. Systematic amortization of capitalised internal development projects amounted to €6,876 thousand (PY: €5,978 thousand). Amortization expenses on development costs include impairment losses of €1,227 thousand (PY: €1,259 thousand) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

14. Other financial assets

	30.9.2013			30.9.2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Loan to shareholder	–	77,134	77,134	–	–	–
Derivative instruments	10,845	–	10,845	–	–	–
Restricted cash	–	–	–	–	2,679	2,679
Other financial assets	**10,845**	**77,134**	**87,979**	**–**	**2,679**	**2,679**

Loan to shareholder

Using the proceeds from issuance of the senior secured notes in June 2013, Stabilus Group provided a €80,014 thousand loan to its shareholder. According to the upstream loan agreement dated June 7, 2013 and an amendment agreement dated June 28, 2013, the upstream shareholder loan matures on June 7, 2018. No interest accrues or is payable on or in respect of this loan. On the maturity date a premium of 61.051% is due and payable on outstanding principal amount of €80,014 thousand. All or part of the outstanding principal amount, including an early prepayment premium specified in the agreement, can be repaid prior to the maturity date. The loan to shareholder is measured at amortized cost according to the effective interest method. The effective interest is 11.52%.

Derivative instruments

Derivative financial instruments comprise solely fair values of early redemption options embedded in the indenture which was concluded on June 7, 2013. See also Note 21.

Restricted cash

As of September 30, 2012 restricted cash of €2,679 thousand essentially comprised cash deposits amounting to €1,350 thousand from a letter of guarantee for the insolvency protection of the German early retirement scheme ('Altersteilzeit'), cash deposits amounting to €811 thousand resulting from a letter of guarantee for the Environment Protection Agency, USA, and cash deposits amounting to €300 thousand for a letter of guarantee for the rent of the production facility in Brasov, Romania. Following the Group's refinancing in June 2013, the letters of credit and of guarantee are now covered by the ancillary facilities of the revolving credit facility agreement signed on June 7, 2013. See also Note 21. Accordingly, as of September 30, 2013, the Group does not have any restricted cash.

15. Other assets

	30.9.2013			30.9.2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
VAT	6,514	–	6,514	5,030	–	5,030
Prepayments	892	144	1,036	645	369	1,014
Deferred charges	1,449	–	1,449	1,524	–	1,524
Other miscellaneous	4,525	880	5,405	7,847	801	8,648
Other assets	**13,380**	**1,024**	**14,404**	**15,046**	**1,170**	**16,216**

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

Other miscellaneous current assets as of September 30, 2012 include a €5.0 million cost order receivable resulting from the judgement of the High Court in London in regards to the pre April 2010 mezzanine lenders claim. In the fiscal year 2013 this cost order receivable was fully settled by cash receipt of €1.8 million and by netting of the remaining €3.2 million with related outstanding liabilities.

16. Inventories

in € thousands	**30.9.2013**	**30.9.2012**
Raw materials and supplies	23,809	26,223
Finished products	10,053	12,973
Work in progress	7,511	6,986
Merchandising	4,690	3,792
Inventories	**46,063**	**49,974**

Inventories that are expected to be turned over within twelve months amount to €46,063 thousand (PY: €49,974 thousand). Write-downs on inventories to net realisable value amount to €3,421 thousand (PY: €1,659 thousand). In the reporting period raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to €201,412 thousand (PY: €197,515 thousand).

Stabilus Group's prepayments for inventories amounting to €675 thousand (PY: €430 thousand) are included in prepayments in other current assets.

17. Trade accounts receivable

Trade accounts receivable include following items:

in € thousands	30.9.2013	30.9.2012
Trade accounts receivable	69,362	60,813
Allowance for doubtful accounts	(1,586)	(1,863)
Trade accounts receivable	**67,776**	**58,950**

The Group provides credit in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such receivables. The Company establishes an allowance for doubtful accounts based upon factors such as the credit risk of specific customers, historical trends and other information.

The allowances for doubtful accounts developed as follows:

in € thousands	30.9.2013	30.9.2012
Allowance for doubtful accounts as of beginning of fiscal year	**(1,863)**	**(2,532)**
Foreign currency differences	73	52
Increase in the allowance	(83)	(1)
Decrease in the allowance	287	618
Allowance for doubtful accounts as of fiscal year-end	**(1,586)**	**(1,863)**

18. Current tax assets

The current tax assets relate to the income taxes.

19. Cash and cash equivalents

Cash includes cash on hand and in banks, i. e. liquid funds and demand deposits. It amounts to €21,819 thousand (PY: €41,638 thousand). Cash in banks earned interest at floating rates based on daily bank deposit rates.

20. Equity

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

Issued capital amounts to €5,012,500.01 as of September 30, 2013 (501,250,001 shares).

Additional paid-in capital comprises funds provided by the shareholder Servus Group HoldCo II S.à r.l., Luxembourg.

In fiscal year 2013 Servus HoldCo S.à r.l., Luxembourg, paid a dividend out of additional paid-in capital to its shareholder Servus Group HoldCo II S.à r. l., Luxembourg, amounting to €(150) thousand (PY: €(300) thousand).

In June 2013, as part of the Group's refinancing, the additional paid-in capital was increased by an aggregate amount of €80,017 thousand in the annual financial statements of the parent company, comprising two equity contributions from the shareholder of €44,000 thousand and €36,017 thousand. However, there was no increase in equity from the contribution of €36,014 thousand receivables in EUSIs (main part of the second equity contribution) in the group accounts of Servus HoldCo because the transfer does not constitute a contribution of assets from the consolidated perspective. The second equity contribution of €36,017 thousand relates to the contribution of shares in a new group company Servus II (Gibraltar) Limited, Gibraltar, comprising the nominal value of shares of €3 thousand and the value of receivables in EUSIs of €36,014 thousand.

Retained earnings as of September 30, 2013 comprise the loss of the Stabilus Group for the fiscal year 2013 and the profit for prior years and is affected by a distribution of shareholder loan of €(5,641) thousand.

Other reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations. The following table shows the changes in other reserves recognized directly in equity as well as the income tax recognised directly in equity:

					30.9.2013
in € thousands	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains/ (losses) from foreign currency translation	(3,145)	–	(3,145)	–	(3,145)
Other comprehensive income for the period	**(3,145)**	**–**	**(3,145)**	**–**	**(3,145)**

					30.9.2012
in € thousands	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains/ (losses) from foreign currency translation	(1,782)	–	(1,782)	–	(1,782)
Other comprehensive income for the period	**(1,782)**	**–**	**(1,782)**	**–**	**(1,782)**

In the fiscal year 2013, Stabilus Group paid a dividend to **non-controlling interests** amounting to €(77) thousand (PY: –).

21. Financial liabilities

The financial liabilities comprise following items:

			30.9.2013			30.9.2012
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Revolving credit facility	–	–	–	–	–	–
Notes*	7,663	311,797	319,460	–	–	–
Senior loans	–	–	–	–	126,324	126,324
Mezzanine loans	–	–	–	–	113,725	113,725
Shareholder loans	–	–	–	–	41,987	41,987
EUSIs	–	3,300	3,300	–	3,430	3,430
Financial liabilities	**7,663**	**315,097**	**322,760**	**–**	**285,466**	**285,466**

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

With the issuance of senior secured notes in June 2013 Stabilus Group refinanced its existing non-current financial liabilities. Using the proceeds from the issuance of the notes and the additional cash on hand of €30.0 million, the Group, inter alia, fully redeemed its senior, mezzanine and shareholder loans, paid €12.0 million on EUSIs and provided a loan to the shareholder.

Super senior revolving credit facility

On June 7, 2013 Servus HoldCo entered into a super senior revolving credit facility agreement with, among others, J.P. Morgan Limited and Commerzbank Aktiengesellschaft as mandated

lead arrangers, J.P. Morgan Europe Limited as facility agent and security agent; JP Morgan Chase Bank, and/ or its affiliates and Commerzbank Aktiengesellschaft as lenders, providing for a committed multi-currency facility of €25.0 million and with an option for one or more uncommitted up to €15.0 million additional facilities. The revolving facility matures on March 7, 2018, i. e. four years and nine months after the date of issuance of senior secured notes and the conclusion of the super senior revolving credit facility agreement. The initial margin interest on the loans utilized under the revolving credit facility is 3.75% per annum and from June 2014 on will be a percentage rate determined in accordance with a net leverage ratio related margin grid (ratchet) with a range from 2.75% to 3.75% per annum.

An ancillary facility can be made available under this revolving credit facility, containing e. g. overdraft facilities, guarantees, bonding, documentary or standby letter of credit facilities, short-term loan facilities, derivatives or foreign exchange facilities subject to the satisfaction of certain conditions precedent. A fronting fee of 0.125% p.a. is payable on the amount of any letter of credit or bank guarantee issued under the revolving credit facility.

During the availability period on the available but unused commitments under this credit facility, a commitment fee of 30% of the applicable margin is payable in arrears on the last day of each successive three-month period.

The revolving credit facility is guaranteed by Servus HoldCo and other subsidiary guarantors defined in the agreement. It is secured by the same collateral that secures the senior secured notes issued on June 7, 2013. The agreement contains certain financial covenants, including a requirement of a minimum EBITDA.

Senior secured notes

On June 7, 2013 a Group entity, Servus Luxembourg Holding S.C.A., Luxembourg, issued €315 million in aggregate principal amount of senior secured notes due on June 15, 2018. The notes were issued under an indenture among, inter alios, the issuer, Servus HoldCo S.à r.l., Servus Sub, Servus Luxembourg S.à r.l., the issuer's subsidiaries that guarantee the notes, Servus HoldCo II S.à r.l., Blitz F10-acht-drei-drei GmbH & Co. KG, Citibank, N. A., London Branch, as trustee, and J.P. Morgan Europe Limited, as security agent. Interest on the notes accrues at the rate of 7.75% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2013. The redemption price at maturity will equal 100% of the principal amount of the notes redeemed.

At any time prior to June 15, 2015, the Group may on any one or more occasions redeem up to 35% of the aggregate principal amount of the notes, upon not less than 30 nor more than 60 days' notice to holders, at a redemption price equal to 107.750% of the principal amount of the notes redeemed, plus accrued and unpaid interest and additional amounts (if any) to (but not including) the date of redemption. In addition, at any time prior to June 15, 2015, the Group may on any one or more occasions redeem all or part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of the date of redemption, and accrued and unpaid interest and additional amounts (if any) to the date of redemption. On or after June 15, 2015, the Group may on any one or more occasions redeem all or part of the notes upon not less than 30 nor more than 60 days' notice, at the redemption price of 103.875% in 2015, 101.938% in 2016 and 100.000% in 2017 and thereafter, plus accrued and unpaid interest and additional amounts (if any) on the notes redeemed, to the applicable date of redemption. **Early redemption options** were reported as embedded derivatives in accordance with IAS 39. See also Notes 14 and 30.

The notes are secured by first-ranking liens over the **collateral**. The collateral package includes pledging of shares in the guaranteeing subsidiaries, certain bank account balances, inventory and receivables pledges, as well as liens on real estate and intellectual property. As of September 30, 2013, a total of €806,038 thousand (PY: €805,965 thousand) of financial assets had been pledged as collateral.

The notes are listed on the Official List of the Luxemburg Stock Exchange and admitted for trading on the Euro MTF Market.

Senior loans. A senior facilities agreement dated April 8, 2010 was concluded between the company and J.P. Morgan PLC as the mandated lead arranger, various financial institutions, and J.P. Morgan Europe Limited as the agent and the security trustee. The facilities subject to this agreement were the super super senior revolving facility (which was repaid in 2011), the super senior facility 1, the super senior facility 2, the senior facility and the uncommitted capex facility.

The senior facilities were to mature on October 8, 2016. The interest rate was 4.25% until April 8, 2013 and EURIBOR plus 2.5% thereafter. As of September 30, 2012, the principal amounts of the senior euro facility and of the senior dollar facility amounted to €97,360 thousand and US$32,251 thousand respectively. The carrying amounts of these two facilities as of the end of the prior fiscal year were €99,816 thousand and €26,508 thousand respectively.

The 14.1 million super super senior revolving facility was not drawn as of September 30, 2012. All possible amounts outstanding under the revolving facility were not be repaid at the latest on the respective termination date, which is six years after April 8, 2010. The 15.0 million uncommitted capex facility applied to all amounts borrowed under the senior facility agreement towards financing capital expenditure. This facility was not drawn as of September 30, 2012. All possible amounts outstanding under the uncommitted capex facility were to be repaid at the latest on the respective termination date, which was six years and six months after April 8, 2010.

The credit agreement allowed the Group to select the interest period within certain boundaries for the senior loan facilities. A six-month interest period had been chosen.

The facility agreements contained certain financial covenants, including the requirement of a minimum interest cover (ratio of consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") to consolidated net finance charges), a minimum cash cover (ratio of consolidated cash flow to net debt service), a maximum leverage (ratio of consolidated total net debt to consolidated EBITDA), a minimum consolidated EBITDA, a minimum of cash on balance sheet and restrictions on capital expenditures.

The agreements also contained limitations typical for syndicated loans about undertakings, prepayment undertakings and general undertakings including business restrictions whereof the main undertakings relate to restrictions concerning merger, substantial business changes, acquisitions, disposals, additional indebtedness and loans, guarantees or indemnities, dividends and share redemption.

As of September 30, 2013, senior loans were fully redeemed.

Mezzanine loans. A mezzanine facility agreement dated April 8, 2010 was concluded between Stable Beteiligungs GmbH, Koblenz, Wilmington Trust (London) Limited, as agent, and J.P. Morgan Europe Limited, as security trustee. The subject of this agreement was a term loan facility drawn down in two amounts, one in euro and one in US dollars.

The mezzanine facilities were to mature on October 8, 2017. The interest rate was 10.75%. As of September 30, 2012, the principal amounts of the mezzanine euro facility and of the mezzanine dollar facility amounted to €66,301 thousand and US$30,150 thousand respectively. The carrying amounts of these two facilities as of the end of the prior fiscal year were €84,016 thousand and €29,709 thousand respectively.

According to the agreement the interest payment periods could be selected by the Company within certain boundaries. The selected interest payment period was chosen to be six months.

The mezzanine facility agreement contained basically the same clauses comprising financial covenants, information undertakings, prepayment undertakings and general covenants as agreed within the senior facilities agreement described above.

As of September 30, 2013, mezzanine loans were fully redeemed.

Shareholder loans

A shareholder loan agreement dated April 6, 2010 was concluded between the company and Servus Group HoldCo II S. à r. l., Luxembourg, the shareholder of the company. Subject to this agreement was the unsecured loan as from the date of the agreement in a principal amount of €33,000 thousand, which had to be repaid in full on the final maturity date, which is the date falling 10 years from the closing date.

Interest was accruing on the loan with an interest rate of 10 % per annum as from the date of the payment of the loan. The interest accrued from day to day and was calculated on the basis of the actual number of days elapsed and a year of 360 days. The interest was not required to be paid in cash but accrued on each anniversary of this agreement.

As of September 30, 2013, shareholders loans were fully redeemed.

Equity upside-sharing instruments (EUSIs)

Equity upside-sharing instruments (EUSIs) comprise profit participating loans (PPLs) and a mezzanine warrant instrument. In conjunction with the financial restructuring of the Stabilus business (closing April 8, 2010), all non-performing debt instruments, consisting of parts of the senior debt, the mezzanine debt, equity tainted loan (ETL) and preferred equity certificates (PEC) were transferred to Servus HoldCo. The purchase of these debt instruments was reimbursed to the lenders, represented by the PPL agent (JP Morgan Limited), by issuing of profit participating loan instruments by Servus HoldCo, each with a nominal value of €1. In June 2013, the maturity of EUSIs was extended to the year 2043. The exit can be triggered by the management of Servus HoldCo. The uniform conditions of these PPL instruments are as follows:

Principal amount	€1
Maturity	June 7, 2043
Redemption amount	Outstanding principal amount plus accumulated interest
Fixed interest rate	1% fixed interest rate on the outstanding principal amount, payable at maturity
Variable interest	The loan entitles to receive all cash flows which flow to Servus HoldCo as a result of the underlying instruments, less a margin of 0.12% of each payment.
Pre-mature call option	Only on exit, which means (1) a change of control or (2) the sale or disposal of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions or (3) a flotation or (4) a refinancing or (5) a distribution.

Senior EUR PPL: As underlying instrument, Stable II as lender and Stable Beteiligungs GmbH conclude a new loan (Senior EUR loan) with a notional value of €118,374,107.19 and US$14,950,327.44 (maturity: April 8, 2020). Furthermore, Stable II grants a claim, via other group entities, to Servus HoldCo in form of a profit-participating loan (senior EUR PPL) with a notional value of €1. Finally, the creditors, represented by the PPL agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Senior EUR PPL) with a notional value of €1.

Senior USD PPL: As underlying instrument, Stable II as lender and Stable HoldCo Inc. conclude a new loan (Senior USD loan) with a notional value of €9,957,758.21 and US$25,079,622.73 (maturity: April 8, 2043). Furthermore, Stable II grants a claim, via other group entities, to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of €1.

Finally, the creditors, represented by the PPL agent receive a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of €1.

Mezzanine PPL: As underlying instrument, Stable II as lender and Stable Beteiligungs GmbH conclude a new loan (Mezz Loan) with a principal value of €92,184,426.09 (maturity: April 8, 2043). Furthermore, Stable II grants a claim, via other group entities, to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of €1. Finally, the creditors, represented by the PPL agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of €1.

Equity tainted loan (ETL) PPL: As underlying instrument, the equity tainted loan (ETL) with a notional value of €72,433,267.00 was sold by the lenders, represented by the security trustee, to Servus HoldCo in return for the payment of €1. The original ETL was then amended by an agreement between the issuer, Stable II, and Servus HoldCo. In return for the purchase of the original ETL, the lenders, represented by the PPL agent, grant Servus HoldCo a profit participating loan (ETL PPL) with a notional value of €1. In June 2013, as part of the group's refinancing, the ETL PPL receivable was contributed by the shareholder to Servus II (Gibraltar) Limited.

Preferred equity certificates (PEC) PPL: As underlying instrument, the interest-free preferred equity certificates (IFPECs) with an aggregated notional value of €98,067,780.00 were sold by the lenders, represented by the security trustee, to Servus HoldCo in return for the payment of €1. The IFPECs were then converted by a contract amendment agreement between the issuers of the IFPECs, Stable II and Servus HoldCo, to PECs. In return for the purchase of the IFPECS by Servus HoldCo, the lenders, represented by the PPL agent, receive a claim from Servus HoldCo in form of a profit-participating loan (PEC PPL) with a notional value of €1. In June 2013, as part of the group's refinancing, the PEC PPL receivable was contributed by the shareholder to Servus II (Gibraltar) Limited.

Mezzanine warrant instrument: The mezzanine warrants do not have a nominal value, do not accrue interest and do not have a maturity date. Payments on the mezzanine warrants will become due upon the occurrence of an exit, otherwise than a result of distressed disposal, and are expressed as a percentage of the applicable exit proceeds. The mezzanine warrants are unsecured and under certain circumstances, there may be a turnover between the mezzanine warrant and the other outstanding PPLs described above.

22. Other financial liabilities

	30.9.2013			30.9.2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities to employees	4,519	–	4,519	3,689	–	3,689
Social security contribution	1,539	–	1,539	1,661	–	1,661
Finance lease obligation	1,167	1,472	2,639	1,734	2,342	4,076
Liabilities to related parties	1,661	–	1,661	312	–	312
Other financial liabilities	**8,886**	**1,472**	**10,358**	**7,396**	**2,342**	**9,738**

Finance lease obligation, measured as present value of future minimum lease payments, relates to a lease contract for a production line in Germany and a real estate lease contract for a production facility in Romania.

23. Provisions

in € thousands	30.9.2013 Current	Non-current	Total	30.9.2012 Current	Non-current	Total
Anniversary benefits	–	551	551	–	767	767
Early retirement contracts	–	5,913	5,913	–	9,037	9,037
Employee related costs	4,160	–	4,160	4,989	–	4,989
Environmental protection	915	–	915	1,189	–	1,189
Other risks	565	–	565	891	–	891
Legal and litigation costs	138	–	138	160	–	160
Warranties	6,057	–	6,057	7,591	–	7,591
Other miscellaneous	2,073	573	2,646	2,745	602	3,347
Provisions	**13,908**	**7,037**	**20,945**	**17,565**	**10,406**	**27,971**

The **non-current provisions** developed as follows:

in € thousands	Anniversary benefits	Early retirement	Other	Total
Balance as of Sept 30, 2011	**1,049**	**9,475**	**102**	**10,626**
Foreign currency differences	–	8	13	21
Costs paid	(282)	(1,832)	(102)	(2,216)
Release to income	–	–	–	–
Additions	–	1,386	589	1,975
Balance as of Sept 30, 2012	**767**	**9,037**	**602**	**10,406**
Reclassifications	–	–	–	–
Foreign currency differences	–	(13)	(29)	(42)
Costs paid	(241)	(3,111)	–	(3,352)
Release to income	–	–	–	–
Additions	25	–	–	25
Balance as of Sept 30, 2013	**551**	**5,913**	**573**	**7,037**

Discount rate applied ranges from 1.10% to 1.66% (PY: 1.32% to 1.98%).

The development of **current provisions** is set out in the table below:

in € thousands	Employee related costs	Environmental protection measures	Other risks	Legal and litigation costs	Warranties	Miscellaneous	Total
Balance as of Sept 30, 2011	**4,580**	**1,132**	**1,199**	**173**	**8,049**	**3,915**	**19,048**
Foreign currency differences	123	57	(2)	(7)	(39)	267	399
Reclassifications	–	–	–	–	1,012	(1,012)	–
Costs paid	(3,726)	–	(520)	(6)	(2,015)	(3,915)	(10,182)
Release to income	(356)	–	(377)	–	(400)	(290)	(1,423)
Additions	4,368	–	591	–	984	3,780	9,723
Balance as of Sept 30, 2012	**4,989**	**1,189**	**891**	**160**	**7,591**	**2,745**	**17,565**
Foreign currency differences	26	(51)	2	(22)	(23)	12	(56)
Reclassifications	–	–	–	–	–	–	–
Costs paid	(4,183)	(223)	(47)	–	(1,328)	(2,745)	(8,526)
Release to income	–	–	(367)	–	(1,061)	(12)	(1,440)
Additions	3,328	–	87	–	878	2,073	6,366
Balance as of Sept 30, 2013	**4,160**	**915**	**565**	**138**	**6,057**	**2,073**	**13,908**

The provision for employee related expenses comprises employee termination benefits and bonuses. The provision for environmental protection measures represents a claim for an environmental rectification regarding Stabilus Inc.'s former site in Colmar, USA. The provision for other risks from purchase and sales commitments represents expected sales discounts, expected losses from pending deliveries of goods and other sales related liabilities. The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation. The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. Warranty accruals comprise accruals that are calculated for each individual case.

24. Pension plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

in € thousands	30.9.2013	30.9.2012
Principal pension plan	35,379	35,240
Deferred compensation	448	491
Pension plans and similar obligations	**35,827**	**35,731**

In case of adoption of IAS 19 (revised) and the recognition of actuarial gains and losses in other comprehensive income, the pension liability would increase by €3,296 thousand to an amount of €39,123 thousand.

Defined benefit plans and deferred compensation

Defined benefit plan. The Group granted post-employment pension benefits to all employees in Germany who joined the company prior to January 1, 2006. The level of post-employment benefits is generally based on eligible compensation levels and / or ranking within the Group hierarchy and years of service. Liabilities for principal pension plans amounting to €35,379 thousand (PY: €35,240 thousand) result from unfunded accumulated benefit obligations.

As of December 21, 2010, in order to free the Group of future liquidity risks, the Group's pension policies for Germany have been amended, in which the title earned in the former defined benefit plan is frozen. Going forward no additional defined benefit titles can be earned. At the same time the company has introduced a defined contribution plan in which direct payments to an external insurer are made which disburdens the group of further cash disbursements in the future.

Deferred compensation. Deferred compensation included in accrued pension liabilities relates to employees of the former Atecs Mannesmann companies. Deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement. The total deferred compensation as of September 30, 2013 amounts to €448 thousand (PY: €491 thousand).

The **unfunded status** is as follows:

in € thousands	30.9.2013	30.9.2012
Present value of unfunded defined benefit obligations	39,123	38,066
Less: Fair value of plan assets	–	–
Unfunded status	**39,123**	**38,066**

The **present value** of the defined benefit obligation developed as follows:

	Year ended,	
in € thousands	30.9.2013	30.9.2012
Present value of defined benefit obligations as of beginning of fiscal year	**38,066**	**33,081**
Service cost	54	54
Interest cost	1,459	1,541
Actuarial (gains) / losses	924	4,686
Pension benefits paid	(1,381)	(1,296)
Present value of defined benefit obligations as of fiscal year-end	**39,123**	**38,066**

The following table provides a reconciliation of the funded status to the net amounts reported in the statement of financial position:

in € thousands	30.9.2013	30.9.2012
Unfunded status	**39,123**	**38,066**
Unrecognised actuarial net gains / (losses)	(3,260)	(2,336)
Pension plans and similar obligations	**35,863**	**35,731**

Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligation at that date.

The **pension cost** in the consolidated statement of comprehensive income includes the following expenses for defined benefit plans:

	Year ended,	
in € thousands	**30.9.2013**	**30.9.2012**
Service cost	54	54
Interest cost	1,459	1,541
Pension cost for defined benefit plans	**1,513**	**1,596**

The present value of the defined benefit obligation and the **experience adjustments** arising on the plan liabilities are as follows:

in € thousands	**Defined benefit obligation**	**Experience adjustments**
Sept 30, 2010	38,700	(533)
Sept 30, 2011	33,081	(357)
Sept 30, 2012	38,066	(308)
Sept 30, 2013	39,123	(213)

Generally, the measurement date for Group's pension obligations is September 30. The measurement date for Group's net periodic pension cost generally is the beginning of the period. Assumed discount rates, salary increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

Following **assumptions** (measurement factors) were used to determine the pension obligations:

in % p. a.	**30.9.2013**	**30.9.2012**
Discount rate	3.60%	3.80%
Salary increases	0.00%	0.00%
Pension increases	1.50%	1.50%
Turnover rate	4.00%	4.00%
Inflation	1.50%	1.50%

The **discount rates** for the pension plans are determined annually as of September 30 on the basis of first-rate, fixed interest industrial bonds with maturities and values matching those of the pension payments.

Expected pension benefit payments for the fiscal year 2014 will amount to €1,620 thousand (PY: €1,396 thousand).

Defined contribution plans

At Stabilus, the expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans in the reporting period amounted to €6,859 thousand (PY: €6,413 thousand).

25. Trade accounts payable

Trade accounts payable amount to €44,977 thousand (PY: €42,898 thousand) as of the end of fiscal year. The full amount is due within one year. The liabilities are measured at amortized cost. For information on liquidity and exchange rate risks for trade accounts payable, please see Note 31.

26. Current tax liabilities

The current tax liabilities relate to income and trade taxes.

27. 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	30.9.2013	30.9.2012
Advanced payments received	339	412
Vacation expenses	2,100	1,871
Other personnel related expenses	4,727	5,318
Outstanding costs	3,523	6,375
Miscellaneous	184	53
Other current liabilities	**10,873**	**14,029**

28. Leasing

Operating Lease. The Group enters into non-cancellable operating lease for IT hardware, cars and other machinery and equipment with lease terms of 2 to 6 years. The future minimum lease payments relating to leasing agreements during the basic rental period when they cannot be terminated are as follows:

	Minimum lease payments in year ended,	
in € thousands	30.9.2013	30.9.2012
within one year	3,849	3,636
after one year but not more then five years	7,164	7,861
more than five years	189	463
Total	**11,202**	**11,960**

Current period expense for operating leases amounts to €4,870 thousand (PY: €4,246 thousand).

Finance lease. One lease contract regarding a production line in Germany and one real estate lease contract regarding a production facility in Romania are recorded as finance lease.

Production line: The Group concluded a sale and leaseback agreement dated September 25, 2008, which results in a finance lease with a term of 6 years. The agreement contains a purchase option at the end of the contractual period for a value of €100 thousand. The lease commenced on January 1, 2009. The sales price of the underlying asset, manufacturing equipment, amounts to €5,000 thousand. At balance sheet date the carrying amount of the underlying asset amounts to €4,123 thousand (PY: €3,028 thousand). The present value is calculated using the Group's incremental borrowing rate of 7.8% as per contract date. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

	30.9.2013		30.9.2012	
in € thousands	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
within one year	999	958	999	958
after one year but not later than five years	350	319	1,349	1,182
more than five years	–	–	–	–
Total	**1,349**	**1,277**	**2,348**	**2,140**

Production facility: Orion Rent Imobiliare S.R.L, Brasov, entered into a non-cancellable real estate finance lease agreement on December 31, 2010 (prior to Stabilus Group taking over a controlling interest in this company) with a term of 144 months prior to Stabilus becoming a controlling shareholder of Orion Rent Imobiliare S.R.L. The agreement contains a purchase option at the end of the 3 years of contract, for a purchase price amounting to the capital that remains to be paid up to the expiry of the contract less early payment fee (between 2.75% and 4.75% of the remaining capital to be paid). The net carrying amount at the balance sheet date is €1,204 thousand (PY: €1,257 thousand). The lease term started on January 1, 2011. The leasing fees are settled in euro, but payable in New Romanian Lei. They include a variable component of the total funding cost with 3 month EURIBOR as the reference basis.

	30.9.2013		30.9.2012	
in € thousands	**Minimum lease payments (MLP)**	**Present value of MLP**	**Minimum lease payments (MLP)**	**Present value of MLP**
within one year	192	186	176	163
after one year but not later than five years	761	614	764	588
more than five years	812	505	1,001	572
Total	**1,765**	**1,305**	**1,941**	**1,323**

The current period payments for finance leases amount to €1,792 thousand (PY: €2,038 thousand). No contingent rents have been recognised as an expense during the period.

29. 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. On October 11, 2005 Stabilus Romania S.R.L., Brasov, ("STRO") entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8.400 square meters for STRO in Brasov, Romania. The rental agreement has a contract period of seven years. STAB Dritte Holding GmbH, Koblenz, merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the company, issued a bank guarantee for €600 thousand (PY: €600 thousand), in the event that STRO will be unable to pay. Stabilus GmbH, Koblenz, issued a letter of support for the event that STRO will be unable to pay.

On September 22, 2005 Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,952 square meters of land and 5,881 square meters of constructions in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement has a contract period of 10 years. Stabilus GmbH, Koblenz, issued a letter of support for the event that STMX will be unable to pay.

The Group entered into a revolving credit facility, an indenture, and profit participating loan agreements. The credit guarantees provided in these agreements are full down-stream, up-stream and cross-stream given by the guarantors as defined in these agreements – comprising certain material subsidiaries of the Group – in favour of the finance parties. The guarantees are subject to limitations, including being limited to the extent that otherwise the guarantee would amount to unlawful financial assistance and other jurisdiction specific tests (e.g. net assets).

Given a normal course of the economic development as well as a normal course of business, management believes these guaranties should not result in a material adverse effect for the Group.

Other financial commitments. The nominal value of the other financial commitments as of September 30, 2013 amounts to €14,205 thousand (PY: €14,446 thousand).

Nominal values of other financial commitments are as follows:

	30.9.2013			
in € thousands	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	3,003	–	–	3,003
Obligations under rental and leasing agreements	3,849	7,164	189	11,202
Total	**6,852**	**7,164**	**189**	**14,205**

	30.9.2012			
in € thousands	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	2,486	–	–	2,486
Obligations under rental and leasing agreements	3,636	7,861	463	11,960
Total	**6,122**	**7,861**	**463**	**14,446**

The obligations under rental and leasing agreements relate exclusively to leases under which entities of the Stabilus Group are not the economic owners of the leased assets. The obligations reported under this item are based on operating leases.

30. 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 indications of the prices that may actually be achieved on the market.

	Measurement	30.9.2013		30.9.2012	
in € thousands	**category acc. to IAS 39**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade accounts receivables	LaR	67,776	67,776	58,950	58,950
Cash	LaR	21,819	21,819	41,638	41,638
Loan to shareholder	LaR	77,134	81,018	–	–
Derivative instruments	FAFV	10,845	10,845	–	–
Restricted cash	LaR	–	–	2,679	2,679
Total financial assets		**177,574**	**181,458**	**103,267**	**103,267**
Financial liabilities excl. EUSIs	FLAC	319,460	321,624	282,036	270,147
EUSIs	FLAC***	3,300	4,568	3,430	3,430
Financial liabilities	FLAC	322,760	326,192	285,466	273,577
Finance lease liabilities	–	2,639	2,582	2,421	4,076
Trade accounts payable	FLAC	44,977	44,977	42,898	42,898
Other financial liabilities	FLAC	1,662	1,662	312	312
Total financial liabilities		**372,038**	**375,413**	**331,097**	**320,863**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		166,729	170,613	103,267	103,267
Financial assets at fair value through profit and loss (FAFV)		10,845	10,845	–	–
Financial liabilities measured at amortized cost (FLAC)		369,399	372,831	325,246	313,357
Financial liabilities at fair value through profit or loss (FLFV)		–	–	3,430	3,430

***As of Sept 30, 2012, EUSIs were designated into the fair value through profit and loss category.

The fair values of financial instruments are calculated on the basis of the market information available as of the end of the reporting period. Trade accounts receivable, cash, trade accounts payable, other financial assets and liabilities generally have short remaining maturities. As a result, their fair values correspond to the carrying amounts. The fair values of financial liabilities and the financial shareholder loan receivable are calculated as the present values of the expected future cash flows. Normal interest rates for the appropriate maturities are used for discounting purposes.

The profit participating loans (PPLs) including a mezzanine warrant instrument are also referred to collectively as equity upside-sharing instruments (EUSIs) due to their highly subordinated nature. Because an active market for these instruments does not exist, the fair value was established using a valuation technique. The valuation technique was based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value. This measurement method corresponds to the Level 3 of the fair value hierarchy according to IAS 39, being a measurement method for which the major input factors are not based on observable market data. As of September 30, 2013, the equity-upside sharing instruments (EUSIs) are measured at amortized cost.

The financial instruments measured at fair value are shown in the table below in accordance with their measurement method. The levels of the fair value hierarchy are defined as follows:

- Level 1: measurement based on quoted prices in the active markets for identical instruments;
- Level 2: measurement based on inputs for the financial instrument that are observable on active markets either directly (i. e. as prices) or indirectly (i. e. derived from prices);
- Level 3: measurement based on inputs for the financial instrument that are not observable market data.

	30.9.2013			
in € thousands	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	10,845	–	10,845	
Financial assets valued at fair value	**10,845**	**–**	**10,845**	**–**

	30.9.2012			
in € thousands	**Total**	**Level 1**	**Level 2**	**Level 3**
EUSIs	3,430	–	–	3,430
Financial liabilities valued at fair value	**3,430**	**–**	**–**	**3,430**

The **net gains and losses** on financial instruments result in the fiscal year 2013 from the currency translation and changes in the estimate of future cash flows of loans and receivables and financial liabilities measured at amortized cost, as well as gains from changes in fair value of derivative instruments. They are set out in the Notes 8 and 9. The net foreign exchange loss (PY: gain) amounts to €(7,154) thousand (PY: €4,824 thousand). The gains from changes in fair value of derivative instruments amounts to €1,396 thousand (PY: -). The gains from changes in carrying amount of financial assets amounts to €2,761 thousand (PY: -).

Total interest income and expense from financial instruments is reported in the Notes 8 and 9.

The value of the embedded derivatives is effected by the interest of the comparing market instrument on each potential exercise date and will rise if the relevant interest rate declines and vice versa.

31. Risk reporting

Internal risk management

The Group employs within the budgeting process an integrated system for the early identification and monitoring of risks specific to the Group, in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This includes monthly short and medium-term analysis of the order intake and the sales invoicing behaviour. Control impulses for the individual companies are derived from this. Customer behaviour is ascertained and analysed continuously and the information obtained from this serves as an early warning indicator for possible changes in demand patterns.

In addition, significant KPIs (order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.

Financial risks

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures wherever useful. The use of financial derivatives is governed by the Group's policies approved by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not hold any derivatives as of September 30, 2013.

Credit risks

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where viewed appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations impact the credit lines per customer.

The maximum exposure to credit risk of financial assets is the carrying amount as follows:

							30.9.2013
in € thousands	**Neither past due nor impaired**	**< 30 days**	**30 –60 days**	**60 –90 days**	**90 –360 days**	**> 360 days**	**Total**
Financial assets							
Trade accounts receivable	59,506	5,545	618	331	789	987	67,776
Loan to shareholder	77,134	–	–	–	–	–	77,134
Derivative instruments	10,845	–	–	–	–	–	10,845
Total	**147,485**	**5,545**	**618**	**331**	**789**	**987**	**155,755**

							30.9.2012
in € thousands	**Neither past due nor impaired**	**< 30 days**	**30 –60 days**	**60 –90 days**	**90 –360 days**	**> 360 days**	**Total**
Financial assets							
Trade accounts receivable	50,716	5,501	473	159	631	1,470	58,950
Total	**50,716**	**5,501**	**473**	**159**	**631**	**1,470**	**58,950**

Credit risk of other financial assets of the Group, which comprise cash and cash equivalents, and miscellaneous financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and also typically are lenders to the Group. Therefore, credit quality of financial assets which are neither past due nor impaired is assessed to be good.

Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted cash flows at regular intervals.

The following maturities summary shows how cash flows from the Group's receivables and liabilities as of September 30, 2013 will influence its liquidity situation. The summary describes the course of the undiscounted principal and interest outflows of the financing liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions: If the counterparty can request payment at different dates, the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described in the Note 22.

in € thousands	Senior secured notes	Finance lease	Trade accounts payable	Total
2014	(7,866)	(1,206)	(44,977)	(54,049)
2015	(24,413)	(557)		(24,970)
2016	(24,413)	(190)		(24,603)
2017	(24,413)	(189)		(24,602)
2018	(331,721)	(189)		(331,910)
after 2018		(623)		(623)
Total	**(412,826)**	**(2,954)**	**(44,977)**	**(460,757)**

The long term senior secured notes give planning stability over the next years. At the balance sheet date the Group has undrawn committed facilities of €25.0 million (PY: €29.1 million) to reduce liquidity risks.

The table above does not include the equity upside-sharing instruments (EUSIs), which mature in 2043 (except for the mezzanine warrant instrument, which does not have a maturity date). The maximum undiscounted distribution of these instruments amounts to €951 million at maturity. The EUSIs may become due prior to 2043 in connection with certain exit events. Following disbursement scenarios are conceivable:

- Disbursement scenarios before the final maturity date: in the event of a sale of the Stabilus Group by the current owners or a distressed disposal, the sales proceeds will be distributed in the amount of the existing receivables by the PPL Agent. The PPL Agent will take over the allocation of the sales proceeds in accordance with the agreed waterfall structure.
- Disbursement scenarios on arriving at the final maturity date (June 7, 2043): Servus HoldCo has obligations to the PPL agent under three profit participating loans each in the amount of €1 (principal amount). In addition, obligations exist to make variable disbursements on final maturity, the amount of which will depend on whether Servus HoldCo for its part will receive incoming payments from the underlying investments.

As of the reporting date of September 30, 2013, disbursement scenarios before the final maturity date are overwhelmingly probable. This can be justified economically by the fact that a sale within ten years is customary business practice in the private equity business. As of September 30, 2013, the fair value of the expected disbursements amounts to €4.6 million (PY: €3.4 million).

Finance market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). As of September 30, 2013 the Group

has not entered into any derivative financial instruments. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the requirement to enter into a variety of derivative financial instruments.

Exchange rate risk. Due to its subsidiaries, the Group has significant assets and liabilities outside the Eurozone. These assets and liabilities are denominated in local currencies. When the net asset values are converted into euro, currency fluctuations result in period-to period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge against these structural currency risks.

The Group also has transactional currency exposures which arise from sales or purchases in currencies other than the functional currency and loans in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance sales revenue and costs in a currency to thus reduce the currency risk.

Besides the balance sheet the Group's revenue and costs are also impacted by currency fluctuations.

Interest rate risk. The Group is exposed to interest rate risks, which mainly relates to debt obligations, as the Group borrows funds at both fixed and floating interest rates.

The interest rate risk is monitored by using the cash flow sensitivity of the Group's cash flows due to floating interest loans. The nominal interest rates of the Stabilus Group's financial liabilities as of September 30, 2013 are fixed.

32. Capital management

The Stabilus Group's capital management covers both equity and liabilities. A further objective is to maintain a balanced mix of debt and equity.

Due to the broad product range and the activities on global markets, the Stabilus Group generates under normal economic conditions predictable and sustainable cash flows.

The equity ratio as of September 30, 2013 is calculated as follows:

	Year ended,	
in € thousands	**30.9.2013**	**30.9.2012**
Equity	82,638	57,369
Total assets	589,288	530,565
Equity ratio	14.0%	10.8%
Economic equity ratio (including shareholder loans)	14.0%	18.7%

The Stabilus Group is not subject to externally imposed capital requirements.

The ratio of net debt to EBITDA (earnings before interest, taxes, depreciation and amortization), which is also used and defined in the revolving credit facility agreement, is an important financial ratio (debt ratio) used in the Stabilus Group. The objective is to reduce the debt ratio in the future. Stabilus Group therefore aims to increase its earnings and to generate cash flows in order to reduce its financial liabilities.

33. 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 of €9,177 thousand (PY: €9,039 thousand) are taken into account in the cash outflows from financing activities. Income tax payments of €5,663 thousand (PY: €13,491 thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

34. Auditor's fees

	Year ended,	
in € thousands (excluding VAT)	**30.9.2013**	**30.9.2012**
Audit fees	530	496
Audit related fees	839	–
Tax fees	–	–
Other fees	–	–

For fiscal year 2013, a global fee (excl. VAT) of €530 thousand (PY: 496 thousand) was agreed for the audit of the consolidated and separate financial statements of the Stabilus subsidiaries. These fees are included in the Group's administrative expenses.

In addition, KPMG Luxembourg S.à r.l., Luxembourg, and other member firms of the KPMG network, billed the Group audit related fees amounting to, excl. VAT, €839 thousand (PY: –), which relate to Group's refinancing, specifically issuance of senior secured notes, in June 2013.

35. 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 an amount of €1,662 thousand (PY: €312 thousand). In January 2013 Servus HoldCo S. à r. l., Luxembourg, paid a dividend of €150 thousand (PY: €300 thousand) from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg. In June 2013 Stabilus Group provided a loan to its shareholder amounting to €80,014 thousand; in turn, Servus HoldCo received an equity contribution of €80,017 thousand, of which €36,014 thousand contribution of EUSIs does not constitute a contribution of assets from the consolidated perspective. See also Note 20.

36. Remuneration of key management personnel

The directors of Servus HoldCo are not actively engaged in the day-to-day management of the Company.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash and benefits in kind. The latter primarily comprise the provision of company cars and pension.

The total remuneration of key management personnel at the various key Stabilus Group affiliates during the reporting period amounted to €2.4 million (PY: €2.9 million) and less than €0.2 million (PY: €0.1 million) for benefits in kind, primarily company cars. The remuneration is classified as short-term employee benefits.

General Managers hold indirect interests in Servus HoldCo via partnerships under the German Civil Code ("GbRs") and profit participating loans, in each case of less than 2%, or participate in economically similar programmes. Certain Supervisory Board members are also participating in these programmes, also in each case below 5%.

The management participation programme is designed to carry out an exit either through an IPO or a sale / disposal of all of the interests. For the intended exit scenario, the proceeds on disposal correspond to fair value. Since, in the exit scenario, both the acquisition and the later disposal of the interests are at fair value, the compensation component has no value at the time that it is granted, so that no personnel expenses are therefore recorded in the consolidated financial statements of Servus HoldCo.

37. Subsequent events

As of November 29, 2013, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of September 30, 2013.

Luxembourg, November 29, 2013

The Management Board of Servus HoldCo

Lars Frankfelt Michiel Kramer Heiko Dimmerling

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REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Servus HoldCo S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonables of accounting estimates made by the Board of Managers, as well evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Servus HoldCo S.à r.l. as of September 30, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, November 29, 2013

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Philippe Meyer

KPMG Luxembourg S.à r.l., a Luxembourg private limited company and a member of the KPMG network of indepenpdent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

T.V.A LU 24892177
Capital 12.502 €
R.C.S Luxembourg B 149133

Servus HoldCo S.à r.l.
Luxembourg

Consolidated financial statements
and the consolidated management report
for the year ended September 30, 2012
(with the report of the Réviseur
d'Entreprises agréé thereon)

Servus HoldCo S.à r.l., Luxembourg
Group management report for the financial year ended September 30, 2012

A. General

The parent company of the Luxembourg based Stabilus Group is Servus HoldCo S.à r.l., Luxembourg ("Servus HoldCo"). Stabilus Group's operating entities typically use the brand name "Stabilus" in their registered name. The Group has subsidiaries in Australia, Brazil, China, France, Germany, Japan, Luxembourg, Mexico, New Zealand, Romania, South Korea, Spain, Switzerland, United States and United Kingdom.

The Stabilus Group is a leading manufacturer of gas springs and dampers as well as electrical lifting equipment. The products are used in a wide range of applications in the automotive and the industrial sector, as well as in many furniture applications. 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 producers. Various Tier 1 suppliers of the global car industry further diversify the Group's customers base. Overall sales to car manufacturers make up more than 60% of the 2011/2012 Group's revenue, about 30% originate from industrial applications and large commercial vehicle applications and the remainder is for swivel chair applications.

B. Business trends and position of the Company

1. Introduction

Servus HoldCo has been founded on February 26, 2010 as a holding company. The business year of the parent company Servus HoldCo corresponds with the Group's business year and comprises the period from October 1 to September 30 (reporting period).

2. Business and general environment

Global economy sees continued recovery

The recovery of global economy continued in calendar year 2012. The growth dynamic somewhat reduced in certain regions and segments in the course of the year. This slow down is attributed to the increased saving and consolidation policies of most industrial countries. The growing uncertainty caused by the increasing governmental economic crisis countermeasures of a number of industrial countries is assumed to have negative implications on investments and private consumption.

Global auto sales increase further

The economic recovery had a positive impact on most of the world's vehicle and industrial markets. The overall number of cars sold over the course of the calendar year 2012 is expected to increase by 5% to 81 million compared to prior year. Global GDP growth is expected as 3%.

NAFTA automotive market with strong growth rates

The recovery of the NAFTA car sales has continued in 2012 with a growth rate of over 15%. Recent forecasts show somewhat of a slowdown of the growth rates in the following years. Overall, the NAFTA economy is on the way to a 2% GDP growth which support revenue prospects for the group.

Minor growth in South America

In South America the growth of vehicle demand decreased by around 2%. A positive recovery of the annual growth is expected in the following years.

Reduced automobile sales in Europe

European demand is expected to decrease by 6% for the calendar year compared to the prior year as a result of the current Euro crisis. For the 2013 calendar year a constant level of automotive demand is expected. A some growth is forecasted in the years 2014 and 2015. The European industrial application market is developing very differently among the EU member states.

Asia/Pacific demand back to growth

The Asia/Pacific demand increased by 8% in 2012 after a year without growth. Expectations for the next years are a single-digit growth rate.

3. Development of revenue and order book

Driven by the overall economic climate and the success of the new boosting the Powerise product line, Stabilus revenues developed positively during the reporting period. The Group's revenue amounted to EUR 443.5 million, compared to EUR 411.6 million in the prior year. An overall market recovery combined with good products and regained customer confidence drove the positive revenue growth.

The order book of EUR 212 million as of September 30, 2012 was higher by EUR 44 million than the comparable figure of September 30, 2011.

4. Capital expenditure and disposals

The main focus of the investment of EUR 33 million (prior year EUR 34 million) in property, plant and equipment and intangible assets, was on launching and expanding the Powerise product group at our Romanian and Mexican plant with engineering support from Koblenz. The China plant expansion is improving the Group's regional footprint and takes advantage of the growth prospects for gas springs in China.

5. Number of employees

The Stabilus Group had an average of 3,519 employees in the reporting period (prior year 3,455), of whom 1,655 were employed at the German companies and 1,864 at the foreign companies. The Stabilus Group had 3,703 employees as of September 30, 2012.

The Group employed an average of 2,694 wage-earners, 748 salaried staff and 77 trainees and apprentices in the reporting period.

6. Research and development

During the period from October 1, 2011 to September 30, 2012, the Group had spent EUR 26.8 million (prior year EUR 23.1 million) in Research and Development, representing about 5.9% of the Group's revenue. From these cost EUR 14.0 million were expensed and the remainder (EUR 12.8 million) was capitalized. With 163 people, almost 5% of the Group employees work in research and development. For the business year 2012/2013 the Group budgets R&D costs of about EUR 32.3 million – capitalized and expensed cost.

C. Net assets, financial position and earnings situation

The first-time consolidation measures carried out as of April 8, 2010 (acquisition date) resulted in a goodwill of EUR 51.1 million. In accordance with IFRS 3 Servus HoldCo measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. In this context trade marks (EUR 13.2 million), customer relationships (EUR 83.7 million), patented technology (EUR 10.8 million) and unpatented technology (EUR 47.3 million) were recognized. The purchase of 49% of Orion S.R.L. in December 2010 and further 49% in February 2012 resulted in an increase of goodwill by EUR 0.4 million.

1. Earnings situation

The Stabilus Group was able to maintain the confidence of the customers and could therefore benefit from additional orders. On the other hand extra costs from the pre-April 2010 Mezzanine lenders claim put a burden on the Group's profitability. On an operating result of EUR 31.9 million (prior year EUR 30.2 million), the return on sales (ratio of operating result to sales) was 7.3% (prior year 7.3%).

2. Net assets

The balance sheet total amounted as of September 30, 2012 to EUR 530.6 million (prior year EUR 505.9 million). Non-current assets of EUR 361.4 million (prior year EUR 367.9 million) were at 124.0% (prior year 117.5%) more than covered by equity of EUR 57.4 million (prior year EUR 51.1 million) and non-current provisions and liabilities of EUR 390.8 million (prior year EUR 381.1 million). The equity ratio as of the balance sheet date improved to 10.8% (prior year 10.1%). The economic equity ratio also considers the shareholder loan and amounts to 18.8% (prior year 17.6%).

On the assets side, intangible assets added up to EUR 232.4 million, thereof Goodwill of EUR 51.5 million (prior year EUR 234.9 million, thereof Goodwill of EUR 51.3 million). Inventories amounted to EUR 50.0 million (prior year EUR 45.4 million) and trade accounts receivables to EUR 59.0 million (prior year EUR 55.2 million) as of September 30, 2012.

3. Financial position

Interest bearing non-current liabilities of EUR 243.5 million (prior year EUR 234.1 million) (excluding a EUR 42.0 million shareholder loan (prior year EUR 38.1 million)) are Euro and US $ denominated for risk balancing. In 2011/12 the strengthening of the US $ therefore resulted in higher non current liabilities on the balance sheet, although operationally no further loans were taken out.

The Stabilus Group cash flow from operating activities was EUR 56.3 million (prior year EUR 53.2 million).

The Group had a EUR 32.7 million (prior year 34.3 million) outflow for investing activities and is mainly due to investments in property, plant and equipment and to a lesser degree for intangibles in 2011/2012.

The outflow of EUR 9.3 million from financing activities (prior year outflow of EUR 30.5 million) mainly resulted from interest payments (prior year mainly from the repayment of the complete Super Senior Tranche of EUR 26.0 million and interest payments of EUR 4.4 million).

Financing activities and tax resulted in a cash outflow of EUR 22.8 million in the year 2011/2012 (prior year EUR 37.6 million, which included a EUR 26 million repayment).

D. Opportunities and risks report

Risk management in the Stabilus Group

The Stabilus Group employs within the budgeting process an integrated process to facilitate the early identification and monitoring of risks specific to the Group. This process should identify changes in the business environment and deviations from targets at an early stage and thus allows to initiating countermeasures swiftly. This includes regular short and medium-term analysis of the order intake and the sales invoicing patterns. Control impulses for the individual companies are derived from this as well. Based on input from a globally recognized forecasting institute and customer input the forward demand is analysed and compared to the internal budget plans.

In addition, selected KPIs (e.g. order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.

To address the risk of a potential double dip scenario, the company has developed a preventive downturn plan.

1. Hedging policies and risk management

The Stabilus Group is exposed to certain financial risks in conjunction with its business activities, including foreign exchange fluctuations and bad debts. The risk management system in the Stabilus Group takes into account the unpredictability of these factors and aims to minimise negative effects on the Group's earnings situation.

The room for manoeuvre, the responsibilities, the financial reporting and the control mechanisms are defined by internal Group guidelines. This includes the segregation of duties between the recording and control of financial activities. The foreign currency, interest rate and liquidity risks of the Stabilus Group are managed on a centralised basis.

a) Foreign currency risk

The Stabilus Group is reviewing continuously the need of forward exchange transactions. As of September 30, 2012 no forward exchange transactions were made within the Group.

b) Credit risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Receivable exposure is controlled by counterparty limits that are reviewed in intervals and are approved by the Group sales director.

Trade receivables consist of a large number of customers and are spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate and available, credit guarantee insurance cover is purchased.

c) Liquidity risk

The Board of Managers has set an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. Continuously monitoring of forecast and actual cash flows give the data points to match the maturity profiles of financial assets and liabilities.

There is a risk that ratios (financial covenants) and other requirements included in the Credit Facilities Agreements will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The Group planning shows that these ratios will also be complied with during the forecast period of the next twelve months. In the event of a default as specified in the Facilities Agreements (e.g. failure to comply with the financial covenants), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities. Failure of the Stabilus Group to achieve the assumption underlying the Group's budgets could indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

d) Interest rate risk

The Stabilus Group is reviewing continuously the need of forward interest swaps. As at balance sheet date the vast majority of loan tranches had fixed interest rates, most at least running until 2013. As of September 30, 2012 no interest hedges were closed within the Group.

e) Risk of decreasing governmental creditworthiness

The downward revision of credit ratings for several European countries and for the USA by credit agencies in the wake of the ongoing economic and financial crisis and soaring national debt at a global level pose a substantial risk for future economic performance of these economies and, indirectly, for most of the Group's customers.

f) Technical and litigation risks

The Group's products are used in many different applications. A manufacturing quality management system has been installed many years ago to ensure a high degree of functionality and process reliability.

Technical risks for new applications are analyzed during the offer phase in an opportunities and risks summary and are reassessed regularly in the course of the project.

The Group is subject to some claims, proceedings and lawsuits related to products, patents and other matters incidental to these businesses. The in-house legal department monitors these risks continuously and reports regularly to Group management and shareholders.

The restructuring of the Stabilus Group that had become necessary in 2010 as a consequence of the impact of the worldwide financial market crisis had been completed on April 8, 2010. The interest in Stable II S.à r.l., Luxembourg, were transferred to Servus HoldCo S.à r.l., Luxembourg, and Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main. Both these companies are held ultimately by funds advised by Triton. A key element of the financial restructuring was the reduction of the bank and mezzanine liabilities of the Stabilus Group down from EUR 431 million (balance on September 30, 2009) to EUR 242 million (balance on September 30, 2010). The higher secured senior lenders accepted a reduction in their receivables, the subordinated secured mezzanine creditors completely lost the claims under their receivables of EUR 81 million (balance on September 30, 2009). The pre April 2010 mezzanine lenders' attempt to challenge the agreements concluded on April 8, 2010. The regional court in Koblenz informed the group company, Stabilus GmbH, on January 18, 2011 that a suit had been filed against it as borrower and guarantor under the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008) by an earlier mezzanine creditor for repayment of an amount of EUR 35 million plus interest. Stabilus GmbH became party to the mezzanine credit agreement on June 13, 2008 as "additional guarantor" and "additional borrower". Following the joinder of claims by a further earlier mezzanine creditor, the aggregate amount now claimed amounts to some EUR 57 million plus interest, or together to currently some EUR 82 million. Hearings were made in 2012, but no judgment has yet been given by the Koblenz court. Prior to being signed on April 8, 2010, the various transfer and financing agreements were reviewed on behalf of the senior banks, the security trustee, companies in the Stabilus Group and Triton by several international law firms. The effectiveness and enforceability of the restructuring agreements was confirmed in commensurate legal opinions. The law firm instructed by Stabilus GmbH together with Triton to take care of their interests continues to be confident that the lawsuit can be successfully contested. A positive judgment in a related case at the High Court of London, United Kingdom, on November 7, 2012 gives confidence that the mentioned confidence is based on good grounds. The counterparty has filed a complaint against the decision of the High Court that it is prohibited to appeal the judgement. Should the old mezzanine creditors however succeed in imposing their claims at the Koblenz court, the companies of the Stabilus Group could expect a charge of about EUR 90 million (excluding interest). As a consequence of the economic and financial links between the companies of the Stabilus Group, this could result in a going concern risk for the Group. Based on the consultations with the lawyers who have been instructed and the aforementioned positive judgment of a related case at the High Court in London, the Management Board currently believes that the claims of the mezzanine creditors are without merit. Recognition of provisions or liabilities in the consolidated financial statements as of September 30, 2012 has therefore been waived. The conclusion of this legal dispute within the next 12 months is expected.

2. Opportunities of the further development of the company

At the end of the reporting period, macro conditions in the majority of the economic regions around the globe as well as market performance measured on the basis of global automobile

production were as favourable as at the beginning of the fiscal year. Nevertheless NAFTA in particular saw their vehicle markets develop more dynamically than previously anticipated.

E. Forecast report

As per the IMF's (International Monetary Fund) latest world economic and financial survey, the global economy is expected to grow by 3.6% in calendar year 2013. Despite this, there are uncertainties as to whether the strong level of economic expansion recorded in some countries is sustainable. It is understood that the IMF considers such risks in their forecast.

Within the European automobile markets, according to Global Insight, a vehicle sales forecasting institute, the passenger car market is forecast to finish the full year in 2012 decreasing by 6% year-on-year. Due to the ongoing risks associated with the economic growth rates in several countries and the ramifications of the current Eurozone public finance crisis – involving persistently jittery financial markets and a large need for fiscal consolidation across Europe – the European car sales for 2013 are expected to decrease slightly by 0.5% versus 2012.

Beside that, there are uncertainties in other key markets of the Stabilus Group. The further growth of the Asian markets could be affected by the withdrawal of government support measures in key markets such as China or territorial conflicts as the disputed Senakku islands. Within the US, a further solid increase in 2012 could be measured. Nevertheless, the current levels are still well below the long-term figure recorded in terms of normal demand and replacement purchases. The volatility of the past development as well as high unemployment figures in the U.S. cast doubt about the sustainability of the current recovery.

The Group plans revenue of about EUR 484 million for 2013 and EUR 524 million for 2014 reflecting stronger Powerise sales as well as recent order gains. The operating profits should improve in line with the revenue.

F. Subsequent events report

On November 7, 2012 the United Kingdom High Court in London, Great Britain, delivered an important ruling in the pre April 2010 Mezzanine lenders claim declaring the 2010 restructuring valid. The counterparty has filed a complaint against the decision of the High Court that it is prohibited to appeal the judgement.

No further subsequent events of a substantial business impact were identified by the time of the preparation of this report.

Luxembourg
December 6, 2012

The Management Board

Lars Frankfelt Michiel Kramer Heiko Dimmerling

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of financial position

as of September 30, 2012

TEUR	Note	30/09/2012	30/09/2011
Assets			
Property, plant and equipment	6.1.	120,115	123,086
Goodwill	6.2.	51,458	51,267
Other intangible assets	6.3.	180,907	183,614
Other non-current financial assets	6.4.	2,679	4,302
Other non-current assets	6.5.	1,170	795
Deferred tax assets	5.7.	5,061	4,800
Non-current assets		**361,390**	**367,864**
Inventories	6.6.	49,974	45,384
Trade accounts receivable	6.7.	58,950	55,155
Current tax assets	6.8.	3,567	2,541
Other current assets	6.9.	15,046	8,462
Cash	6.10.	41,638	26,536
Current assets		**169,175**	**138,078**
Assets		**530,565**	**505,942**
Equity and liabilities			
Issued capital	6.11.	5,013	5,013
Additional paid-in capital	6.11.	30,550	30,850
Retained earnings	6.11.	20,588	12,246
Other comprehensive income	6.11.	899	2,681
Equity attributable to equity holders of the company		**57,050**	**50,790**
Non-controlling interests	6.11.	319	273
Equity		**57,369**	**51,063**
Non-current financial liabilities	6.12.	285,466	272,255
Other non-current financial liabilities	6.13.	2,342	3,869
Provisions	6.14.	10,406	10,626
Pension plans and similar obligations	6.15.	35,731	35,431
Deferred tax liabilities	5.7.	56,803	58,954
Non-current liabilities		**390,748**	**381,135**
Trade accounts payable	6.16.	42,898	32,140
Other current financial liabilities	6.17.	7,396	8,295
Current tax liabilities	6.18.	560	1,794
Provisions	6.19.	17,565	19,048
Other current liabilities	6.20.	14,029	12,467
Current liabilities		**82,448**	**73,744**
Liabilities		**473,196**	**454,879**
Equity and liabilities		**530,565**	**505,942**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of comprehensive income

for the period from October 1, 2011 to September 30, 2012

TEUR	Note	01.10.2011 - 30.09.2012	01.10.2010 - 30.09.2011
Revenue	5.1.	443,488	411,564
Cost of sales	5.2.	(336,419)	(308,183)
Gross profit		**107,069**	**103,381**
Research and development expenses	5.2.	(13,951)	(13,826)
Selling expenses	5.2.	(37,282)	(36,464)
Administrative expenses	5.2.	(28,041)	(20,824)
Other income	5.3.	8,453	6,634
Other expenses	5.4.	(4,380)	(8,708)
Profit from operating activities		**31,868**	**30,193**
Finance income	5.5.	7,868	1,101
Finance costs	5.6.	(21,865)	(22,972)
Profit / (loss) before income tax		**17,871**	**8,322**
Income tax expenses (prior year income)	5.7.	(9,483)	2,172
Profit for the period		**8,388**	**10,494**
Other comprehensive income			
Foreign currency translation difference	6.11.	(1,782)	(70)
Other comprehensive income for the period, net of income taxes		**(1,782)**	**(70)**
Total comprehensive income for the period		**6,606**	**10,424**
Profit for the period attributable to:			
Equity holders of the parent		8,342	10,499
Non-controlling interests		46	(5)
Profit for the period		**8,388**	**10,494**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		6,560	10,417
Non-controlling interests		46	7
Total comprehensive income for the period		**6,606**	**10,424**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of changes in equity

for the period October 1, 2011 to September 30, 2012

TEUR	Note	Issued capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Equity attributable to equity holders of the company	Non-controlling interest	Equity
Statement of financial position as of September 30, 2010		**5,013**	**31,000**	**1,747**	**2,763**	**40,523**	**266**	**40,789**
Total comprehensive income for the year								
Profit for the period	6.11.			10,499		10,499	(5)	10,494
Total other comprehensive income	6.11.				(82)	(82)	12	(70)
Total comprehensive income for the year		0	0	10,499	(82)	10,417	7	10,424
Transactions with owners of the company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Dividends	6.11.		(150)			(150)		(150)
Statement of financial position as of September 30, 2011		**5,013**	**30,850**	**12,246**	**2,681**	**50,790**	**273**	**51,063**
Total comprehensive income for the year								
Profit for the period	6.11.			8,342		8,342	46	8,388
Total other comprehensive income	6.11.				(1,782)	(1,782)		(1,782)
Total comprehensive income for the year		0	0	8,342	(1,782)	6,560	46	6,606
Transactions with owners of the company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Dividends	6.11.		(300)			(300)		(300)
Statement of financial position as of September 30, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of cash flows

for the period October 1, 2011 to September 30, 2012

TEUR	Note	01.10.2011 - 30.09.2012	01.10.2010 - 30.09.2011
Profit for the period	6.11.	8,388	10,494
Interest expense	5.5./5.6.	13,997	19,994
Depreciation and amortisation	6.1./6.2.	40,003	37,293
Other non-cash income and expenses		3,921	750
Tax expense	5.7.	11,895	4,940
Changes in inventories		(4,590)	(7,493)
Changes in trade accounts receivables		(3,795)	(980)
Changes in trade accounts payables		10,758	9,306
Changes in other assets and liabilities		(8,547)	4,881
Changes to restricted cash	6.4.	1,623	70
Changes in provisions		(1,403)	(12,290)
Changes in deferred tax assets and liabilities		(2,412)	(6,658)
Tax payments		(13,491)	(7,077)
Cash flows from operating activities		**56,347**	**53,230**
Proceeds from disposal of property, plant and equipment	6.1./6.5.	26	2
Purchase of intangible assets	6.3.	(13,300)	(10,477)
Purchase of property, plant and equipment	6.1.	(19,201)	(23,571)
Acquisition of assets and liabilities within the business combination, net of cash acquired	6.1.	(191)	(205)
Cash flows from investing activities		**(32,666)**	**(34,251)**
Payments for redemption of financial liabilities	6.12.	0	(25,995)
Payments for dividend distributions	6.11.	(300)	(150)
Payments for interest	6.12.	(9,039)	(4,378)
Cash flows from financing activities		**(9,339)**	**(30,523)**
Net increase in cash and cash equivalents		**14,342**	**(11,544)**
Changes in foreign currency		760	(97)
Cash as of beginning of the period		26,536	38,177
Cash as of end of the period		**41,638**	**26,536**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg
Notes to the consolidated financial statements for the year ended September 30, 2012

1. General information

Servus HoldCo S.à r.l., Luxembourg (hereinafter also referred to as "Servus HoldCo") 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 Streichen, L-2540 Luxembourg.

Servus HoldCo was founded on February 26, 2010. The business 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 (hereinafter also referred to as the "Stabilus Group" or "Group").

The Stabilus Group was acquired in April 2010 by Servus HoldCo purchasing 94.9% of Stable II S.à r.l., Luxembourg ("Stable II"), which controls the Stabilus operating entities. The remaining 5.1% of the shares in Stable II were purchased by Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main, Germany ("Blitz F-10-833"). The shares were bought from the group lenders' security agent, after the lenders had enforced on their loan contracts, as the Group had not serviced the loans in 2009 and had not complied with the underlying loan documents. The financial restructuring has been confirmed in a restructuring opinion prepared by PriceWaterhouseCoopers, dated March 31, 2010 with an addendum dated April 8, 2010. Prior to the closing, Triton Fund III, as the ultimate owner of the company, had injected EUR 33 million cash on April 6, 2010 as a shareholder loan and EUR 5 million as equity. As at 29 September 2010, the shareholder, Servus Group HoldCo S.à r.l., Luxembourg, declared that it subscribes for one new share with a nominal amount of one cent, together with a share premium of EUR 30,999,999.99 by a contribution in kind (debt to equity swap).

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 more than 60% of the Group's revenue, 30% of the Group's revenue is derived from sales to a large group of industrial customers. The remaining sales are to the furniture industry for swivel chair products.

The consolidated financial statements are prepared in Euro. For the purpose of clarity and comparability, all amounts are generally presented, unless otherwise stated, in thousands of Euro (TEUR).

The consolidated financial statements of Servus HoldCo and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and related interpretations as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the management board within the meaning of IAS 10.17 on December 6, 2012.

2. Basis of presentation

Presentation. Applying IAS 1, the consolidated statement of financial position is classified in accordance with the maturities principle. Items of the statement of financial position are therefore differentiated between non-current and current assets and liabilities. Assets and liabilities are classified as current if they have a remaining term of less than one year or are turned over within a normal operating cycle. Accordingly, assets and liabilities are classified as non-current if they remain in the company for more than one year. Deferred tax assets and

deferred tax liabilities, as well as assets and provisions from defined benefit pension plans and similar obligations are reported as non-current items. The consolidated statement of comprehensive income is presented using the cost of sales method.

Measurement. The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items, such as derivative financial instruments or hedged transactions and pensions and similar obligations. The measurement methods applied to these exceptions are described below.

Use of estimates and judgements. Certain of the accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the financial position or results of operations. Critical accounting estimates could also involve estimates where management could reasonably have used a different estimate in the current accounting period. Management wishes to point out that future events often vary from forecasts and that estimates routinely require adjustment.

Impairment of non-financial assets: Stabilus assesses at every reporting date whether there are indications that its non-financial assets may be impaired. Goodwill is tested annually for impairment. Further tests are carried out if there are indications for impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less cost to sale is calculated, management must estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate in order to determine the present value of this cash flow.

Trade and other receivables: The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances.

Other receivables: Other receivables are recognised when the probability of cash receipt exceeds 90%.

Deferred tax assets: The valuation of deferred tax assets is based on mid-term business plans of the respective entities which recorded deferred tax assets. These mid-term business plans range from three to five years and include several underlying assumptions and estimations in respect of the business development, strategic changes, cost optimisation and business improvement and also general market and economic development. Based on these business plans the Management is convinced about the recoverability of deferred tax assets.

Provision: Significant estimates are involved in the determination of provisions related to contract losses, warranty costs and legal proceedings.

Risks and uncertainties. The Group's net assets, financial position and results of operations are subject to risks and uncertainties. Factors that could affect the future net assets, financial position and results of operations and therefore cause actual results to vary from the expectations include sales volume changes due to changes in the overall economy, evolvement of price aggressive competitors, significant price changes for raw materials and overall purchase costs. Quality issues (e.g. recalls) may result in significant costs for the Group, in spite of a benchmarked insurance cover. The Group financing with its long term fixed interest rates play a key role for the long term stability of the Group.

Going Concern. The restructuring of the Stabilus Group that had become necessary in 2010 as a result of the impact of the worldwide finance market crisis had been completed on April 8, 2010 with the transfer of the interests in Stable II S.à r.l., Luxembourg, to Servus HoldCo S.à r.l., Luxembourg, and Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main. Both these companies are held ultimately by funds advised by Triton. A significant element of the financial restructuring was the reduction of the bank and mezzanine liabilities of the Stabilus Group from EUR 431 million (balance on September 30, 2009) to EUR 242 million (balance on September 30, 2010). The higher

secured senior lenders accepted a reduction in their receivables, the subordinated secured mezzanine creditors completely lost the claims under their receivables of EUR 81 million (balance on September 30, 2009). The pre April 2010 mezzanine lenders' attempt to challenge the agreements concluded on April 8, 2010. The regional court in Koblenz informed the group company, Stabilus GmbH, on January 18, 2011 that a suit had been filed against it as borrower and guarantor under the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008) by an earlier mezzanine creditor for repayment of an amount of EUR 35 million plus interest. Stabilus GmbH became a party to the mezzanine credit agreement on June 13, 2008 as "additional guarantor" and "additional borrower". Following the joinder of claims by a further earlier mezzanine creditor, the aggregate amount now claimed amounts to some EUR 57 million plus interest, or together to currently some EUR 82 million. Hearings were made in 2012, but no judgment has yet been given by the Koblenz court. Prior to being signed on April 8, 2010, the various transfer and financing agreements were reviewed on behalf of the senior banks, the security trustee, companies in the Stabilus Group and Triton by several international law firms, and the effectiveness and enforceability of the restructuring agreements was confirmed in commensurate legal opinions. The law firm instructed by Stabilus GmbH together with Triton to take care of their interests continues to be confident that the lawsuit can be successfully contested. A positive judgment in a related case at the High Court of London, United Kingdom, on November 7, 2012 gives confidence that the mentioned confidence is based on good grounds. The counterparty has filed a complaint against the decision of the High Court that it is prohibited to appeal the judgement. Should the old mezzanine creditors however succeed in imposing their claims at the Koblenz court, the companies of the Stabilus Group could expect a charge of about EUR 90 million (excluding interest). As a consequence of the economic and financial links between the companies of the Stabilus Group, this could result in a going concern risk for the Group. Based on the consultations with the lawyers who have been instructed and the aforementioned positive judgment of a related case at the High Court in London, the Management Board currently believes that the claims of the mezzanine creditors are without merit. Recognition of provisions or liabilities in the consolidated financial statements as of September 30, 2012 has therefore been waived. The conclusion of this legal dispute within the next 12 months is expected.

There is a risk that ratios (financial covenants) and other conditions included in the Facilities Agreements will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The group planning shows that these ratios will also be complied with during the forecast period of the next twelve months. In the event of a default as specified in the Facilities Agreements (e.g. failure to comply with the financial covenants), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities. Failure of the Stabilus Group to achieve the assumption underlying the Group's budgets could indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Despite these matters the management believes that the company is at a going concern and hence the financial statements are prepared based on this assumption.

Scope of consolidation. All entities where the possibility exists to influence the financial and operating policies so that the companies of the Stabilus Group can obtain benefits from the activities of these entities (subsidiaries), supported by a share of the voting rights in excess of 50%, are included in the consolidated financial statements. Subsidiaries are included in consolidation from the date on which Servus HoldCo becomes able to control them. If this possibility ceases, the companies concerned withdraw from the scope of consolidation.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inclusion in the consolidated financial statements ends as soon as the Company no longer has control.

In addition to Servus HoldCo, altogether 26 foreign subsidiaries (see following list), are included in the consolidated financial statements as at September 30, 2012.

No.	Name and registered office of the entity	Company Code	Interest and control held by	30.9.2012 Holding in %	Consolidation method
1	Stable II S.à r.l., Luxembourg	LU	Servus HoldCo S.à r.l., Luxembourg	94.9	Full
			Blitz F10-acht-drei-drei GmbH & Co KG, Frankfurt	5.1	Full
2	Blitz F10-neun GmbH, Frankfurt		Servus HoldCo S.à r.l., Luxembourg	100	Full
3	Blitz F10-acht-drei-drei GmbH & Co KG, Frankfurt		Servus HoldCo S.à r.l., Luxembourg	94.9	Full
			Careel Limited, St. Helier, Jersey	5.1	
4	Stable Beteiligungs GmbH, Koblenz		Stable II S.à r.l., Luxembourg	100	Full
5	Stable HoldCo Inc., Wilmington	US	Stable II S.à r.l., Luxembourg	100	Full
6	Stable Romania S.R.L., Brasov	RO	Stable Beteiligungs GmbH, Koblenz	0.17	Full
			Stabilus GmbH, Koblenz	99.83	
7	Stable HoldCo Australia Pty. Ltd., Dingley	AU	Stable II S.à r.l., Luxembourg	100	Full
8	LinRot Holding AG, Zürich	CH	Stable II S.à r.l., Luxembourg	100	Full
9	Stabilus US HoldCo Inc., Wilmington	US	Stable HoldCo Inc., Wilmington	100	Full
10	Stabilus UK HoldCo Ltd., Banbury	GB	Stable Beteiligungs GmbH, Koblenz	100	Full
11	Stabilus GmbH, Koblenz	DE	Stable Beteiligungs GmbH, Koblenz	100	Full
12	Stabilus Powerise GmbH, Melle	PR	LinRot Holding AG, Zurich	100	Full
13	Stabilus Pty. Ltd., Dingley	AU	Stable HoldCo Australia Pty. Ltd., Dingley	100	Full
14	Stabilus Ltda., Itajubá	BR	Stabilus GmbH, Koblenz	99.99	Full
15	Stabilus Espana S.L., Lezama	ES	Stabilus GmbH, Koblenz	100	Full
16	Stabilus Ltd., Banbury	GB	Stabilus UK HoldCo Ltd., Banbury	100	Full
17	Stabilus S.R.L., Villar Perosa	IT	Stabilus GmbH, Koblenz	99	Full
			Stabilus Ltd., Banbury	1	Full
18	Stabilus Co. Ltd., Busan	KR	Stabilus GmbH, Koblenz	100	Full
19	Stabilus S.A. de C.V., Ramos Arizpe	MX	Stabilus GmbH, Koblenz	99.9998	Full
			Stabilus Ltd., Banbury	0.0002	Full
20	Stabilus Inc., Gastonia	US	Stabilus US HoldCo Inc., Wilmington	100	Full
21	Stabilus Limited, Auckland	NZ	Stabilus GmbH, Koblenz	80	Full
22	Stabilus Japan Corp., Yokohama	JP	Stable Beteiligungs GmbH, Koblenz	100	Full
23	Stabilus France S.à r.l., Poissy	FR	Stabilus GmbH, Koblenz	100	Full
24	Stabilus Romania S.R.L., Brasov	RO	Stable Romania S.R.L., Brasov	13.65	Full
			Stabilus GmbH, Koblenz	86.35	Full
25	Stabilus (Jiangsu) Ltd., Wujin	CN	Stabilus GmbH, Koblenz	100	Full
26	Orion Rent Imobiliare S.R.L., Bucharest	ORI	Stable Beteiligungs GmbH, Koblenz	98	Full

Regarding the increase of shares of Orion Rent Imobiliare S.R.L., Bucharest, we refer to Section 4 ("Business Combination").

The company has initiated an internal restructuring in which the Romanian holding Stable Romania S.R.L. is sold to German Stable Beteiligungs GmbH and Stabilus GmbH and is capitalized by an amount of EUR 27 million. Furthermore the Romanian Stabilus S.R.L. is capitalized by an amount of EUR 21 million in total. Finally the holding will be merged into the operating company Stabilus S.R.L. which then will be subsidiary of Stable Beteiligungs GmbH and Stabilus GmbH.

Principles of consolidation. The assets and liabilities of the domestic and foreign entities included in consolidation are recognised in accordance with the uniform accounting policies of the Stabilus Group. Receivables and liabilities or provisions between the consolidated companies are offset. Intragroup revenues and other intragroup income and the corresponding expenses are eliminated. Intercompany gains and losses on intragroup delivery and service transactions are eliminated through profit or loss, unless they are immaterial. Deferred taxes, which reflect the average income tax charge on the recipient group entity, are recognised on consolidation adjustments affecting profit or loss.

Business combination. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquire, less
- the net recognised amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with the business combination are expensed as incurred.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Foreign currency translation. The consolidated financial statements are presented in Euro, as the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency of its primary economic environment in which the entity operates. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the historic rate.

Assets and liabilities of foreign subsidiaries where the functional currency is other than EURO are translated using the financial period-end exchange rates, while their income and expenses are translated using the average exchange rates during the period.

Translation adjustments arising from exchange rate differences are included in a separate component of shareholder's equity in amounts recognised directly in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Foreign currency transaction gains and losses on operating activities are included in other operating income and expenses. Foreign currency gains and losses on financial receivables and debts are included in interest income and expenses.

The exchange rates of the significant currencies of non-EURO countries used in the preparation of the consolidated financial statements were as follows:

Country	ISO Code	Closing rate 30.9.2012	Average rate 1.10.2011 – 30.9.2012
Australia	AUD	1.2394	1.2631
Brazil	BRL	2.6109	2.4525
China	CNY	8.1453	8.2360
South Korea	KRW	1468.8300	1485.0900
Mexico	MXP	16.6113	17.3288
Romania	ROL	4.5331	4.4146
USA	USD	1.2860	1.2990

Country	ISO Code	Closing rate 30.9.2011	Average rate 1.10.2010 – 30.9.2011
Australia	AUD	1.3868	1.3599
Brazil	BRL	2.4938	2.3016
China	CNY	8.6619	9.1327
South Korea	KRW	1596.6400	1542.7700
Mexico	MXP	18.1300	16.9199
Romania	ROL	4.3533	4.2343
USA	USD	1.3508	1.3956

Changes in accounting policies on account of new standards. The new standards and their impact are presented below:

Standard/ Interpretation		Effective date	Endorsement by EU Commission	Impact
Amendment to IFRS 7	Disclosures – Transfer of Financial Assets	1.7.2011	Yes	None
IAS 24	Related Party Disclosures	1.1.2011	Yes	None
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	1.1.2011	Yes	None

Amendment to IFRS 7 – Disclosures - Transfers of Financial Assets: The amendments to IFRS 7 relate to extended disclosure obligations on the transfer of financial assets. These are intended to enable users to better understand the relationship between the financial assets transferred and the corresponding financial liabilities. Furthermore, the nature and especially the risks of a continuing involvement when financial assets are derecognised should be easier to evaluate. With the amendments, additional disclosures are also required if an exceptionally large number of transfers with continuing involvement for instance take place around the end of the reporting period. The amendments to IFRS 7 do not have any impact on consolidated financial statements of the Stabilus Group.

IAS 24 – Related Party Disclosures: To date, entities that are controlled or significantly influenced by a government were obliged to disclose information on all transactions with

entities that are controlled or significantly influenced by the same government. As a result of the amendment of IAS 24, detailed disclosures are only now required on individual significant transactions. In addition, quantitative or qualitative indications shall be provided on transactions that are not significant individually, but collectively. Furthermore, the amendment to IAS 24 clarifies the definition of a related party. The amendments to IAS 24 do not have any impact on consolidated financial statements of the Stabilus Group.

IFRIC 14 – Prepayments of a Minimum Funding Requirement: The amendment to IFRIC 14 is relevant in the rare cases in which an entity is subject to minimum funding requirements and renders prepayments in order to fulfil these minimum funding requirements. The amendment allows the entity in these cases to record the benefit resulting from such a prepayment as an asset. IFRIC 14 does not have any impact on consolidated financial statements of the Stabilus Group.

IFRSs issued but not yet adopted. Certain new Standards, announcements of Standards and Interpretations were published by September 30, 2012, but their adoption is only obligatory after September 30, 2012. The Stabilus Group has decided in the case of Standards and Interpretations that are only to be adopted in later reporting periods not to apply the option to adopt them earlier.

Standard/ Interpretation		Effective date in business years from	Endorsement by EU Commission
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1.7.2011	No
Amendment to IFRS 1	Government Loans	1.1.2013	No
Amendment to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1.1.2013	No
IFRS 9	Financial Instruments	1.1.2015	No
IFRS 10 and IAS 27	Consolidated Financial Statements, Separate Financial Statements	1.1.2014	No
IFRS 11 and IAS 28	Joint Arrangements, Investments in Associates and Joint Ventures	1.1.2014	No
IFRS 12	Disclosure of Interests in Other Entities	1.1.2014	No
IFRS 13	Fair Value Measurement	1.1.2013	No
Amendments to IFRS 10,12,27	Investment Entries	1.1.2014	No
Amendments to IFRS 10, 11, 12	Transition Guidance	1.1.2014	No
Amendments to IFRS 7, 9	Mandatory Effective Date and Transition Disclosures	1.1.2015	No
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	1.7.2012	Yes
Amendment to IAS 12	Deferred tax: Recovery of underlying assets	1.1.2012	No
IAS 19	Employee Benefits (Revised)	1.1.2013	Yes
Amendment to IAS 32	Offsetting Financial Assets and Financial Liabilities	1.1.2014	No
Improvements to IFRSs (issued 2012)	Collection of amendments to International Financial Reporting Standards	1.1.2013	No
IFRIC 20	Stripped Costs in the Production Phase of a Surface Mine	1.1.2013	No

Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters: Through this amendment to IFRS 1, previous references to a fixed transition date of January 1, 2004 are replaced with "the date of transition to IFRSs". Furthermore, rules have now been taken up in IFRS 1 for the event that an entity was unable for some time to comply with IFRSs because its functional currency was subject to hyperinflation. The amendments to IFRS 1 will not have any impact on future financial statements of the Stabilus Group as the Group has no entities in hyperinflation countries.

Amendment to IFRS 1 – Government Loans: This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. Entities are required to apply these amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The amendments to IFRS 1 does not have any impact on future financial statements of the Stabilus Group as the Group has no government loans.

IFRS 7 – Amendment to Financial Instruments Disclosures: The standard amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosure to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The new offsetting disclosure requirements are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments need to be provided retrospectively to all comparative periods. The amendments to IFRS 7 does not have any impact on future financial statements of the Stabilus Group.

IFRS 9 – Financial Instruments: IFRS 9 revises the existing principles on the classification and measurement of financial assets. The aim is to reduce the complexity of the accounting and to provide relevant decision-useful information for users of financial statements. The scope of IFRS 9 is initially limited to financial assets. The former classifications in IAS 39 are reduced to two measurement categories: amortised cost and fair value. The new classification shall be applied to existing financial assets. The retrospective application of the new regulations in accordance with IAS 8 will result in the adjustment of all information in the IFRS financial statements, as if the new accounting and measurement methods had always applied. The Stabilus Group is currently investigating the impact on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements, Amendments to IAS 27 – Separate Financial Statements: IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and the issues raised in SIC 12 resulting in SIC 12 being withdrawn. It does not change consolidation procedures, but creates a new and broader definition of control than under current IAS 27. IFRS 10 will not have any impact on future financial statements of the Stabilus Group.

IFRS 11 – Joint Arrangements, Amendments to IAS 28 – Investments in Associates and Joint Ventures: IFRS 11 replaces IAS 31 and SIC 13 and changes the accounting for joint arrangements by moving from three categories under IAS 31 to the two categories: joint operation and joint venture. According to this new classification, the structure of the joint arrangement is not the only factor to be considered when classifying a joint arrangement. Under the new standard, it is required also to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, other facts and circumstances. IAS 28 was amended to include the application of the equity method to investments in joint ventures. IFRS 11 and the amendments to IAS 28 will not have any impact on future financial statements of the Stabilus Group.

IFRS 12 – Disclosure of Interests in Other Entities: The new standard contains more extensive qualitative and quantitative disclosure requirements, which include disclosure of e.g. (a) summarised financial information for each subsidiary with a material non-controlling interest, for each individually material joint venture and associate, (b) significant judgements

used by management in determining control, joint control, significant influence, and the type of joint arrangement, and (c) nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

IFRS 13 – Fair Value Measurement: The new standard does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. It provides a definition of fair value and clarification on a number of concepts, including e.g. a description on how to measure fair value when a market becomes less active. The standard includes new disclosures related to fair value measurements as well. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendments to IFRS 10, 12, 27 – Investment Entries: The Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

Amendments to IFRS 10, 11, 12 – Transition Guidance: The Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

Amendments to IFRS 7, 9 – Mandatory Effective Date and Transition Disclosures: The Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendment to IAS 12 – Deferred Tax on Investment Property: Recovery of underlying assets: In the case of investment property, it is often difficult to evaluate whether existing temporary tax differences will reverse during the continued utilisation or in the course of a disposal. The amendment to IAS 12 now clarifies that the reversal fundamentally takes place through a disposal. As a consequence of the amendment, SIC 21 Income Taxes – Recovery of Revalued Non-depreciable Assets no longer applies to investment property measured at fair value. The remaining guidelines have been integrated in IAS 12, and SIC 21 has as a consequence been withdrawn. The amendments to IAS 12 will not have any impact on future financial statements of the Stabilus Group.

IAS 19 – Employee Benefits (Revised): The revised standard includes a number of amendments that range from fundamental changes to simple clarifications. The significant changes are the following:

- For defined benefits plans, the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been removed. Actuarial gains and losses are to be recognised in other comprehensive income when they occur. Amounts in profit or loss are limited to current and past service costs, gains and losses on settlements, and net interest income/expense. All other changes in the net defined benefit asset/ liability are recognised in other comprehensive income with no subsequent recycling to profit or loss.
- The distinction between short-term and other long-term employee benefits is to be based on expected timing of settlement rather than the employee's entitlement to the benefits.
- Termination benefits are to be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.
- The new disclosure requirements include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The amendments will have an impact on future consolidated financial statements of the Stabilus Group.

Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities: The amendments to IAS 32 clarify that:

- an entity has a legally enforceable right to set-off if that right is:
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle.

The amendments are to be applied retrospectively. The amendments to IAS 32 will not have any impact on future financial statements of the Stabilus Group.

Improvements to IFRSs (issued 2012) – Collection of amendments to International Financial Reporting Standards: In May 2012 the IASB published the Annual Improvements 2009–2011 Cycle, a collection of amendments to International Financial Reporting Standards (IFRSs), in response to five issues addressed during the 2009–2011 cycle. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. The amendments impact the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IAS 1 Presentation of Financial Statements; IAS 16 Property, Plant and Equipment; IAS 32 Financial Instruments: Presentation; IAS 34 Interim Financial Reporting. The Improvements to IFRSs will not have any impact on future financial statements of the Stabilus Group.

IFRIC 20 – Stripped Costs in the Production Phase of a Surface Mine: In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). The IFRIC 20 will not have any impact on future financial statements of the Stabilus Group.

3. Accounting policies

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the customer, a price is agreed upon or can be determined and when the payment is probable. Revenue from a contract to provide services is recognised according to the stage of completion, if the amount of the revenues can be measured reliably and it is probable that the economic benefits from the business will flow to the Group.

Cost of sales comprises the cost of the conversion of products sold as well as the purchase costs of sold merchandise. In addition to the directly attributable material and production costs, it also includes indirect production-related overheads like production and purchase management, including depreciation on production plants and amortisation of intangible assets. Cost of sales

also includes write-downs on inventories to the lower net realizable value. Provisions for estimated costs related to product warranties are accrued at the time the related sale is recorded.

Research expenses and non-capitalisable development expenses are recognised in profit or loss when incurred.

Selling expenses include sales personnel costs and operating sales costs such as for marketing. Shipping and handling costs are expensed within selling expenses when incurred. Fees charged to customers are shown as sales. Advertising costs (expenses for advertising, sales promotion and other sales-related activities) are expensed within selling expenses when incurred.

Borrowing costs. Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and therefore form part of the cost of that asset.

Interest income and expenses. The interest income and expenses include the interest expense from liabilities, interest income from the investment of cash and interest. Furthermore, the interest components from defined benefit pension plans and similar obligations and expenses from the winding back of the discounting of provisions for other risks are also reported under the personnel expenses.

Other financial income and expense. The other financial result includes all remaining expenses and income from financial transactions that are not included in the interest result.

Income taxes. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Income tax expenses represent the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

In accordance with IAS 12 deferred taxes are recognised on temporary differences between the carrying amounts and the corresponding tax base of assets and liabilities used in the computation of taxable income. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and deferred tax liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets on tax loss carry-forwards are only recognised if there is sufficient probability that the tax reductions resulting from them will actually occur. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill. Goodwill is determined to have an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36

the Group is testing the goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGU) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. An impairment of goodwill is recognised if the recoverable amount of the cash-generating unit is below its carrying amount. Impairment losses for goodwill are reported in the other expenses section. According to IAS 36 impairment losses recognised for goodwill are not reversed.

Goodwill impairment is tested at the level of Stabilus Group at the lowest level within the Group at which goodwill is being managed. As such decisions on resource allocation and production management are not being based separately on customer markets (Automotive, Industrial and Swivel Chair), but homogenously for all manufacturing lines, nearly all products can be produced by all machines to be marketed in all customer markets. Decentralised decision making and controlling structures do not yet exist in a detail that is required to base segment reporting upon – neither in respect to customer markets nor in respect to specific product lines. Also the Group only has one central worldwide purchasing structure that is not diversified in segments. Financial information for market segments is only available in terms of revenue and the gross margin, but not for EBITDA and further financial data.

Other intangible assets. Purchased or internally generated intangible assets are capitalised according to IAS 38, if a future economic benefit can be expected from the use of the asset and the costs of the asset can be determined reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation: Software (3 to 5 years) and patented technology (16 years), customer relationships (24 years), unpatented technology (6 to 10 years) and trade name (18 years).

Research and development expenses. Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised at cost if the expenditure can be clearly assigned and both technical feasibility and marketability are ensured. It must furthermore be sufficiently probable that the development activity will generate future economic benefits in excess of the capitalised development costs. Capitalised development costs comprise all costs directly attributable to the development process. Capitalised development costs are amortised systematically from the start of production over the expected product cycle of three to fifteen years depending on the lifetime of the product.

Property, plant and equipment. Substantially, the entire property, plant and equipment is used for business purposes and is measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. The Group develops and assembles various production equipments internally; the related costs are also capitalised. Depreciation on property, plant and equipment is recorded straight-line in accordance with its utilization and based on the useful lives of the assets. The residual values, depreciation methods and useful lives are reviewed annually and adjusted, if necessary. Property in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Systematic depreciation is primarily based on the following useful lives: Buildings (40 years), machinery and equipment (10 years) and other equipment (5 to 8 years).

Leasing. Leases comprise all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use that asset is not explicitly described in an arrangement. Leases are classified as either finance or operating. In accordance with the regulations under IAS 17 on accounting for leases, economic ownership is attributed to the lessee if it bears substantially all of the risks and rewards associated with ownership (finance lease). If the criteria for a finance lease are fulfilled, assets and liabilities are recognised at the commencement of a lease term at fair value or the lower present value of the minimum lease payments. Assets are depreciated on a straight-line basis over the estimated useful life of the asset or shorter term of the lease. The discounted payment obligations resulting from the future leasing instalments are recognised under other long-term liabilities.

Lease payments resulting from finance leases are divided into principal payments and interest payments. Lease and rent payments resulting from operating leases are recognised as an expense in the consolidated statement of comprehensive income. Future burdens under operating lease relationships are disclosed under other financial obligations. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating leases are concluded for the leasing of office equipment.

Impairment of non-financial assets. Stabilus assesses at each reporting date whether there are indications that an asset may be impaired. If such indications exist or if annual impairment testing is required (for instance for goodwill), Stabilus estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless an asset generates cash in-flows that are not largely independent of those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of its fair value less cost to sell

and its value in use. Stabilus determines the recoverable amount as fair value less cost to sell and compares this with the carrying amounts (including goodwill). The fair value is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of the operative planning (five-year- window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. If the fair value less cost to sell cannot be determined or is lower than the carrying amount, the value in use is calculated. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the amount of the difference.

The calculation of the fair value less cost to sell and the value in use is most sensitive to the following assumptions: (1) Gross margins are based on average values achieved in the last two years adopted over the budget period for anticipated efficiency improvements. (2) Discount rates reflect the current market assessments of the risks of the cash generating unit. The rate was estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Partly forecast figures (mainly in Europe and the US) and partly past price developments have been used as an indicator for future developments. (4) Management notices that the Group's position continues to strengthen, as customers shift their purchases to larger and more stable companies. Therefore there is no need for any doubt regarding the assumption of market share. (5) Revenue growth rates are estimated based on published industry research.

An assessment for assets other than goodwill is made at each reporting date to determine whether there is any indication that impairment losses recognised in earlier periods no longer exist or may have decreased. In this case, Stabilus would record a partial or entire reversal of the impairment loss.

Inventories. Inventories are valued at the lower of cost and net realisable value using the average cost method. Production costs include all direct cost of material and labour and an appropriate portion of fixed and variable overhead expenses. Net realizable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Borrowing costs for the production period are not included. Provisions are set up on the basis of the analysis of stock moving and/or obsolete stock.

Financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments recorded as financial assets or financial liabilities are generally reported separately. Financial instruments are recognised as soon as the Stabilus Group becomes a party to the contractual provisions of the financial instrument. Financial instruments comprise financial receivables or liabilities, trade accounts receivable or liabilities, cash and cash equivalents and other financial assets or liabilities.

Financial instruments are initially measured at fair value. For the purpose of subsequent measurement, the financial instruments are allocated to one of the categories defined in IAS 39 "Financial Instruments: Recognition and Measurement". The measurement categories within the meaning of IAS 39 relevant in the Stabilus Group are loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples include trade accounts receivable, and loans originated by the company and loans acquired. After initial recognition, loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in the consolidated earnings when the loans and receivables are derecognised or impaired. Interest effects from using the effective interest method are similarly recognised in profit or loss.

Financial assets. In addition to financial instruments assigned to a measurement category, financial assets also include cash and cash equivalents. Cash and cash equivalents consist

primarily of cash on hand, cheques and deposits at banks. The Group considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows. Interest received on these financial assets is generally recognised in profit or loss applying the effective interest method. Dividends are recognised in profit or loss when legal entitlement to the payment arises.

Impairment of financial assets. At each reporting date, the carrying amounts of the financial assets, other than those to be measured at fair value through profit or loss, are investigated to determine whether there is objective evidence of impairment (such as serious financial problems on the part of the debtor or significant changes in the technological, economic, legal and the market environment of the debtor). For equity instruments, a significant or prolonged decline in fair value is objective evidence for possible impairment. Stabilus has defined criteria for the significance and duration of a decline in fair value.

Loans and receivables. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. In relation to trade accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will be unable to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities and equity instruments. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities. Financial liabilities primarily include bank loans, mezzanine loans, shareholder loans, profit participation loans, trade accounts payable and other financial liabilities.

Financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost include bank loans, mezzanine loans and shareholder loans. After initial recognition, the financial liabilities are subsequently measured at amortised cost applying the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss include the profit participating loans. A financial liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. Because an active market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations using for example the enterprise value, growth rate and volatility as parameters.

Pensions and similar obligations. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit pension plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit liability recognised in the statement of financial position comprises the present value of the defined benefit obligation less unrecognised actuarial gains and losses and unrecognised past service cost less the fair value of plan assets out of which the obligations are to be settled directly. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions - in particular those for warranties and potential losses on pending transactions. Non-current provisions with a residual term of more than a year are recognised at balance sheet date with their discounted settlement amount. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Termination benefits are granted if an employee is terminated before the normal retirement age or if an employee leaves the company voluntarily in return for the payment of a termination benefit. The Group records termination benefits if it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate the employment of current employees or if it is demonstrably committed to pay termination benefits if employees leave the company voluntarily.

Provisions for warranties are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

4. Business combination

On December 31, 2010 a new company Orion Rent Imobiliare S.R.L. was founded in Bucharest, Romania. The company's main scope of business is the lease or sublease of its own immovable or leased assets to operating companies of the Group and third parties. The company may also carry out other activities included in the secondary scope of business, such as real estate

development, purchase and sale of its immovable assets etc. Initially the Group's shares in the company amounted to 2%. Currently the company rents out its only building to Stabilus Romania for use as a production (Powerise) and engineering building.

On January 12, 2011 the Group acquired an additional 47% of the voting shares, as defined in the shareholders agreement, for TEUR 200.

On February 28, 2012 the Group executed its option to acquire an additional 49% of the voting shares, as defined in the shareholders agreement, for TEUR 191. Stabilus Group recorded TEUR 191 as additional goodwill because the fair value of the identifiable assets and liabilities was TEUR 0.

The transfer of the remaining 2% of company shares to Stable Beteiligungs GmbH was agreed upon as of January 31, 2014. In addition, Stable Beteiligungs GmbH has the option to purchase the remaining shares before this date under fixed conditions. As the Group can, at any time, elect to draw upon a call option to purchase the remaining shares in the company and therefore can at any time control the voting rights of the company, it is fully consolidated from the date of acquisition on January 12, 2011.

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The Group incurred acquisition-related costs of TEUR 3 related to external legal fees. These costs have been recognized in administration expenses in the Group's consolidated statement of comprehensive income.

Acquisitions in prior year:

The fair values or the identifiable assets and liabilities of the Orion Imobiliare Rent S.R.L. as at the date of acquisition were:

TEUR	Fair Value
Assets	
Property, plant and equipment	1,464.8
Non-current assets	**1,464.8**
Cash	0.3
Current assets	**0.3**
Total Assets	**1,465.1**
Liabilities	
Other non-current financial liabilities	1,464.8
Non-current liabilities	**1,464.8**
Current liabilities	**0.0**
Total Liabilities	**1,464.8**
Net assets	**0.3**
Non-controlling interest	0.2
Total net assets acquired	0.1
Cost of combination	205.2
Goodwill arising on acquisition	**205.1**
Total consideration transferred	205.2
Non-controlling interest (51%), based on the proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	0.2
Fair value of identifiable net assets	0.3
Goodwill	**205.1**

5. Notes to the consolidated statement of comprehensive income

5.1. Revenue

TEUR	1.10.2011-30.9.2012	
Automotive (Gasspring and Powerise)	282,831	63.8%
Industrial & Vehicle	132,666	29.9%
Swivel Chair	27,991	6.3%
Total	**443,488**	**100.0%**

TEUR	1.10.2010-30.9.2011	
Automotive (Gasspring and Powerise)	252,802	61.4%
Industrial & Vehicle	128,926	31.3%
Swivel Chair	29,836	7.3%
Total	**411,564**	**100.0%**

TEUR	1.10.2011-30.9.2012	
Europe	237,868	53.6%
NAFTA	134,619	30.4%
Asia/Pacific and rest of world	71,001	16.0%
Total	**443,488**	**100.0%**

TEUR	1.10.2010-30.9.2011	
Europe	239,455	58.2%
NAFTA	108,423	26.3%
Asia/Pacific and rest of world	63,686	15.5%
Total	**411,564**	**100.0%**

Group revenue results substantially from sales of goods.

5.2. Cost of sales, research and development expenses, selling expenses, administrative expenses

TEUR	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	1.10.2011-30.9.2012
Capitalised development cost	0	12,834	0	0	**12,834**
Personnel expenses	(98,118)	(8,523)	(14,089)	(19,524)	**(140,254)**
Material expenses	(197,515)	(3,477)	(5,779)	(2,169)	**(208,940)**
Depreciation and amortisation	(26,662)	(7,692)	(4,008)	(1,641)	**(40,003)**
Other	(14,124)	(7,093)	(13,406)	(4,707)	**(39,330)**
Total	**(336,419)**	**(13,951)**	**(37,282)**	**(28,041)**	**(415,693)**

TEUR	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	1.10.2010-30.9.2011
Capitalised development cost	0	10,097	0	0	**10,097**
Personnel expenses	(91,793)	(7,861)	(12,963)	(16,005)	**(128,622)**
Material expenses	(185,750)	(2,917)	(5,274)	(962)	**(194,903)**
Depreciation and amortisation	(25,416)	(5,770)	(4,258)	(1,849)	**(37,293)**
Other	(5,224)	(7,375)	(13,969)	(2,008)	**(28,576)**
Total	**(308,183)**	**(13,826)**	**(36,464)**	**(20,824)**	**(379,297)**

Selling expenses include shipping and handling cost amounting to TEUR 16,067 (prior year 15,552). Other expenses exclude recharges to other functions. Administrative personnel expenses include all Koblenz second level managers, as well as globally all functional heads.

Personnel expenses and number of employees. The expense items in the statement of comprehensive income include the following personnel expenses.

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Wages and salaries	(98,013)	(95,473)
Compulsory social security contributions	(30,440)	(32,209)
Pension cost	(8,008)	(641)
Other social benefits	(3,793)	(299)
Total	**(140,254)**	**(128,622)**

Number of employees. The following table shows the average number of employees

	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Wage earners	2,694	2,665
Salaried staff	748	748
Trainees and apprentices	77	93
Total	**3,519**	**3,506**

5.3. Other income

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Foreign currency transaction gains	4,851	3,927
Gains on sale/disposal of assets	64	100
Income from the release of other provisions	979	64
Miscellaneous other income	2,559	2,543
Total	**8,453**	**6,634**

5.4. Other expenses

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Foreign currency translation losses	(4,103)	(3,282)
Losses on sale/disposal of tangible assets	(72)	(128)
Addition to other provisions	0	(4,069)
Other expenses	(205)	(1,229)
Total	**(4,380)**	**(8,708)**

5.5. Finance income

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Interest income on loans and financial receivables	365	362
Net foreign exchange gain	4,825	0
Net change in fair value of financial liabilities designated at fair value through profit or loss	1,966	739
Other interest income	712	0
Total	**7,868**	**1,101**

5.6. Finance costs

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Interest expense on financial liabilities measured at amortised cost	(21,244)	(19,302)
Net foreign exchange loss	0	(2,303)
Interest expenses finance lease	(257)	(361)
Other interest expenses	(364)	(1,006)
Total	**(21,865)**	**(22,972)**

5.7. Income tax expense

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable on the reporting date are used for the calculation of current taxes. Tax rates for the expected period of reversal, which are enacted or substantively enacted at the reporting date, are used for the deferred taxes. Deferred taxes are recognised as tax expenses or income in the statements of comprehensive income, unless they relate to items directly recognized in equity. In these cases the deferred taxes are also recognised directly in equity.

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Current tax expense	(11,895)	(4,940)
Deferred tax income	2,412	7,112
Total	**(9,483)**	**2,172**

The respective local rates have been used to calculate the deferred taxes. A tax rate of 30% has been used for group purposes.

The actual tax expense of TEUR 9,483 is TEUR 4,122 higher than the expected tax loss of TEUR 5,361 that results from applying the group income tax rate 30% to the annual earnings of the Group before income taxes.

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Income/ (Loss) before income tax	**17,871**	**8,322**
Expected tax income/ (loss) (30%)	(5,361)	(2,497)
Prior year taxes	(2,824)	–
Tax effect of non-deductible expenses	(851)	(246)
Valuation allowance interest carry-forward	(3,051)	–
Tax free income	3,714	0
Valuation allowance on deferred taxes	0	1,154
Non-capitalised deferred taxes on domestic losses	(2,903)	(2,688)
Additions/deductions due to trade tax	(783)	(1,205)
Effect of divergent tax rates	(284)	(225)
Utilization of non capitalized losses/ interest carried forward	2,482	5,069
Other tax effects	378	2,810
Actual tax income/ (expense)	(9,483)	2,172
Tax charge in %	**53.06%**	**(26.10%)**

The tax effect of non-deductible expenses mostly includes the effect of German non-deductible expenses. The tax effect due to non-recognition of deferred tax assets includes the valuation allowance for the current tax loss carry-forwards. The tax effect of non-capitalised deferred taxes on domestic losses is calculated with the local tax rates on the basis of the negative EBT´s of the respective companies.

The deferred tax assets (DTA) and deferred tax liabilities (DTL) in respect of each type of the temporary difference and each type of unused tax losses before offset are as follows:

	30.9.2012			30.9.2011		
	DTA	DTL	Total	DTA	DTL	Total
Intangible assets	36	(52,849)	(52,813)	81	(52,866)	(52,785)
Property, plant and equipment	2,958	(9,710)	(6,752)	2,714	(11,061)	(8,346)
Inventories	642	(54)	588	359	(161)	198
Receivables	218	(2,098)	(1,880)	472	(530)	(58)
Other assets	199	(93)	106	63	(660)	(597)
Provisions and liabilities	8,279	(88)	8,191	6,610	(886)	5,724
Tax losses	816	–	816	1,711	–	1,711
Subtotal	**13,148**	**(64,892)**	**(51,744)**	**12,010**	**(66,164)**	**(54,154)**
Netting	**(8,088)**	**8,088**	**–**	**(7,210)**	**7,210**	**–**
Total	**5,061**	**(56,803)**	**(51,744)**	**4,800**	**(58,954)**	**(54,154)**

Deferred tax assets and deferred tax liabilities have been offset if they relate to income taxes levied by the same tax authorities and if there is a right to offset current tax assets against current tax liabilities.

As of September 30, 2012 the Company has unused tax loss carry-forwards of TEUR 16,639 (prior year TEUR 11,711). The following table provides a detailed overview of the tax loss carry-forwards and the expiration dates.

TEUR September 30, 2012	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiring date
Germany	1,881	30.2%	564	(564)	–	Indefinite
Spain	9,493	28.0%	2,658	(2,658)	–	Indefinite
Romania	5,265	16.0%	842	(26)	816	Within 5 years
Total	**16,639**		**4,064**	**(3,248)**	**816**	

TEUR September 30, 2011	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiring date
Germany	3,283	30.2%	991	–	991	Indefinite
Spain	3,927	30.0%	1,178	(1,178)	–	Indefinite
Romania	4,501	16.0%	720	–	720	Within 5 years
Total	**11,711**		**2,889**	**(1,178)**	**1,711**	

The overview above excludes the tax loss carry-forward and interest carry-forward of Stable Beteiligungs GmbH, Stabilus GmbH and Powerise GmbH for the time prior April 8, 2010. Under current tax law interpretations in Germany, the Group has lost the historical tax loss carry forward with the change of control on April 8, 2010.

A change of control/ conversion of debt clause is also included in the US Tax law. As such the overview excludes the tax loss carry-forward of the subsidiaries in the USA.

Interest carry-forwards in Romania, USA and Germany are not considered, as there is no likelihood of utilization.

6. Notes to the consolidated statement of financial position

6.1. Property, plant and equipment

Property, plant and equipment are presented in the following table.

TEUR	Land, equivalent rights to real property	Building and land improvements	Technical equipment and machinery	Finance lease	Other tangible equipment	Construction in progress	Total
Gross value							
Balance at September 30, 2010	**10,178**	**23,114**	**66,626**	**7,437**	**13,565**	**8,802**	**129,722**
Foreign currency difference	(69)	(226)	497	(39)	982	192	1,337
Additions from business combination	–	–	–	1,465	–	–	1,465
Additions	28	1,598	4,476	17	3,409	12,511	22,039
Disposals	–	–	(1,418)	–	(1,029)	–	(2,447)
Reclassifications	–	394	4,305	–	1,305	(6,105)	(101)
Balance at September 30, 2011	**10,137**	**24,880**	**74,486**	**8,880**	**18,232**	**15,400**	**152,015**
Foreign currency difference	134	812	3,121	(58)	865	312	5,186
Additions	424	650	8,537	–	4,337	4,951	18,899
Disposals	–	–	(2,225)	–	(875)	–	(3,100)
Reclassifications	(31)	626	4,227	–	1,099	(7,443)	(1,522)
Balance at September 30, 2012	**10,664**	**26,968**	**88,146**	**8,822**	**23,658**	**13,220**	**171,478**
Accumulated depreciation							
Balance at September 30, 2010	**–**	**(650)**	**(4,907)**	**(473)**	**(1,331)**	**(759)**	**(8,120)**
Foreign currency difference	–	(63)	(1,643)	–	(711)	–	(2,417)
Depreciation expense	–	(1,328)	(13,695)	(1,005)	(4,721)	(60)	(20,809)
Disposal	–	–	1,418	–	999	–	2,417
Balance at September 30, 2011	**–**	**(2,041)**	**(18,827)**	**(1,478)**	**(5,764)**	**(819)**	**(28,929)**
Foreign currency difference	–	(250)	(2,392)	5	(704)	–	(3,341)
Depreciation expense	–	(1,576)	(14,281)	(1,022)	(5,290)	–	(22,169)
Disposal	–	–	2,223	–	853	–	3,076
Reclassifications	–	–	41	–	(41)	–	–
Balance at September 30, 2012	**–**	**(3,867)**	**(33,236)**	**(2,495)**	**(10,946)**	**(819)**	**(51,363)**
Carrying amount							
Balance at 30 September, 2011	**10,137**	**22,839**	**55,659**	**7,402**	**12,468**	**14,581**	**123,086**
Balance at 30 September, 2012	**10,664**	**23,101**	**54,910**	**6,327**	**12,712**	**12,401**	**120,115**

Property, plant and equipment includes assets resulting from three finance lease contracts with a carrying amount of TEUR 6,327 as of September 30, 2012 (prior year TEUR 7,402), of which TEUR 3,028 (prior year TEUR 3,512) relate to a sale and leaseback agreement concluded in 2008, TEUR 2,042 (prior year 2,505) relate to a finance lease agreement concluded in 2006 and TEUR 1,257 (prior year TEUR 1,385) relate to a real estate finance lease agreement signed in December 2010 by Orion Rent Imobiliare S.R.L., Bucharest, prior to Stabilus Group taking the majority of the company.

Contractual commitments for the acquisition of property, plant and equipment amount to TEUR 1,733 (prior year TEUR 756). Typically these have been secured by a bank guarantee or an in-depth check of the relevant supplier.

The total depreciation expense and impairment loss for tangible assets is included in the consolidated statement of comprehensive income in the following line items:

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Cost of sales	(20,367)	(19,119)
Research and development expenses	(569)	(501)
Selling expenses	(369)	(292)
Administrative expenses	(864)	(897)
Total	**(22,169)**	**(20,809)**

Prepayments by Stabilus Group for property, plant and equipment and intangible assets of TEUR 369 (prior year TEUR 67) are shown under the position "other non-current assets".

6.2. Goodwill

The first-time consolidation of the Stable II S. à. r. l., Luxembourg, resulted in goodwill of EUR 51 million. The first-time consolidation of Orion Rent Imobiliare S.R.L, Bucharest, Romania, in the financial year ended September 30, 2011 resulted in goodwill of TEUR 205.1. The acquisition of additional 49% voting shares in Orion Rent Imobiliare S.R.L., Bucharest, in the fiscal year ended September 30, 2012 lead to additional goodwill of TEUR 191.3. Please refer to note 4 for details.

The fair value less costs to sell of the unit is measured by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: The underlying cash flow forecasts are based on the five-year medium term plan ("MTP") approved by the Management Board. The cash flow planning takes into account price agreements based on experience and anticipated efficiency enhancements as well as sales growth of about 8.1% (prior year 4.8%) in average based on the strategic outlook. While the overall economic outlook is very volatile the Group believes that its market-orientated approach and leading edge products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (prior year 1%) growth rate. The pre-tax discount rates applied to cash flow projections is 12.9% (prior year 12.2%).

Group management believes that the overall economic situation and the position of the Group have improved since the acquisition in April 2010. The Group planning is based on the following economic assumptions:

- The business plan used to determine the purchase price and the valuations in April 2010 is viewed as achievable in the current economic environment.
- Since April 2010 the overall economic climate for automotive is seen more positively, which should support the Group's revenue plan.
- The significant debt on balance sheet reduction as a result of the refinancing and acquisition by Servus HoldCo in 2009/2010 has substantially improved key customer confidence in Stabilus' long term partnership intentions. This has resulted in additional orders, also for products with a longer life cycle horizon like Powerise (electric tail gate opening system). Supplier confidence and credit insurer confidence will also improve, which will potentially have a positive effect on the Group's cash needs in the medium term.
- With the support of the new shareholder, business projects that are capital intensive upfront, but in the long term very profitable, allow management to improve the Group's longer term prospects.
- The new financing agreements do not only reduce the debt burden but also include cash conserving elements like accrued cash interest and free cash flow related loan amortisation rules, rather than fixed amortisation tables.

6.3. Other intangible assets

Other intangible assets are presented in the following table:

TEUR	Development cost	Development cost under construction	Software	Patents	Customer Relationship	Technology	Trade-name	Total
Gross value								
Balance at September 30, 2010	**21,158**	**18,764**	**1,440**	**1,211**	**83,683**	**58,132**	**13,246**	**197,634**
Foreign currency difference	75	(28)	180	3	–	–	–	230
Additions	2,996	7,101	340	40	–	–	–	10,477
Disposals	–	–	(180)	(4)	–	–	–	(184)
Reclassifications	13,973	(13,973)	96	5	–	–	–	101
Balance at September 30, 2011	**38,202**	**11,864**	**1,876**	**1,255**	**83,683**	**58,132**	**13,246**	**208,258**
Foreign currency difference	(463)	121	(173)	9	–	–	–	(506)
Additions	4,363	8,471	460	6	–	–	–	13,300
Disposals	(10)	–	(50)	–	–	–	–	(60)
Reclassifications	5,373	(5,345)	1,493	1	–	–	–	1,522
Balance at September 30, 2012	**47,465**	**15,111**	**3,606**	**1,271**	**83,683**	**58,132**	**13,246**	**222,514**
Accumulated amortisation								
Balance at September 30, 2010	**(1,992)**	**–**	**(500)**	**(816)**	**(1,743)**	**(2,739)**	**(368)**	**(8,158)**
Foreign currency difference	–	–	(168)	312	(330)	–	–	(186)
Amortisation expense	(5,568)	–	(703)	(370)	(3,157)	(5,478)	(736)	(16,012)
Impairment loss	(472)	–	–	–	–	–	–	(472)
Disposal	–	–	180	4	–	–	–	184
Balance at September 30, 2011	**(8,032)**	**–**	**(1,191)**	**(870)**	**(5,230)**	**(8,217)**	**(1,104)**	**(24,644)**
Foreign currency difference	648	–	183	(10)	–	–	–	821
Amortisation expense	(5,978)	–	(837)	(59)	(3,487)	(5,478)	(736)	(16,575)
Impairment loss	(1,259)	–	–	–	–	–	–	(1,259)
Disposal	1	–	49	–	–	–	–	50
Balance at September 30, 2012	**(14,620)**	**–**	**(1,796)**	**(939)**	**(8,717)**	**(13,696)**	**(1,840)**	**(41,607)**
Carrying amount								
Balance at 30 September, 2011	**30,170**	**11,864**	**685**	**385**	**78,453**	**49,915**	**12,142**	**183,614**
Balance at 30 September, 2012	**32,845**	**15,111**	**1,810**	**332**	**74,966**	**44,436**	**11,406**	**180,907**

The trade name, patented and unpatented technology and customer relationship are recognised at the acquisition date.

The borrowing costs capitalised during the period amount to TEUR 674 (prior year TEUR 624). A capitalisation rate of 7.25% (prior year 7.25%) was used to determine the amount of borrowing costs.

The total amortisation expense and impairment loss for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

TEUR	1.10.2011-30.9.2012	1.10.2010-30.9.2011
Cost of sales	(6,295)	(6,297)
Research and development expenses	(7,123)	(5,269)
Selling expenses	(3,639)	(3,966)
Administrative expenses	(777)	(952)
Total	**(17,834)**	**(16,484)**

Contractual commitments for the acquisition of intangible assets amount to TEUR 753 (prior year TEUR 1,505).

During the financial year, costs of TEUR 12,834 (prior year TEUR 10,097) were capitalised for development projects that were incurred in the product and material development areas. Systematic amortisation of capitalised internal development projects amounted to TEUR 5,978 (prior year TEUR 5,568). Amortisation expenses on development costs include impairment losses of TEUR 1,259 (prior year TEUR 472) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

6.4. Other non-current financial assets

TEUR	30.9.2012	30.9.2011
Other non-current financial assets	2,679	4,302
Total	**2,679**	**4,302**

Restricted cash of TEUR 2,679 as at September 30, 2012 essentially relates to cash deposits amounting to TEUR 1,350 (prior year TEUR 2,700) from a letter of guarantee for the insolvency protection of the German partial retirement scheme (Altersteilzeit), cash deposits amounting to TEUR 811 (prior year TEUR 0) resulting from a letter of guarantee for the Environment Protection Agency, USA, and cash deposits amounting to TEUR 300 (prior year TEUR 1,000) for a letter of guarantee for the rent of the production facility in Brasov, Romania. The required cash deposits for the letters of guarantee amount to 50% of the guarantees (prior year 100%).

6.5. Other non-current assets

TEUR	30.9.2012	30.9.2011
Prepayments on property, plant and equipment	369	67
Other long term assets	801	728
Total	**1,170**	**795**

6.6. Inventories

TEUR	30.9.2012	30.9.2011
Raw materials and supplies	26,223	21,518
Finished products	12,973	12,795
Work in progress	6,986	6,574
Merchandising	3,792	4,497
Total	**49,974**	**45,384**

Write-downs on inventories to net realisable value amount to TEUR 1,659 (prior year TEUR 2,313). Inventories that are expected to be turned over within twelve months amount to

TEUR 49,974 (prior year TEUR 45,384). In the reporting period raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to TEUR 197,515 (prior year TEUR 185,750).

Stabilus Group's prepayments for inventories amounting to TEUR 430 (prior year TEUR 417) are included in prepayments in other current assets.

6.7. Trade accounts receivable

Trade accounts receivable are made up as follows:

TEUR	30.9.2012	30.9.2011
Trade accounts receivable	60,813	57,687
Allowance for doubtful accounts	(1,863)	(2,532)
Total	**58,950**	**55,155**

The Group provides credit in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such receivables. The Company establishes an allowance for doubtful accounts based upon factors such as the credit risk of specific customers, historical trends and other information.

Allowances. The allowances developed as follows:

TEUR	30.9.2012	30.9.2011
Balance at September 30	(2,532)	(2,340)
Foreign currency differences	52	(73)
Increase in the allowance	(1)	(465)
Decrease in the allowance	618	346
Total	**(1,863)**	**(2,532)**

6.8. Current tax assets

The current tax assets mainly relate to the income taxes.

6.9. Other current assets

TEUR	30.9.2012	30.9.2011
VAT	5,030	4,202
Prepayments	645	625
Miscellaneous	9,371	3,635
thereof deferred charges	1,524	1,621
thereof other miscellaneous current assets	7,847	2,014
Other current assets	**15,046**	**8,462**

The other miscellaneous current assets include a EUR 5.0 million cost order receivable resulting from the judgement of the United Kingdom High Court, Great Britain, in regards to the pre April 2010 Mezzanine lenders claim.

6.10. Cash

For the purposes of the consolidated cash flow statement, cash includes cash on hand and in banks. Cash at the end of the financial period as shown in the consolidated cash flow statement corresponds to the related items in the statement of financial position:

TEUR	30.9.2012	30.9.2011
Cash	41,638	26,536
Total	**41,638**	**26,536**

Cash in banks earned interest at floating rates based on daily bank deposit rates. The restricted cash is not included in the table above; it is disclosed separately as other non-current financial assets (see note 6.4).

6.11. Equity

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

Issued capital. The issued capital amounts to EUR 5,012,500.01 as at September 30, 2012 (501,250,001 shares).

Additional paid-in capital. The additional paid-in capital comprises of funds provided by the shareholder Servus Group HoldCo II S.à r.l., Luxembourg.

In October 2011 and in February 2012, the Servus HoldCo S. à r. l., Luxembourg, paid a dividend of TEUR 150 from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg for the financial years ending September 30, 2010 and 2011. This dividend of TEUR 150 is the maximum permitted distribution for the financial year according to the loan contracts.

Retained earnings. The retained earnings as at September 30, 2012 comprise the profit of the Stabilus Group for the period from October 1, 2011 to September 30, 2012 and the profit for prior years.

Other comprehensive income. Other comprehensive income comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The following table shows the changes in other reserves recognized directly in equity as well as the income tax recognised directly in equity:

	1.10.2011 – 30.9.2012				
TEUR	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains/(losses) from foreign currency translation	(1,782)	–	(1,782)	–	(1,782)
Total other comprehensive income . . .	**(1,782)**	**–**	**(1,782)**	**–**	**(1,782)**

	1.10.2010 – 30.9.2011				
TEUR	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains from foreign currency translation	(82)	–	(82)	12	(70)
Total other comprehensive income	**(82)**	**–**	**(82)**	**12**	**(70)**

6.12. Non-current financial liabilities

This note provides information about the contractual terms of the Group's interest-bearing financial liabilities.

With the exception of the profit participating loans (PPL), all other loans and borrowings are measured at amortised costs. The PPL's are measured at fair value.

Terms and conditions. Terms and conditions of outstanding loans are shown below:

TEUR	Currency	Nominal interest rate	Interest rate 30.9.2012	Year of maturity	Principal amount 30.9.2012	Carrying amount 30.9.2012
Senior Facility	EUR	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	97,360	99,816
Senior Facility	USD	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	32,251**	26,508
Senior loans						**126,324**
Mezzanine Facility	EUR	10.75% (fixed rate)	10.75%	8.10.2017	66,301	84,016
Mezzanine Facility	USD	10.75% (fixed rate)	10.75%	8.10.2017	30,150**	29,709
Mezzanine loans						**113,725**
Shareholder loans	EUR	10.0% (fixed rate)	10.0%	6.4.2020	33,000	41,987
Shareholder loans						**41,987**
Senior PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,111
Senior PPL	USD	1.0% (fixed rate)		8.4.2020	*)	251
Mezzanine PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	389
Equity tainted loan PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,030
Preferred equity certificate PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	649
Profit participating loans						**3,430**
Total						**285,466**

*) Principal amount is 1 EUR

**) Amount in USD

TEUR	Currency	Nominal interest rate	Interest rate 30.9.2011	Year of maturity	Principal amount 30.9.2011	Carrying amount 30.9.2011
Senior Facility	EUR	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	97,360	99,816
Senior Facility	USD	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	32,251**	25,236
Senior loans						**125,052**
Mezzanine Facility	EUR	10.75% (fixed rate)	10.75%	8.10.2017	66,301	77,577
Mezzanine Facility	USD	10.75% (fixed rate)	10.75%	8.10.2017	30,150**	26,117
Mezzanine loans						**103,694**
Shareholder loans	EUR	10.0% (fixed rate)	10.0%	6.4.2020	33,000	38,113
Shareholder loans						**38,113**
Senior PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,739
Senior PPL	USD	1.0% (fixed rate)		8.4.2020	*)	383
Mezzanine PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	602
Equity tainted loan PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,471
Preferred equity certificate PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,201
Profit participating loans						**5,396**
Total						**272,255**

*) Principal amount is 1 EUR

**) Amount in USD

Senior Facilities Agreement. A Senior Facilities Agreement dated April 8, 2010 was concluded between the company and J.P. Morgan PLC as the mandated Lead Arranger, various financial institutions, and J.P. Morgan Europe Limited as the Agent and the Security Trustee. The Facilities subject to this agreement are the Super Super Senior Revolving Facility (repaid in 2011), the Super Senior Facility 1, the Super Senior Facility 2, the Senior Facility and the Uncommitted Capex Facility.

The EUR 14.1 million Super Super Senior Revolving Facility is not drawn as of September 30, 2012. All possible amounts outstanding under the Revolving Facility are to be repaid at the latest on the respective termination date, which is six years after April 8, 2010. The drawable amount cannot exceed EUR 14.1 million.

The EUR 15.0 million Uncommitted Capex Facility shall apply to all amounts borrowed under the Senior Facilities agreement towards financing Capital Expenditure. This facility was not drawn as of September 30, 2012. All possible amounts outstanding under the uncommitted Capex Facility are to be repaid at the latest on the respective termination date, which is six years and six months after April 8, 2010. The uncommitted amount cannot exceed EUR 15.0 million.

The credit agreement allows the Group to select the interest period within certain boundaries for the Senior loan facilities. Currently a six month interest period has been chosen.

The Facility Agreements contain certain financial covenants, including the requirement of a minimum interest cover (ratio of consolidated earnings before interest, taxes, depreciation, and amortisation ("EBITDA") to consolidated net finance charges), a minimum cash cover (ratio of consolidated cash flow to net debt service), a maximum leverage (ratio of consolidated total net

debt to consolidated EBITDA), a minimum consolidated EBITDA, a minimum of cash on balance sheet and restrictions on capital expenditures.

The agreements also contain limitations typical for syndicated loans about undertakings, prepayment undertakings and general undertakings including business restrictions whereof the main undertakings relate to restrictions concerning merger, substantial business changes, acquisitions, disposals, additional indebtedness and loans, guarantees or indemnities, dividends and share redemption.

In the event of a default as further specified in the loan documents the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on a repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

The Super Senior Facilities 1 and 2 were fully repaid in March 2011.

The carrying amount of bank loans as of September 30, 2012 includes accrued interest of TEUR 3,886 (prior year TEUR 3,264). The paid interest in the period October 1, 2011 to September 30, 2012 amounts to TEUR 5,540 (prior year TEUR 4,378).

Mezzanine Facility Agreement. A Mezzanine Facility Agreement dated April 8, 2010 was concluded between Stable Beteiligungs GmbH, Koblenz, Wilmington Trust (London) Limited, as Agent, and J.P. Morgan Europe Limited, as Security Trustee. The subject of this agreement is a term loan facility drawn down in two amounts, one in Euro and one in US dollars.

According to the agreement the interest payment periods can be selected by the Company within certain boundaries. Currently the selected interest payment period is chosen to be six months.

The Mezzanine Facility Agreement contains basically the same covenants comprising financial covenants, information undertakings, prepayment undertakings and general covenants as agreed within the Senior Facilities Agreement as described above.

In the event of a default as further specified in the loan documents, the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on a repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

The carrying amount of mezzanine loans as of September 30, 2012 includes accrued interest of TEUR 23,979 (prior year TEUR 15,243). The paid interest in the period October 1, 2011 to September 30, 2012 amounts to TEUR 3,001 (prior year TEUR 0).

Liabilities to shareholders. A Shareholder's Loan Agreement dated April 6, 2010 was concluded between the company and Servus Group HoldCo II S. à r. l., Luxembourg, the shareholder of the company. Subject to this agreement is the unsecured loan as from the date of the agreement in a principal amount of TEUR 33,000, which has to be repaid in full on the final maturity date, which is the date falling 10 years from the closing date.

Interest is accruing on the loan with an interest rate of 10% per annum as from the date of the payment of the loan. The interest is accrued from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days. The interest is not required to be paid in cash but will accrue on each anniversary of this agreement.

At balance sheet date the outstanding amount of TEUR 41,987 (prior year TEUR 38,113) includes accumulated interests of TEUR 8,987 (prior year TEUR 5,113).

Profit Participating Loans (PPL): In conjunction with the financial restructuring of the Stabilus business (closing April 8, 2010), all non-performing debt instruments, consisting of Parts of the Senior Debt, the Mezzanine Debt, Equity Tainted Loan (ETL) and Preferred Equity Certificates (PEC) were transferred to Servus HoldCo. The purchase of these debt instruments is reimbursed to the lenders, represented by the PPL Agent (JP Morgan Limited), by issuing of profit

participating loan instruments by Servus HoldCo, each with a nominal value of EUR 1. The uniform conditions of these PPL instruments are as follows:

Principal amount	EUR 1
Maturity	April 8, 2020
Redemption amount	Outstanding principal amount plus accumulated accrued interest
Fixed interest rate	1% fixed interest rate on the outstanding principal amount, payable at maturity
Variable interest	The loan entitles in addition to receive all cash flows which flow to Servus HoldCo as a result of the underlying instruments, less a margin of 0.12% of each payment.
Pre-mature call option	Only on exit (exit means (1) a change of control or (2) the sale or disposal of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions or (3) a flotation or (4) a refinancing or (5) a distribution

Senior EUR PPL: As underlying instrument, Stable II as lender and Stable Beteiligungsgesellschaft conclude a new loan (Senior EUR loan) with a notional value of EUR 118,374,107.19 and USD 14,950,327.44 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (senior EUR PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Senior EUR PPL) with a notional value of EUR 1.

Senior USD PPL: As underlying instrument, Stable II as lender and Stable HoldCo Inc. conclude a new loan (Senior USD loan) with a notional value of EUR 9,957,758.21 and USD 25,079,622.73 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent receive a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of EUR 1.

Mezzanine PPL: As underlying instrument, Stable II as lender and Stable Beteiligungsgesellschaft conclude a new loan (Mezz Loan) with a principal value of EUR 92,184,426.09 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of EUR 1.

Equity tainted loan (ETL) PPL: As underlying instrument, the equity tainted loan (ETL) with a notional value of EUR 72,433,267.00 (maturity: April 30, 2018) was sold by the lenders, represented by the Security Trustee, to Servus HoldCo in return for the payment of EUR 1. The original ETL was then amended by an agreement between the issuer, Stable II, and Servus HoldCo. In return for the purchase of the original ETL, the lenders, represented by the PPL Agent, grant Servus HoldCo a profit participating loan (ETL PPL) with a notional value of EUR 1.

Preferred equity certificates (PEC) PPL. As underlying instrument, the interest-free preferred equity certificates (IFPECs) with an aggregated notional value of EUR 98,067,780.00 (maturity: August 31, 2018) were sold by the lenders, represented by the Security Trustee, to Servus HoldCo in return for the payment of EUR 1. The IFPECs were then converted by a contract amendment agreement between the issuers of the IFPECs, Stable II and Servus HoldCo, to PECs. In return for the purchase of the IFPECS by Servus HoldCo, the lenders, represented by the PPL Agent, receive a claim from Servus HoldCo in form of a profit-participating loan (PEC PPL) with a notional value of EUR 1.

The profit participating loans are measured at fair value and changes therein are recognised in profit or loss. Because a market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value.

Securitisation. The security package in favour of the syndicated loan lenders of the company covers share pledges of various key companies including Stable II, inventory and receivables pledges, as well as liens on land, buildings, machinery and patents for key affiliates and the Group as a whole.

TEUR	Carrying amount as of 30.9.2012	Carrying amount as of 30.9.2011
Total collateral assignment of interests in consolidated companies	**590,604**	**447,032**
Intangible assets assigned as collateral	328	379
Mortgages on land and collateral assignment of the buildings	3,167	3,088
Collateral assignment of technical plant and machinery, operational and office equipment as well as construction in process	89,294	86,073
Collateral assignment of the inventories	42,195	42,680
Fiduciary assignment of receivables from third parties	49,042	47,439
Collateral assignment of the credit balances at banks	31,335	20,709
Total collateral assignment of other assets	**215,361**	**200,368**

6.13. Other non-current financial liabilities

TEUR	30.9.2012	30.9.2011
Finance lease obligation	2,342	3,869
Total	**2,342**	**3,869**

The finance lease obligation amounting to TEUR 4,076 (prior year TEUR 5,735) consists of the long term part of the present value of the future minimum lease payments of a finance lease liability amounting to TEUR 2,342 (prior year TEUR 3,869) and the short-term portion amounting to TEUR 1,734 (prior year TEUR 1,866). The short-term portion is included in other current financial liabilities.

6.14. Non-current provisions

TEUR	30.9.2012	30.9.2011
Provisions for anniversary benefits	767	1,049
Provisions for pre-retirement	9,037	9,475
Other provisions - non current	602	102
Total	**10,406**	**10,626**

TEUR	Anniversary benefits	Pre-retirement	Other	Total
Balance at September 30, 2010	**3,267**	**9,942**	**273**	**13,482**
Foreign currency differences	–	9	(1)	8
Costs paid	201	(2,156)	(286)	(2,241)
Release to income	(2,282)	(428)	–	(2,710)
Additions	(137)	2,108	116	2,087
Balance at September 30, 2011	**1,049**	**9,475**	**102**	**10,626**
Foreign currency differences	–	8	13	21
Costs paid	(282)	(1,832)	(102)	(2,338)
Release to income	–	–	–	–
Additions	–	1,386	589	2,097
Balance at September 30, 2012	**767**	**9,037**	**602**	**10,406**

The discount rate applied ranges from 1.32% to 1.98%.

6.15. Pensions plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

TEUR	30.9.2012	30.9.2011
Principal pension plan	35,240	34,934
Deferred compensation	491	497
Total	**35,731**	**35,431**

In case of the adoption of IAS 19 (revised) and the recognition of actuarial gains and losses in other comprehensive income, the pension liability would increase by TEUR 2,336 to an amount of TEUR 38,066.

a) Defined benefit plans and deferred compensation

Defined benefit plan. The Group granted post-employment pension benefits to all employees in Germany who joined the company prior to January 1, 2006. The level of post-employment benefits is generally based on eligible compensation levels and / or ranking within the Group hierarchy and years of service. Liabilities for principal pension plans amounting to TEUR 35,240 (prior year TEUR 34,934) result from unfunded accumulated benefit obligations.

As per December 21, 2010, in order to free the Group of future liquidity risks, the Group's pension policies for Germany have been amended, in which the title earned in the former defined benefit plan is frozen. Going forward no additional defined benefit titles can be earned. At the same time the company has introduced a defined contribution plan in which direct payments to an external insurer are made which disburdens the group of further cash disbursements in the future. As a result of this change the defined benefit liability recognized in the balance sheet was reduced by TEUR 3,345.

Deferred compensation. Deferred compensation included in accrued pension liabilities relates to employees of the former Atecs Mannesmann Companies. Deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement. The total deferred compensation as of September 30, 2012 amounts to TEUR 491 (prior year TEUR 497).

Unfunded status. The unfunded status is as follows:

TEUR	30.9.2012	30.9.2011
Present value of unfunded defined benefit obligations	38,066	33,081
Less: Fair value of plan assets	–	–
Unfunded status	**38,066**	**33,081**

Present value. The present value of the defined benefit obligation developed as follows:

TEUR	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Present value of the defined benefit obligations at the beginning of the period	33,081	38,700
Plan amendment	–	(3,167)
Service cost	54	603
Interest cost	1,541	1,588
Actuarial (gains) / losses	4,686	(3,338)
Pension benefits paid	(1,296)	(1,305)
Present value of defined benefit obligations at end of the period	**38,066**	**33,081**

Accrued defined benefit obligation. The following table provides a reconciliation of the funded status to the net amounts reported in the statement of financial position:

TEUR	30.9.2012	30.9.2011
Funded status	38,066	33,081
Unrecognised actuarial net gains/(losses)	(2,335)	2,350
Unrecognised past service cost	–	–
Net amounts recognised	**35,731**	**35,431**
The net amounts recognised in the statement of financial position are included in the following item:		
Pension plans and similar obligations		
TEUR	**35,731**	**35,431**

Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligation at that date.

Expense recognised: The expense items in the consolidated statement of comprehensive income include the following expenses for defined benefit plans:

TEUR	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Service cost	54	602
Interest cost	1,541	1,588
Net periodic pension cost	**1,595**	**2,190**
Curtailments and settlements	–	–
Total	**1,595**	**2,190**

Experience adjustments. The present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows

TEUR	Defined benefit obligation	Experience adjustments
30.9.2010	38,700	–
30.9.2011	33,081	–
30.9.2012	38,066	–

Assumptions. The measurement date for Group's pension obligations is generally September 30. The measurement date for Group's net periodic pension cost is generally the beginning of the period. Assumed discount rates, salary increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

The following measurement factors were used to determine the pension obligations:

p.a.	30.9.2012	30.9.2011
Discount rate	3.80%	4.75%
Salary increases	0.00%	0.00%
Pension increases	1.50%	1.50%
Turnover rate	4.00%	4.00%
Inflation	1.50%	1.50%

Discount rates. The discount rates for the pension plans are determined annually as of September 30 on the basis of first-rate, fixed interest industrial bonds with maturities and values matching those of the pension payments.

Expected payments. Expected pension benefit payments for the financial year 2012/2013 will amount to TEUR 1,396 (prior year TEUR 1,373).

b) Defined contribution plans

At Stabilus, the expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans in the reporting period amounted to TEUR 6,413 (prior year TEUR 8,242).

6.16. Trade accounts payable

	30.9.2012	30.9.2011
Trade accounts payable	42,898	32,140
Total	**42,898**	**32,140**

6.17. Other current financial liabilities

Other financial liabilities are made up as follows:

TEUR	30.9.2012	30.9.2011
Liabilities to employees	3,689	4,151
Social security contribution	1,661	2,092
Finance lease obligation	1,734	1,866
Liabilities to related parties	312	186
Total	**7,396**	**8,295**

The finance lease obligation amounting to TEUR 4,076 (prior year TEUR 5,735) consists of the long term part of the present value of the future minimum lease payments of a finance lease liability amounting to TEUR 2,342 (prior year TEUR 3,869) and the short-term portion amounting to TEUR 1,734 (prior year TEUR 1,866). The long-term portion is included in other non-current financial liabilities.

6.18. Current tax liabilities

The current tax liabilities mainly relate to income and trade taxes.

6.19. Current provisions

TEUR	30.9.2012	30.9.2011
Employee related expenses	4,989	4,580
Environmental protection measures	1,189	1,132
Other risks from purchase and sale commitments	891	1,199
Legal and litigation cost	160	173
Warranties	7,591	8,049
Miscellaneous	2,745	3,915
Total	**17,565**	**19,048**

TEUR	Employee related Expenses	Environmental protection measures	Other risks	Legal and litigation costs	Warranties	Miscellaneous	Total
Balance at September 30, 2010	**4,348**	**1,123**	**1,095**	**1,514**	**12,196**	**5,925**	**26,201**
Foreign currency differences	(20)	9	(171)	(53)	(498)	(75)	(808)
Reclassifications	–	–	–	(1,288)	1,288	–	–
Costs paid	(2,527)	–	(485)	–	(6,983)	(4,498)	(14,493)
Release to income	(488)	–	(91)	–	(349)	(817)	(1,745)
Additions	3,267	–	851	–	2,395	3,380	9,893
Balance at September 30, 2011	**4,580**	**1,132**	**1,199**	**173**	**8,049**	**3,915**	**19,048**
Foreign currency differences	123	57	(2)	(7)	(39)	267	399
Reclassifications	–	–	–	–	1,012	(1,012)	–
Costs paid	(3,726)	–	(520)	(6)	(2,015)	(3,915)	(10,182)
Release to income	(356)	–	(377)	–	(400)	(290)	(1,423)
Additions	4,368	–	591	–	984	3,780	9,723
Balance at September 30, 2012	**4,989**	**1,189**	**891**	**160**	**7,591**	**2,745**	**17,565**

The provision for employee related expenses comprises employee termination benefits and bonuses.

The provision for environmental protection measures represents a claim for an environmental rectification regarding Stabilus Inc.'s former site in Colmar, USA.

The provision for other risks from purchase and sales commitments represents expected sales discounts, expected losses from pending deliveries of goods and other sales related liabilities.

The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation, but not for claims.

The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. Warranty accruals comprise accruals that are calculated for each individual case.

6.20. Other current liabilities

TEUR	30.9.2012	30.9.2011
Advanced payments received	412	423
Vacation expenses	1,871	1,896
Other personnel related expenses	5,318	4,525
Outstanding costs	6,375	5,158
Miscellaneous	53	465
Total	**14,029**	**12,467**

7. Other information

7.1. Leasing

Operating lease. The Group enters into non-cancellable operating lease for IT hardware, cars and other machinery and equipment with lease terms of 2 to 6 years. The future minimum lease payments relating to leasing agreements during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments	
2012/2013	3,636	
2013/2014	2,837	
2014/2015	2,007	
2015/2016	1,599	
2016/2017	1,418	
after 2016/2017	463	
within one year		3,636
after one year but not more than five years		7,861
more than five years		463
Total	**11,960**	**11,960**

The current period expense for operating leases amounts to TEUR 4,246 (prior year TEUR 4,099).

Finance lease. Two lease contracts regarding production lines and one real estate lease contract regarding a production facility in Romania are recorded as finance lease.

Production line 1: The Stabilus Group entered into a non-cancellable finance lease with lease term of 6 years, contracted on December 20, 2006 and commencing on December 1, 2006. The agreement contains a purchase option at the end of the contractual period for a value of TEUR 476 (prior year TEUR 476). The net carrying amount at the balance sheet date is TEUR 2,042 (prior year TEUR 2,505). The present value is calculated by using an interest rate of 5.9%, which was the incremental interest rate of the Stabilus Group at inception of the lease. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2012/2013	617		613	
within one year		617		613
after one year but no later than five years		–		–
Total	**617**	**617**	**613**	**613**

Production line 2: Furthermore, the Group concluded a sale and leaseback agreement dated September 25, 2008, which results in a finance lease with a term of 6 years. The agreement contains a purchase option at the end of the contractual period for a value of TEUR 100. The

lease term commenced on January 1, 2009. The sales price of the underlying asset, manufacturing equipment, amounts to TEUR 5,000. At balance sheet date the carrying amount of the underlying asset amounts to TEUR 3,028 (prior year TEUR 3,512). The present value is calculated by using the Group's incremental borrowing rate of interest as per the contract date, of 7.8%. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2012/2013	999		958	
2013/2014	999		887	
2014/2015	350		295	
within one year		999		958
after one year but no later than five years		1,349		1,182
Total	**2,348**	**2,348**	**2,140**	**2,140**

Production facility: Orion Rent Imobiliare S.R.L, Bucharest, entered into a non-cancellable real estate finance lease agreement on December 31, 2010 (prior to Stabilus Group taking over a controlling interest in this company) with a term of 144 months prior to Stabilus becoming a 49% shareholder in Orion Rent Imobiliare S.R.L. On February 28, 2012, additional 49% were acquired. The agreement contains a purchase option at the end of the 3 years of contract, for a purchase price amounting to the capital that remains to be paid up to the expiry of the contract less early payment fee (between 2.75% and 4.75% of the remaining capital to be paid). The net carrying amount at the balance sheet date is TEUR 1,257 (prior year TEUR 1,385). The lease term started on January 1, 2011. The leasing fees are settled in Euro, but payable in New Romanian Lei. They include a variable component of the total funding cost with 3 month EURIBOR as the reference basis.

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2012/2013	176		163	
2013/2014	192		164	
2014/2015	191		152	
2015/2016	191		141	
2016/2017	190		131	
after 2016/2017	1,001		572	
within one year		176		163
after one year but no later than five years		764		588
more than five years		1,001		572
Total	**1,941**	**1,941**	**1,323**	**1,323**

The current period payments for finance leases amount to TEUR 2,038 (prior year TEUR 2,317). No contingent rents have been recognised as an expense during the period.

7.2. 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. On October 11, 2005 Stabilus Romania S.R.L., Brasov, ("STRO") entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8,400 square meters for STRO in Brasov, Romania. The rental agreement has a contract period of seven years. STAB Dritte Holding GmbH, Koblenz, merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the company, issued a bank guarantee for TEUR 600 (prior year

TEUR 1,000), in the event that STRO will be unable to pay. Stabilus GmbH, Koblenz, issued a letter of support for the event that STRO will be unable to pay.

On September 22, 2005 Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,952 square meters of land and 5,881 square meters of constructions in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement has a contract period of 10 years. Stabilus GmbH, Koblenz, issued a letter of support for the event that STMX will be unable to pay.

The Company entered into Senior Facilities, a Mezzanine Facility and Profit Participating Loan Agreements. The credit guarantees provided in these agreements are full downstream, up-stream and cross-stream given by the Guarantors as defined in the Facilities Agreement – comprising certain material subsidiaries of the Group – in favour of the Finance Parties. The guarantees are subject to limitations, including being limited to the extent that otherwise the guarantee would amount to unlawful financial assistance and other jurisdiction specific tests (e.g. net assets).

Given a normal course of the economic development as well as a normal course of business, management believes these guaranties should not result in a material adverse effect for the Group.

Other financial commitments. The nominal value of the other financial commitments as of September 30, 2012 amounts to TEUR 17,514 (prior year TEUR 12,458).

Nominal values of other financial commitments:

	30.9.2012			
TEUR	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	2,486			2,486
Obligations under rental and leasing agreements	3,636	7,861	463	11,960
Total	**6,122**	**7,861**	**463**	**14,446**

	30.9.2011			
TEUR	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	2,261			2,261
Obligations under rental and leasing agreements	3,297	6,890	10	10,197
Total	**5,558**	**6,890**	**10**	**12,458**

The obligations under rental and leasing agreements relate exclusively to leases under which entities of the Stabilus Group are not the economic owners of the leased assets. The obligations reported under this item are based on operating leases.

7.3. Financial instruments

a) Carrying amounts and fair values

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 indications of the prices that may actually be achieved on the market.

TEUR	Carrying amount 30.9.2012	Fair value 30.9.2012
Trade accounts receivables	58,950	58,950
Cash	41,638	41,638
Other financial assets		
Miscellaneous other financial receivables and assets	2,679	2,679
Total financial assets	**103,267**	**103,267**

TEUR	Carrying amount 30.9.2011	Fair value 30.9.2011
Trade accounts receivables	55,155	55,155
Cash	26,536	26,536
Other financial assets		
Miscellaneous other financial receivables and assets	4,302	4,302
Total financial assets	**85,993**	**85,993**

TEUR	Carrying amount 30.9.2012	Fair value 30.9.2012
Non-current financial liabilities	285,466	270,147
Trade accounts payable	42,898	42,898
Other financial liabilities	9,738	9,738
Total financial liabilities	**338,102**	**322,783**

TEUR	Carrying amount 30.9.2011	Fair value 30.9.2011
Non-current financial liabilities	272,255	221,531
Trade accounts payable	32,140	32,140
Other financial liabilities	12,164	12,164
Total financial liabilities	**316,559**	**265,835**

The carrying amounts of the financial instruments presented according to the IAS 39 measurement categories are as follows:

TEUR	Carrying amount 30.9.2012	Carrying amount 30.9.2011
Assets		
Trade accounts receivable	58,590	55,155
Other financial receivables and assets	2,679	4,302
Loans and receivables	61,269	59,457
Liabilities		
Trade accounts payable	42,898	32,140
Financial liabilities	282,036	266,859
Other financial liabilities	9,738	12,164
Financial liabilities measured at amortised cost	334,672	311,163
Financial liabilities at fair value through profit or loss	3,430	5,396

The fair values of financial instruments were calculated on the basis of the market information available as of the reporting date and the following assumptions:

Trade accounts receivable and cash. Due to the short terms of these items, it is assumed that the fair values of trade accounts receivables and cash correspond with the carrying amounts.

Other financial assets. Due to the short terms of these items, it is assumed that the fair values of other financial assets with short terms correspond with the carrying amounts.

Financial liabilities. The fair values are calculated as the present values of the expected future cash flows. Normal interest rates for the appropriate maturities are used for discounting purposes.

Trade accounts payable. Due to the short terms of these items, it is assumed that the fair values of trade accounts payable correspond with the carrying amounts.

Other financial liabilities. Due to the short terms of the other financial liabilities, it is assumed that the fair values correspond with the carrying amounts.

Financial liabilities measured at fair value are classified into the following fair value hierarchy:

	30.9.2012			
TEUR	Total	Level 1[1]	Level 2[2]	Level 3[3]
Liabilities measured at fair value				
Financial liabilities through profit or loss	3,430	–	–	3,430

	30.9.2011			
TEUR	Total	Level 1[1]	Level 2[2]	Level 3[3]
Liabilities measured at fair value				
Financial liabilities through profit or loss	5,396	–	–	5,396

1) Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

2) Fair value measurement based on inputs for the asset or liability 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 for the asset or liability that are not observable market data.

Financial liabilities at fair value through profit or loss refer exclusively to profit participating loans measured at fair value and changes therein are recognised in profit or loss. Because an active market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value.

b) Net gains or losses

The following table shows the net gains or losses on financial instruments included in the statement of comprehensive income:

TEUR	1.10.2011 - 30.9.2012
Financial liabilities recognized at fair value through profit or loss	1,966
Total gain	**1,966**

TEUR	1.10.2010 - 30.9.2011
Financial liabilities recognized at fair value through profit or loss	739
Total gain	**739**

Net gains or losses refer exclusively to the change in fair value of the profit participating loan.

c) Total interest income and total interest expense

Total interest income and total interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss are as follows:

TEUR	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Total interest income	1,077	362
Total interest expense	(21,865)	(20,669)

7.4. Risk reporting

a) Internal risk management

The Group employs within the budgeting process an integrated system for the early identification and monitoring of risks specific to the Group, in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This includes monthly short and medium-term analysis of the order intake and the sales invoicing behaviour. Control impulses for the individual companies are derived from this. Customer behaviour is ascertained and analysed continuously and the information obtained from this serves as an early warning indicator for possible changes in demand patterns.

In addition, significant KPIs (order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all group companies and are assessed by group management.

b) Financial risks

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures. The use of financial derivatives is governed by the Group's policies approved by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. No derivatives exist as of September 30, 2012.

ba) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with

creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where viewed appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations impact the credit lines per customer.

The maximum exposure to credit risk of trade accounts receivable is the carrying amount as follows:

							30.9.2012
TEUR	**Neither past due nor impaired**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 360 days**	**> 360 days**	**Total**
Financial assets							
Receivables							
Trade accounts receivable	50,716	5,501	473	159	631	1,470	58,950
Total	**50,716**	**5,501**	**473**	**159**	**631**	**1,470**	**58,950**

							30.9.2011
TEUR	**Neither past due nor impaired**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 360 days**	**> 360 days**	**Total**
Financial assets							
Receivables							
Trade accounts receivable	48,406	4,809	759	303	878	0	55,155
Total	**48,406**	**4,809**	**759**	**303**	**878**	**0**	**55,155**

Credit risk of other financial assets of the Group, which comprise cash and cash equivalents, and miscellaneous financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and are typically also lenders to the Group. Therefore, credit quality of financial assets which are neither past due nor impaired is assessed to be good.

bb) Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted cash flows at regular intervals.

The following maturities summary shows how the cash flows from the liabilities as of September 30, 2012 will influence the Group's liquidity situation. The summary describes the course of the undiscounted principal and interest outflows of the financing liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions: If the counterparty can request payment at different dates,

the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described under the note on "non-current financial liabilities".

TEUR	Senior loans	Mezzanine loans	Shareholder loans	Profit participating loans	Finance lease	Trade accounts payable	Total
2012 / 2013	6,550	9,450			1,793	42,898	60,691
2013 / 2014	7,672	12,711			1,191		21,574
2014 / 2015	7,666	12,700			541		20,907
2015 / 2016	7,684	12,728			191		20,603
2016 / 2017	125,889	12,685			190		138,764
2017 / 2018		117,737			189		117,926
2018 / 2019					189		189
2019 / 2020			85,594	555,117*	188		640,899
after 2020/2021					435		435
Total	**155,461**	**178,011**	**85,594**	**555,117***	**4,907**	**42,898**	**1,021,988**

*) Fair Value EUR 3.4 million (prior year EUR 5.4 million)

The long term Senior, Mezzanine and Shareholder loan contracts give planning stability over the next years. At the balance sheet date the Group has undrawn facilities of EUR 29.1 million (prior year EUR 29.1 million) to reduce liquidity risks.

A material portion (EUR 42.0 million as of September 2012 and EUR 85.6 million as of September 2020) of the above mentioned principal and interest outflows of the financial liabilities is due in 2020 and relates to a shareholder loan. The Stabilus Group has the right to repay the loan and accrued interest voluntarily at any time: however, this requires consent of the Senior and Mezzanine lenders.

With regard to the Profit Participating Loans (PPL), the following disbursement scenarios are conceivable before or after the final maturity date (April 8, 2020):

- Disbursement scenarios before the final maturity date: in the event of a sale of the Stabilus Group by the current owners or a distressed disposal, the sales proceeds will be distributed in the amount of the existing receivables by the PPL Agent. The PPL Agent will take over the allocation of the sales proceeds in accordance with the agreed waterfall structure.
- Disbursement scenarios on arriving at the final maturity date (April 8, 2020): Servus HoldCo has obligations to the PPL Agent under five profit participating loans each in the amount of EUR 1 (principal amount). In addition, obligations exist to make variable disbursements on final maturity, the amount of which will depend on whether Servus HoldCo for its part will receive incoming payments from the underlying investments.

As of the reporting date of September 30, 2012, disbursement scenarios before the final maturity date are overwhelmingly probable. This can be justified economically by the fact that a sale within ten years is customary business practice in the private equity business. As of September 30, 2012, the fair value of the expected disbursements amounts to EUR 3.4 million (prior year EUR 5.4 million). In the interest of a worst-case view, the disbursement dates and amounts of the profit participating loans are disclosed based on the final maturity date.

In the event of a default as specified in the Facilities Agreements (failure to comply with the financial covenants etc.), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

bc) Finance market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). As of September 30, 2012 the Group

has not entered into derivative financial instruments. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the requirement to enter into a variety of derivative financial instruments.

Exchange rate risk. Due to its subsidiaries, the Group has significant assets and liabilities outside the EURO zone. These assets and liabilities are denominated in local currencies. When the net asset values are converted into EURO, currency fluctuations result in period-to period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge against these structural currency risks.

The Group also has transactional currency exposures which arise from sales or purchases in currencies other than the functional currency and loans in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance sales revenue and costs in a currency to thus reduce the currency risk.

A sensitivity analysis has been performed solely on the basis of long-term debts in foreign currencies, as the risks of transactional currency exposures which arise from operational sales or purchases are considered to be immaterial due to substantially netting effects:

Long-term debt granted in USD, amounting to TUSD 72,295, is converted to TEUR 56,217 with the exchange rate of 1,2860 USD/EUR as at balance sheet date. A decrease/increase in the foreign exchange rate by 10 cent to 1.1860 USD/EUR / 1.3860 USD/EUR, would have led to a increase/decrease in debts of TEUR 4,740/ TEUR 4,056 and a corresponding effect on the Group's net income before taxes. Assuming this change to be fully tax effective the effect on net income after taxes would have amounted to positive/negative TEUR 3,318/ TEUR 2,839. Besides the balance sheet the Group's revenue and costs are also impacted by currency fluctuations.

Interest rate risk. The Group is exposed to interest rate risks, which mainly relates to debt obligations, as the Group borrows funds at both fixed and floating interest rates.

Interest rate risks arise on increasing or decreasing moves in the relevant yield curve (EURIBOR or LIBOR). The loans with an Euribor related interest rate are shown in detail under the note on "financial liabilities".

The interest rate risk is monitored by using the cash flow sensitivity of the Group's cash flows due to floating interest loans. The nominal interest rates of the Stabilus Group's financial liabilities as of September 30, 2012 are fixed until April 8, 2013. Hence, there is no interest rate risk on the Group's cash flow, resulting from floating interest loans, until the financial year 2012/ 2013.

7.5. Capital management

The Stabilus Group's capital management covers both equity and liabilities. The Board's policy is to maintain a reasonable cost of capital. A further objective is to maintain a balanced mix of debt and equity.

Due to the broad product range and the activities on global markets, the Stabilus Group generates under normal economic conditions predictable and sustainable cash flows.

The equity ratio as of September 30, 2012 is calculated as follows:

TEUR	30.9.2012	30.9.2011
Equity	57,369	51,063
Total assets	530,565	505,942
Equity ratio (excluding shareholder loans)	10.8%	10.1%
Economic equity ratio (including shareholder loans)	18.8%	17.6%

The Stabilus Group is not subject to externally imposed capital requirements.

The ratio of net debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), which is also used and defined in the facility agreement, is an important financial ratio (debt ratio) used in the Stabilus Group. The objective is to reduce the debt ratio in the future. Stabilus Group therefore aims to increase its earnings and to generate cash flows in order to reduce its financial liabilities.

7.6. 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 separately for inflows and outflows 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 of TEUR 9,039 (prior year TEUR 4,378) are taken into account in the cash outflows from financing activities. Income tax payments of TEUR 13,491 (prior year TEUR 7,077) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

7.7. Fees billed to the audited company by KPMG Luxembourg S.à r.l., Luxembourg

Fees quoted to the Company and its subsidiaries by KPMG Luxembourg S.à r.l., Luxembourg, and other member firms of the KPMG network during the year are as follows:

TEUR (excluding VAT)	1.10.2011 - 30.9.2012	1.10.2010 - 30.9.2011
Audit fees (annual accounts / consolidated accounts)	496	491
Audit related fees	0	0
Tax fees	0	0
Other fees	0	0

Such fees are presented under administrative expenses.

7.8. 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.

Shareholders. The shareholders of the Stabilus Group are Servus Group HoldCo II (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 an amount of TEUR 301 (prior year TEUR 131). In addition to that, the Group holds a receivable amounting to EUR 1.8 million resulting from the pre April 2010 Mezzanine lenders claim cost order. The income statement contains lawyer fees of EUR 3.3 million in regards to this case. The related party's liability of TEUR 11 relate to a loan from the shareholder of Orion Rent Imobiliare S.R.L., Bucharest. In October 2011 and February 2012, the Servus HoldCo S. à r. l., Luxembourg, paid a dividend of TEUR 300 (prior year TEUR 150) from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg.

7.9. Remuneration of key management personnel

The directors of Servus HoldCo are not actively engaged in the day-to-day management of the Company.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash and benefits in kind. The latter primarily comprise the provision of company cars and pension.

The total remuneration of key management personnel at the various key Stabilus Group affiliates during the reporting period amounted to EUR 2.9 million (prior year EUR 2.3 million) and less than EUR 0.1 million (prior year EUR 0.1 million) for benefits in kind, primarily company cars and pensions.

General Managers hold indirect interests in Servus HoldCo via partnerships under the German Civil Code ("GbRs") and profit participating loans, in each case of less than 1%, or participate in economically similar programmes. Certain Supervisory Board members are also participating in these programmes, also in each case below 5%.

The management participation programme is designed to carry out an exit either through an IPO or a sale / disposal of all of the interests. For the intended exit scenario, the proceeds on disposal correspond to fair value. Since, in the exit scenario, both the acquisition and the later disposal of the interests are at fair value, the compensation component has no value at the time that it is granted, so that no personnel expenses are therefore recorded in the consolidated financial statements of Servus HoldCo.

7.10. Events after the reporting date

On November 7, 2012 the United Kingdom High Court in London, United Kingdom, delivered an important ruling in the pre April 2010 Mezzanine lenders claim declaring the 2010 restructuring valid. The counterparty has filed a complaint against the decision of the High Court that it is prohibited to appeal the judgement.

No further subsequent events of a substantial business impact were identified by the time of the preparation of this report.

Luxembourg, December 6, 2012

The Management Board of Servus HoldCo

Lars Frankfelt Michiel Kramer Heiko Dimmerling

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Servus HoldCo S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2012 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Luxembourg S.à r.l. a Luxembourg private limited company and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

T.V.A LU 24892177
Capital 12.502 €
R.C.S Luxembourg B 149133

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Servus HoldCo S.à r.l. as of September 30, 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the note 2 to the consolidated financial statements, which indicates that the Group might fail to comply with its financial covenants. The ability of the Group to continue as a going concern depends on the achievement of the assumptions underlying the Group's budgets.

We hereby also draw your attention to the fact that, with reference to the note 2, the continued existence of the Group could be threatened by the potential risk of the successful outcome of the suit filed by former mezzanine creditors against Stabilus GmbH, a subsidiary of the Group, as the guarantor and borrower of the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008), demanding repayment of an amount of EUR 82 million including interest and possible legal steps by other mezzanine creditors with a total charge of about EUR 90 million (excluding interest).

These matters indicate the existence of material uncertainties which may cast significant doubt about the Groups ability to continue as a going concern.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, December 6, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Ph. Meyer

Servus HoldCo S.à r.l.
Luxembourg

Consolidated financial statements
and the consolidated management report
for the year ended September 30, 2011
(with the report of the Réviseur
d'Entreprises agréé thereon)

Servus HoldCo S.à r.l., Luxembourg
Group management report for the financial year ended September 30, 2011

A. General

The parent company of the Luxembourg based Stabilus Group is Servus HoldCo S.à r.l., Luxembourg ("Servus HoldCo"). Stabilus Group's operating entities typically use the brand name "Stabilus" in their registered name. The Group has subsidiaries in Australia, Brazil, China, France, Germany, Japan, Luxembourg, Mexico, New Zealand, Romania, South Korea, Spain, Switzerland, United States and United Kingdom.

The Stabilus Group is a leading manufacturer of gas springs and dampers as well as electrical lifting equipment. The products are used in a wide range of applications in the automotive and furniture industries, as well as in many industrial applications. 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 producers. Various Tier 1 suppliers of the global car industry further diversify the Group's customers. Overall sales to car manufacturers make up more than 60% of the Group's revenue. Specialized swivel chair products, for which Stabilus is by far the leading manufacturer in Europe make up almost 10% of the Group's revenue. The remaining 30% of the Group's revenue originate from industrial applications and large commercial vehicle uses.

B. Business trends and position of the Company

1. Introduction

Servus HoldCo has been founded on February 26, 2010 as a holding company. The business year of the parent company Servus HoldCo corresponds with the Group's business year and comprises the period from October 1, 2010 to September 30, 2011 (reporting period). Comparing period is a short business year comprising the period from February 26 to September 30, 2010 (comparative period).

The acquisition of the Stabilus Group was done by Servus HoldCo buying 94.9% of Stable II S.à r.l., Luxembourg ("Stable II"), which controls the Stabilus operating entities. The remaining 5.1% in Stable II shares were purchased by Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main, Germany ("Blitz F10-833"), a company indirectly owned by Triton Fund III. The shares were bought from the Group's lenders security agent, after the lenders had enforced on their loan contracts, as the Group had not serviced the loans and not complied with the underlying loan documents. The financial restructuring has been confirmed in a restructuring opinion prepared by PriceWaterhouse-Coopers, dated March 31, 2010 with an addendum dated April 8, 2010. Prior to closing on April 6, 2010 Triton Fund III, as the ultimate owner of the company had injected EUR 33 million cash as shareholder loan and EUR 5 million as equity. As at September 29, 2010 the shareholder Servus Group HoldCo S.à r.l., Luxembourg, declared to subscribe for one new share with a nominal amount of one cent, together with a share premium of EUR 30,999,999.99 by contribution in kind (debt to equity swap).

2. Business and general environment

Global economy sees continued recovery

The recovery of global economy continued in calendar year 2011. The growth dynamic however reduced in the course of the year. This slow down is attributed to the increased saving and consolidation policies of the most industrial countries. The growing uncertainty caused by the increasing governmental economic crisis countermeasures of a number of industrial countries is assumed have negative implications on investments and private consumption.

Global auto sales increase further

The economic recovery had a positive impact on most of the world's vehicle markets. The overall number of cars sold over the course of the calendar year 2011 is expected to increase by 3% compared to prior year.

NAFTA market reaches pre crisis level

The recovery of the NAFTA car sales has continued in 2011, however sales still lag behind the pre-crisis level. While growth with over 8% still top the global growth rates, recent forecasts show somewhat of a slowdown of the growth rates.

Solid growth in South America

In South America the growth of vehicle demand remained solid over 7%.

Good automobile sales in Europe

European demand is expected to increase 4% for the calendar year compared to prior year. With a volume of just over 20 million vehicles however, pre crisis levels are not yet reached. For calendar year 2012 a reduction of automotive demand is expected as result of the current euro crisis.

Asia/Pacific demand stable

The Asia/Pacific region is faced with a demand on prior year level. Growth was hindered by the natural catastrophes in early 2011. Therefore the buoyant growth of the demand in prior year has paused, but for 2012 expectations are back to a strong increase of demand by 10%.

3. Development of revenue and order book

Driven by the overall economic climate and the success of growing the Powerise business, Stabilus revenues developed positively during the reporting period. The Group's revenue amounted to EUR 411.6 million, compared to EUR 186.3 million in the reporting period from February 26, 2010 to September 30, 2010. An overall market recovery combined with good products and regained customer confidence drove the positive revenue growth.

The order book of EUR 168 million as of September 30, 2011 was EUR 39 million higher than the comparable figure of September 30, 2010.

4. Capital expenditure and disposals

The main focus of the investment of EUR 34 million (prior reporting period EUR 16.4 million) in property, plant and equipment and intangible assets, was on launching and expanding the Powerise product group at our Romanian and Mexican plant with engineering support from Koblenz.

Through the acquisition of 47% in the voting rights of Orion S.R.L., the Group gained better control over its Powerise manufacturing facility in Romania.

5. Number of employees

The Stabilus Group had an average of 3,455 employees in the reporting period (prior period 3,267), of whom 1,630 were employed at the German companies and 1,825 at the foreign companies. The Stabilus Group had 3,506 employees as of September 30, 2011.

The Group employed an average of 2,634 wage-earners, 745 salaried staff and 76 trainees and apprentices in the reporting period.

6. Research and development

During the period from October 1, 2010 to September 30, 2011, the Group had spent EUR 23.1 million (prior reporting period EUR 16.3 million) in Research and Development,

representing about 5.6% of the Group's revenue. From these cost EUR 13.8 million were expensed and the remainder (EUR 9.3 million) was capitalized. With 148 people, well over 4% of the Group employees work in research and development. For the business year 2012 the Group budgets R&D costs of almost EUR 24 million – capitalized and expensed cost.

C. Net assets, financial position and earnings situation

The first-time consolidation measures carried out as of April 8, 2010 (acquisition date) resulted in a goodwill of EUR 51.1 million. In accordance with IFRS 3 Servus HoldCo measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. In this context trade marks (EUR 13.2 million), customer relationships (EUR 83.7 million), patented technology (EUR 10.8 million) and unpatented technology (EUR 47.3 million) were recognized. The purchase of 49% of Orion S.R.L. in December 2010 resulted in an increase of goodwill by EUR 0.2 million.

1. Earnings situation

In the first full business year following the restructuring, the Stabilus Group was able to fully regain the confidence of the customers and could therefore benefit from additional orders. The consolidated revenue for the reporting period amounted to EUR 411.6 million (prior period EUR 186.3 million). On an operating result of EUR 30.2 million (prior year EUR 9.7 million), the return on revenue (ratio of operating result to revenue) amounted to 7.3% (prior period 5.2%).

2. Net assets

The balance sheet total amounted as of September 30, 2011 to EUR 505.9 million (prior year EUR 517.3 million). Non-current assets of EUR 367.9 million (prior year EUR 371.1 million) were with 117.5% (prior year 119.6%) more than covered by equity of EUR 51.1 million (prior year EUR 40.8 million) and non-current provisions and liabilities of EUR 381.1 million (prior year EUR 403.1 million). The equity ratio amounted as of the balance sheet date to 10.1% (prior period 7.9%). The economic equity ratio considers also the shareholder loan and amounts to 17.6% (prior period 14.6%).

On the assets side, intangible assets amounted to EUR 234.9 million, thereof Goodwill of EUR 51.3 million (prior year EUR 240.5 million, thereof Goodwill of EUR 51.1 million). Inventories amounted to EUR 45.4 million (prior year EUR 37.9 million) and trade accounts receivables to EUR 55.2 million (prior year EUR 54.1 million) as of September 30, 2011.

3. Financial position

Interest bearing non-current liabilities of EUR 272.3 million (prior year EUR 283.2 million) were reported as of the balance sheet date.

The Stabilus Group generated a cash flow from operating activities of EUR 53.2 million during the reporting period (prior period EUR 19.5 million).

The outflow of EUR 34.3 million (prior year 12.8 million) for investing activities (without consideration of the impact of the business combination) is mainly due to investments in property, plant and equipment and to a lesser degree in intangibles.

The outflow of EUR 30.5 million from financing activities (prior period inflow of EUR 11.6 million) mainly resulted from the repayment of the complete Super Senior Tranche of EUR 26 million and interest payments of EUR 4.4 million.

D. Opportunities and risks report

Risk management in the Stabilus Group

The Stabilus Group employs within the budgeting process an integrated process to facilitate the early identification and monitoring of risks specific to the Group. This process should identify changes in the business environment and deviations from targets at an early stage and thus

allows to initiate countermeasures swiftly. This includes regular short and medium-term analysis of the order intake and the sales invoicing patterns. Control impulses for the individual companies are derived from this as well. Based on input from a globally recognized automotive forecasting institute and customer orders the forward demand is analysed and compared to the internal budget plans.

In addition, significant KPIs (e.g. order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.

In order to cope with the risk of a double dip scenario, the company has developed a downturn plan. The market indicators are monitored constantly.

1. Hedging policies and risk management

The Stabilus Group is exposed to certain financial risks in conjunction with its business activities, including foreign exchange fluctuations and bad debts. The risk management system in the Stabilus Group takes into account the unpredictability of these factors and aims to minimise negative effects on the Group's earnings situation.

The room for manoeuvre, the responsibilities, the financial reporting and the control mechanisms are defined by internal Group guidelines. This includes the segregation of duties between the recording and control of financial activities. The foreign currency, interest rate and liquidity risks of the Stabilus Group are managed on a centralised basis.

a) Foreign currency risk

The Stabilus Group is reviewing continuously the need of forward exchange transactions. As of September 30, 2011 no forward exchange transactions were made within the Group.

b) Credit risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed in intervals and are approved by the sales director.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate and available, credit guarantee insurance cover is purchased.

c) Liquidity risk

The Board of Managers has set an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and aiming to match the maturity profiles of financial assets and liabilities.

There is a risk that ratios (financial covenants) and other conditions included in the Facilities Agreements will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The Group planning shows that these ratios will also be complied with during the forecast period of the next twelve months. In the event of a default as specified in the Facilities Agreements (e.g. failure to comply with the financial covenants), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities. Failure of the Stabilus Group to achieve the assumption underlying the Group's budgets could indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

d) Interest rate risk

The Stabilus Group is reviewing continuously the need of forward interest swaps. As at balance sheet date the vast majority of loan tranches had fixed interest rates, most at least running until 2013. As of September 30, 2011 no interest hedges were closed within the Group.

e) Risk of decreasing governmental creditworthiness

The downward revision of credit ratings for several European countries and for the USA by credit agencies in the wake of the ongoing economic and financial crisis and soaring national debt at a global level pose a substantial risk for future economic performance of these economies and, indirectly, for most of the Group's customers.

f) Technical and litigation risks

The Group's products are employed in many different applications. A manufacturing quality management has been installed many years ago to ensure a high degree of functionality and safety.

Technical risks for new applications are analyzed during the offer phase in an opportunities and risks summary and reassessed regularly in the course of the project.

The Group is subject to some claims, proceedings and lawsuits related to products, patents and other matters incidental to these businesses. The in-house legal department monitors these risks continuously and reports regularly to Group management and shareholders.

The restructuring of the Stabilus Group that had become necessary in the previous year as a result of the impact of the worldwide finance market crisis could be completed on April 8, 2010 with the transfer of the interests in Stable II S.à r.l., Luxembourg, to Servus HoldCo S.à r.l., Luxembourg, and Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main. Both these companies are held ultimately by funds advised by Triton. A significant element of the financial restructuring was the reduction of the bank and mezzanine liabilities of the Stabilus Group from EUR 431 million (balance on September 30, 2009) to EUR 242 million (balance on September 30, 2010). The higher secured senior lenders accepted a reduction in their receivables, the subordinated secured mezzanine creditors completely lost the claims under their receivables of EUR 81 million (balance on September 30, 2009). The earlier mezzanine creditors challenge the agreements concluded on April 8, 2010. The regional court in Koblenz informed the group company, Stabilus GmbH, on January 18, 2011 that a suit had been filed against it as borrower and guarantor under the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008) by an earlier mezzanine creditor for repayment of an amount of EUR 35 million plus interest. Stabilus GmbH became a party to the mezzanine credit agreement on June 13, 2008 as "additional guarantor" and "additional borrower". Following the joinder of claims by a further earlier mezzanine creditor, the aggregate amount now claimed amounts to some EUR 57 million plus interest, or together currently some EUR 72 million. The date for the first hearing has been set by the regional court in Koblenz at the beginning of March 2012. Prior to being signed on April 8, 2010, the various transfer and financing agreements were reviewed on behalf of the senior banks, the security trustee, companies in the Stabilus Group and Triton by several international law firms, and the effectiveness and enforceability of the restructuring agreements was confirmed in commensurate legal opinions. The law firm instructed by Stabilus GmbH together with Triton to take care of their interests continues to be confident that the lawsuit can be successfully contested. If the old mezzanine creditors however succeed in imposing their claims, the companies of the Stabilus Group could expect a charge of about EUR 90 million. As a consequence of the economic and financial links between the companies of the Stabilus Group, this could result in a going concern risk for the Group. Based on the consultations with the lawyers who have been instructed, the Management Board currently believes that the claims of the mezzanine creditors are without merit. Recognition of provisions

or liabilities in the consolidated financial statements as of September 30, 2011 has therefore been waived. The conclusion of this legal dispute within the next 12 months is not to be expected.

2. Opportunities of the further development of the company

At the end of the reporting period, macro conditions in the majority of the economic regions around the globe as well as market performance measured on the basis of global automobile production were more favourable than could have been expected at the beginning of the fiscal year. NAFTA and South America in particular saw their vehicle markets develop more dynamically than previously anticipated. This could indicate a positive revenue development for the Group in the upcoming months.

E. Forecast report

As per the IMF's (International Monetary Fund) latest world economic and financial survey, the global economy is expected to grow by 3.5% in calendar year 2012. Despite this, there are uncertainties as to whether the strong level of economic expansion recorded in some countries is sustainable. It is understood that the IMF considers such risks in their forecast.

Within the European automobile markets, according to Global Insight, a vehicle sales forecasting institute, the passenger car market finished the full year in 2011 increasing by 4% year-on-year. Due to the ongoing risks associated with the economic growth rates in several countries and the ramifications of the current Eurozone public finance crisis – involving persistently jittery financial markets and a large need for fiscal consolidation across Europe – the European car sales for 2012 are expected to decrease by almost 2%.

Beside that, there are uncertainties in other key markets of the Stabilus Group. The further growth of the Asian markets could be affected by the withdrawal of government support measures in key markets such as China. Within the US, a further solid increase in 2011 could be measured. Nevertheless, the current levels are still well below the long-term figure recorded in terms of normal demand and replacement purchases. The volatility of the past development as well as high unemployment figures in the U.S. cast doubt about the sustainability of the current recovery.

While this potential flattening recovery of the US auto market, differing trends within European automobile markets and insecurity about the sustainability of Asian car market growth have been considered to some degree in the budget 2012 by the Stabilus Group, the Group forecasts revenue of about EUR 425 million for 2012 and EUR 455 million for 2013. The operating profits should improve in line with the revenue.

F. Subsequent events report

In October 2011, the Servus HoldCo S. à r. l., Luxembourg, paid a further dividend of TEUR 150 from additional paid-in capital to its shareholder Servus Group Holdco II S. à r. l., Luxembourg. This dividend is the maximum permitted distribution in the financial year ending September 30, 2012, according to the loan contracts.

The company has initiated an internal restructuring in which the Romanian holding Stable Romania S.R.L. will be sold to German Stabilus GmbH. Furthermore the Romanian Stabilus S.R.L. will be capitalized by an amount of EUR 21 million in total. Finally the holding will be merged into the operating company Stabilus S.R.L. which then will be 100% subsidiary of Stabilus GmbH

No further subsequent events of a substantial business impact were identified by the time of preparation of this report.

Luxembourg
December 23, 2011

The Management Board

Lars Frankfelt Michiel Kramer Heiko Dimmerling

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of financial position

as of September 30, 2011

TEUR	Note	30/09/2011	30/09/2010
Assets			
Property, plant and equipment	6.1.	123,086	121,602
Goodwill	6.2.	51,267	51,061
Other intangible assets	6.3.	183,614	189,476
Other non-current financial assets	6.4.	4,302	4,372
Other non-current assets	6.5.	795	732
Deferred tax assets	5.7.	4,800	3,828
Non-current assets		**367,864**	**371,071**
Inventories	6.6.	45,384	37,891
Trade accounts receivable	6.7.	55,155	54,108
Current tax assets	6.8.	2,541	2,277
Other current assets	6.9.	8,462	13,793
Cash	6.10.	26,536	38,177
Current assets		**138,078**	**146,246**
Assets		**505,942**	**517,317**
Equity and liabilities			
Issued capital	6.11.	5,013	5,013
Additional paid-in capital	6.11.	30,850	31,000
Retained earnings	6.11.	12,246	1,747
Other comprehensive income	6.11.	2,681	2,763
Equity attributable to equity holders of the company		**50,790**	**40,523**
Non-controlling interests	6.11.	273	266
Equity		**51,063**	**40,789**
Non-current financial liabilities	6.12.	272,255	283,235
Other non-current financial liabilities	6.13.	3,869	4,043
Provisions	6.14.	10,626	13,482
Pension plans and similar obligations	6.15.	35,431	37,712
Deferred tax liabilities	5.7.	58,954	64,640
Non-current liabilities		**381,135**	**403,112**
Trade accounts payable	6.16.	32,140	22,834
Other current financial liabilities	6.17.	8,295	7,912
Current tax liabilities	6.18.	1,794	3,670
Provisions	6.19.	19,048	26,201
Other current liabilities	6.20.	12,467	12,799
Current liabilities		**73,744**	**73,416**
Liabilities		**454,879**	**476,528**
Equity and liabilities		**505,942**	**517,317**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of comprehensive income

for the period from October 1, 2010 to September 30, 2011

TEUR	Note	01.10.2010 - 30.09.2011	26.02.2010 - 30.09.2010
Revenue	5.1.	411,564	186,349
Cost of sales	5.2.	(308,183)	(136,828)
Gross profit		**103,381**	**49,521**
Research and development expenses	5.2.	(13,826)	(10,656)
Selling expenses	5.2.	(36,464)	(23,133)
Administrative expenses	5.2.	(20,824)	(9,095)
Other income	5.3.	6,634	4,150
Other expenses	5.4.	(8,708)	(1,099)
Profit from operating activities		**30,193**	**9,688**
Finance income	5.5.	1,101	33
Finance costs	5.6.	(22,972)	(12,509)
Profit / (loss) before income tax		**8,322**	**(2,788)**
Income tax income	5.7.	2,172	4,547
Profit for the period		**10,494**	**1,759**
Other comprehensive income			
Foreign currency translation difference	6.11.	(70)	2,766
Other comprehensive income for the period, net of income taxes		**(70)**	**2,766**
Total comprehensive income for the period		**10,424**	**4,525**
Profit for the period attributable to:			
Equity holders of the parent		10,499	1,747
Non-controlling interests		(5)	12
Profit for the period		**10,494**	**1,759**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		10,417	4,510
Non-controlling interests		7	15
Total comprehensive income for the period		**10,424**	**4,525**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of changes in equity

for the period October 1, 2010 to September 30, 2011

TEUR	Note	Issued capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Equity attributable to equity holders of the company	Non-controlling interest	Equity
Statement of financial position as of February 26, 2010		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total comprehensive income for the year								
Profit for the period	6.11.			1,747		1,747	12	1,759
Total other comprehensive income	6.11.				2,763	2,763	3	2,766
Total comprehensive income for the year		0	0	1,747	2,763	4,510	15	4,525
Transactions with owners of the company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Additions	6.11.	5,013	31,000			36,013	251	36,264
Statement of financial position as of September 30, 2010		**5,013**	**31,000**	**1,747**	**2,763**	**40,523**	**266**	**40,789**
Total comprehensive income for the year								
Profit for the period	6.11.			10,499		10,499	(5)	10,494
Total other comprehensive income	6.11.				(82)	(82)	12	(70)
Total comprehensive income for the year		0	0	10,499	(82)	10,417	7	10,424
Transactions with owners of the company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Dividends	6.11.		(150)			(150)		(150)
Statement of financial position as of September 30, 2011		**5,013**	**30,850**	**12,246**	**2,681**	**50,790**	**273**	**51,063**

Servus HoldCo S.à r.l., Luxembourg

Consolidated statement of cash flows

for the period October 1, 2010 to September 30, 2011

TEUR	Note	01.10.2010 - 30.09.2011	26.02.2010 - 30.09.2010
Profit for the period	6.11.	10,494	1,759
Interest expense	5.5./5.6.	19,994	9,160
Depreciation and amortization	6.1./6.2.	37,293	18,108
Other non-cash income and expenses		489	2,844
Changes in provisions		(12,290)	7,643
Changes in deferred tax assets and liabilities		(6,658)	(3,880)
Changes in inventories		(7,493)	2,519
Changes in trade accounts receivables		(980)	(2,071)
Changes in trade accounts payables		9,306	701
Changes in other assets and liabilities		3,075	(17,301)
Cash flows from operating activities		**53,230**	**19,482**
Proceeds from disposal of property, plant and equipment	6.1./6.5.	2	3,665
Purchase of intangible assets	6.3.	(10,477)	(5,854)
Purchase of property, plant and equipment	6.1.	(23,571)	(10,650)
Acquisition of assets and liabilities within the business combination, net of cash acquired	6.1.	(205)	20,032
Cash flows from investing activities		**(34,251)**	**7,193**
Receipts from contributions of equity	6.11.	0	5,013
Receipts from taking up shareholder loans	6.12.	0	33,000
Receipts from taking up financial liabilities		0	272,758
Payments for redemption of financial liabilities	6.12.	(25,995)	0
Payments for dividend distributions	6.11.	(150)	0
Payments for replacement of financial liabilities		0	(297,758)
Payments for interest	6.12.	(4,378)	(1,444)
Cash flows from financing activities		**(30,523)**	**11,569**
Net increase in cash		**(11,544)**	**38,244**
Changes in foreign currency		(97)	(67)
Cash as of beginning of the period		38,177	0
Cash as of end of the period		**26,536**	**38,177**

The accompanying notes form an integral part of the financial statements.

Servus HoldCo S.à r.l., Luxembourg
Notes to the consolidated financial statements for the year ended September 30, 2011

1. General information

Servus HoldCo S.à r.l., Luxembourg (hereinafter also referred to as "Servus HoldCo") 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 Streichen, L-2540 Luxembourg.

Servus HoldCo was founded on February 26, 2010. The first business year of the parent company therefore corresponds with the Group's business year and comprises the period from February 26 to September 30, 2010. Beginning on October 1, 2010, the business 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 (hereinafter also referred to as the "Stabilus Group" or "Group").

The Stabilus Group was acquired by the purchase by Servus HoldCo of 94.9% of Stable II S.à r.l., Luxembourg ("Stable II"), which controls the Stabilus operating entities. The remaining 5.1% of the shares in Stable II were purchased by Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main, Germany ("Blitz F-10-833"). The shares were bought from the group lenders' security agent, after the lenders had enforced on their loan contracts, as the Group had not serviced the loans and had not complied with the underlying loan documents. The financial restructuring has been confirmed in a restructuring opinion prepared by PriceWaterhouseCoopers, dated March 31, 2010 with an addendum dated April 8, 2010. Prior to the closing, Triton Fund III, as the ultimate owner of the company, had injected EUR 33 million cash on April 6, 2010 as a shareholder loan and EUR 5 million as equity. As at 29 September 2010, the shareholder, Servus Group HoldCo S.à r.l., Luxembourg, declared that it would subscribe for one new share with a nominal amount of one cent, together with a share premium of EUR 30,999,999.99 by a contribution in kind (debt to equity swap).

The Stabilus Group is a leading manufacturer of gas springs and dampers, as well as electric lifting equipment. The products are used in a wide range of applications in the automotive und furniture industries, as well as in many industrial applications. 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 further diversify the Group's customers. Overall, sales to car manufacturers account for more than 60% of the Group's revenue. Specialised swivel chair products, for which Stabilus is by far the leading manufacturer in Europe, make up almost 10% of the Group's revenue. The remaining 30% of the Group's revenue comes from industrial applications and large commercial vehicle applications.

The consolidated financial statements are prepared in euros. For the purpose of clarity and comparability, all amounts are generally presented, unless otherwise stated, in thousands of euros (TEUR).

The consolidated financial statements of Servus HoldCo and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and related interpretations as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the management board within the meaning of IAS 10.17 on December 23, 2011.

2. Basis of presentation

Presentation. Applying IAS 1, the consolidated statement of financial position is classified in accordance with the maturities principle. Items of the statement of financial position are therefore differentiated between non-current and current assets and liabilities. Assets and

liabilities are classified as current if they have a remaining term of less than one year or are turned over within a normal operating cycle. Accordingly, assets and liabilities are classified as non-current if they remain in the company for more than one year. Deferred tax assets and deferred tax liabilities, as well as assets and provisions from defined benefit pension plans and similar obligations are reported as non-current items. The consolidated statement of comprehensive income is presented using the cost of sales method.

Measurement. The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items, such as derivative financial instruments or hedged transactions and pensions and similar obligations. The measurement methods applied to these exceptions are described below.

Use of estimates and judgements. Certain of the accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the financial position or results of operations. Critical accounting estimates could also involve estimates where management could reasonably have used a different estimate in the current accounting period. Management wishes to point out that future events often vary from forecasts and that estimates routinely require adjustment.

Impairment of non-financial assets: Stabilus assesses at every reporting date whether there are indications that its non-financial assets may be impaired. Goodwill is tested annually for impairment. Further tests are carried out if there are indications for impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less cost to sale is calculated, management must estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate in order to determine the present value of this cash flow.

Trade and other receivables: The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances.

Deferred tax assets: The valuation of deferred tax assets is based on mid-term business plans of the respective entities which recorded deferred tax assets. These mid-term business plans range from three to five years and include several underlying assumptions and estimations in respect of the business development, strategic changes, cost optimization and business improvement and also general market and economic development. Based on these business plans the Management is convinced about the recoverability of deferred tax assets.

Provision: Significant estimates are involved in the determination of provisions related to contract losses, warranty costs and legal proceedings.

Risks and uncertainties. The Group's net assets, financial position and results of operations are subject to risks and uncertainties. Factors that could affect the future net assets, financial position and results of operations and therefore cause actual results to vary from the expectations include sales volume changes due to changes in the overall economy, evolvement of price aggressive competitors, significant price changes for raw materials and overall purchase costs. Quality issues (e.g. recalls) may result in significant costs for the Group, in spite of a benchmarked insurance cover. The Group financing with its long term fixed interest rates play a key role for the long term stability of the Group.

Going Concern. The restructuring of the Stabilus Group that had become necessary in the previous year as a result of the impact of the worldwide finance market crisis could be completed on April 8, 2010 with the transfer of the interests in Stable II S.à r.l., Luxembourg, to Servus HoldCo S.à r.l., Luxembourg, and Blitz F10-acht-drei-drei GmbH & Co. KG, Frankfurt am Main. Both these companies are held ultimately by funds advised by Triton. A significant element of the financial restructuring was the reduction of the bank and mezzanine liabilities of

the Stabilus Group from EUR 431 million (balance on September 30, 2009) to EUR 242 million (balance on September 30, 2010). The higher secured senior lenders accepted a reduction in their receivables, the subordinated secured mezzanine creditors completely lost the claims under their receivables of EUR 81 million (balance on September 30, 2009). The earlier mezzanine creditors challenge the agreements concluded on April 8, 2010. The regional court in Koblenz informed the group company, Stabilus GmbH, on January 18, 2011 that a suit had been filed against it as borrower and guarantor under the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008) by an earlier mezzanine creditor for repayment of an amount of EUR 35 million plus interest. Stabilus GmbH became a party to the mezzanine credit agreement on June 13, 2008 as "additional guarantor" and "additional borrower". Following the joinder of claims by a further earlier mezzanine creditor, the aggregate amount now claimed amounts to some EUR 57 million plus interest, or together currently some EUR 72 million. The date for the first hearing has been set by the regional court in Koblenz at the beginning of March 2012. Prior to being signed on April 8, 2010, the various transfer and financing agreements were reviewed on behalf of the senior banks, the security trustee, companies in the Stabilus Group and Triton by several international law firms, and the effectiveness and enforceability of the restructuring agreements was confirmed in commensurate legal opinions. The law firm instructed by Stabilus GmbH together with Triton to take care of their interests continues to be confident that the lawsuit can be successfully contested. If the old mezzanine creditors however succeed in imposing their claims, the companies of the Stabilus Group could expect a charge of about EUR 90 million. As a consequence of the economic and financial links between the companies of the Stabilus Group, this could result in a going concern risk for the Group. Based on the consultations with the lawyers who have been instructed, the Management Board currently believes that the claims of the mezzanine creditors are without merit. Recognition of provisions or liabilities in the consolidated financial statements as of September 30, 2011 has therefore been waived. The conclusion of this legal dispute within the next 12 months is not to be expected.

There is a risk that ratios (financial covenants) and other conditions included in the Facilities Agreements will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The group planning shows that these ratios will also be complied with during the forecast period of the next twelve months. In the event of a default as specified in the Facilities Agreements (e.g. failure to comply with the financial covenants), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities. Failure of the Stabilus Group to achieve the assumption underlying the Group's budgets could indicate the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern.

Despite these matters the management believes that the company is at a going concern and hence the financial statements are prepared based on this assumption.

Scope of consolidation. All entities where the possibility exists to influence the financial and operating policies so that the companies of the Stabilus Group can obtain benefits from the activities of these entities (subsidiaries), supported by a share of the voting rights in excess of 50%, are included in the consolidated financial statements. Subsidiaries are included in consolidation from the date on which Servus HoldCo becomes able to control them. If this possibility ceases, the companies concerned withdraw from the scope of consolidation.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inclusion in the consolidated financial statements ends as soon as the Company no longer has control.

In addition to Servus HoldCo, altogether 26 foreign subsidiaries (see following list), are included in the consolidated financial statements as at September 30, 2011.

No.	Name and registered office of the entity	Company Code	Interest and control held by	30.9.2011 Holding in %	Consolidation method
1	Stable II S.à r.l., Luxembourg	LU	Servus HoldCo S.à r.l., Luxembourg	94.9	Full
			Blitz F10-acht-drei-drei GmbH & Co KG, Frankfurt	5.1	Full
2	Blitz F10-neun GmbH, Frankfurt		Servus HoldCo S.à r.l., Luxembourg	100	Full
3	Blitz F10-acht-drei-drei GmbH & Co KG, Frankfurt		Servus HoldCo S.à r.l., Luxembourg	94.9	Full
			Careel Limited, St. Helier, Jersey	5.1	
4	Stable Beteiligungs GmbH, Koblenz		Stable II S.à r.l., Luxembourg	100	Full
5	Stable HoldCo Inc., Wilmington	US	Stable II S.à r.l., Luxembourg	100	Full
6	Stable Romania S.R.L., Brasov	RO	Stable II S.à r.l., Luxembourg	100	Full
7	Stable HoldCo Australia Pty. Ltd., Dingley	AU	Stable II S.à r.l., Luxembourg	100	Full
8	LinRot Holding AG, Zürich	CH	Stable II S.à r.l., Luxembourg	99.6	Full
9	Stable US HoldCo Inc., Wilmington	US	Stable HoldCo Inc., Wilmington	100	Full
10	Stabilus UK HoldCo Ltd., Banbury	GB	Stable Beteiligungs GmbH, Koblenz	100	Full
11	Stabilus GmbH, Koblenz	DE	Stable Beteiligungs GmbH, Koblenz	100	Full
12	Stabilus Powerise GmbH, Melle	PR	LinRot Holding AG, Zurich	100	Full
13	Stabilus Pty. Ltd., Dingley	AU	Stable HoldCo Australia Pty. Ltd., Dingley	100	Full
14	Stabilus Ltda., Itajubá	BR	Stabilus GmbH, Koblenz	99.99	Full
15	Stabilus Espana S.L., Lezama	ES	Stabilus GmbH, Koblenz	100	Full
16	Stabilus Ltd., Banbury	GB	Stabilus UK HoldCo Ltd., Banbury	100	Full
17	Stabilus S.R.L., Villar Perosa	IT	Stabilus GmbH, Koblenz	99	Full
			Stabilus Ltd., Banbury	1	Full
18	Stabilus Co. Ltd., Busan	KR	Stabilus GmbH, Koblenz	100	Full
19	Stabilus S.A. de C.V., Ramos Arizpe	MX	Stabilus GmbH, Koblenz	99.9998	Full
			Stabilus Ltd., Banbury	0.0002	Full
20	Stabilus Inc., Gastonia	US	Stabilus US HoldCo Inc., Wilmington	100	Full
21	Stabilus Limited, Auckland	NZ	Stabilus GmbH, Koblenz	80	Full
22	Stabilus Japan Corp., Yokohama	JP	Stable Beteiligungs GmbH, Koblenz	100	Full
23	Stabilus France S.à r.l., Poissy	FR	Stabilus GmbH, Koblenz	100	Full
24	Stabilus Romania S.R.L., Brasov	RO	Stable Romania S.R.L., Brasov	99.99	Full
			Stabilus GmbH, Koblenz	0.01	Full
25	Stabilus (Jiangsu) Ltd., Wujin	CN	Stabilus GmbH, Koblenz	100	Full
26	Orion Rent Imobiliare S.R.L., Bucharest	ORI	Stable Beteiligungs GmbH, Koblenz	49	Full

Regarding the fist time consolidation of Orion Rent Imobiliare S.R.L., Bucharest, we refer to Section 4 ("Business Combination").

Principles of consolidation. The assets and liabilities of the domestic and foreign entities included in consolidation are recognised in accordance with the uniform accounting policies of the Stabilus Group. Receivables and liabilities or provisions between the consolidated companies are offset. Intragroup revenues and other intragroup income and the corresponding expenses are eliminated. Intercompany gains and losses on intragroup delivery and service transactions are eliminated through profit or loss, unless they are immaterial. Deferred taxes, which reflect the average income tax charge on the recipient group entity, are recognised on consolidation adjustments affecting profit or loss.

Business combination. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquire, less
- the net recognised amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Foreign currency translation. The consolidated financial statements are presented in euros, as the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency of its primary economic environment in which the entity operates. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the historic rate.

Assets and liabilities of foreign subsidiaries where the functional currency is other than EURO are translated using the financial period-end exchange rates, while their income and expenses are translated using the average exchange rates during the period.

Translation adjustments arising from exchange rate differences are included in a separate component of shareholder's equity in amounts recognised directly in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Foreign currency transaction gains and losses on operating activities are included in other operating income and expenses. Foreign currency gains and losses on financial receivables and debts are included in interest income and expenses.

The exchange rates of the significant currencies of non-EURO countries used in the preparation of the consolidated financial statements were as follows:

Country	ISO Code	Closing rate 30.9.2011	Average rate 1.10.2010 – 30.9.2011
Australia	AUD	1.3868	1.3599
Brazil	BRL	2.4938	2.3016
China	CNY	8.6619	9.1327
South Korea	KRW	1596.6400	1542.7700
Mexico	MXP	18.1300	16.9199
Romania	ROL	4.3533	4.2343
USA	USD	1.3508	1.3956

Country	ISO Code	Closing rate 30.9.2010	Average rate 26.2. – 30.9.2010
Australia	AUD	1.4037	1.4370
Brazil	BRL	2.3104	2.2828
China	CNY	9.1174	8.7339
South Korea	KRW	1555.2900	1509.7462
Mexico	MXP	17.0165	16.2804
Romania	ROL	4.2674	4.2295
USA	USD	1.3612	1.2832

Changes in accounting policies on account of new standards. The new standards and their impact are presented below:

Standard/ Interpretation		Effective date	Endorsement by EU Commission	Impact
IFRS 1	Additional Exemptions for First-time Adopters	1.1.2010	Yes	None
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1.7.2010	Yes	None
IFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions	1.1.2010	Yes	None
IAS 32	Financial Instruments: Classification of Rights Issues	1.2.2010	Yes	None
IFRIC 15	Agreements for the Construction of Real Estate	27.7.2009	Yes	None
IFRIC 17	Distributions of Non-Cash Assets to Owners	30.11.2009	Yes	None
IFRIC 18	Transfers of Assets from Customers	4.12.2009	Yes	None
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1.7.2010	Yes	None
Improvements to IFRSs (issued 2009)	Collection of amendments to International Financial Reporting Standards	Various, at the earliest 1.1.2010	Yes	None
Improvements to IFRSs (issued 2010)	Collection of amendments to International Financial Reporting Standards	Various, at the earliest 1.7.2010	Yes	None

Revised IFRS 1 – First Time Adoption of IFRS: The amendments relate to the retrospective adoption of IFRS in special situations and are intended to ensure that entities do not incur unreasonably high costs on first-time adoption. The amendments to IFRS 1 do not have any impact on financial statements of the Stabilus Group.

Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters: This amendment to IFRS 1 relieves a first-time adopter from the disclosure obligation relating to comparative information, which results from the version of IFRS 7 that was amended in March 2009. Entities that already apply IFRS are relieved by the regulations of IFRS 7 from the disclosure obligation relating to comparative information for the extended disclosure obligations on the fair value measurement of financial instruments and additional qualitative and quantitative disclosures on liquidity risks in the year of first-time adoption. In order not to place first-time adopters, who generally have to apply the applicable IFRSs retrospectively, at a disadvantage with regard to the extended disclosure obligation of IFRS 7, such adopters have also been relieved by the amendment to IFRS 1 from the extended requirements of IFRS 7 relating to comparative information in the first set of IFRS financial statements. The amendments to IFRS 1 do not have any impact on financial statements of the Stabilus Group.

Revised IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment Transactions: The IASB has issued amendments to IFRS 2 "Share-based Payments", which clarify the accounting for group cash-settled share-based payments. The IASB was asked to clarify how an individual subsidiary in a group should account for certain share-based payment agreements in its own financial statements. Under these agreements, the subsidiary receives goods or services from employees or suppliers, but the parent company or another group entity has to pay these employees or suppliers.

The amendments state the following:

- An entity that receives goods or services in conjunction with a share-based payment agreement has to account for these goods or services irrespective of which entity in the group fulfils the related obligation or whether the obligation is fulfilled in shares or in cash.
- The Board stated that the term "group" in IFRS 2 has the same meaning as in IAS 27 "Consolidated and Separate Financial Statements", i.e. it includes only the parent and its subsidiaries.

The published amendments clarify the application area of IFRS 2 and the interplay between IFRS 2 and other Standards. With the amendments to IFRS 2, the guidelines that were formerly included in IFRIC 8 "Scope of IFRS 2" and IFRIC 11 "IFRS 2 – Group and Treasury Share" have been taken over. The IASB has therefore withdrawn IFRIC 8 and IFRIC 11. The amendments to IFRS 2 do not have any impact on consolidated financial statements of the Stabilus Group.

IAS 32 – Financial Instruments: The amendments regulate the accounting at the issuers of subscription rights options and option warrants for the acquisition of a fixed number of equity instruments, which are denominated in a currency other than the functional currency of the issuer. To date, such cases have been accounted for as derivative liabilities. Such subscription rights that are to be issued to existing shareholders of an entity for a fixed amount of currency should be classified as equity regardless of the currency in which the exercise price is denominated. The amendments to IAS 32 do not have any impact on consolidated financial statements of the Stabilus Group.

IFRIC 15 – Agreements for the Construction of Real Estate covers accounting at entities that develop real estate and, in this capacity, sell units, such as residential units or houses, before they are completed. IFRIC 15 defines criteria for determining whether the accounting should be based on IAS 11 Construction Contracts or IAS 18 Revenue. IFRIC 15 does not have any impact on consolidated financial statements of the Stabilus Group.

IFRIC 17 – Distributions of Non-Cash Assets to Owners addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners. A dividend obligation shall be recognised when the dividend has been approved by the responsible organs

and is no longer at the discretion of the entity. This dividend obligation shall be recognised at the fair value of the assets to be transferred. The difference between the dividend obligation and the carrying amount of the assets to be transferred shall be recognised in profit or loss. IFRIC 17 does not have any impact on consolidated financial statements of the Stabilus Group.

IFRIC 18 – Transfers of Assets from Customers is in the opinion of the IASB likely to be particularly relevant for but is not restricted to the utility sector. It clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. It also handles cases in which an entity receives cash that must be used only to acquire or construct one of the aforementioned assets. IFRIC 18 does not have any impact on consolidated financial statements of the Stabilus Group.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments explains the requirements of the International Financial Reporting Standards (IFRS) when an entity extinguishes a financial liability entirely or in part by issuing shares or other equity instruments. The Interpretation clarifies that

- the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability within the meaning of IAS 39.41;
- the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished;
- the difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the entity's profit or loss for the period.

IFRIC 19 does not have any impact on consolidated financial statements of the Stabilus Group.

Improvements to IFRSs (issued 2009): In April 2009, the IASB published Improvements to IFRSs, a collection of amendments to International Financial Reporting Standards, in conjunction with the Annual Improvement Project. The Annual Improvements Project covers necessary but non-urgent amendments to IFRSs. The amendments concentrate on contradictions between IFRS Standards and the definitions. The Improvements to IFRSs result among other things in amendments to IFRS 2: Share-based Payment, IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, IFRS 8: Operating Segments, IAS 1: Presentation of Financial Statements, IAS 7: Statement of Cash Flows, IAS 17: Leases, IAS 18: Revenue, IAS 36: Impairment of Assets, IAS 38: Intangible Assets, IAS 39: Financial Instruments: Recognition and Measurement, IFRIC 9: Reassessment of Embedded Derivatives and IFRIC 16: Hedges of a Net Investment in a Foreign Operation. The improvements to IFRS do not have any impact on the consolidated financial statements of the Stabilus Group.

Improvements to IFRSs (issued 2010): In 2010 as well, the IASB published Improvements to IFRSs, a collection of amendments to International Financial Reporting Standards, in conjunction with the Annual Improvement Project. The Annual Improvements Project covers necessary but non-urgent amendments to IFRSs. The amendments concentrate on contradictions between IFRS Standards and the definitions. In this third edition of the annual improvements, the IASB issued eleven amendments to six standards and one interpretation. The Improvements to IFRSs result among other things in amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 3: Business Combinations, IFRS 7: Financial Instruments Disclosures, IAS 1: Presentation of Financial Statements, IAS 27: Consolidated and Separate Financial Statements, IAS 34: Interim Financial Reporting, IFRIC 13: Customer Loyalty Programmes. The improvements to IFRS do not have any impact on the consolidated financial statements of the Stabilus Group.

IFRSs issued but not yet adopted. Certain new Standards, announcements of Standards and Interpretations were published by September 30, 2011, but their adoption is only obligatory after September 30, 2011. The Stabilus Group has decided in the case of Standards and Interpretations that are only to be adopted in later reporting periods not to apply the option to adopt them earlier.

Standard/ Interpretation		Effective date in business years from	Endorsement by EU Commission
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1.7.2011	No
IFRS 7	Disclosures – Transfer of Financial Assets	1.7.2011	Yes
IFRS 9	Financial Instruments	1.1.2013	No
IFRS 10 and IAS 27	Consolidated Financial Statements, Separate Financial Statements	1.1.2013	No
IFRS 11 and IAS 28	Joint Arrangements, Investments in Associates and Joint Ventures	1.1.2013	No
IFRS 12	Disclosure of Interests in Other Entities	1.1.2013	No
IFRS 13	Fair Value Measurement	1.1.2013	No
IAS 1	Presentation of Items of Other Comprehensive Income – Amendments	1.7.2012	No
IAS 12	Deferred tax	1.1.2012	No
IAS 19	Employee Benefits (Revised)	1.1.2013	No
IAS 24	Related Party Disclosures	1.1.2011	Yes
IFRIC 14	Prepayments of a Minimum Funding Requirement	1.1.2011	Yes

Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters: Through this amendment to IFRS 1, previous references to a fixed transition date of January 1, 2004 are replaced with "the date of transition to IFRSs". Furthermore, rules have now been taken up in IFRS 1 for the event that an entity was unable for some time to comply with IFRSs because its functional currency was subject to hyperinflation. The amendments to IFRS 1 will not have any impact on future financial statements of the Stabilus Group as the Group has no entities in hyperinflation countries.

Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets: The amendments to IFRS 7 relate to extended disclosure obligations on the transfer of financial assets. These are intended to enable users to better understand the relationship between the financial assets transferred and the corresponding financial liabilities. Furthermore, the nature and especially the risks of a continuing involvement when financial assets are derecognised should be easier to evaluate. With the amendments, additional disclosures are also required if an exceptionally large number of transfers with continuing involvement for instance take place around the end of the reporting period. The amendments to IFRS 7 will not have any impact on future financial statements of the Stabilus Group.

IFRS 9 Financial Instruments: IFRS 9 revises the existing principles on the classification and measurement of financial assets. The aim is to reduce the complexity of the accounting and to provide relevant decision-useful information for users of financial statements. The scope of IFRS 9 is initially limited to financial assets. The former classifications in IAS 39 are reduced to two measurement categories: amortised cost and fair value. The new classification shall be applied to existing financial assets. The retrospective application of the new regulations in accordance with IAS 8 will result in the adjustment of all information in the IFRS financial statements, as if the new accounting and measurement methods had always applied. The Stabilus Group is currently investigating the impact on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements, Amendments to IAS 27 – Separate Financial Statements: IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and the issues raised in SIC 12 resulting in SIC 12 being withdrawn. It does not change consolidation procedures, but creates a new and broader definition of control than under current IAS 27. IFRS 10 will not have any impact on future financial statements of the Stabilus Group.

IFRS 11 – Joint Arrangements, Amendments to IAS 28 – Investments in Associates and Joint Ventures: IFRS 11 replaces IAS 31 and SIC 13 and changes the accounting for joint arrangements by moving from three categories under IAS 31 to the two categories: joint operation and joint venture. According to this new classification, the structure of the joint arrangement is not the only factor to be considered when classifying a joint arrangement. Under the new standard, it is required also to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, other facts and circumstances. IAS 28 was amended to include the application of the equity method to investments in joint ventures. IFRS 11 and the amendments to IAS 28 will not have any impact on future financial statements of the Stabilus Group.

IFRS 12 – Disclosure of Interests in Other Entities: The new standard contains more extensive qualitative and quantitative disclosure requirements, which include disclosure of e.g. (a) summarised financial information for each subsidiary with a material non-controlling interest, for each individually material joint venture and associate, (b) significant judgements used by management in determining control, joint control, significant influence, and the type of joint arrangement, and (c) nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

IFRS 13 – Fair Value Measurement: The new standard does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. It provides a definition of fair value and clarification on a number of concepts, including e.g. a description on how to measure fair value when a market becomes less active. The standard includes new disclosures related to fair value measurements as well. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendments to IAS 12 – Deferred Tax on Investment Property: In the case of investment property, it is often difficult to evaluate whether existing temporary tax differences will reverse during the continued utilisation or in the course of a disposal. The amendment to IAS 12 now clarifies that the reversal fundamentally takes place through a disposal. As a consequence of the amendment, SIC 21 Income Taxes – Recovery of Revalued Non-depreciable Assets no longer applies to investment property measured at fair value. The remaining guidelines have been integrated in IAS 12, and SIC 21 has as a consequence been withdrawn. The amendments to IAS 12 will not have any impact on future financial statements of the Stabilus Group.

IAS 19 Employee Benefits (Revised): The revised standard includes a number of amendments that range from fundamental changes to simple clarifications. The significant changes are the following:

- For defined benefits plans, the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been removed. Actuarial gains and losses are to be recognised in other comprehensive income when they occur. Amounts in profit or loss are limited to current and past service costs, gains and losses on settlements, and net interest income/expense. All other changes in the net defined benefit asset/ liability are recognised in other comprehensive income with no subsequent recycling to profit or loss.
- The distinction between short-term and other long-term employee benefits is to be based on expected timing of settlement rather than the employee's entitlement to the benefits.
- Termination benefits are to be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.
- The new disclosure requirements include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Stabilus Group investigated the impact of this standard. In case of the adoption of IAS 19 (revised) and the recognition of actuarial gains and losses in other comprehensive income, the pension liability would decrease by TEUR 2,350 to an amount of TEUR 33,081.

IAS 24 – Related Party Disclosures: To date, entities that are controlled or significantly influenced by a government were obliged to disclose information on all transactions with entities that are controlled or significantly influenced by the same government. As a result of the amendment of IAS 24, detailed disclosures are only now required on individual significant transactions. In addition, quantitative or qualitative indications shall be provided on transactions that are not significant individually, but collectively. Furthermore, the amendment to IAS 24 clarifies the definition of a related party. It is not expected that the amendments to IAS 24 will have any impact on future consolidated financial statements of the Stabilus Group.

IFRIC 14 – Prepayments of a Minimum Funding Requirement: The amendment to IFRIC 14 is relevant in the rare cases in which an entity is subject to minimum funding requirements and renders prepayments in order to fulfil these minimum funding requirements. The amendment allows the entity in these cases to record the benefit resulting from such a prepayment as an asset. It is not expected that IFRIC 14 will have any impact on future consolidated financial statements of the Stabilus Group.

3. Accounting policies

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the customer, a price is agreed or can be determined and when the payment is probable. Revenue from a contract to provide services is recognised according to the stage of completion, if the amount of the revenues can be measured reliably and it is probable that the economic benefits from the business will flow to the Group.

Cost of sales comprises the cost of the conversion of products sold as well as the purchase costs of sold merchandise. In addition to the directly attributable material and production costs, it also includes indirect production-related overheads like production and purchase management, including depreciation on production plants and amortisation of intangible assets. Cost of sales also includes write-downs on inventories to the lower net realizable value. Provisions for estimated costs related to product warranties are accrued at the time the related sale is recorded.

Research expenses and non-capitalizable development expenses are recognised in profit or loss when incurred.

Selling expenses include sales personnel costs and operating sales costs such as for marketing. Shipping and handling costs are expensed within selling expenses when incurred. Fees charged to customers are shown as sales. Advertising costs (expenses for advertising, sales promotion and other sales-related activities) are expensed within selling expenses when incurred.

Borrowing costs. Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and therefore form part of the cost of that asset.

Interest income and expenses. The interest income and expenses include the interest expense from liabilities, interest income from the investment of cash and interest. Furthermore, the interest components from defined benefit pension plans and similar obligations and expenses from the winding back of the discounting of provisions for other risks are also reported under the personnel expenses.

Other financial income and expense. The other financial result includes all remaining expenses and income from financial transactions that are not included in the interest result.

Income taxes. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Income tax expenses represent the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

In accordance with IAS 12 deferred taxes are recognised on temporary differences between the carrying amounts and the corresponding tax base of assets and liabilities used in the computation of taxable income. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and deferred tax liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets on tax loss carry-forwards are only recognised if there is sufficient probability that the tax reductions resulting from them will actually occur. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill. Goodwill is determined to have an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36 the Group is testing the goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGU) that are expected to benefit from the

synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. An impairment of goodwill is recognised if the recoverable amount of the cash-generating unit is below its carrying amount. Impairment losses for goodwill are reported in the other expenses section. According to IAS 36 impairment losses recognised for goodwill are not reversed.

Goodwill impairment is tested at the level of Stabilus Group at the lowest level within the Group at which goodwill is being managed. As such decisions on resource allocation and production management are not being based separately on customer markets (Automotive, Industrial and Swivel Chair), but homogenously for all manufacturing lines, as nearly all products can be produced by all machines to be marketed in all customer markets. Decentralised decision making and controlling structures do not yet exist in a detail that is required to base segment reporting upon – neither in respect to customer markets nor in respect to specific product lines. Also the Group only has one central worldwide purchasing structure that is not diversified in segments. Financial information for market segments is only available in terms of revenue and the gross margin, but not for EBITDA and further financial data.

Other intangible assets. Purchased or internally generated intangible assets are capitalised according to IAS 38, if a future economic benefit can be expected from the use of the asset and the costs of the asset can be determined reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation: Software (3 to 5 years) and patented technology (16 years), customer relationships (24 years), unpatented technology (6 to 10 years) and trade name (18 years).

Research and development expenses. Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised at cost if the

expenditure can be clearly assigned and both technical feasibility and marketability are ensured. It must furthermore be sufficiently probable that the development activity will generate future economic benefits in excess of the capitalised development costs. Capitalised development costs comprise all costs directly attributable to the development process. Capitalised development costs are amortised systematically from the start of production over the expected product cycle of three to fifteen years depending on the lifetime of the product.

Property, plant and equipment. Substantially, the entire property, plant and equipment is used for business purposes and is measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. The Group develops and assembles various production equipments internally; the related costs are also capitalised. Depreciation on property, plant and equipment is recorded straight-line in accordance with its utilization and based on the useful lives of the assets. The residual values, depreciation methods and useful lives are reviewed annually and adjusted, if necessary. Property in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Systematic depreciation is primarily based on the following useful lives: Buildings (40 years), machinery and equipment (10 years) and other equipment (5 to 8 years).

Leasing. Leases comprise all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use that asset is not explicitly described in an arrangement. Leases are classified as either finance or operating. In accordance with the regulations under IAS 17 on accounting for leases, economic ownership is attributed to the lessee if it bears substantially all of the risks and rewards associated with ownership (finance lease). If the criteria for a finance lease are fulfilled, assets and liabilities are recognised at the commencement of a lease term at fair value or the lower present value of the minimum lease payments. Assets are depreciated on a straight-line basis over the estimated useful life of the asset or shorter term of the lease. The discounted payment obligations resulting from the future leasing instalments are recognised under other long-term liabilities.

Lease payments resulting from finance leases are divided into principal payments and interest payments. Lease and rent payments resulting from operating leases are recognised as an expense in the consolidated statement of comprehensive income. Future burdens under operating lease relationships are disclosed under other financial obligations. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating leases are concluded for the leasing of office equipment.

Impairment of non-financial assets. Stabilus assesses at each reporting date whether there are indications that an asset may be impaired. If such indications exist or if annual impairment testing is required (for instance for goodwill), Stabilus estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless an asset generates cash in-flows that are not largely independent of those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of its fair value less cost to sell and its value in use. Stabilus determines the recoverable amount as fair value less cost to sell and compares this with the carrying amounts (including goodwill). The fair value is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of the operative planning (five-year-window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. If the fair value less cost to sell cannot be determined or is lower than the carrying

amount, the value in use is calculated. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the amount of the difference.

The calculation of the fair value less cost to sell and the value in use is most sensitive to the following assumptions: (1) Gross margins are based on average values achieved in the last two years adopted over the budget period for anticipated efficiency improvements. (2) Discount rates reflect the current market assessments of the risks of the cash generating unit. The rate was estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Partly forecast figures (mainly in Europe and the US) and partly past price developments have been used as an indicator for future developments. (4) Management notices that the Group's position continues to strengthen, as customers shift their purchases to larger and more stable companies. Therefore there is no need for any doubt regarding the assumption of market share. (5) Revenue growth rates are estimated based on published industry research.

An assessment for assets other than goodwill is made at each reporting date to determine whether there is any indication that impairment losses recognised in earlier periods no longer exist or may have decreased. In this case, Stabilus would record a partial or entire reversal of the impairment loss.

Inventories. Inventories are valued at the lower of cost and net realisable value using the average cost method. Production costs include all direct cost of material and labour and an appropriate portion of fixed and variable overhead expenses. Net realizable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Borrowing costs for the production period are not included. Provisions are set up on the basis of the analysis of stock moving and/or obsolete stock.

Financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments recorded as financial assets or financial liabilities are generally reported separately. Financial instruments are recognised as soon as the Stabilus Group becomes a party to the contractual provisions of the financial instrument. Financial instruments comprise financial receivables or liabilities, trade accounts receivable or liabilities, cash and cash equivalents and other financial assets or liabilities.

Financial instruments are initially measured at fair value. For the purpose of subsequent measurement, the financial instruments are allocated to one of the categories defined in IAS 39 "Financial Instruments: Recognition and Measurement". The measurement categories within the meaning of IAS 39 relevant in the Stabilus Group are loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples include trade accounts receivable, and loans originated by the company and loans acquired. After initial recognition, loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in the consolidated earnings when the loans and receivables are derecognised or impaired. Interest effects from using the effective interest method are similarly recognised in profit or loss.

Financial assets. In addition to financial instruments assigned to a measurement category, financial assets also include cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, cheques and deposits at banks. The Group considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows. Interest received on these financial assets is generally recognised in profit or loss applying the effective interest method. Dividends are recognised in profit or loss when legal entitlement to the payment arises.

Impairment of financial assets. At each reporting date, the carrying amounts of the financial assets, other than those to be measured at fair value through profit or loss, are investigated to determine whether there is objective evidence of impairment (such as serious financial problems on the part of the debtor or significant changes in the technological, economic, legal and the market environment of the debtor). For equity instruments, a significant or prolonged decline in fair value is objective evidence for possible impairment. Stabilus has defined criteria for the significance and duration of a decline in fair value.

Loans and receivables. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. In relation to trade accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will be unable to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities and equity instruments. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities. Financial liabilities primarily include bank loans, mezzanine loans, shareholder loans, profit participation loans, trade accounts payable and other financial liabilities.

Financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost include bank loans, mezzanine loans and shareholder loans. After initial recognition, the financial liabilities are subsequently measured at amortised cost applying the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss include the profit participating loans. A financial liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. Because an active market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations using for example the enterprise value, growth rate and volatility as parameters.

Pensions and similar obligations. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit pension plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised as income or expense when the net

cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit liability recognised in the statement of financial position comprises the present value of the defined benefit obligation less unrecognised actuarial gains and losses and unrecognised past service cost less the fair value of plan assets out of which the obligations are to be settled directly. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions – in particular those for warranties and potential losses on pending transactions. Non-current provisions with a residual term of more than a year are recognised at balance sheet date with their discounted settlement amount. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Termination benefits are granted if an employee is terminated before the normal retirement age or if an employee leaves the company voluntarily in return for the payment of a termination benefit. The Group records termination benefits if it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate the employment of current employees or if it is demonstrably committed to pay termination benefits if employees leave the company voluntarily.

Provisions for warranties are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

4. Business combination

On December 31, 2010 a new company Orion Rent Imobiliare S.R.L. was founded in Bucharest, Romania. The company's main scope of business is the lease or sublease of its own immovable or leased assets to operating companies of the Group and third parties. The company may also carry out other activities included in the secondary scope of business, such as real estate development, purchase and sale of its immovable assets etc. The Group's shares in the company amounted to 2%. Currently the company rents out its only building to Stabilus Romania for use as a production (Powerise) and engineering building.

On January 12, 2011 the Group acquired additional 47% of the voting shares, as defined in the shareholders agreement, for TEUR 200.

The transfer of the remaining 51% of company shares to Stable Beteiligungs GmbH was agreed upon as of January 31, 2014. In addition, Stable Beteiligungs GmbH has the option to purchase the remaining shares before this date under fixed conditions. As the Group can, at any time, elect to draw upon a call option to purchase the remaining shares in the company and therefore can at any time control the voting rights of the company, it is fully consolidated from the date of acquisition.

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair values or the identifiable assets and liabilities of the Orion Imobiliare Rent S.R.L. as at the date of acquisition were:

TEUR	Fair Value
Assets	
Property, plant and equipment	1,464.8
Non-current assets	**1,464.8**
Cash	0.3
Current assets	**0.3**
Total Assets	**1,465.1**
Liabilities	
Other non-current financial liabilities	1,464.8
Non-current liabilities	**1,464.8**
Current liabilities	**0.0**
Total Liabilities	**1,464.8**
Net assets	**0.3**
Non-controlling interest	0.2
Total net assets acquired	0.1
Cost of combination	205.2
Goodwill arising on acquisition	**205.1**
Total consideration transferred	205.2
Non-controlling interest (51%), based on the proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	0.2
Fair value of identifiable net assets	0.3
Goodwill	**205.1**

Acquisitions in prior year:

On April 8, 2010, Servus HoldCo obtained control of Stable II, a manufacturer of gas springs and hydraulic vibration dampers. During the reporting period from February 26, 2010 to September 30, 2010 operating revenue and profit were in essence only achieved after the acquisition of Stabilus business on April 8, 2010.

Servus HoldCo purchased 94.9% of the ordinary share capital of Stable II from the Security Trustee JP Morgan. Blitz F10-833 purchased the remaining 5.1% of the ordinary share capital of Stable II from the Security Trustee JP Morgan.

Blitz F10-833 is a 94.9% subsidiary of Servus HoldCo. Since Servus HoldCo holds 94.9% of Blitz F10-833, Servus HoldCo economically holds 99.7399% of the shares in Stable II. The fair value of the identifiable assets and liabilities of the Stabilus Group at the date of acquisition according to IFRS 3.16 amounted to:

in millions of EUR	Fair Value
Assets	
Property, plant and equipment	125.8
Other intangible assets	190.5
Other non-current financial assets	3.8
Other non-current assets	1.8
Deferred tax assets	3.6
Non-current assets	**325.5**
Inventories	40.4
Trade accounts receivable	51.9
Current tax assets	3.5
Other current assets	8.1
Cash	20.0
Current assets	**123.9**
Total Assets	**449.4**
Liabilities	
Non-current financial liabilities	298.3
Other non-current financial liabilities	7.5
Provisions	12.4
Pension plans and similar obligations	37.2
Deferred tax liabilities	68.3
Non-current liabilities	**423.7**
Trade accounts payable	22.1
Other current financial liabilities	6.3
Current tax liabilities	4.6
Provisions	20.1
Other current liabilities	23.4
Current liabilities	**76.5**
Total Liabilities	**500.2**
Net assets	**(50.8)**
Non-controlling interest	0.3
Total net assets acquired	**(51.1)**
Goodwill arising on acquisition	**51.1**

Intangible assets mainly relate to the trade name 'Stabilus' with a fair value of TEUR 13,246, a customer relationship with a fair value of TEUR 83,683, patented technology of TEUR 10,839 and unpatented technology amounting to TEUR 47,293. The trade name and the technology were valued applying the capital value oriented procedure of the royalty price analogy. The customer relationship was valued in accordance with the residual value method.

Goodwill was recognised as a result of the acquisition as follows:

in millions of EUR	
Total consideration transferred	0.0
Non-controlling interest, based on the proportionate interest in the recognised amounts of the assets and liabilities of the acquire	0.3
Fair value of identifiable net assets	50.8
Goodwill	**51.1**

The goodwill is attributable mainly to the skills and technical talent of Stabilus work force. None of the goodwill recognised is expected to be deductible for income tax purposes.

5. Notes to the consolidated statement of comprehensive income

5.1. Revenue

TEUR	1.10.2010-30.9.2011	
Automotive	252,802	61.4%
Industrial & Vehicle	128,926	31.3%
Swivel Chair	29,836	7.3%
Total	**411,564**	**100.0%**

TEUR	26.2.2010-30.9.2010	
Automotive	113,392	60.8%
Industrial & Vehicle	58,788	31.6%
Swivel Chair	14,169	7.6%
Total	**186,349**	**100.0%**

TEUR	1.10.2010-30.9.2011	
Europe	239,455	58.2%
NAFTA	108,423	26.3%
Asia/Pacific and rest of world	63,686	15.5%
Total	**411,564**	**100.0%**

TEUR	26.2.2010-30.9.2010	
Europe	105,234	56.5%
NAFTA	49,912	26.8%
Asia/Pacific and rest of world	31,203	16.7%
Total	**186,349**	**100.0%**

Group revenue results substantially from sales of goods.

5.2. Cost of sales, research and development expenses, selling expenses, administrative expenses

TEUR	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	1.10.2010-30.9.2011
Capitalised development cost	0	9,312	0	0	9,312
Personnel expenses	(91,793)	(7,861)	(12,963)	(16,005)	(128,622)
Material expenses	(185,750)	(2,917)	(5,274)	(962)	(194,903)
Depreciation and amortisation	(25,416)	(5,770)	(4,258)	(1,849)	(37,293)
Other	(5,224)	(6,590)	(13,969)	(2,008)	(27,791)
Total	**(308,183)**	**(13,826)**	**(36,464)**	**(20,824)**	**(379,297)**

TEUR	Cost of sales	Research & Development expenses	Selling expenses	Administrative expenses	26.2.2010-30.9.2010
Capitalised development cost	0	5,636	0	0	5,636
Personnel expenses	(44,357)	(4,054)	(7,787)	(6,361)	(62,559)
Material expenses	(78,232)	(1,705)	(4,545)	(433)	(84,915)
Depreciation and amortisation	(7,313)	(7,169)	(2,162)	(1,464)	(18,108)
Other	(6,926)	(3,364)	(8,639)	(837)	(19,766)
Total	**(136,828)**	**(10,656)**	**(23,133)**	**(9,095)**	**(179,712)**

Selling expenses include shipping and handling cost amounting to TEUR 15,552 (prior year 13,948). Other expenses exclude recharges to other functions. Administrative personnel expenses in fiscal year 2010 / 2011 now include all Koblenz second level managers.

Personnel expenses and number of employees. The expense items in the statement of comprehensive income include the following personnel expenses.

TEUR	1.10.2010-30.9.2011	26.2.2010-30.9.2010
Wages and salaries	(95,473)	(43,521)
Compulsory social security contributions	(32,209)	(13,487)
Pension cost	(641)	(2,965)
Other social benefits	(299)	(2,586)
Total	**(128,622)**	**(62,559)**

Number of employees. The following table shows the average number of employees

	1.10.2010-30.9.2011	26.2.2010-30.9.2010
Wage earners	2,665	2,438
Salaried staff	748	744
Trainees and apprentices	93	85
Total	**3,506**	**3,267**

The prior year's average number of employees is impacted by the April 8, 2010 acquisition. For the period prior to April 8, 2010 basically no employees are included in this calculation.

5.3. Other income

TEUR	1.10.2010-30.9.2011	26.2-30.9.2010
Foreign currency transaction gains	3,927	1,148
Gains on sale/disposal of assets	100	–
Income from the release of other accruals	64	1,546
Miscellaneous other income	2,543	1,456
Total	**6,634**	**4,150**

5.4. Other expenses

TEUR	1.10.2010-30.9.2011	26.2-30.9.2010
Losses on sale/disposal of tangible assets	(128)	(123)
Foreign currency translation losses	(3,282)	(781)
Addition to other provisions	(4,069)	–
Other expenses	(1,229)	(195)
Total	**(8,708)**	**(1,099)**

5.5. Finance income

TEUR	1.10.2010-30.9.2011	26.2.-30.9.2010
Interest income on loans and financial receivables	362	33
Net change in fair value of financial liabilities designated at fair value through profit or loss	739	–
Total	**1,101**	**33**

5.6. Finance costs

TEUR	1.10.2010-30.9.2011	26.2.-30.9.2010
Interest expense on financial liabilities measured at amortised cost	(19,302)	(8,878)
Net foreign exchange loss	(2,303)	(2,399)
Net change in fair value of financial liabilities designated at fair value through profit or loss	–	(717)
Interest expenses finance lease	(361)	(223)
Other interest expenses	(1,006)	(292)
Total	**(22,972)**	**(12,509)**

5.7. Income tax income

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable on the reporting date are used for the calculation of current taxes. Tax rates for the expected period of reversal, which are enacted or substantively enacted at the reporting date, are used for the deferred taxes. Deferred taxes are recognised as tax expenses or income in the statements of comprehensive income, unless they relate to items directly recognized in equity. In these cases the deferred taxes are also recognised directly in equity.

TEUR	1.10.2010-30.9.2011	26.2.2010-30.9.2010
Current tax income/(expense)	(4,940)	667
Deferred tax income	7,112	3,880
Total	**2,172**	**4,547**

The respective local rates have been used to calculate the deferred taxes. A tax rate of 30% has been used for group purposes.

The actual tax income of TEUR 2,172 is TEUR 4,669 higher than the expected tax loss of TEUR 2,497 that results from applying the group income tax rate 30% to the annual earnings of the Group before income taxes.

TEUR	1.10.2010- 30.9.2011	26.2.2010- 30.9.2010
Income/ (Loss) before income tax	**8,322**	**(2,788)**
Expected tax income/ (loss) (30%)	(2,497)	836
Tax effect of non-deductible expenses	(246)	(3,592)
Valuation allowance on deferred taxes	1,154	2,332
Non-capitalised deferred taxes on domestic losses	(2,688)	6,813
Additions/deductions due to trade tax	(1,205)	(192)
Effect of divergent tax rates	(225)	9
Utilization of non capitalized losses/ interest carried Forward	5,069	–
Other tax effects	2,810	(1,659)
Actual tax income/ (expense)	2,172	4,547
Tax charge in %	**(26.10%)**	**(163.09%)**

The tax effect of non-deductible expenses mostly includes the effect of German non-deductible expenses. The tax effect due to non-recognition of deferred tax assets includes the valuation allowance for the current tax loss carryforwards. The tax effect of non-capitalised deferred taxes on domestic losses is calculated with the local tax rates on the basis of the negative EBT´s of the respective companies and not included in the following overview of tax loss-carry-forwards.

The deferred tax assets (DTA) and deferred tax liabilities (DTL) in respect of each type of the temporary difference and each type of unused tax losses before offset are as follows:

	30.9.2011			30.9.2010		
	DTA	**DTL**	**Total**	**DTA**	**DTL**	**Total**
Intangible assets	81	(52,866)	(52,785)	0	(54,695)	(54,695)
Property, plant and equipment	2,714	(11,061)	(8,346)	1,692	(14,649)	(12,957)
Inventories	359	(161)	198	291	(407)	(116)
Receivables	472	(530)	(58)	700	(431)	269
Other assets	63	(660)	(597)	37	(256)	(219)
Provisions and liabilities	6,610	(886)	5,724	6,798	(869)	5,929
Tax losses	1,711	–	1,711	977	0	977
Subtotal	**12,010**	**(66,164)**	**(54,154)**	**10,495**	**(71,307)**	**(60,812)**
Netting	**(7,210)**	**7,210**	**–**	**(6,667)**	**6,667**	**–**
Total	**4,800**	**(58,954)**	**(54,154)**	**3,828**	**(64,640)**	**(60,812)**

Deferred tax assets and deferred tax liabilities have been offset if they relate to income taxes levied by the same tax authorities and if there is a right to offset current tax assets against current tax liabilities.

As of September 30, 2011 the Company has unused tax loss carry-forwards of TEUR 11,711 (prior year TEUR 14,557). The following table provides a detailed overview of the tax loss carry-forwards and the expiration dates.

TEUR September 30, 2011	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiring date
Germany	3,283	30.2%	991	–	991	Indefinite
Spain	3,927	30.0%	1,178	(1,178)	–	Indefinite
Romania	4,501	16.0%	720	–	720	Within 5 years
Total	**11,711**		**2,889**	**(1,178)**	**1,711**	

TEUR September 30, 2010	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiring date
Spain	3,415	28.0%	956	(956)	0	Indefinite
China	3,353	33.0%	1,107	(980)	127	Within 5 years
Romania	7,789	16.0%	1,246	(396)	850	Indefinite
Total	**14,557**		**3,309**	**(2,332)**	**977**	

The overview above excludes the tax loss carry-forward and interest carry-forward of Stable Beteiligungs GmbH, Stabilus GmbH and Powerise GmbH for the time prior April 8, 2010. Under current tax law interpretations in Germany, the Group has lost the historical tax loss carry forward with the change of control on April 8, 2010.

A change of control/ conversion of debt clause is also included in the US Tax law. As such the overview excludes the tax loss carry-forward of the subsidiaries in the USA.

Interest carryforwards in Romania, USA and Germany are not considered, as there is no likelihood of utilization.

6. Notes to the consolidated statement of financial position

6.1. Property, plant and equipment

Property, plant and equipment are presented in the following table

TEUR	Land, equivalent rights to real property	Building and land improvements	Technical equipment and machinery	Finance lease	Other tangible equipment	Construction in progress	Total
Gross value							
Balance at February 26, 2010	–	–	–	–	–	–	–
Additions from business combination	10,204	23,109	65,350	7,437	12,364	7,346	125,810
Foreign currency difference	(26)	(136)	(979)	–	(258)	702	(697)
Additions	–	141	3,863	–	2,133	4,381	10,518
Disposals	–	–	(1,608)	–	(674)	(3,627)	(5,909)
Balance at September 30, 2010	**10,178**	**23,114**	**66,626**	**7,437**	**13,565**	**8,802**	**129,722**
Foreign currency difference	(69)	(226)	497	(39)	982	192	1,337
Additions from business combination	–	–	–	1,465	–	–	1,465
Additions	28	1,598	4,476	17	3,409	12,511	22,039
Disposals	–	–	(1,418)	–	(1,029)	–	(2,447)
Reclassifications	–	394	4,305	–	1,305	(6,105)	(101)
Balance at September 30, 2011	**10,137**	**24,880**	**74,486**	**8,880**	**18,232**	**15,400**	**152,015**
Accumulated depreciation							
Balance at February 26, 2010	–	–	–	–	–	–	–
Foreign currency difference	–	13	441	–	161	(717)	(102)
Depreciation expense	–	(663)	(6,705)	(473)	(2,256)	(42)	(10,139)
Disposal	–	–	1,357	–	764	–	2,121
Balance at September 30, 2010	**–**	**(650)**	**(4,907)**	**(473)**	**(1,331)**	**(759)**	**(8,120)**
Foreign currency difference	–	(63)	(1,643)	–	(711)	–	(2,417)
Depreciation expense	–	(1,328)	(13,695)	(1,005)	(4,721)	(60)	(20,809)
Disposal	–	–	1,418	–	999	–	2,417
Balance at September 30, 2011	**–**	**(2,041)**	**(18,827)**	**(1,478)**	**(5,764)**	**(819)**	**(28,929)**
Carrying amount							
Balance at 30 September, 2010	**10,178**	**22,464**	**61,719**	**6,964**	**12,234**	**8,043**	**121,602**
Balance at 30 September, 2011	**10,137**	**22,839**	**55,659**	**7,402**	**12,468**	**14,581**	**123,086**

Property, plant and equipment includes assets resulting from three finance lease contracts with a carrying amount of TEUR 7,402 as of September 30, 2011 (prior year TEUR 6,964), of which TEUR 3,512 (prior year TEUR 3,996) relate to a sale and leaseback agreement concluded in 2008, TEUR 2,505 (prior year 2,968) relate to a finance lease agreement concluded in 2006 and TEUR 1,385 relate to a real estate finance lease agreement signed in December 2010.

The borrowing costs capitalised during the period amount to TEUR 624 (prior year TEUR 473). A capitalisation rate of 7.25% (prior year 6.97%) was used to determine the amount of borrowing costs.

Contractual commitments for the acquisition of property, plant and equipment amount to TEUR 756 (prior year TEUR 1,780). Typically these have been secured a bank guarantee or an in-depth check of the relevant supplier.

The total depreciation expense for tangible assets is included in the consolidated statement of comprehensive income in the following line items:

TEUR	1.10.2010- 30.9.2011	26.2.2010- 30.9.2010
Cost of sales	(19,119)	(4,575)
Research and development expenses	(501)	(4,588)
Selling expenses	(292)	(214)
Administrative expenses	(897)	(762)
Total	**(20,809)**	**(10,139)**

Prepayments by Stabilus Group for Intangible assets and property, plant and equipment of TEUR 67 (prior year TEUR 132) are shown under the position "other non-current assets".

6.2. Goodwill

The first-time consolidation of the Stable II S. à. r. l., Luxembourg, resulted in a goodwill of EUR 51 million. The first-time consolidation of Orion Rent Imobiliare S.R.L, Bucharest, Romania, in the financial year ended September 30, 2011 resulted in goodwill of TEUR 205.1. Please refer to the note 4 for details.

The fair value less costs to sell of the unit is measured by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: The underlying cash flow forecasts are based on the five-year medium term plan ("MTP") approved by the Management Board. The cash flow planning takes into account price agreements based on experience and anticipated efficiency enhancements as well as sales growth of about 4.8% (prior year 4.0%) in average based on the strategic outlook. While the overall economic outlook is very volatile the Group believes that its market orientated approach and leading edge products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (prior year 1%) growth rate. The pre-tax discount rates applied to cash flow projections is 12.2% (prior year 11.1%).

Group management believes that the overall economic situation and the position of the Group have improved since the acquisition in April 2010. The Group planning is based on the following economic assumptions:

- The business plan used to determine the purchase price and the valuations in April 2010 is viewed as achievable in the current economic environment.
- Since April 2010 the overall economic climate for automotive is seen more positively, which should support the Group's revenue plan.
- The significant debt on balance sheet reduction as a result of the refinancing and acquisition by Servus HoldCo in 2009/2010 has substantially improved key customer confidence in Stabilus' long term partnership intentions. This has resulted in additional orders, also for products with a longer life cycle horizon like Powerise (electric tail gate opening system). Supplier confidence and credit insurer confidence will also improve, which will potentially have a positive effect on the Group's cash needs in the medium term.
- With the support of the new shareholder, business projects that are capital intensive upfront, but in the long term very profitable, become an option to management to improve the Group's longer term prospects.
- The new financing agreements do not only reduce the debt burden but also include cash conserving elements like accrued cash interest.

6.3. Other intangible assets

Other intangible assets are presented in the following table:

TEUR	Development cost	Development cost under construction	Software	Patents	Customer Relationship	Technology	Trade-name	Total
Gross value								
Balance at February 26, 2010	–	–	–	–	–	–	–	–
Additions from business combination	12,198	21,038	1,011	1,168	83,683	58,132	13,246	190,476
Foreign currency difference	(15)	1,065	212	42	–	–	–	1,304
Additions	3,064	2,572	217	1	–	–	–	5,854
Reclassifications	5,911	(5,911)	–	–	–	–	–	–
Balance at September 30, 2010	**21,158**	**18,764**	**1,440**	**1,211**	**83,683**	**58,132**	**13,246**	**197,634**
Foreign currency difference	75	(28)	180	3	–	–	–	230
Additions	2,996	7,101	340	40	–	–	–	10,477
Disposals	–	–	(180)	(4)	–	–	–	(184)
Reclassifications	13,973	(13,973)	96	5	–	–	–	101
Balance at September 30, 2011	**38,202**	**11,864**	**1,876**	**1,255**	**83,683**	**58,132**	**13,246**	**208,258**
Accumulated amortisation								
Balance at February 26, 2010	–	–	–	–	–	–	–	–
Foreign currency difference	(156)	–	–	(33)	–	–	–	(189)
Amortisation expense	(1,324)	–	(500)	(783)	(1,743)	(2,739)	(368)	(7,457)
Impairment loss	(512)	–	–	–	–	–	–	(512)
Balance at September 30, 2010	**(1,992)**	**–**	**(500)**	**(816)**	**(1,743)**	**(2,739)**	**(368)**	**(8,158)**
Foreign currency difference	–	–	(168)	312	(330)	–	–	(186)
Amortisation expense	(5,568)	–	(703)	(370)	(3,157)	(5,478)	(736)	(16,012)
Impairment loss	(472)	–	–	–	–	–	–	(472)
Disposal	–	–	180	4	–	–	–	184
Balance at September 30, 2011	**(8,032)**	**–**	**(1,191)**	**(870)**	**(5,230)**	**(8,217)**	**(1,104)**	**(24,644)**
Carrying amount								
Balance at 30 September, 2010	**19,166**	**18,764**	**940**	**395**	**81,940**	**55,393**	**12,878**	**189,476**
Balance at 30 September, 2011	**30,170**	**11,864**	**685**	**385**	**78,453**	**49,915**	**12,142**	**183,614**

The trade name, patented and unpatented technology and customer relationship are recognised at the acquisition date.

The total amortisation expense for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

TEUR	1.10.2010-30.9.2011	26.2.2010-30.9.2010
Cost of sales	(6,297)	(2,738)
Research and development expenses	(5,269)	(2,581)
Selling expenses	(3,966)	(1,948)
Administrative expenses	(952)	(702)
Total	**(16,484)**	**(7,969)**

Contractual commitments for the acquisition of intangible assets amount to TEUR 1,505 (prior year TEUR 318).

During the financial year, costs of TEUR 10,097 (prior year TEUR 5,636) were capitalised for development projects that were incurred in the product and material development areas. Systematic amortisation on capitalised internal development projects amounted to TEUR 5,568 (prior year TEUR 1,324). Amortisation expenses on development costs include impairment losses of TEUR 472 (prior year TEUR 512) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

6.4. Other non-current financial assets

TEUR	30.9.2011	30.9.2010
Other non-current financial assets	4,302	4,372
Total	**4,302**	**4,372**

Restricted cash of TEUR 4,302 as at September 30, 2011 essentially relates to a letter of guarantee for the insolvency protection for the German partial retirement scheme (Altersteilzeit), amounting to TEUR 2,700 (prior year TEUR 2,700), and a letter of guarantee for the rent of the production facility in Brasov, Romania, amounting to TEUR 1,000 (prior year EUR 1,000).

6.5. Other non-current assets

TEUR	30.9.2011	30.9.2010
Prepayments on property, plant and equipment	67	132
Other long term assets	728	600
Total	**795**	**732**

6.6. Inventories

TEUR	30.9.2011	30.9.2010
Raw materials and supplies	21,518	17,182
Finished products	12,795	10,207
Work in progress	6,574	6,319
Merchandising	4,497	4,183
Total	**45,384**	**37,891**

Write-downs on inventories to net realisable value recognised as expense amount to TEUR 2,313 (prior year TEUR 812). Inventories that are expected to be turned over within twelve months amount to TEUR 45,384 (prior year TEUR 37,891). In the reporting period raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to TEUR 185,750 (prior year TEUR 78,232).

Prepayments by Stabilus Group for inventories of TEUR 417 (prior year TEUR 690) are shown under the position "other current assets".

6.7. Trade accounts receivable

Trade accounts receivable are made up as follows:

TEUR	30.9.2011	30.9.2010
Trade accounts receivable	57,687	56,448
Allowance for doubtful accounts	(2,532)	(2,340)
Total	**55,155**	**54,108**

The Group provides credit in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such receivables. The Company establishes an allowance for doubtful accounts based upon factors such as the credit risk of specific customers, historical trends and other information.

Allowances. The allowances developed as follows:

TEUR	30.9.2011
Balance at September 30, 2010	(2,340)
Foreign currency differences	(73)
Increase in the allowance	(465)
Decrease in the allowance	346
Total	**(2,532)**

TEUR	30.9.2010
Balance at February 26, 2010	0
Additions from business combinations	(2,346)
Foreign currency differences	33
Increase in the allowance	(350)
Decrease in the allowance	323
Total	**(2,340)**

6.8. Current tax assets

The current tax assets mainly relate to the income taxes.

6.9. Other current assets

TEUR	30.9.2011	30.9.2010
VAT	4,202	5,489
Prepayments	625	996
Miscellaneous	3,635	7,308
thereof deferred charges	1,621	769
thereof other miscellaneous current assets	2,014	6,539
Other current assets	**8,462**	**13,793**

6.10. Cash

For the purposes of the consolidated cash flow statement, cash include cash on hand and in banks. Cash at the end of the financial period as shown in the consolidated cash flow statement correspond to the related items in the statement of financial position:

TEUR	30.9.2011	30.9.2010
Cash	26,536	38,177
Total	**26,536**	**38,177**

Cash in banks earned interest at floating rates based on daily bank deposit rates.

6.11. Equity

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

Issued capital. Servus HoldCo was incorporated on February 26, 2010 with a share capital of EUR 12,500.00 divided into one million two hundred fifty thousand (1,250,000) shares each with a nominal value of one cent (EUR 0.01), all of which are fully paid up. Servus HoldCo is owned by Servus Group HoldCo II S.à r.l., Luxembourg.

As at April 6, 2010 the shareholder Servus Group HoldCo II S.à r.l., Luxembourg, resolved to increase the corporate capital by an amount of EUR 5,000,000.00 divided into five hundred million (500,000,000) shares each with a nominal value of one cent (EUR 0.01), all of which are fully paid up.

As at September 29, 2010 the shareholder Servus Group HoldCo II S.à r.l., Luxembourg, resolved to increase the corporate capital by an amount of EUR 0.01 comprising one share with a nominal value of one cent (EUR 0.01).

The issued capital amounts to EUR 5,012,500.01 as at September 30, 2011 (501,250,001 shares).

Additional paid-in capital. The additional paid-in capital comprises of funds provided by the shareholder Servus Group HoldCo II S.à r.l., Luxembourg.

As at September 29, 2010 the shareholder Servus Group HoldCo II S.à r.l., Luxembourg declared to subscribe for one new share, together with the share premium of amount of EUR 30,999,999.99 by contribution in kind, swapping debt to equity. The shareholder stated that this contribution is free of any pledge lien or charge. The value of the contribution is stated in a valuation report issued by the Management Board of the Servus HoldCo.

In September 2011, the Servus HoldCo S. à r. l., Luxembourg, paid a dividend of TEUR 150 from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg. This dividend is the maximum permitted distribution for the current financial year according to the loan contracts.

Retained earnings. The retained earnings as at September 30, 2011 comprise the profit of the Stabilus Group for the period from October 1, 2010 to September 30, 2011 and the profit for prior year.

Other comprehensive income. Other comprehensive income comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The following table shows the changes in other reserves recognized directly in equity as well as the income tax recognised directly in equity:

	1.10.2010 – 30.9.2011				
TEUR	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains/(losses) from foreign currency translation	(82)	–	(82)	12	(70)
Total other comprehensive income	**(82)**	**–**	**(82)**	**12**	**(70)**

	26.2.2010 – 30.9.2010				
TEUR	**Before tax**	**Tax (expense) benefit**	**Net of tax**	**Non-controlling interest**	**Total**
Unrealized gains from foreign currency translation	2,763	–	2,763	3	2,766
Total other comprehensive income	**2,763**	**–**	**2,763**	**3**	**2,766**

6.12. Non-current financial liabilities

This note provides information about the contractual terms of the Group's interest-bearing financial liabilities.

With the exception of the profit participating loans (PPL) all other loans and borrowings are measured under amortised costs. The PPL's are measured at fair value.

Terms and conditions. Terms and conditions of outstanding loans are shown below:

TEUR	Currency	Nominal interest rate	Interest rate 30.9.2011	Year of maturity	Principal amount 30.9.2011	Carrying amount 30.9.2011
Super Senior Facility 1	EUR	EURIBOR + 2.5%	3.30%	8.4.2016	0	0
Super Senior Facility 2	EUR	EURIBOR + 2.5%	3.30%	8.4.2016	0	0
Senior Facility	EUR	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	97,360	99,816
Senior Facility	USD	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	24,428	25,236
Senior loans					**121,788**	**125,052**
Mezzanine Facility	EUR	10.75% (fixed rate)	10.75%	8.10.2017	66,301	77,577
Mezzanine Facility	USD	10.75% (fixed rate)	10.75%	8.10.2017	22,150	26,117
Mezzanine loans					**88,451**	**103,694**
Shareholder loans	EUR	10.0% (fixed rate)	10.0%	6.4.2020	33,000	38,113
Shareholder loans					**33,000**	**38,113**
Senior PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,739
Senior PPL	USD	1.0% (fixed rate)		8.4.2020	*)	383
Mezzanine PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	602
Equity tainted loan PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,471
Preferred equity certificate PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,201
Profit participating loans . . .						**5,396**
Total						**272,255**

*) Principal amount is 1 EUR

TEUR	Currency	Nominal interest rate	Interest rate 30.9.2010	Year of maturity	Principal amount 30.9.2010	Carrying amount 30.9.2010
Super Senior Facility 1	EUR	EURIBOR + 2.5%	3.30%	8.4.2016	7,565	7,641
Super Senior Facility 2	EUR	EURIBOR + 2.5%	3.30%	8.4.2016	17,993	18,173
Senior Facility	EUR	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	97,360	98,816
Senior Facility	USD	4.25% till 8.4.2013 EURIBOR + 2.5% thereafter	4.25%	8.10.2016	24,428	24,793
Senior loans					**147,346**	**149,423**
Mezzanine Facility	EUR	10.75% (fixed rate)	10.75%	8.10.2017	66,301	69,766
Mezzanine Facility	USD	10.75% (fixed rate)	10.75%	8.10.2017	22,150	23,307
Mezzanine loans					**88,451**	**93,073**
Shareholder loans	EUR	10.0% (fixed rate)	10.0%	6.4.2020	33,000	34,604
Shareholder loans					**33,000**	**34,604**
Senior PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,856
Senior PPL	USD	1.0% (fixed rate)		8.4.2020	*)	424
Mezzanine PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	611
Equity tainted loan PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,777
Preferred equity certificate PPL	EUR	1.0% (fixed rate)		8.4.2020	*)	1,467
Profit participating loans . . .						**6,135**
Total						**283,235**

*) Principal amount is 1 EUR

Senior Facilities Agreement. A Senior Facilities Agreement dated April 8, 2010 was concluded between the company and J.P. Morgan PLC as the mandated Lead Arranger, various financial institutions, and J.P. Morgan Europe Limited as the Agent and the Security Trustee. The Facilities subject to this agreement are the Super Super Senior Revolving Facility, the Super Senior Facility 1, the Super Senior Facility 2, the Senior Facility and the Uncommitted Capex Facility.

The EUR 14.1 million Super Super Senior Revolving Facility is not drawn as of September 30, 2011. All possible amounts outstanding under the Revolving Facility are to be repaid latest on the respective termination date, which is six years after April 8, 2010. The drawable amount cannot exceed EUR 14.1 million.

The EUR 15.0 million Uncommitted Capex Facility shall apply to all amounts borrowed under the Senior Facilities agreement towards financing Capital Expenditure. This facility was not drawn as of September 30, 2011. All possible amounts outstanding under the uncommitted Capex Facility are to be repaid latest on the respective termination date, which is six years and six months after April 8, 2010. The uncommitted amount cannot exceed EUR 15.0 million.

The credit agreement allows the Group to select the interest period within certain boundaries for the Senior loan facilities. Currently a six month interest period has been chosen.

The Facility Agreements contain certain financial covenants, including the requirement of a minimum interest cover (ratio of consolidated earnings before interest, taxes, depreciation, and amortisation (“EBITDA”) to consolidated net finance charges), a minimum cash cover (ratio of consolidated cash flow to net debt service), a maximum leverage (ratio of consolidated total net debt to consolidated EBITDA), a minimum consolidated EBITDA, a minimum of cash on balance sheet and restrictions on capital expenditures.

The agreements also contain limitations typical for syndicated loans about undertakings, prepayment undertakings and general undertakings including business restrictions whereof by the main undertakings relate to restrictions concerning merger, substantial business changes, acquisitions, disposals, additional indebtedness and loans, guarantees or indemnities, dividends and share redemption.

In the event of a default as further specified in the loan documents the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on a repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

The Super Senior Facilities 1 and 2 were fully repaid in March 2011.

The carrying amount of bank loans as of September 30, 2011 includes accrued interest of TEUR 3,264 (prior year TEUR 2,077). The paid interest in the period October 1, 2010 to September 30, 2011 amounts to TEUR 4,378 (prior year TEUR 850).

Mezzanine Facility Agreement. A Mezzanine Facility Agreement dated April 8, 2010 was concluded between Stable Beteiligungs GmbH, Koblenz, Wilmington Trust (London) Limited, as Agent, and J.P. Morgan Europe Limited, as Security Trustee. The subject of this agreement is a term loan facility drawn down in two amounts, one in euros and one in US dollars.

According to the agreement the interest payment periods can be selected by the Company within certain boundaries. Currently the selected interest payment period is chosen to be six months.

The Mezzanine Facility Agreement contains basically the same covenants comprising financial covenants, information undertakings, prepayment undertakings and general covenants as agreed within the Senior Facilities Agreement, described above.

In the event of a default as further specified in the loan documents the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on a repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

The carrying amount of mezzanine loans as of September 30, 2011 includes accrued interest of TEUR 15,243 (prior year TEUR 4,622).

Liabilities to shareholders. A Shareholder's Loan Agreement dated April 6, 2010 was concluded between the company and Servus Group HoldCo II S. à r. l., Luxembourg, the shareholder of the company. Subject to this agreement is the unsecured loan as from the date of the agreement in a principal amount of TEUR 33,000, which has to be repaid in full on the final maturity date, which is the date falling 10 years from the closing date.

Interest is accruing on the loan with an interest rate of 10% per annum as from the date of the payment of the loan. The interest is accrued from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days. The interest is not required to be paid in cash but will accrue on each anniversary of this agreement.

At balance sheet date the outstanding amount of TEUR 38,113 (prior year TEUR 34,604) includes accumulated interests of TEUR 5,113 (prior year TEUR 1,604).

Profit Participating Loans (PPL): In conjunction with the financial restructuring of the Stabilus business (closing April 8, 2010), all non-performing debt instruments, consisting of Parts of the Senior Debt, the Mezzanine Debt, Equity Tainted Loan (ETL) and Preferred Equity Certificates (PEC) were transferred to Servus HoldCo. The purchase of these debt instruments is reimbursed to the lenders, represented by the PPL Agent (JP Morgan Limited), by issuing of profit participating loan instruments by Servus HoldCo, each with a nominal value of EUR 1. The uniform conditions of these PPL instruments are as follows:

Principal amount	EUR 1
Maturity	April 8, 2020
Redemption amount	Outstanding principal amount plus accumulated accrued interest
Fixed interest rate	1% fixed interest rate on the outstanding principal amount, payable at maturity
Variable interest	The loan entitles in addition to receive all cash flows which flow to Servus HoldCo as a result of the underlying instruments, less a margin of 0.12% of each payment.
Pre-mature call option	Only on exit (exit means (1) a change of control or (2) the sale or disposal of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions or (3) a flotation or (4) a refinancing or (5) a distribution

Senior EUR PPL: As underlying instrument, Stable II as lender and Stable Beteiligungsgesellschaft conclude a new loan (Senior EUR loan) with a notional value of EUR 118,374,107.19 and USD 14,950,327.44 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (senior EUR PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Senior EUR PPL) with a notional value of EUR 1.

Senior USD PPL: As underlying instrument, Stable II as lender and Stable HoldCo Inc. conclude a new loan (Senior USD loan) with a notional value of EUR 9,957,758.21 and USD 25,079,622.73 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent receive a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of EUR 1.

Mezzanine PPL: As underlying instrument, Stable II as lender and Stable Beteiligungsgesellschaft conclude a new loan (Mezz Loan) with a principal value of EUR 92,184,426.09 (maturity: April 8, 2020). Furthermore, Stable II grants a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of EUR 1. Finally, the creditors, represented by the PPL Agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of EUR 1.

Equity tainted loan (ETL) PPL: As underlying instrument, the equity tainted loan (ETL) with a notional value of EUR 72,433,267.00 (maturity: April 30, 2018) was sold by the lenders, represented by the Security Trustee, to Servus HoldCo in return for the payment of EUR 1. The original ETL was then amended by an agreement between the issuer, Stable II, and Servus HoldCo. In return for the purchase of the original ETL, the lenders, represented by the PPL Agent, grant Servus HoldCo a profit participating loan (ETL PPL) with a notional value of EUR 1.

Preferred equity certificates (PEC) PPL. As underlying instrument, the interest-free preferred equity certificates (IFPECs) with an aggregated notional value of EUR 98,067,780.00 (maturity: August 31, 2018) were sold by the lenders, represented by the Security Trustee, to Servus HoldCo in return for the payment of EUR 1. The IFPECs were then converted by a contract amendment agreement between the issuers of the IFPECs, Stable II and Servus HoldCo, to PECs. In return for the purchase of the IFPECS by Servus HoldCo, the lenders, represented by the PPL Agent, receive a claim from Servus HoldCo in form of a profit-participating loan (PEC PPL) with a notional value of EUR 1.

The profit participating loans are measured at fair value and changes therein are recognised in profit or loss. Because a market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value.

Securitisation. The security package in favour of the syndicated loan lenders of the company covers share pledges of various key companies including Stable II, inventory and receivables pledges, as well as liens on land, buildings, machinery and patents for key affiliates and the Group as a whole.

TEUR	Carrying amount as of 30.9.2011	Carrying amount as of 30.9.2010
Total collateral assignment of interests in consolidated companies	**447,032**	**409,443**
Intangible assets assigned as collateral	379	391
Mortgages on land and collateral assignment of the buildings	3,088	3,131
Collateral assignment of technical plant and machinery, operational and office equipment as well as construction in process	86,073	76,096
Collateral assignment of the inventories	42,680	30,288
Fiduciary assignment of receivables from third parties	47,439	43,260
Collateral assignment of the credit balances at banks	20,709	36,283
Total collateral assignment of other assets	**200,368**	**189,449**

6.13. Other non-current financial liabilities

TEUR	30.9.2011	30.9.2010
Finance lease obligation	3,869	4,043
Total	**3,869**	**4,043**

The finance lease obligation amounting to TEUR 5,735 (prior year TEUR 5,825) consists of the long term part of the present value of the future minimum lease payments of a finance lease liability amounting to TEUR 3,869 (prior year TEUR 4,043) and the short-term portion amounting to TEUR 1,866 (prior year TEUR 1,782). The short-term portion is included in other current financial liabilities.

6.14. Non-current provisions

TEUR	30.9.2011	30.9.2010
Provisions for anniversary benefits	1,049	3,267
Provisions for pre-retirement	9,475	9,942
Other provisions - non current	102	273
Total	**10,626**	**13,482**

TEUR	Anniversary benefits	Pre-retirement	Other	Total
Balance at February 26, 2010	–	–	–	–
Additions from business combination	3,367	8,821	220	12,408
Foreign currency differences	–	3	(6)	(3)
Costs paid	(100)	(1,014)	(24)	(1,138)
Release to income	(25)	–	–	(25)
Additions	25	2,132	83	2,240
Balance at September 30, 2010	**3,267**	**9,942**	**273**	**13,482**
Foreign currency differences	–	9	(1)	8
Costs paid	201	(2,156)	(286)	(2,241)
Release to income	(2,282)	(428)	–	(2,710)
Additions	(137)	2,108	116	2,087
Balance at September 30, 2011	**1,049**	**9,475**	**102**	**10,626**

The discount rate applied ranges from 2.8% to 4.2%.

6.15. Pensions plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

TEUR	30.9.2011	30.9.2010
Principal pension plan	34,934	37,205
Deferred compensation	497	507
Total	**35,431**	**37,712**

In case of the adoption of IAS 19 (revised) and the recognition of actuarial gains and losses in other comprehensive income, the pension liability would decrease by TEUR 2,350 to an amount of TEUR 33,081.

a) Defined benefit plans and deferred compensation

Defined benefit plan. The Group granted post-employment pension benefits to all employees in Germany who joined the company prior to January 1, 2006. The level of post-employment benefits is generally based on eligible compensation levels and / or ranking within the Group hierarchy and years of service. Liabilities for principal pension plans amounting to TEUR 34,934 (prior year TEUR 37,205) result from unfunded accumulated benefit obligations.

As per December 21, 2010, in order to free the Group of future liquidity risks, the Group's pension policies for Germany have been amended, in which the title earned in the former defined benefit plan is frozen. Going forward no additional defined benefit titles can be earned. At the same time the company has introduced a defined contribution plan in which direct payments to an external insurer are made which disburdens the group of further cash disbursements in the future. As a result of this change the defined benefit liability recognized in the balance sheet was reduced by TEUR 3,345.

Deferred compensation. Deferred compensation included in accrued pension liabilities relates to employees of the former Atecs Mannesmann Companies. Deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement. The total deferred compensation as of September 30, 2011 amounts to TEUR 497 (prior year TEUR 507).

Funded status. The funded status is as follows:

TEUR	30.9.2011	30.9.2010
Present value of unfunded defined benefit obligations	33,081	38,700
Less: Fair value of plan assets	0	0
Funded status	**33,081**	**38,700**

Present value. The present value of the defined benefit obligation developed as follows:

TEUR	1.10.2010 - 30.9.2011	26.2.2010 - 30.9.2010
Present value of the defined benefit obligations at the beginning of the period	38,700	0
Additions through business combinations	0	37,248
Plan amendment	(3,167)	0
Service cost	603	213
Interest cost	1,588	810
Actuarial (gains) / losses	(3,338)	988
Pension benefits paid	(1,305)	(559)
Present value of defined benefit obligations at end of the period	**33,081**	**38,700**

Accrued defined benefit obligation. The following table provides a reconciliation of the funded status to the net amounts reported in the statement of financial position:

TEUR	30.9.2011	30.9.2010
Funded status	33,081	38,700
Unrecognised actuarial net gains/(losses)	2,350	(988)
Unrecognised past service cost	0	0
Net amounts recognised	**35,431**	**37,712**
The net amounts recognised in the statement of financial position are included in the following item: Pension plans and similar obligations		
TEUR	**35,431**	**37,712**

Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligation at that date.

Expense recognised: The expense items in the consolidated statement of comprehensive income include the following expenses for defined benefit plans:

TEUR	1.10.2010 - 30.9.2011	26.2. - 30.9.2010
Service cost	602	213
Amortisation of net actuarial losses	0	0
Interest cost	1,588	810
Net periodic pension cost	**2,190**	**1,023**
Curtailments and settlements	0	0
Total	**2,190**	**1,023**

Experience adjustments. The present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows

TEUR	30.9.2011	30.9.2010
Defined benefit obligation	33,081	38,700
Experience adjustments	0	0
Total	**33,081**	**38,700**

Assumptions. The measurement date for Group's pension obligations is generally September 30. The measurement date for Group's net periodic pension cost is generally the beginning of the period. Assumed discount rates, salary increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

The following measurement factors were used to determine the pension obligations:

p.a.	30.9.2011	30.9.2010
Discount rate	4.75%	4.20%
Salary increases	0.00%	2.50%
Pension increases	1.50%	1.50%
Turnover rate	4.00%	4.00%
Inflation	1.50%	1.50%

Discount rates. The discount rates for the pension plans are determined annually as of September 30 on the basis of first-rate, fixed interest industrial bonds with maturities and values matching those of the pension payments.

Expected payments. Expected pension benefit payments for the financial year 2011/2012 will amount to TEUR 1,373 (prior year TEUR 1,252).

b) Defined contribution plans

At Stabilus, the expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans in the reporting period amounted to TEUR 8,242 (prior year TEUR 2,965).

c) Government grants

In the current financial year ended September 30, 2011 the Group received no governmental aid form the German state. In the prior period from February 26, 2010 until September 30, 2010 the Group benefited from governmental aid in regards to social security contributions on short work. The prior period's benefits amounted to TEUR 118 and were accounted for as a reduction of the personnel expenses.

6.16. Trade accounts payable

	31.09.2011	30.9.2010
Trade accounts payable	32,140	22,834
Total	**32,140**	**22,834**

6.17. Other current financial liabilities

Other financial liabilities are made up as follows:

TEUR	30.9.2011	30.9.2010
Liabilities to employees	4,151	3,975
Social security contribution	2,092	2,124
Finance lease obligation	1,866	1,782
Liabilities to related parties	186	31
Total	**8,295**	**7,912**

The finance lease obligation amounting to TEUR 5,735 (prior year TEUR 5,825) consists of the long term part of the present value of the future minimum lease payments of a finance lease liability amounting to TEUR 3,869 (prior year TEUR 4,043) and the short-term portion amounting to TEUR 1,866 (prior year TEUR 1,782). The long-term portion is included in other current financial liabilities.

6.18. Current tax liabilities

The current tax liabilities mainly relate to income and trade taxes.

6.19. Current provisions

TEUR	30.9.2011	30.9.2010
Employee related expenses	4,580	4,348
Environmental protection measures	1,132	1,123
Other risks from purchase and sale commitments	1,199	1,095
Legal and litigation cost	173	1,514
Warranties	8,049	12,196
Miscellaneous	3,915	5,925
Total	**19,048**	**26,201**

TEUR	Employee related Expenses	Environmental protection measures	Other risks	Legal and litigation costs	Warranties	Miscellaneous	Total
Balance at February 26, 2010	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Additions from business combinations	6,061	1,048	702	1,317	5,872	5,095	20,095
Foreign currency differences	(44)	(68)	(100)	(263)	(38)	(175)	(688)
Costs paid	(3,710)	–	(997)	–	–	(2,819)	(7,526)
Release to income	(376)	–	–	(609)	(154)	(336)	(1,475)
Additions	2,417	143	1,490	1,069	6,516	4,160	15,795
Balance at September 30, 2010	**4,348**	**1,123**	**1,095**	**1,514**	**12,196**	**5,925**	**26,201**
Foreign currency differences	(20)	9	(171)	(53)	(498)	(75)	(808)
Reclassifications	–	–	–	(1,288)	1,288	–	–
Costs paid	(2,527)	–	(485)	–	(6,983)	(4,498)	(14,493)
Release to income	(488)	–	(91)	–	(349)	(817)	(1,745)
Additions	3,267	–	851	–	2,395	3,380	9,893
Balance at September 30, 2011	**4,580**	**1,132**	**1,199**	**173**	**8,049**	**3,915**	**19,048**

The provision for employee related expenses comprises employee termination benefits and bonuses.

The provision for environmental protection measures represents a claim for an environmental rectification regarding Stabilus Inc.'s former site in Colmar.

The provision for other risks from purchase and sales commitments represents expected sales discounts, expected losses from pending deliveries of goods and other sales related liabilities.

The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation, but not for claims.

The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. Warranty accruals comprise accruals that are calculated for each individual case.

6.20. Other current liabilities

TEUR	30.9.2011	30.9.2010
Advanced payments received	423	970
Vacation expenses	1,896	1,691
Other personnel related expenses	4,525	4,550
Outstanding costs	5,158	5,195
Miscellaneous	465	393
Total	**12,467**	**12,799**

7. Other information

7.1. Leasing

Operating lease. The Group enters into non cancellable operating lease for IT hardware, cars and other machinery and equipment with lease terms of 2 to 6 years. The future minimum lease payments relating to leasing agreements during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments	
2011/2012	3,297	
2012/2013	2,339	
2013/2014	1,776	
2014/2015	1,439	
2015/2016	1,336	
after 2015/2016	10	
within one year		3,297
after one year but not more then five years		6,890
more than five years		10
Total	**10,197**	**10,197**

The current period expense for operating leases amounts to TEUR 4,099 (prior year TEUR 1,914).

Finance lease. Two lease contracts regarding production lines and one real estate lease contract regarding a production facility in Romania are recorded as finance lease.

Production line 1: The Stabilus Group entered into a non-cancellable finance lease with lease a term of 6 years, contracted on December 20, 2006 and commencing on December 1, 2006. The agreement contains a purchase option at the end of the contractual period for a value of TEUR 476 (prior year TEUR 476). The net carrying amount at the balance sheet date is TEUR 2,505 (prior year TEUR 2,968). The present value is calculated by using an interest rate of 5.9%, which was the incremental interest rate of the Stabilus Group at inception of the lease. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2011/2012	846		824	
2012/2013	617		580	
2013/2014				
2014/2015				
2015/2016				
within one year		846		824
after one year but not later than five years		617		580
Total	**1,463**	**1,463**	**1,404**	**1,404**

Production line 2: Furthermore the Group concluded a sale and leaseback agreement dated September 25, 2008, which results in a finance lease with a term of 6 years. The agreement contains a purchase option at the end of the contractual period for a value of TEUR 100 (prior year TEUR 100). The lease term commenced on January 1, 2009. The sales price of the underlying asset, manufacturing equipment, amounts to TEUR 5,000 (prior year TEUR 5,000). At balance sheet date the carrying amount of the underlying asset amounts to TEUR 3,512 (prior year TEUR 3,996). The present value is calculated by using the Group's incremental borrowing rate of interest as per the contract date, of 7.8%. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2011/2012	999		958	
2012/2013	999		887	
2013/2014	999		821	
2014/2015	350		271	
2015/2016				
within one year		999		958
after one year but not later than five years		2,348		1,979
Total	**3,347**	**3,347**	**2,937**	**2,937**

Production facility: Orion Rent Imobiliare S.R.L, Bucharest, entered into a non-cancellable real estate finance lease agreement on December 31, 2010 with a term of 144 months prior to Stabilus becoming a 49% shareholder in Orion Rent Imobiliare S.R.L. The agreement contains a purchase option at the end of the 3 years of contract, for a purchase price amounting to the capital that remains to be paid up to the expiry of the contract less early payment fee (between 2.75% and 4.75% of the remaining capital to be paid). The net carrying amount at the balance sheet date is TEUR 1,465. The lease term started on January 1, 2011. The leasing fees are settled in Euro, but payable in New Romanian Lei. They include a variable component of the total funding cost with 3 month EURIBOR as the reference basis.

TEUR	Minimum lease payments (MLP)		Present value of MLP	
2011/2012	193		85	
2012/2013	193		91	
2013/2014	192		98	
2014/2015	191		105	
2015/2016	191		112	
after 2015/2016	1,191		903	
within one year		193		85
after one year but not later than five years		767		406
more than five years		1,191		903
Total	**2,151**	**2,151**	**1,394**	**1,394**

The current period payments for finance leases amount to TEUR 2,317 (prior year TEUR 922). No contingent rents have been recognised as an expense during the period.

7.2. 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. On October 11, 2005 Stabilus Romania S.R.L., Brasov, ("STRO") entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8,400 square meters for STRO in Brasov, Romania. The rental agreement has a contract period of seven years. STAB Dritte Holding GmbH, Koblenz, merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the company, issued a bank guarantee for TEUR 1,000, in the event that STRO will be unable to pay. Stabilus GmbH, Koblenz, issued a letter of support for the event that STRO will be unable to pay.

On September 22, 2005 Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,952 square meters of land and 5,881 square meter of constructions in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement has a contract period of 10 years. Stabilus GmbH, Koblenz, issued a letter of support for the event that STMX will be unable to pay.

The Company entered into Senior Facilities, a Mezzanine Facility and Profit Participating Loan Agreements. The credit guarantees provided in these agreements are full down-stream, up-stream and cross-stream given by the Guarantors as defined in the Facilities Agreement – comprising certain material subsidiaries of the Group – in favour of the Finance Parties. The guarantees are subject to limitations, including being limited to the extent that otherwise the guarantee would amount to unlawful financial assistance and other jurisdiction specific tests (e.g. net assets).

Given a normal course of the economic development as well as a normal course of business, management believes these guaranties should not result in a material adverse effect for the Group.

Other financial commitments. The nominal value of the other financial commitments as of September 30, 2011 amounts to TEUR 12,458 (prior year TEUR 10,172).

Nominal values of other financial commitments:

TEUR	30.9.2011 less than 1 year	 1 to 5 years	 more than 5 years	 Total
Capital commitments for fixed and other intangible assets	2,261			2,261
Obligations under rental and leasing agreements	3,297	6,890	10	10,197
Total	**5,558**	**6,890**	**10**	**12,458**

TEUR	30.9.2010 less than 1 year	 1 to 5 years	 more than 5 years	 Total
Capital commitments for fixed and other intangible assets	2,098			2,098
Obligations under rental and leasing agreements	2,751	4,770	553	8,074
Total	**4,849**	**4,770**	**553**	**10,172**

The obligations under rental and leasing agreements relate exclusively to leases under which entities of the Stabilus Group are not the economic owners of the leased assets. The obligations reported under this item are based on operating leases.

7.3. Financial instruments

a) Carrying amounts and fair values

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 indications of the prices that may actually be achieved on the market.

TEUR	Carrying amount 30.9.2011	Fair value 30.9.2011
Trade accounts receivables	55,155	55,155
Cash	26,536	26,536
Other financial assets		
Miscellaneous other financial receivables and assets	4,302	4,302
Total financial assets	**85,993**	**85,993**

TEUR	Carrying amount 30.9.2010	Fair value 30.9.2010
Trade accounts receivables	54,108	54,108
Cash	38,177	38,177
Other financial assets		
Miscellaneous other financial receivables and assets	4,372	4,372
Total financial assets	**96,657**	**96,657**

TEUR	Carrying amount 30.9.2011	Fair value 30.9.2011
Non-current financial liabilities	272,255	221,531
Trade accounts payable	32,140	32,140
Other financial liabilities	12,164	12,164
Total financial liabilities	**316,559**	**265,835**

TEUR	Carrying amount 30.9.2010	Fair value 30.9.2010
Non-current financial liabilities	283,235	209,267
Trade accounts payable	22,834	22,834
Other financial liabilities	11,955	11,955
Total financial liabilities	**318,024**	**244,056**

The carrying amounts of the financial instruments presented according to the IAS 39 measurement categories are as follows:

TEUR	Carrying amount 30.9.2011	Carrying amount 30.9.2010
Assets		
Trade accounts receivable	55,155	54,108
Other financial receivables and assets	4,302	4,372
Loans and receivables	59,457	58,480
Liabilities		
Trade accounts payable	32,140	22,834
Financial liabilities	266,859	277,100
Other financial liabilities	12,164	11,955
Financial liabilities measured at amortised cost	311,163	311,889
Financial liabilities at fair value through profit or loss	5,396	6,135

The fair values of financial instruments were calculated on the basis of the market information available as of the reporting date and the following assumptions:

Trade accounts receivable and cash. Due to the short terms of these items, it is assumed that the fair values of trade accounts receivables and cash correspond with the carrying amounts.

Other financial assets. Due to the short terms of these items, it is assumed that the fair values of other financial assets with short terms correspond with the carrying amounts.

Financial liabilities. The fair values are calculated as the present values of the expected future cash flows. Normal interest rates for the appropriate maturities are used for discounting purposes.

Trade accounts payable. Due to the short terms of these items, it is assumed that the fair values of trade accounts payable correspond with the carrying amounts.

Other financial liabilities. Due to the short terms of the other financial liabilities, it is assumed that the fair values correspond with the carrying amounts.

Financial liabilities measured at fair value are classified into the following fair value hierarchy:

	30.9.2011			
TEUR	Total	Level 1[1)]	Level 2[2)]	Level 3[3)]
Liabilities measured at fair value				
Financial liabilities through profit or loss	5,396	–	–	5,396

	30.9.2010			
TEUR	Total	Level 1[1)]	Level 2[2)]	Level 3[3)]
Liabilities measured at fair value				
Financial liabilities through profit or loss	6,135	–	–	6,135

1) Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

2) Fair value measurement based on inputs for the asset or liability 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 for the asset or liability that are not observable market data.

Financial liabilities at fair value through profit or loss refer exclusively to profit participating loans measured at fair value and changes therein are recognised in profit or loss. Because an active market for the profit participating loans does not exist, the fair value was established by using a valuation technique. The valuation technique is based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value.

b) Net gains or losses

The following table shows the net gains or losses on financial instruments included in the statement of comprehensive income:

TEUR	1.10.2010 - 30.9.2011
Financial liabilities recognized at fair value through profit or loss	739
Total	**739**

TEUR	29.2.2010 - 30.9.2010
Financial liabilities recognized at fair value through profit or loss	(717)
Total	**(717)**

Net gains or losses refer exclusively to the change in fair value of the profit participating loan.

c) Total interest income and total interest expense

Total interest income and total interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss are as follows:

TEUR	1.10.2010 - 30.9.2011	26.2. - 30.9.2010
Total interest income	362	33
Total interest expense	(20,669)	(9,393)

7.4. Risk reporting

a) Internal risk management

The Group employs within the budgeting process an integrated system for the early identification and monitoring of risks specific to the Group, in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This includes monthly short and medium-term analysis of the order intake and the sales invoicing behaviour. Control impulses for the individual companies are derived from this. Customer behaviour is ascertained and analysed continuously and the information obtained from this serves as an early warning indicator for possible changes in demand patterns.

In addition, significant KPIs (order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all group companies and are assessed by group management.

b) Financial risks

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures. The use of financial derivatives is governed by the Group's policies approved by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. No derivatives exist as of September 30, 2011.

ba) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with

creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where viewed appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations impact the credit lines per customer.

The maximum exposure to credit risk of trade accounts receivable is the carrying amount is as follows:

							30.9.2011
TEUR	**Neither past due nor impaired**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 360 days**	**> 360 days**	**Total**
Financial assets							
Receivables							
Trade accounts receivable	48,406	4,809	759	303	878	0	55,155
Total	**48,406**	**4,809**	**759**	**303**	**878**	**0**	**55,155**

							30.9.2010
TEUR	**Neither past due nor impaired**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 360 days**	**> 360 days**	**Total**
Financial assets							
Receivables							
Trade accounts receivable	46,800	6,588	453	204	63	0	54,108
Total	**46,800**	**6,588**	**453**	**204**	**63**	**0**	**54,108**

Credit risk of other financial assets of the Group, which comprise cash and cash equivalents, and miscellaneous financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and are typically also lenders to the Group. Therefore credit quality of financial assets which are neither past due nor impaired is assessed to be good.

bb) Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted cash flows at regular intervals.

The following maturities summary shows how the cash flows from the liabilities as of September 30, 2011 will influence the Group's liquidity situation. The summary describes the course of the undiscounted principal and interest outflows of the financing liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions: If the counterparty can request payment at different dates,

the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described under the note on "non-current financial liabilities".

TEUR	Senior loans	Mezzanine loans	Shareholder loans	Profit participating loans	Finance lease	Trade accounts payable	Total
2011 / 2012	5,410	2,991	–	–	2,038	32,140	42,579
2012 / 2013	6,510	9,374	–	–	1,809	–	17,693
2013 / 2014	7,619	12,602	–	–	1,191	–	21,412
2014 / 2015	7,622	12,609	–	–	541	–	20,772
2015 / 2016	7,645	12,648	–	–	191	–	20,484
2016 / 2017	125,270	12,508	–	–	190	–	137,968
2017 / 2018	–	116,056	–	–	189	–	116,245
2018 / 2019	–	–	–	–	189	–	189
2019 / 2020	–	–	85,594	552,786*	188	–	638,568
after 2019/2020	–	–	–	–	435	–	435
Total	**160,076**	**178,788**	**85,594**	**552,786***	**6,961**	**32,140**	**1,016,345**

*) Fair Value EUR 5.4 million (prior year EUR 6.1 million)

The long term Senior, Mezzanine and Shareholder loan contracts give planning stability over the next years. At the balance sheet date the Group has undrawn facilities of EUR 29.1 million (prior year EUR 29.1 million) to reduce liquidity risks.

A material portion (EUR 38.1 million as of September 2011 and EUR 85.6 million as of September 2020) of the above mentioned principal and interest outflows of the financial liabilities is due in 2020 and relates to a shareholder loan. The Stabilus Group has the right to repay the loan and accrued interest voluntarily at any time, however this requires consent of the Senior and Mezzanine lenders.

With regard to the Profit Participating Loans (PPL), the following disbursement scenarios are conceivable before or after the final maturity date (April 8, 2020):

- Disbursement scenarios before the final maturity date: in the event of a sale of the Stabilus Group by the current owners or a distressed disposal, the sales proceeds will be distributed in the amount of the existing receivables by the PPL Agent. The PPL Agent will take over the allocation of the sales proceeds in accordance with the agreed waterfall structure.
- Disbursement scenarios on arriving at the final maturity date (April 8, 2020): Servus HoldCo has obligations to the PPL Agent under five profit participating loans each in the amount of EUR 1 (principal amount). In addition, obligations exist to make variable disbursements on final maturity, the amount of which will depend on whether Servus HoldCo for its part will receive incoming payments from the underlying investments.

As of the reporting date of September 30, 2011, disbursement scenarios before the final maturity date are overwhelmingly probable. This can be justified economically by the fact that a sale within ten years is customary business practice in the private equity business. As of September 30, 2011, the fair value of the expected disbursements amounts to EUR 5.4 million (prior year EUR 6.1 million). In the interests of a worst-case view, the disbursement dates and amounts of the profit participating loans are disclosed based on the final maturity date.

In the event of a default as specified in the Facilities Agreements (failure to comply with the financial covenants etc.), the Facility Agent may direct the Security Agent to exercise its rights, among other things, to insist on repayment of the aforementioned securities, which would cast significant doubt on the ability of the company to continue as a going concern.

bc) Finance market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). As of September 30, 2011 the Group

has not entered into derivative financial instruments. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the requirement to enter into a variety of derivative financial instruments.

Exchange rate risk. Due to its subsidiaries, the Group has significant assets and liabilities outside the EURO zone. These assets and liabilities are denominated in local currencies. When the net asset values are converted into EURO, currency fluctuations result in period-to period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge against these structural currency risks.

The Group also has transactional currency exposures which arise from sales or purchases in currencies other than the functional currency and loans in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance sales revenue and costs in a currency to thus reduce the currency risk.

A sensitivity analysis has been performed solely on the basis of long-term debts in foreign currencies, as the risks of transactional currency exposures which arise from operational sales or purchases are considered to be immaterial due to substantially netting effects:

Long-term debt granted in USD, amounting to TUSD 69,367, is converted to TEUR 51,353 with the exchange rate of 1.3508 USD/EUR as at balance sheet date. A decrease/increase in the foreign exchange rate by 10 cent to 1.2508 USD/EUR / 1.4508 USD/EUR, would have lead to a increase/decrease in debts of TEUR 4,106/ TEUR 3,540 and a corresponding effect on the Group's net income before taxes. Assuming this change to be fully tax effective the effect on net income after taxes would have amounted to positive/negative TEUR 2,874/ TEUR 2,478. Besides the balance sheet the Group's revenue and costs are also impacted by currency fluctuations.

Interest rate risk. The Group is exposed to interest rate risks, which mainly relates to debt obligations, as the Group borrows funds at both fixed and floating interest rates.

Interest rate risks arise on increasing or decreasing moves in the relevant yield curve (EURIBOR or LIBOR). The loans with a Euribor related interest rate are shown in detail under the note on "financial liabilities".

The interest rate risk is monitored by using the cash flow sensitivity of the Group's cash flows due to floating interest loans. The nominal interest rates of the Stabilus Group's financial liabilities as of September 30, 2011 are fixed until April 8, 2013. Hence, there is no interest rate risk on the Group's cash flow, resulting from floating interest loans, until financial year 2012/ 2013.

7.5. Capital management

The Stabilus Group's capital management covers both equity and liabilities. The Board's policy is to maintain a reasonable cost of capital. A further objective is to maintain a balanced mix of debt and equity.

Due to the broad product range and the activities on global markets, the Stabilus Group generates under normal economic conditions predictable and sustainable cash flows.

The equity ratio as of September 30, 2011 is calculated as follows:

TEUR	30.9.2011	30.9.2010
Equity	51,063	40,789
Total assets	505,942	517,317
Equity ratio (excluding shareholder loans)	10.1%	7.9%
Economic equity ratio (including shareholder loans)	17.6%	14.6%

The Stabilus Group is not subject to externally imposed capital requirements.

The ratio of net debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), which is also used and defined in the facility agreement, is an important financial ratio (debt ratio) used in the Stabilus Group. The objective is to reduce the debt ratio in future. Stabilus Group therefore aims to increase its earnings and to generate cash flows in order to reduce its financial liabilities.

7.6. 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 separately for inflows and outflows 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.

On March 30, 2011 the company has repaid the complete Super Senior Facility 1 and Super Senior Facility 2 including the accrued interest portion, amounting to TEUR 25,995.

Interest payments of TEUR 4,378 (prior year TEUR 1,444) are taken into account in the cash outflows from financing activities. Tax payments of TEUR 7,077 (prior year TEUR 798) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

7.7. Fees billed to the audited company by KPMG Audit S.à r.l., Luxembourg

Fees quoted to the Company and its subsidiaries by KPMG Audit S.à r.l., Luxembourg, and other member firms of the KPMG network during the year are as follows:

TEUR (excluding VAT)	**1.10.2010 - 30.9.2011**	**26.2.2010 - 30.9.2010**
Audit fees (annual accounts / consolidated accounts)	491	465
Audit related fees	0	0
Tax fees	0	30
Other fees	0	0

Such fees are presented under administrative expenses.

7.8. 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.

Shareholders. The shareholders of the Stabilus Group are Servus Group HoldCo II (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 an amount of TEUR 131 (prior year TEUR 31). Furthermore, as of September 30, 2011, the Group owes TEUR 55 to Triton Masterluxco 3 S.à r. l., Luxembourg. In September 2011, the Servus HoldCo S. à r. l., Luxembourg, paid a dividend of TEUR 150 from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg.

7.9. Remuneration of key management personnel

The directors of Servus HoldCo are not actively engaged in the day-to-day management of the Company.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash and benefits in kind. The latter primarily comprise the provision of company cars and pension.

The total remuneration of key management personnel at the various key Stabilus Group affiliates during the reporting period amounted to EUR 2.3 million (prior year EUR 1.2 million) and less than EUR 0.1 million (prior year EUR 0.1 million) for benefits in kind, primarily company cars and pensions.

General managers hold indirect interests in Servus HoldCo via partnerships under the German Civil Code ("GbRs") and profit participating loans, in each case of less than 1%, or participate in economically similar programmes. Certain Supervisory Board members are also participating in these programmes, also in each case below 5%.

The management participation programme is designed to carry out an exit either through an IPO or a sale / disposal of all of the interests. For the intended exit scenario, the proceeds on disposal correspond to fair value. Since, in the exit scenario, both the acquisition and the later disposal of the interests are at fair value, the compensation component has no value at the time that it is granted, so that no personnel expenses are therefore recorded in the consolidated financial statements of Servus HoldCo.

7.10. Events after the reporting date

In October 2011, the Servus HoldCo S. à r. l., Luxembourg, paid a further dividend of TEUR 150 from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg. This dividend is the maximum permitted distribution in the financial year ending September 30, 2012, according to the loan contracts.

The company has initiated an internal restructuring in which the Romanian holding Stable Romania S.R.L. will be sold to German Stabilus GmbH. Furthermore the Romanian Stabilus S.R.L. will be capitalized by an amount of EUR 21 million in total. Finally the holding will be merged into the operating company Stabilus S.R.L. which then will be 100% subsidiary of Stabilus GmbH.

Luxembourg, December 23, 2011

The Management Board of Servus HoldCo

Lars Frankfelt — Michiel Kramer — Heiko Dimmerling

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Servus HoldCo S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2011 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d 'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Luxembourg S.à r.l. a Luxembourg private limited company and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

T.V.A LU 24892177
Capital 12.502 €
R.C.S Luxembourg B 149133

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Servus HoldCo S.à r.l. as of September 30, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the note 2 to the consolidated financial statements, which indicates that the Group might fail to comply with its financial covenants. The ability of the Group to continue as a going concern depends on the achievement of the assumptions underlying the Group's budgets.

We hereby also draw your attention to the fact that, with reference to the note 2, the continued existence of the Group could be threatened by the potential risk of the successful outcome of the suit filed by former mezzanine creditors against Stabilus GmbH, a subsidiary of the Group, as the guarantor and borrower of the mezzanine agreement dated February 10, 2008 (as amended and restated on March 26, 2008 with further amendments and restatements agreed on April 28, 2008), demanding repayment of an amount of EUR 72 million including interest and possible legal steps by other mezzanine creditors with a total charge of EUR 90 million (including the EUR 72 million of the filed suit).

These matters indicate the existence of material uncertainties which may cast significant doubt about the Groups ability to continue as a going concern.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, December 23, 2011

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Ph. Meyer

Recent developments and outlook

Financing structure and strategy

Share pledge

The shares of the Company have been pledged in favor of J.P. Morgan Europe Limited as security agent to secure our obligations under the Senior Notes and the Revolving Credit Facility. In connection with the Offering, the shares of the Company (other than the shares that continue to be held by the Selling Shareholder after the Closing Date or, as applicable, the end of any share lending carried in connection with stabilization measures by the Stabilization Manager) will be released from the pledge before the Closing Date.

IPO reorganization

Background

In April 2010, the Stabilus Group underwent a financial restructuring in the course of which it was acquired by Triton. The restructuring involved a reduction of the external financial debt and the provision of new capital provided by Triton. The performing part of the former senior debt was converted into new senior and mezzanine loan facilities. The remainder of the former senior debt and all of the former mezzanine debt was novated into three intercompany receivables owed to the Company. In addition, as part of the 2010 restructuring the receivables under a shareholder loan that had been made by a former shareholder to Stable II S.à r.l. as well as preferred equity certificates issued by Stable II S.à r.l. were transferred to the Company.

In consideration for these novations and transfers, the Company issued certain equity upside-sharing instruments (the "**EUSIs**") which were structured in the form of profit participating loans and were issued to the former senior lenders. The EUSIs that related to certain equity tainted loan receivables (the "**ETL/PEC PPLs**") were issued to entities controlled by Triton. Certain lenders under a new mezzanine loan facility, which has since been repaid, received mezzanine warrants pursuant to a mezzanine warrant instrument. The EUSIs (*i.e.*, their holders) in essence participate via a pre-agreed waterfall mechanism in certain exit proceeds.

In connection with the refinancing in June 2013, Servus II (Gibraltar) Limited extended an upstream loan (the "**Upstream Loan**") to the Selling Shareholder out of proceeds received from the Senior Notes issuance. The total principal amount of the upstream shareholder loan is €80.0 million, of which €44.0 million were funded by a cash equity contribution to the Company by the Selling Shareholder in the same amount; as of March 31, 2014, the early prepayment premium on the Upstream Loan amounted to €6.5 million, assuming prepayment had occurred on March 31, 2014. In addition, in connection with the refinancing, entities controlled by Triton contributed to Servus II (Gibraltar) Limited the ETL/PEC PPLs.

The Reorganization

Prior to the closing of this Offering, the Group structure will be reorganized. The intital step of the Reorganization is the Company's change of corporate form from a Luxembourg limited liability company (*société à responsabilité limitée*) to a Luxembourg public limited liability company (*société anonyme*).

Following the Company's change of corporate form, the Company will distribute to the Selling Shareholder by way of dividend 90% of its equity interest in Servus II (Gibraltar) Limited, whose only substantial assets prior to such distribution will be the receivables under the Upstream Loan and the ETL/PEC PPLs.

Subsequently, the holders of EUSIs and mezzanine warrants will exchange their interests in EUSIs and mezzanine warrants for equivalent equity upside sharing instruments and mezzanine warrants to be issued by the Selling Shareholder. The Selling Shareholder will then contribute the EUSIs and mezzanine warrants issued by the Company to the Company as share capital

surplus and in exchange for a new, interest bearing receivable of approximately €23 million with a term of one year. As a result, the EUSIs and mezzanine warrants will be extinguished and will no longer be recognized on the Company's balance sheet. Subsequent to the closing of the Offering, the Company intends to sell its remaining 10% interest in Servus II (Gibraltar) Limited to the Selling Shareholder in settlement of the new receivable.

These transactions, forming the "**Reorganization**," will not have an impact on the cash position of the Company. For further information on the changed financial position following the Reorganization and this Offering, please refer to "*Capitalization and indebtedness*."

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