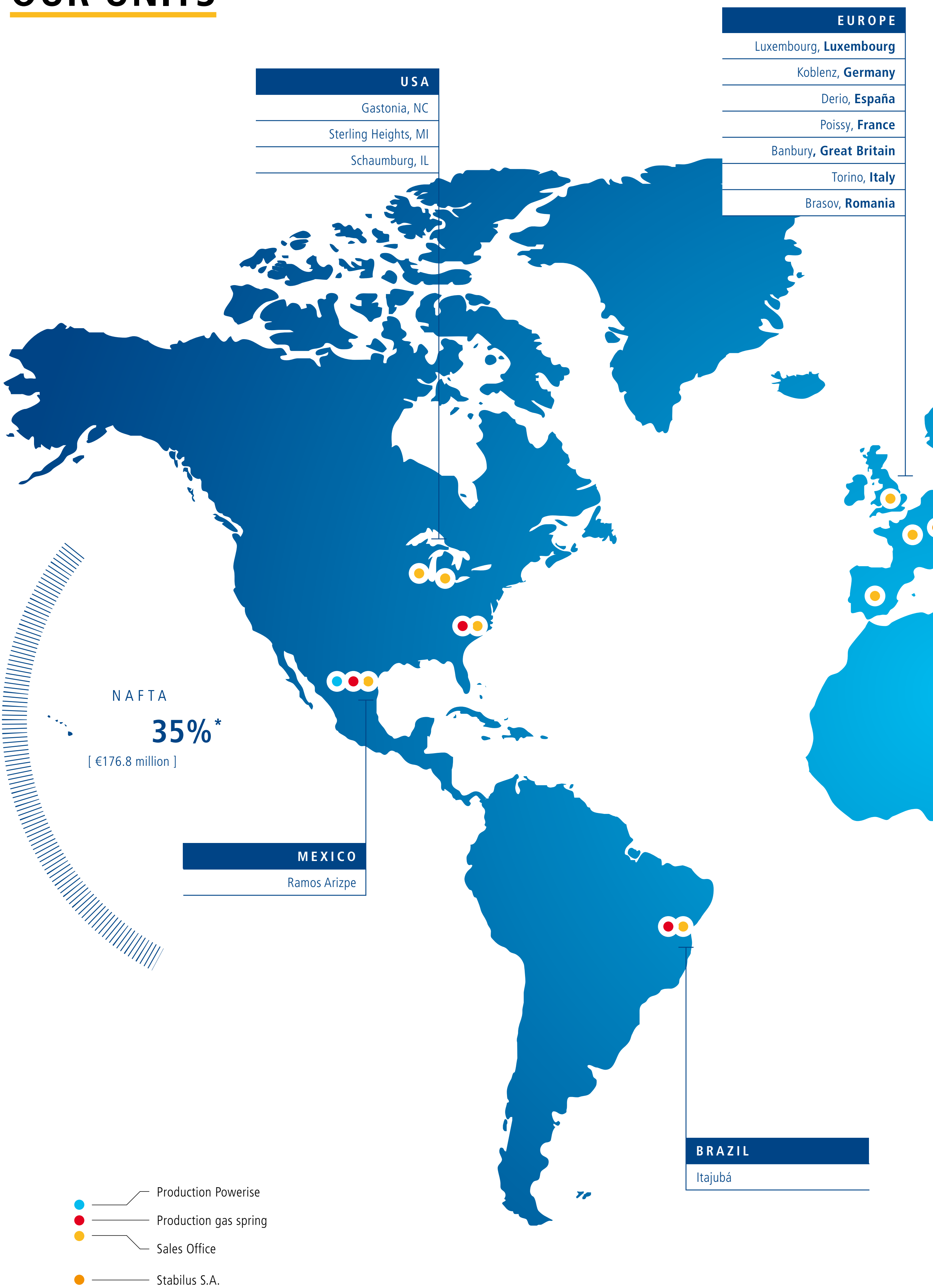
STABILUS

ANNUAL REPORT
2014

OUR UNITS



* Revenue by region (location of Stabilus company)

SOUTH KOREA
Busan
Suwon
CHINA
Changzhou City
Shanghai
JAPAN
Yokohama
EUROPE
53%*
[€267.3 million]
ASIA/PACIFIC AND ROW
12%*
[€63.2 million]
NEW ZEALAND
Auckland
SINGAPORE
Singapore
AUSTRALIA
Dingley

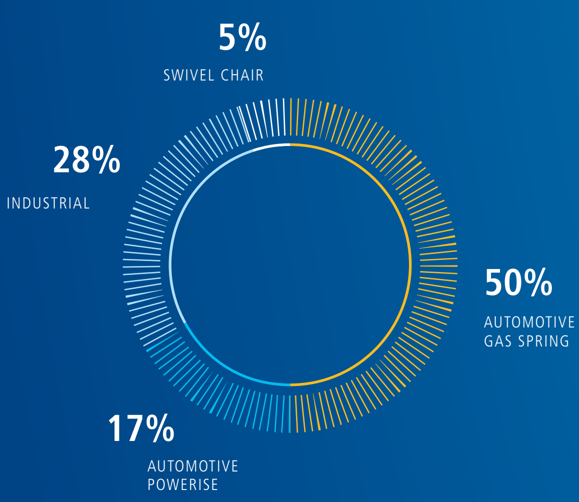
STABILUS

KEY FIGURES

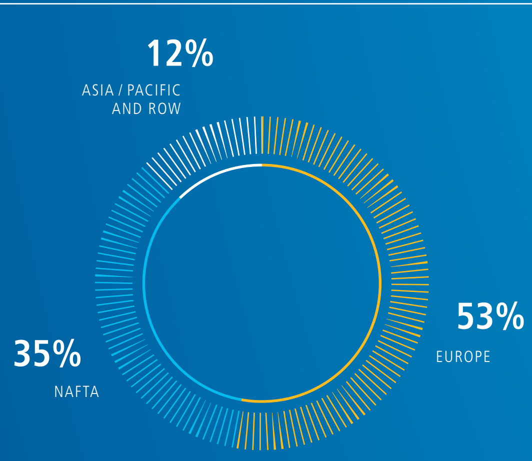
IN € MILLIONS	2014	2013	CHANGE	% CHANGE
Revenue	**507.3**	460.1	47.2	10.3%
EBITDA	**71.3**	75.9	(4.6)	(6.1)%
Adjusted EBITDA	**92.5**	87.1	5.4	6.2%
EBIT	**31.2**	35.2	(4.0)	(11.4)%
Adjusted EBIT	**65.1**	59.1	6.0	10.2%
Capital expenditure	**(35.6)**	(34.4)	(1.2)	3.5%
Adjusted operating cash flow before tax (AoCF)	**80.5**	43.9	36.6	83.4%
Free cash flow (FCF)	**22.1**	20.5	1.6	7.8%

EBITDA as % of revenue	**14.1%**	16.5%
Adjusted EBITDA as % of revenue	**18.2%**	18.9%
EBIT as % of revenue	**6.2%**	7.7%
Adjusted EBIT as % of revenue	**12.8%**	12.8%
Capital expenditure as % of revenue	**7.0%**	7.5%
AoCF as % of adjusted EBITDA	**87.0%**	50.4%
FCF as % of adjusted EBITDA	**23.9%**	23.5%

Revenue by markets



Revenue by region (location of Stabilus company)



ANNUAL RE
2014

As a world market leader for gas sp
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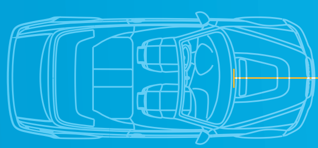
automotive industry, in the furnitur
building technology and even in mec
rehabilitation technology. Our gas spr
mechanical drives allow you to opti
lifting, lowering, damping and adju

The satisfaction of our customers is
why we set the highest requirements
products, whether they are mass pr
in small batches. We guarantee the
our products worldwide.

HIDDEN CHAMPION

Gas struts, dampers, and electromechanical drives simplify an enormous number of everyday manual tasks. Wherever you find something that can be lifted or lowered, opened or closed with ease, it's probably thanks to a Stabilus product. These products satisfy the growing demand for ergonomics in today's lifestyles. Certainly by the time of the IPO in May 2014, investors had identified the world market leader Stabilus as a hidden champion.

01 AUTOMOTIVE



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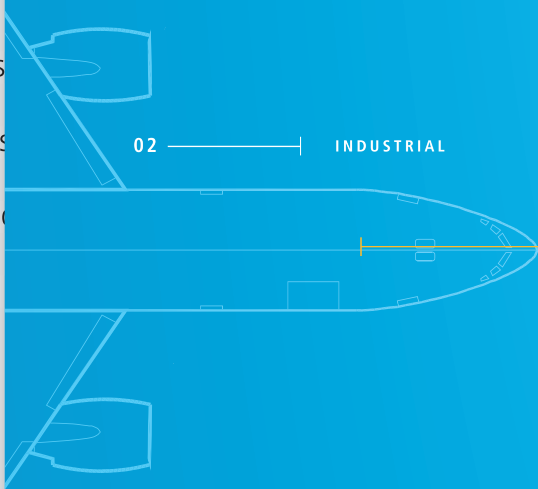
02 INDUSTRIAL



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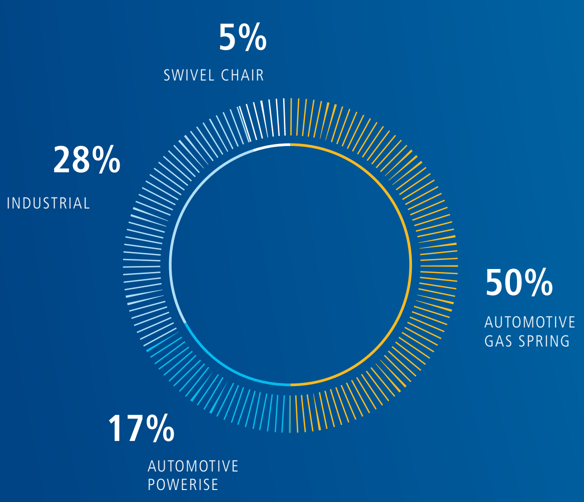
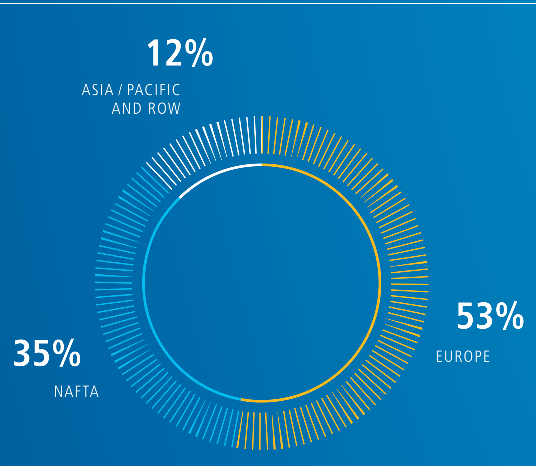
Revenue by markets



Revenue by region (location of Stabilus company)



ANNUAL REPORT 2014

As a world market leader for gas springs and dampers, we have demonstrated our expertise for eight decades: In the automotive industry, in the furniture sector, in house and building technology and even in medical products as well as rehabilitation technology. Our gas springs, dampers and electro-mechanical drives allow you to optimize opening, closing, lifting, lowering, damping and adjusting actions.

The satisfaction of our customers is our top priority. That's why we set the highest requirements for the quality of our products, whether they are mass produced or manufactured in small batches. We guarantee the highest standard for our products worldwide.

CONTENT

A TO OUR SHAREHOLDERS

POWERISE®

POWERISE spindle drives are used for single-sided or double-sided application. They are modular systems based on various standard components. The mechanical spring intergrated into the spindle drive is the key element of the overall system that provides the desired functions – including comfortable manual operation. Optimized pitch and surface of the spindle make for an almost silent movement. Stabilus offers the spindle drive as compact axial parallel design or as slim co-axial version.

Dietmar Siemssen
Chief Executive Officer

LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders, Customers, Business Partners, Employees, Ladies and Gentlemen,

We have come to the end of a successful and eventful fiscal year during which we once again achieved significant growth across all segments and markets. As a world market leader for gas springs, dampers and electromechanical drives, we are firmly established on the market and can look back with pride on a history dating back eighty years.

The 2014 fiscal year now marks our third successive record year. For the first time, we exceeded the sales threshold of €500 million by a margin of €7 million. As well as achieving record sales, we have laid important foundations for our future growth: With newly acquired major customers and orders from Asia, Europe and the US, the construction of a new production plant for our industrial products in the rapidly expanding Chinese market and the expansion of our plant in Romania, as well as by almost doubling our capacity in the automotive sector in China. We are also experiencing strong demand around the world for our electromechanical Powerise systems that automatically open and close automobile trunk lids and tailgates.

Our IPO in May 2014 was a major milestone. This represents an important step for Stabilus and its employees. Long-term access to the capital markets will enable us to accelerate our organic growth, as well as allowing us to think about external growth. At this point, I would like to extend a special welcome to our new shareholders, who have decided to invest in a rapidly expanding and profitable company that offers significant potential. This is because Stabilus will continue to benefit from the pronounced trend towards greater comfort and optimum ergonomics in all areas of life, which is being driven by demographic developments and the increasing importance of the highly comfort-oriented markets of Asia.

Overall, the 2014 fiscal year saw us produce a record 138 million gas springs and dampers (previous year: 132 million units) as well as 2.2 million Powerise systems – up from 1.2 million units in the previous year. Accordingly, our sales increased by 10% year-on-year, from €460.1 million to €507.3 million. The strongest driver of growth in the automotive business was the Powerise sector, where sales soared by 55% to €85.8 million. As a result of this encouraging growth across all business areas, we even slightly outperformed our sales forecast of €505 million for the 2014 fiscal year. In geographical terms, our strongest growth was achieved in the US, but we also increased our sales in Asia and Europe. This significant rise in sales was also reflected in our earnings situation. Adjusted EBIT increased by 10%, from €59.1 million in the previous year to €65.1 million, resulting in net income for the year of €10.0 million.

We are very satisfied with our performance in the 2014 fiscal year. At the same time, the prospects for our business also remain exceptionally promising. In light of these circumstances, we are confident that we can grow faster than the market in the years ahead. This is because the ever-increasing comfort requirements among customers will lead to the far more widespread use of gas springs, dampers and electromechanical lid drives. As a global market leader for these products, we will benefit from this trend to an above-average extent and will continue to invest systematically in realizing our growth potential in the coming fiscal year.

Our innovation process is also bearing fruit: New products and applications are already on the market and are helping to support our continued growth.

For the growth rate of revenue, adjusted EBITDA and adjusted EBIT in fiscal year 2015, we target to achieve a similar growth rate as achieved for the fiscal year 2014. We will focus in particular on the continued development of the rapidly growing Asian market and the ongoing market penetration of our Powerise systems.

I would like to express my gratitude to the more than 4,000 Stabilus employees around the world for their continuing excellent contribution to the success of our company, to our business partners for the close and, in many cases long-standing working relationships we enjoy, to our customers for their loyalty, and to our shareholders for their confidence in Stabilus.

We very much look forward to sharing yet another fiscal year of success and strong growth with you!

Yours sincerely,

Dietmar Siemssen
Chief Executive Officer

INTERNATIONAL MANAGEMENT TEAM

01
Balmert, Joachim
Vice President Quality Management

03
Hinck, Michael
Country Head Japan

05
Sander, Karsten
Vice President Business Unit Automotive

07
Hosan, Hans-Josef
Chief Technical Officer / Vice President Business Unit Swivel Chair

02
Lee, Joong-Ho (James)
Country Head Korea

04
Tian, Xuefeng (Alex)
Country Head China

06
Siemssen, Dietmar
Chief Executive Officer

08
Sabet, David
Vice President Business Unit Powerise

10
Kadenbach, Ekkehard
Vice President Global Purchasing

12
Haba, Anthony
Regional Head NAFTA

14
Wilhelms, Mark
Chief Financial Officer

09
Krötz, Ansgar
Chief Operations Officer

11
Huber, Ralph
Vice President Business Unit Industrial

13
Widmer, Martina
Vice President Global HR

Udo Stark
Chairman

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Since its establishment on May 5, 2014, the Supervisory Board of Stabilus S.A. performed its tasks and monitored the management activities of the Board of Management in accordance with legal requirements and the articles of association of Stabilus S.A. The Board of Management and the Supervisory Board remained in close and regular contact. The Supervisory Board regularly advised the Board of Management in regards to strategic and operational decisions as well as governance topics and decided on requests for approval presented by the Board of Management.

Stabilus S.A. is the legal successor of Servus Holdco S.à r.l. which changed its company name and its legal form on May 5, 2014. On the same date, the Supervisory Board was established and the present members of the Supervisory Board were appointed. Subsequently, the Supervisory Board approved appointment of the present members of the Board of Management and resolved to set up an Audit Committee and a Remuneration Committee.

On May 23, 2014, Stabilus S.A. concluded its public offering and admission of trading of its shares at the Frankfurt Stock Exchange which had been discussed with and approved by the Supervisory Board.

Cooperation with the Board of Management

The Board of Management reported regularly, promptly and extensively in verbal and written form to the Supervisory Board regarding the position and performance of the company and the Stabilus Group. Furthermore, the Board of Management informed the Supervisory Board on a regular basis concerning the future business policy, including the strategic and organizational direction. Between the Supervisory Board meetings, the CEO and the CFO kept the Chairman of the Supervisory Board informed about new developments.

In each of the Supervisory Board meetings, of which there were 5 in total since the establishment of the Supervisory Board, the Board of Management reported the commercial position of the company and key financial data.

Major investments of the group companies, in particular investments for machines and other equipment, were presented to the Supervisory Board and the Board of Management applied for respective approvals if required. The investment decisions particularly focused on further improvements of the German production facility's competitive position and business expansion in Asia.

The Board of Management reported about quality management and other operational topics related to Stabilus products as well as other topics of particular interest. In addition, the Board of Management conferred with the Supervisory Board in regards to the Group's financial situation, the optimization of its financial structure and the reduction of the company's interest charges.

The Supervisory Board and the Audit Committee regularly examined the risk position of the Stabilus Group and the further development of the systems and procedures for controlling and reducing risks. The Audit Committee reviewed the Group's compliance organization and initiated further improvement.

The Supervisory Board and the Board of Management assessed in particular the effects of eventual down-turn scenarios in the various markets of the company and adequate measures which then might be required.

Drawing up of the Consolidated Financial Statements

The Supervisory Board examined the consolidated financial statements and the consolidated management report for the financial year ending on September 30, 2014. Representatives of the auditor KPMG Luxembourg S.à r.l. attended the meetings of the Audit Committee and the Supervisory Board on December 1, 2014 at which the consolidated financial statements were examined. The representatives of the auditor reported extensively on their findings, provided a written presentation and were available to give additional explanations and opinions.

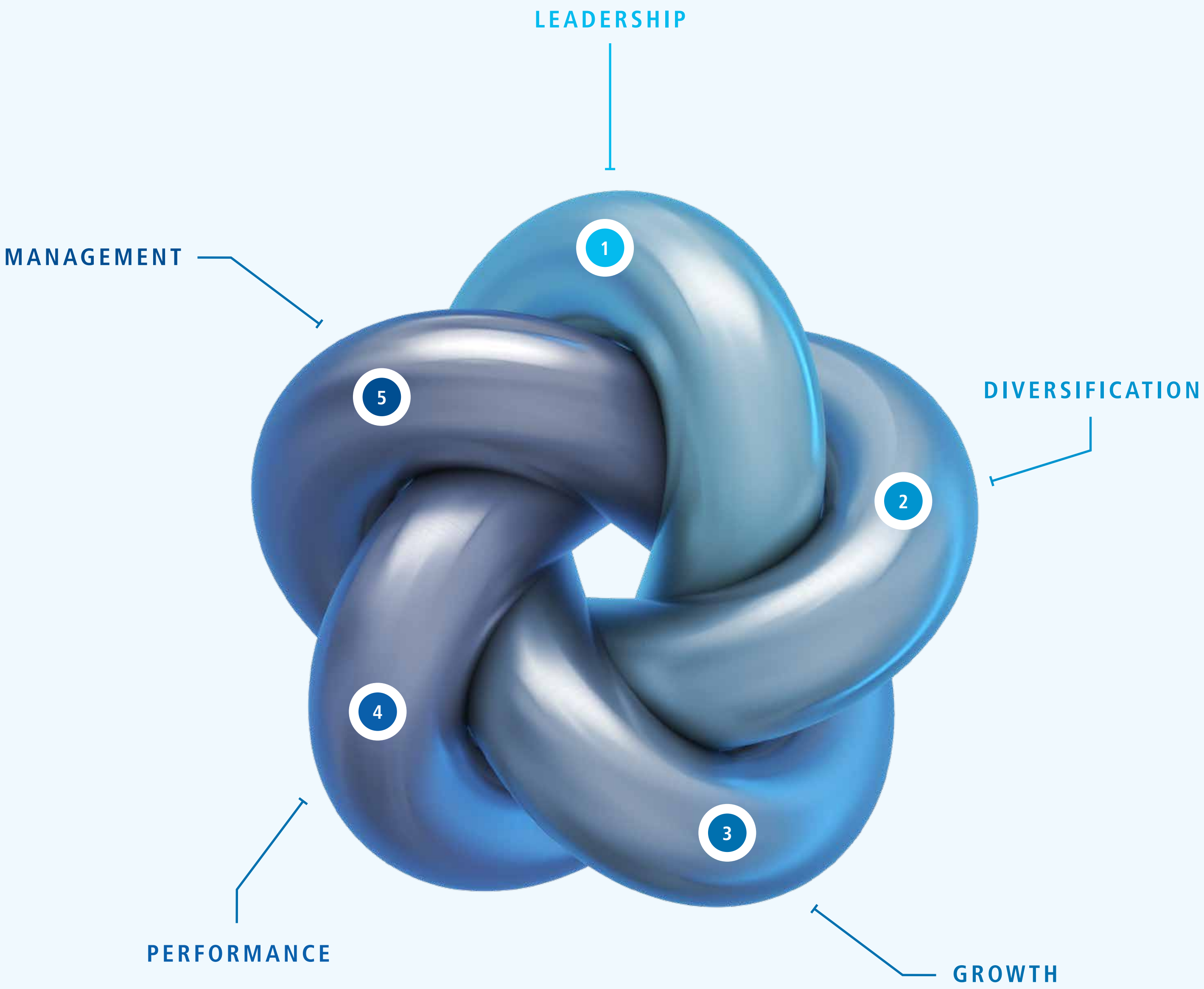
The Supervisory Board did not raise any objections to the consolidated financial statements drawn up by the Board of Management for the financial year ending on September 30, 2014 and to the auditors' presentation. According to the proposal of the Audit Committee, the Supervisory Board agreed to the proposal of the Board of Management to approve the consolidated financial statements. The auditor issued an unqualified audit opinion on December 1, 2014.

On behalf of the Supervisory Board, I want to thank the Board of Management for the open and cooperative exchanges and collaboration during the year, the Stabilus employees for their excellent contributions to the company's success as well as our shareholders for the trust they place in Stabilus.

Luxembourg, December1, 2014

On behalf of the Supervisory Board of Stabilus S.A.

Udo Stark
Chairman of the Supervisory Board


LEADERSHIP
MANAGEMENT
DIVERSIFICATION
PERFORMANCE
GROWTH
1
2
3
4
5

A HIGHLY ATTRACTIVE INVESTMENT OPPORTUNITY

Attractive growth outlook and strong margin profile secured by a clear global leadership position.

LEADERSHIP 1	**~15 x** Larger market share than the closest competitor in automotive	**~3 x** Larger market share than second player in industrial	Global scale combined with technology and quality leadership create high barriers to entry	
DIVERSIFICATION 2	**>2,500** Well-diversified customer base (~100 customers in automotive and ~2,500 in industrial)	**1/1** "In the region, for the region" (1 highly automated and 1 semi-automated gas spring plant per region)	**50/50** ~50% / ~50% gross margin contribution from both industrial and automotive	
GROWTH 3	**7%** Average revenue growth[1]	Increasing comfort requirements particularly in Asia	Increasing preference for large tailgate cars worldwide	**55%** Revenue growth rate in Powerise business in FY 2014
PERFORMANCE 4	**12%** Adjusted EBIT margin[2]	**11%** Strong cash flow generation (11% FCF yield[3]) and solid balance sheet		
MANAGEMENT 5	Long standing experience with strong track record	Re-ignited growth by strengthening focus on emerging markets, industrial customers and new applications	Improved cost structure by increasing flexibility of workforce and further globalizing footprint	Further technological and cost breakthroughs in Powerise

[1] CAGR for FY2011–14.
[2] Average for FY2011–14.
[3] Average FCF yield defined as (adjusted EBITDA-capex)/revenue, FY2011-14.

INTERVIEW WITH DIETMAR SIEMSSEN, CEO

STABILUS – THE HIDDEN CHAMPION

Following its IPO in May 2014, analysts and investors identified Stabilus as a hidden champion. The successful market début fully vindicated this assessment.

What sets the hidden champion Stabilus apart?

Siemssen: The answer to this question is both simple and complex. Stabilus products are not immediately visible to the user. Nevertheless, almost every one of us experiences on a daily basis the ergonomic relief provided by the gas springs, dampers or electromechanical drives manufactured by our company. Whether opening and closing the trunk of a car, stowing hand luggage on an aircraft, adjusting the backrest of a desk chair, or lying down on a height-adjustable treatment bed in a doctor's surgery: Our products facilitate ease of operation in all kinds of places. As a component and system supplier, we are also responsible for a growing number of applications, although we do not offer finished products in the conventional sense. Our products perform their functions more or less hidden from view, which is why our brand name is not universally known. This fact, combined with our global presence and worldwide market leadership, is what makes us a "hidden champion". This characterization is also supported by our position as the sole supplier worldwide for the majority of our products, which naturally gives us a high market share. In addition, our production volume is significantly higher than that of the competition.

»As a manufacturer of electromechanical drives, gas springs and dampers, Stabilus plays an integral part in everyday life.«

One of the mega-trends of our time is the growing demand for ergonomics, which is also a consequence of longer human life expectancy. What role does this trend play for Stabilus?

Siemssen: This is a trend from which we are benefiting greatly. We all value the convenience of being able to operate things effortlessly that would otherwise present a challenge. Stabilus products simplify many everyday manual tasks. Wherever something can be easily lifted, lowered, opened or closed, it is highly likely that a Stabilus product is responsible – be it a gas spring, a damper or an electromechanical drive. And people of all ages appreciate the comfort made possible by our technologies. The functionality and ergonomics offered by Stabilus products are perfectly in step with the mega-trend of ergonomics.

With a commanding market share in the passenger car segment and significant industrial business, Stabilus is the clear global market leader. Do you have any concerns that your market could become saturated?

Siemssen: Despite the high market shares that both business areas have already achieved, Stabilus continues to expand in its markets. The high quality of our products and our competitive edge are the factors behind our expansion. Stabilus is an innovation-driven company that is constantly coming up with new uses and applications for its products. The number of gas springs in commercial vehicles or agricultural machinery, for example, is increasing steadily. The same applies to the number of possible applications in the medical field, in shipping, in the rail industry, etc. The trend for making things easier to operate continues unabated, with the result that we are seeing continued growth in demand. In particular, markets such as Asia, particularly China are also developing rapidly and hence offering significant potential.

The market for gas springs and electromechanical drives is growing. Where do you see the greatest future potential?

Siemssen: Our electromechanical lid drive, the Powerise, is particularly interesting. It allowed us to switch from being a component supplier to a system supplier for the automotive industry. One simple example of its functionality is the automatic operation of automobile tailgates, which can be opened or closed at the press of a button thanks to the Powerise drive. This simplifies the familiar firm hand grip that was required in the past and prevents the need to handle a dirty or wet tailgate. More and more manufacturers are offering their customers this option in a growing number of vehicle models. Whereas the automatic tailgate was previously only available on luxury cars, it is now also offered in mass-market models. These developments represent yet another growth driver for Stabilus. We are also working intensively on new potential applications for Powerise technology in industry.

»Our products meet the growing demand for ergonomics and comfort and accordingly one of the mega trends of our time.«

How is Stabilus meeting this growth in demand from an operational perspective?

Siemssen: We are investing continuously in our production plants to ensure that we can satisfy the rising order volumes with on-time delivery and the customary high quality level that is expected of Stabilus. For example, we have extended our plants in Mexico and Romania in recent years and are currently working on the simultaneous expansion of the industry and automotive segments in China. Our goal remains to generate continued profitable growth in spite of these investments. Wherever we have a presence, we manufacture in the region for the region, including local sourcing where possible. With locations on almost every continent, our production and sales architecture effectively covers our worldwide sales and procurement markets.

STABILUS SHARE

- Successful IPO on May 23, 2014
- Inclusion in the SDAX increases the international visibility of the Stabilus Group
- Strong performance of the share following the IPO

On May 23, 2014, Stabilus S.A. was listed in the Prime Standard of the Frankfurt Stock Exchange's regulated market. Shares of the company were offered to the public in Germany and placed privately with institutional investors in certain jurisdictions outside Germany between May 9, 2014 and May 22, 2014. The price range was set between €19 and €25 per share. Shares were allocated at €21.50. Stabilus S.A.'s IPO was oversubscribed multiple times at the issue price. The first trading price was €22.75. In the IPO 12,157,335 bearer shares with a nominal value of €0.01 each were placed; thereof 9,134,079 shares were placed by the selling shareholder Servus Group HoldCo II S.à r.l. and 3,023,256 new shares were issued.

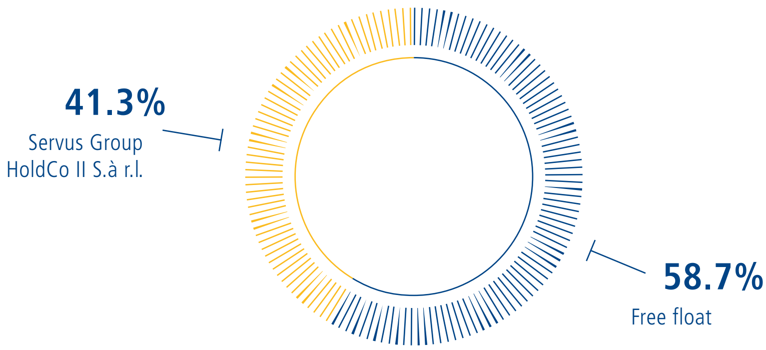
Following the Company's IPO, the free float amounted to 58.7%, representing 12,157,335 shares out of a total capital stock of 20,723,256 shares. The remainder of 41.3% or 8,565,921 was still in the possession of the selling shareholder Servus Group HoldCo II S.à r.l. as of September 30, 2014. These shares were subject to a lock-up period of six months after May 27, 2014. The members of the Management Board also committed themselves to comply with market protection agreements and limitations on disposal (lock-up) for a period of twelve months.

According to the voting rights notifications as of September 30, 2014 further 5.65% were held by J.P. Morgan Chase & Co., 5.60% by Pelham Capital and 5.01% by Mondrian Investment Partners. The Management and Supervisory Board held approximately 1% of Stabilus shares. These shareholdings are included in the free float.

As of September 30, 2014, the share price amouted to €24.70. With a gain of almost 9% since May 23, 2014, Stabilus shares were able to substantially outperfom most stock market indices including SDAX, DAXsector All Automobile and DAXsector Industrial.

Shareholder Structure

in % as of September 30, 2014

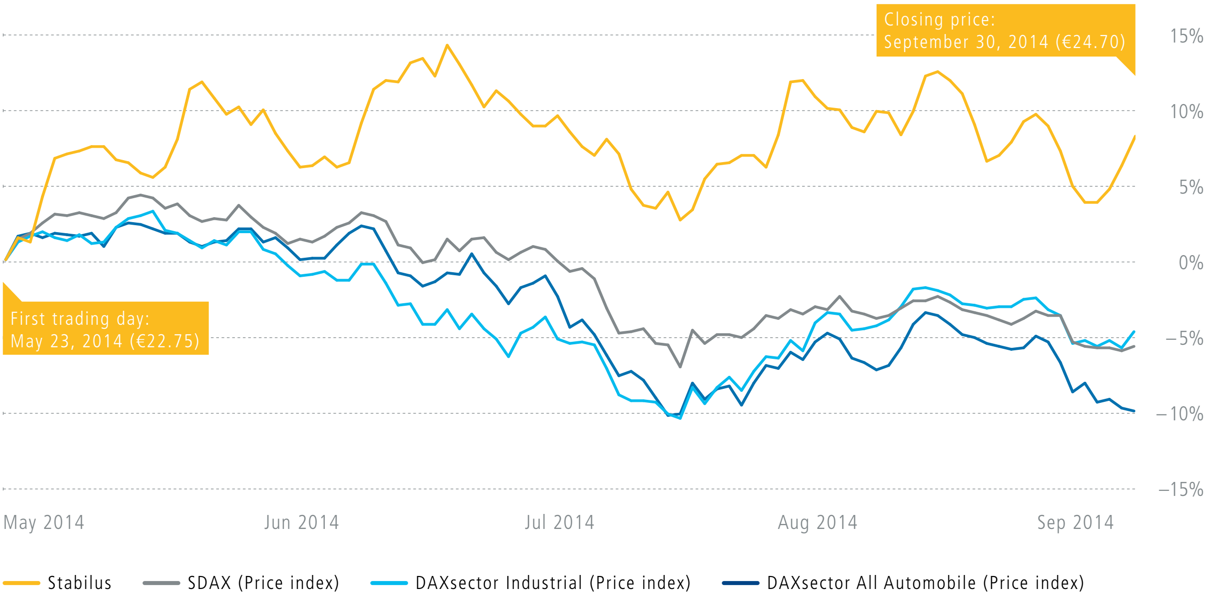


SDAX

Effective September 22, 2014, the shares of Stabilus S.A. have been included in the German SDAX index by Deutsche Börse AG. This is testament to the high liquidity of the Stabilus shares and will further increase the company's international visibility.

Share price performance

Data in per cent for May 2014 to September 2014



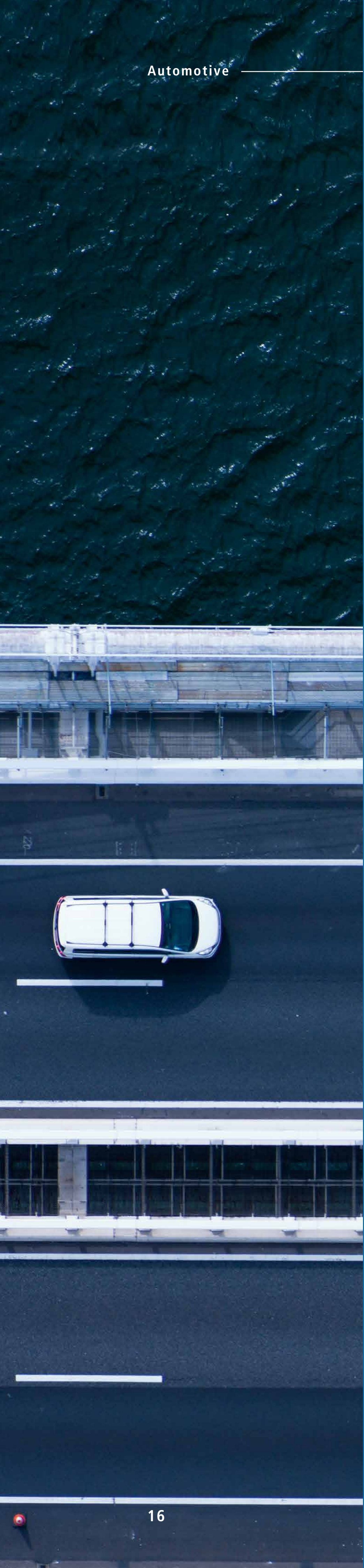
IPO General Data

Ticker symbol	STM
ISIN	LU1066226637
German securities code (WKN)	A113Q5
Stock exchange	Frankfurt Stock Exchange
Market segment / Transparency Standard	Regulated market (Prime Standard)
Type of issue	Public offering of shares in Germany and private placements in certain jurisdictions outside Germany
Offering period	(i) May 12, 2014 - May 22, 2014 for retail investors (ii) May 9 , 2014 - May 22, 2014 for institutional investors
Price range	€19.00 – €25.00
Subscription price	€21.50
First trading day	May 23, 2014
First price	€22.75
Issue volume (number of shares)	12,157,335 shares thereof capital increase (new shares): 3,023,256 shares thereof secondary placement incl. executed greenshoe option (existing shares): 9,134,079 shares
Issue volume (in €)	€261,382,702.50 thereof capital increase (new shares): €65,000,004.00 thereof secondary placement incl. executed greenshoe option (existing shares): €196,382,698.50
Underwriter	(i) Joint Global Coordinators & Joint Bookrunners: Commerzbank, J. P. Morgan (ii) Co-Lead Managers: Société Générale Corporate & Investment Banking, UniCredit Bank AG
Free float after IPO	58.67%
Lock-up	(i) Present members of the Management Board: 12 months (ii) Servus Group HoldCo II S.à r.l.: 6 months

AUTOMOTIVE

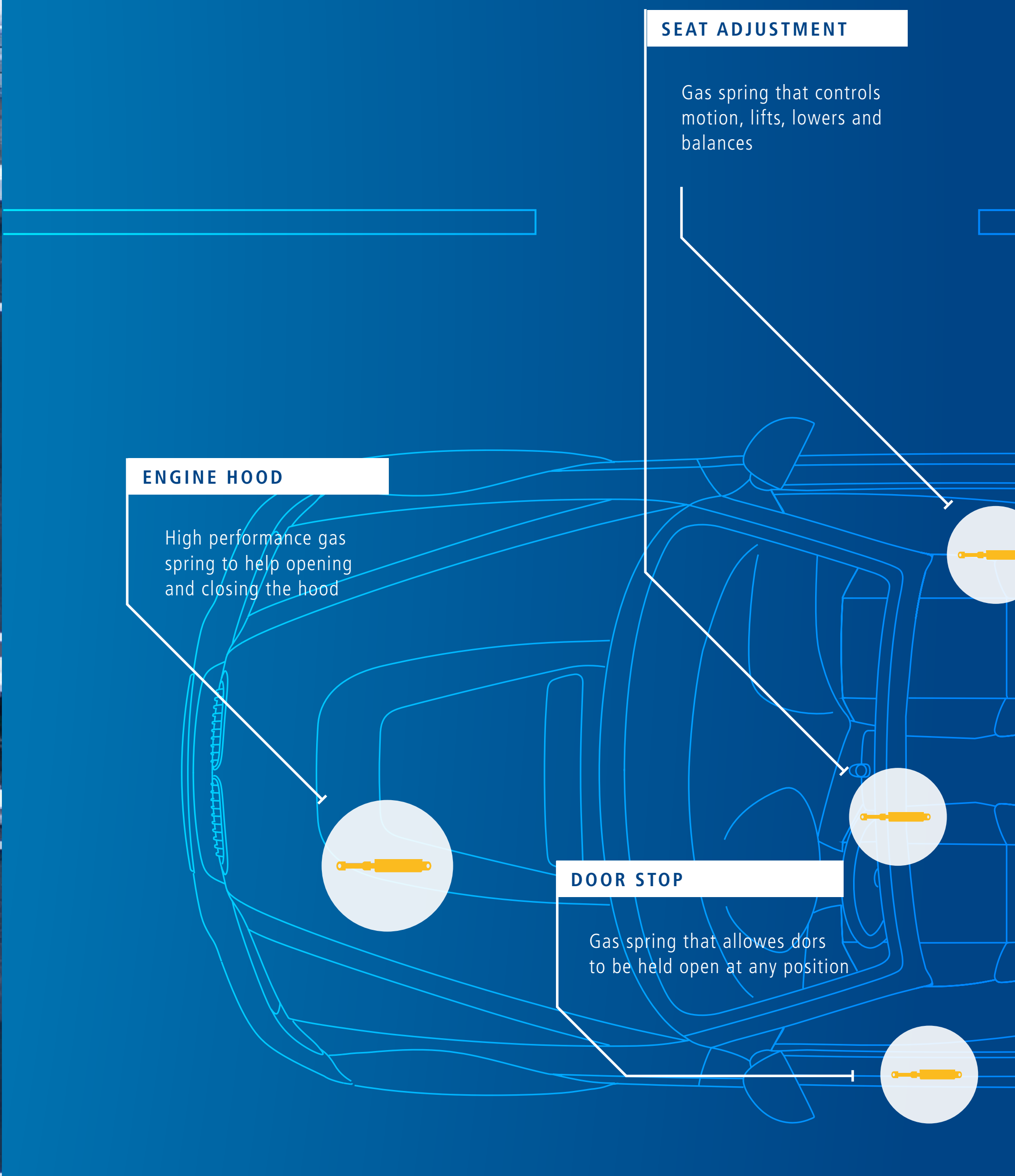
THE FUTURE OF COMFORT

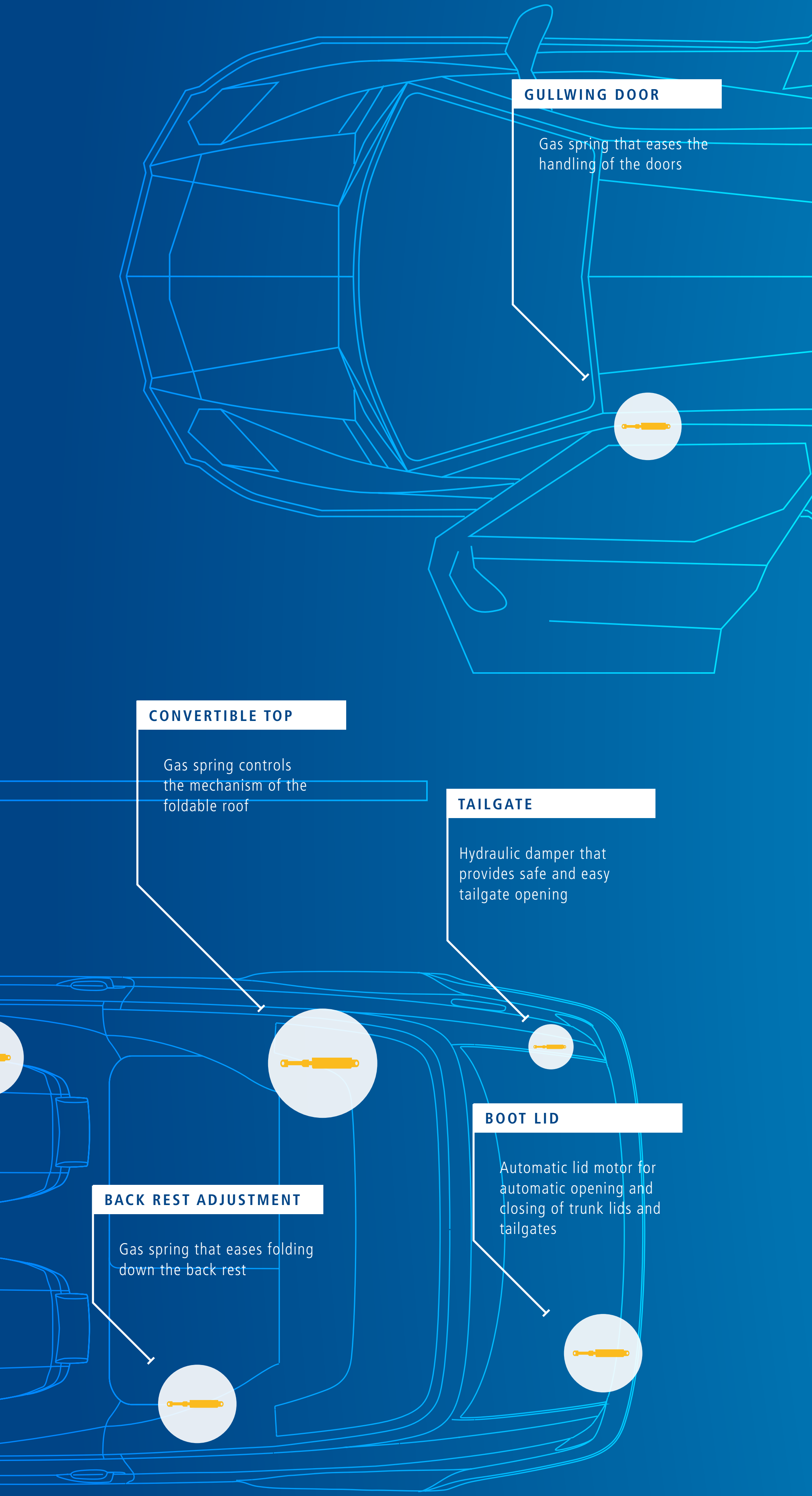
Gas springs, dampers and electromechanical drives are now integral components of every automobile.

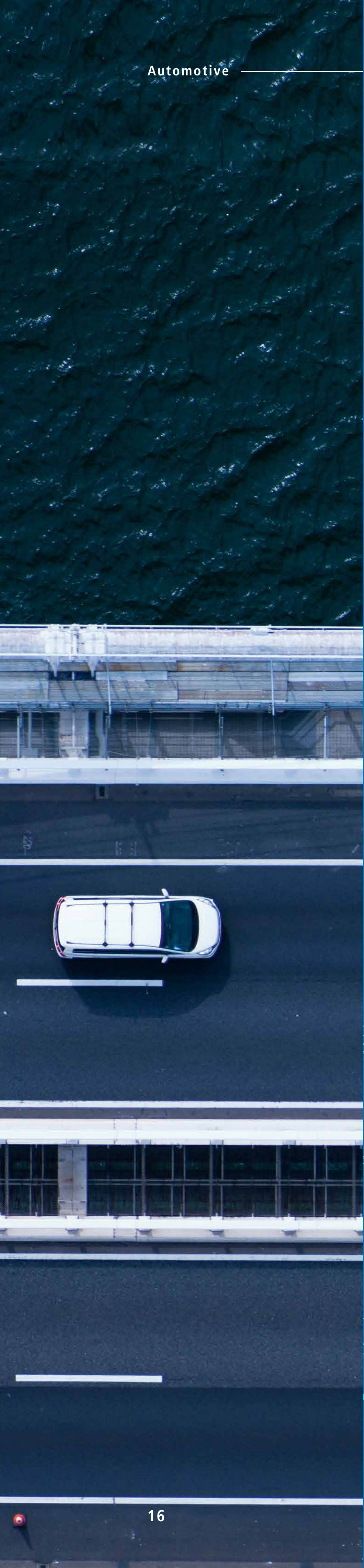


AUTOMOTIVE

Stabilus is a supplier to over 100 auto brands worldwide. Our products feature in numerous applications in passenger cars.




GULLWING DOOR
Gas spring that eases the handling of the doors
CONVERTIBLE TOP
Gas spring controls the mechanism of the foldable roof
TAILGATE
Hydraulic damper that provides safe and easy tailgate opening
BOOT LID
Automatic lid motor for automatic opening and closing of trunk lids and tailgates
BACK REST ADJUSTMENT
Gas spring that eases folding down the back rest

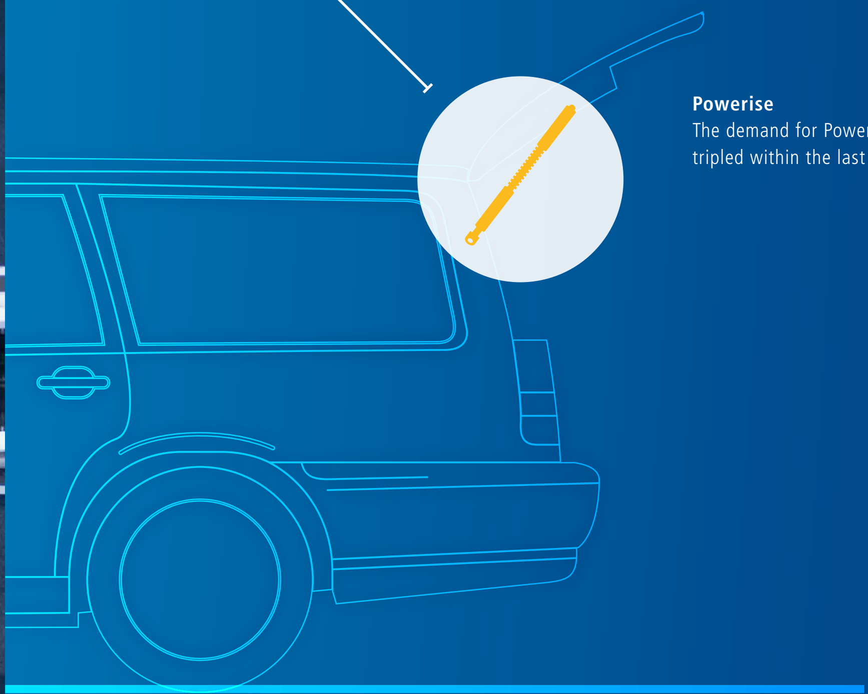


POWERISE

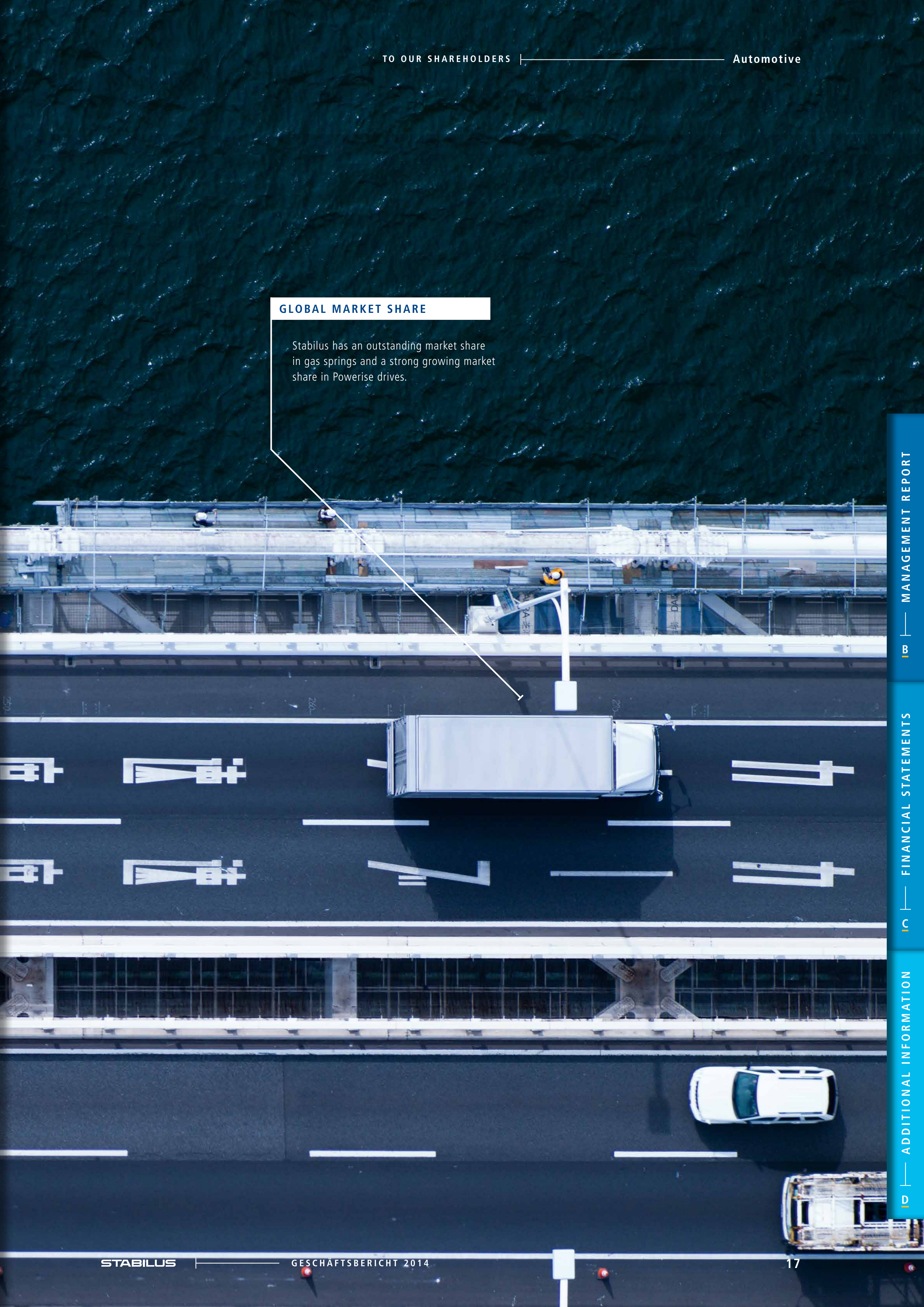
The strongest growth drivers in the automotive business are Stabilus electromechanical drives.

TRUNK

With the Powerise systems from Stabilus, the trunk will open and close by remote control within seconds. It can also be held at any position in between.



Powerise
The demand for Powerise has more than tripled within the last three years



GLOBAL MARKET SHARE

Stabilus has an outstanding market share in gas springs and a strong growing market share in Powerise drives.

COMPONENT SUPPLIER AND SYSTEM PARTNER TO THE AUTOMOTIVE INDUSTRY

Gas springs, dampers and Powerise systems: Stabilus products improve ergonomics and bring comfort to passenger cars

02

The Stabilus story began 80 years ago with the production of accessory parts for automobiles. A lot has changed since then, but one thing is more true today than ever: Stabilus is an integral part of every passenger car. As a supplier to over 100 auto brands around the world and with a formidable market share, Stabilus is an undisputed global market leader for gas springs and dampers.

01

Throughout the automotive market, there is a growing trend towards using gas springs in the most diverse areas of passenger cars. Consequently, the number of gas springs fitted to some models has more than doubled over the last few years. Whereas gas springs were previously primarily used for tailgates, they are now being fitted in areas such as the hood, the doors, the seats, and other applications.

In light of current market requirements, our electromechanical Powerise drive is particularly interesting. With the product family of the same name, Stabilus moved from being a component supplier to a system supplier for the automotive industry. Powerise drives allow the trunk or tailgate of a passenger car to be opened and closed electrically at the press of a button. A growing number of manufacturers offers customers this option in their vehicle models. Up until a few years ago, automatic tailgates were the preserve of high-end luxury cars. In recent years, however, they have also been introduced in mid-range models for the mass market. Car drivers from all over the world are demanding ever-increasing levels of comfort and ease of use. For

03

04

this reason, the coming years will see electromechanical tailgate drives make further inroads into the automobile market.

For Stabilus, the broadening of the application areas for gas springs and Powerise systems in automobiles offers significant scope for growth which it intends to leverage over the coming years.

In addition to its expertise for products and their applications, it is expertise in the production process that sets Stabilus apart from the competition. Production machinery and systems are developed and, to a large extent, manufactured in-house. Stabilus uses these systems to manufacture quality parts that guarantee easy and reliable movement and outstanding damping.

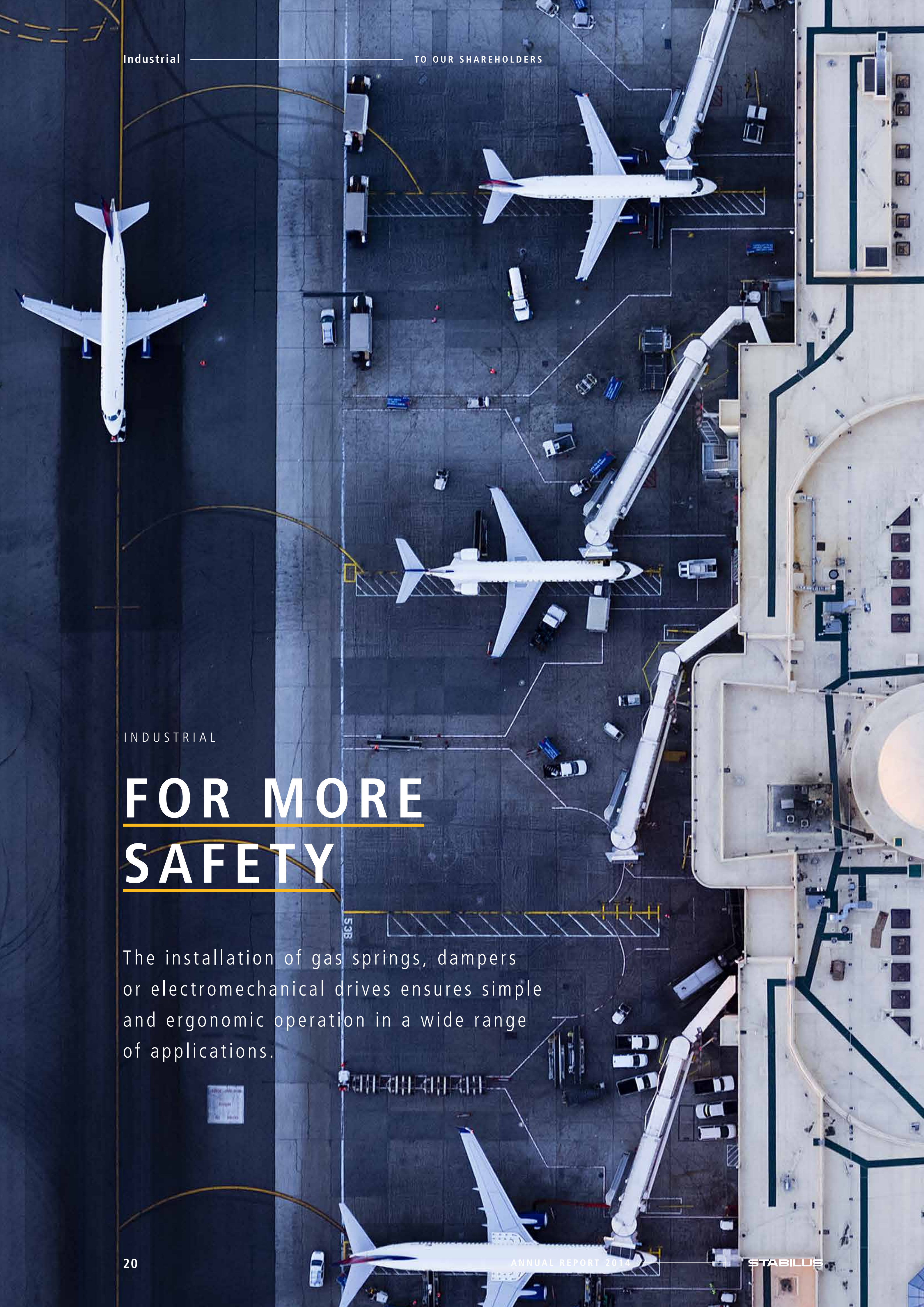
In addition to manufacturing products of outstanding quality, Stabilus is on hand to support its customers from the design phase and throughout the development process all the way to series production. With a presence in most regions of the global automotive industry and an extensive network of local sales offices, Stabilus guarantees the optimum integration of its gas springs, dampers, and Powerise systems in the respective end products.

01 Development and design is performed using CAD systems.

02 Powerise systems consist of single-sided or double-sided drives.

03 As a partner to the auto industry, Stabilus cooperates with manufacturers' development teams to create perfectly integrated products.

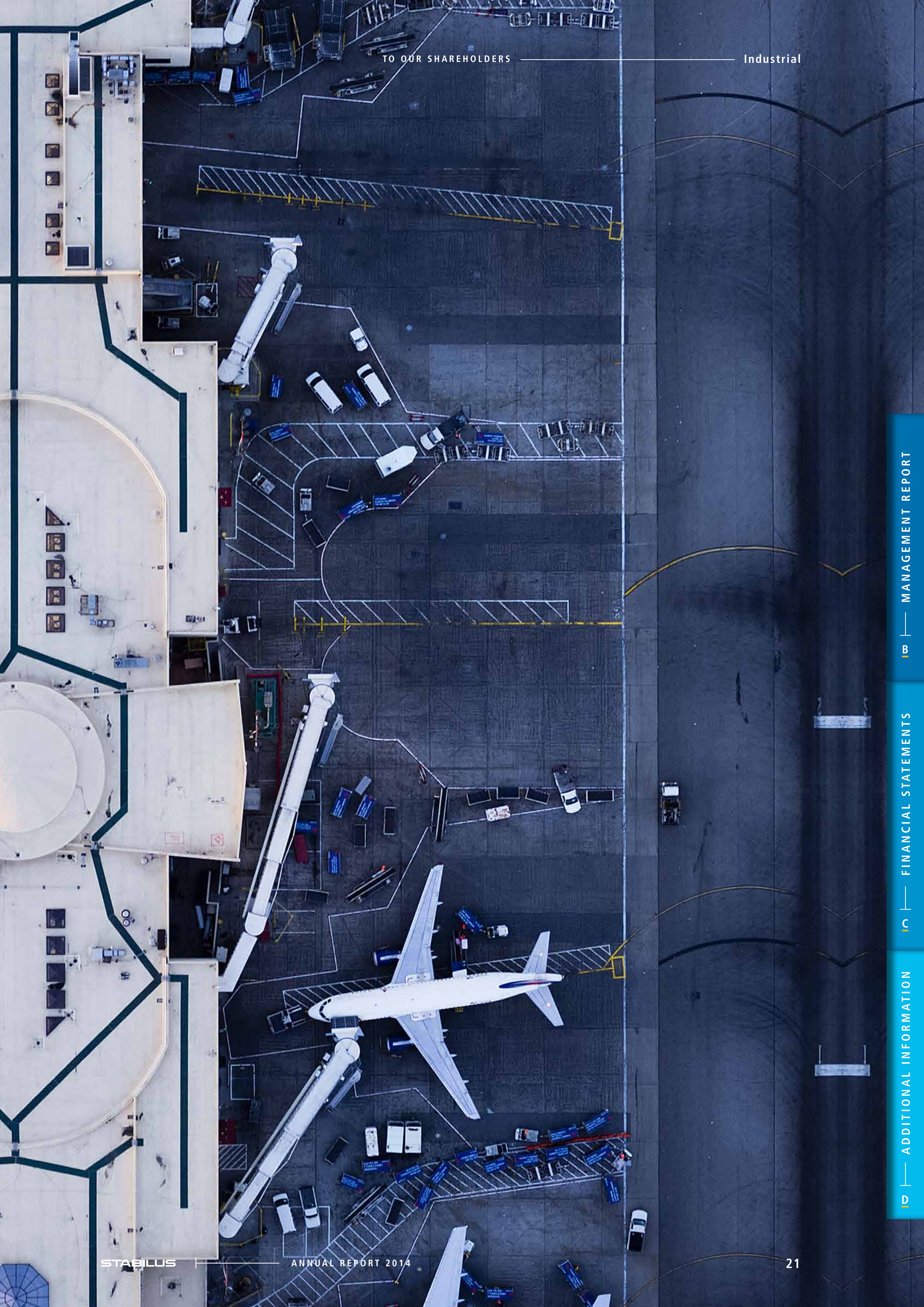
04 Stabilus products increase the ergonomics in the passenger cabin.



INDUSTRIAL

FOR MORE SAFETY

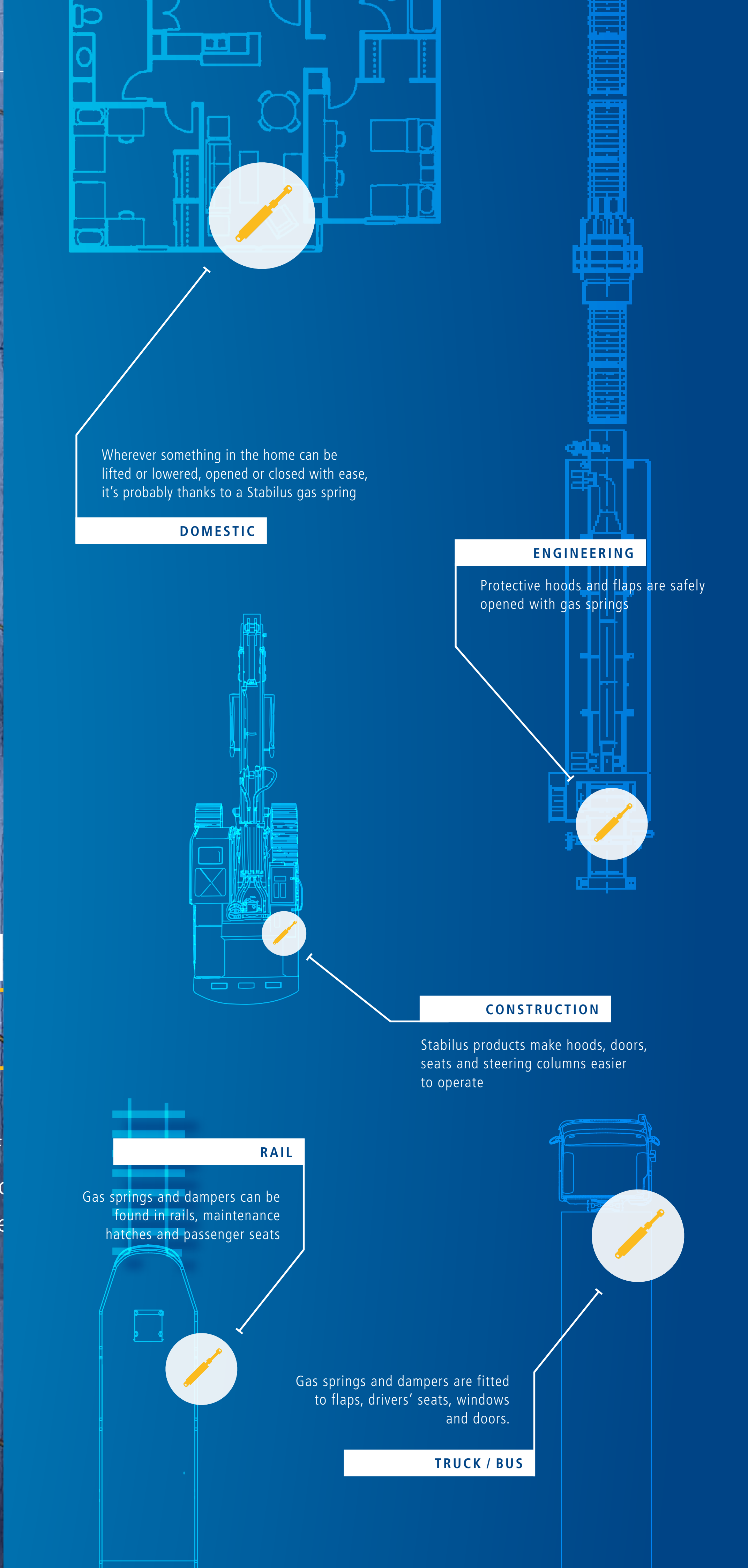
The installation of gas springs, dampers or electromechanical drives ensures simple and ergonomic operation in a wide range of applications.



INDUSTRIAL

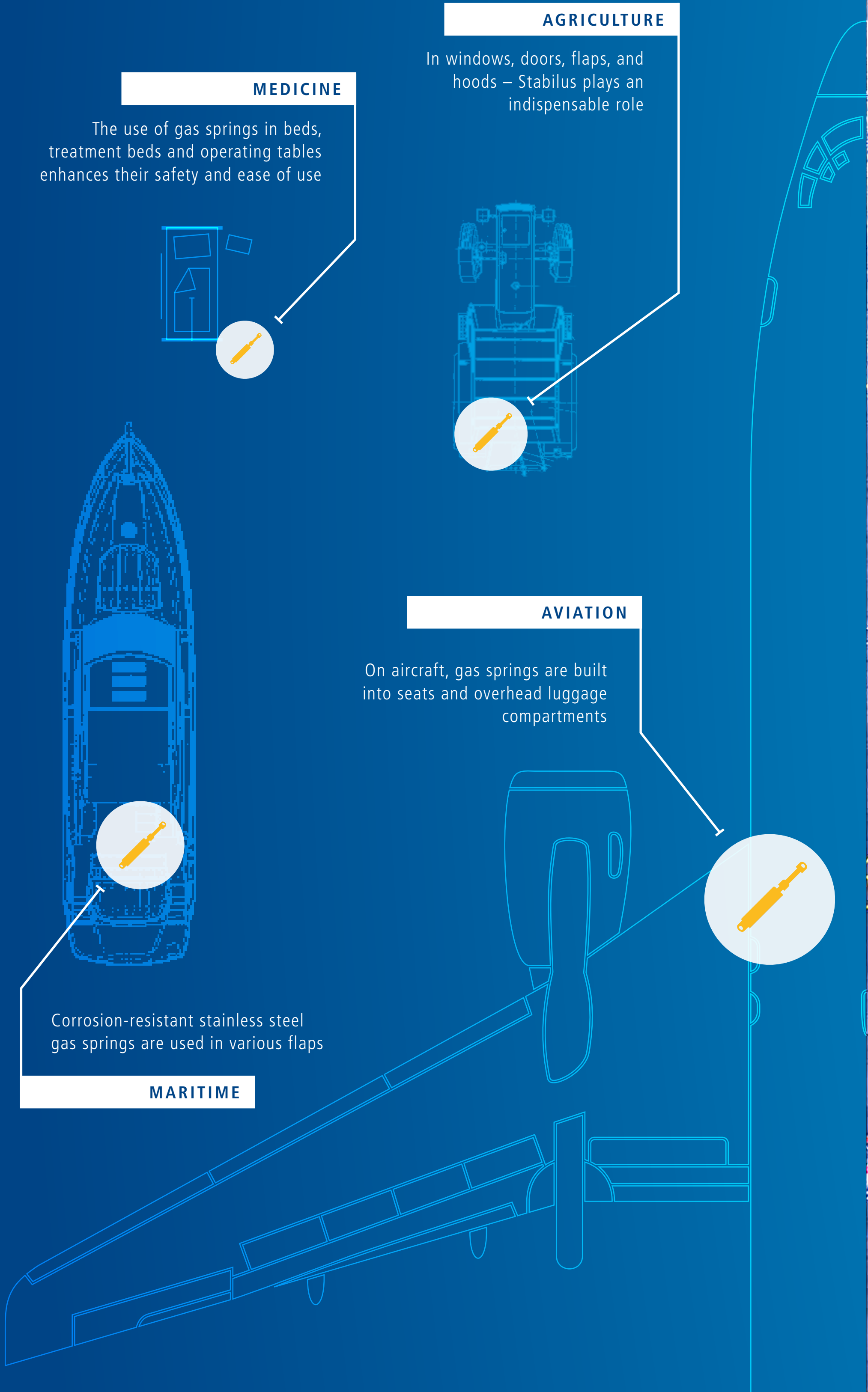
FOR M
SAFET

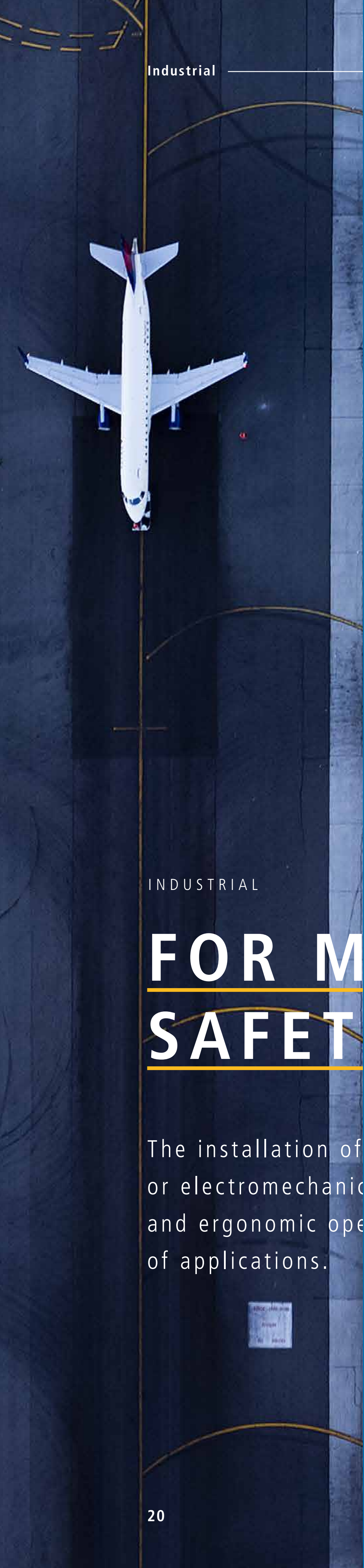
The installation of
or electromechanic
and ergonomic ope
of applications.



INDUSTRIAL

Stabilus products have over 1,000 possible uses and are an integral part of ergonomically optimized applications.





INDUSTRIAL

FOR M
SAFET

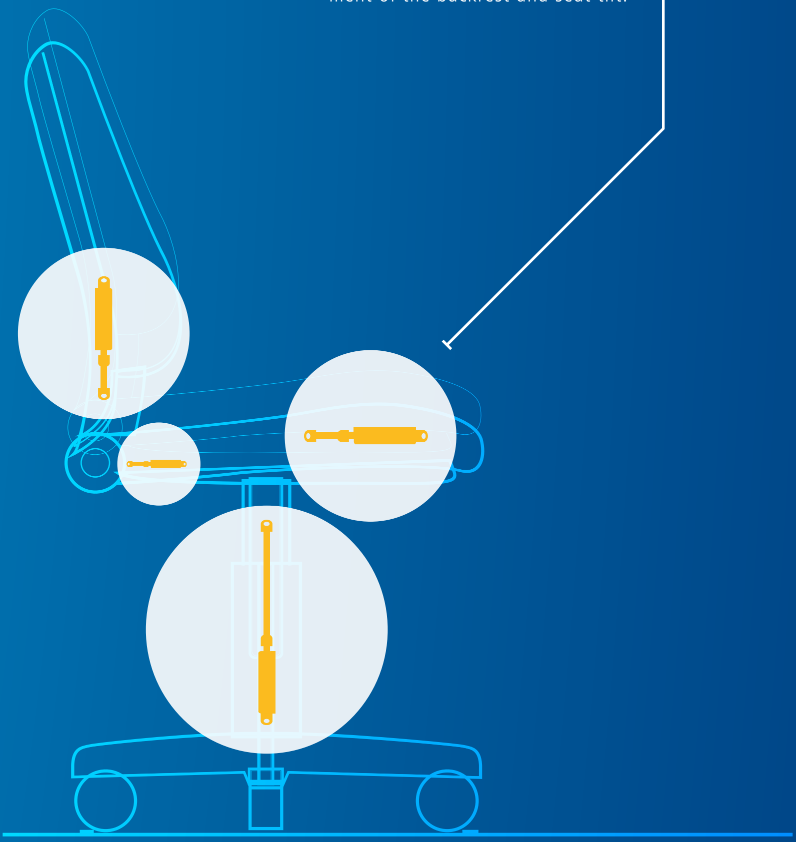
The installation of
or electromechanic
and ergonomic ope
of applications.

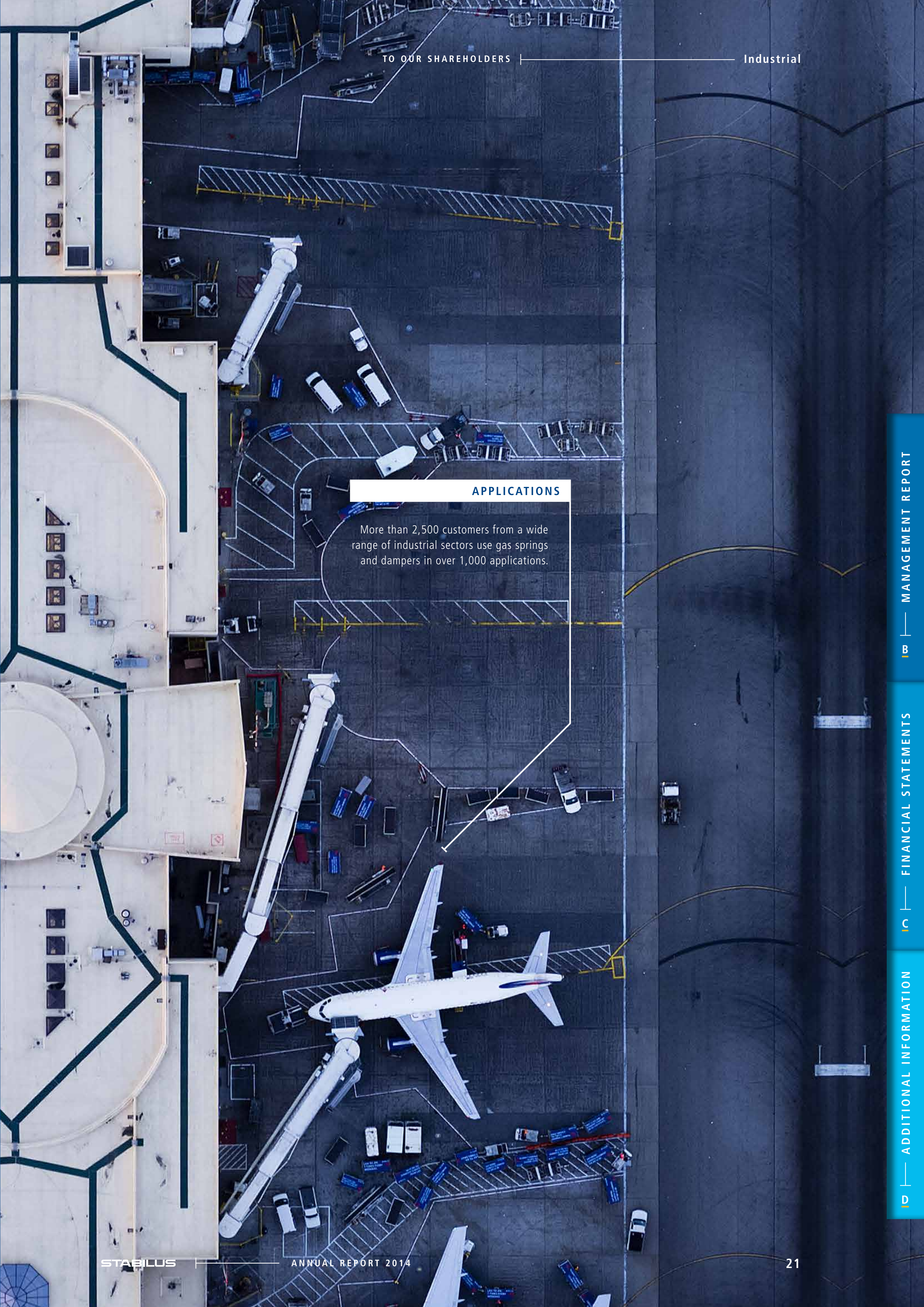
SWIVEL CHAIR

The ergonomics and load-bearing requirements of office chairs are particularly high.

SWIVEL CHAIR

Gas springs enable convenient and safe height adjustment as well as variable manual adjustment of the backrest and seat tilt.





APPLICATIONS

More than 2,500 customers from a wide range of industrial sectors use gas springs and dampers in over 1,000 applications.

01

CUSTOMIZED PRODUCT SOLUTIONS FOR A WIDE RANGE OF SECTORS

From transport to office chairs, from households to hospitals: Stabilus plays a key role in virtually every area of life

Stabilus products are an integral part of everyday life and are used in a wide range of industries. In the industrial sector alone, over 2,500 customers rely on Stabilus gas springs and dampers – and the number is rising. Increasing demands in terms of ergonomics are a direct consequence of longer human life expectancy. Stabilus offers the right products for this mega-trend, enabling seemingly challenging tasks to be carried out effortlessly.

2,500

In the industrial sector alone, over 2,500 customers use gas springs and dampers in their products.

Stabilus products are used wherever things need to be lifted or lowered, opened or closed. In many such cases, the installation of gas springs, dampers or electromechanical drives ensures simple and ergonomic operation.

With over 1,000 possible applications across various areas of industry, such as aerospace, mechanical engineering, medical and commercial vehicle technology, and furniture design, the range of uses is vast. Whether stowing hand luggage on an aircraft or adjusting the seat, using a height-adjustable treatment bed or sitting in a wheelchair in a doctor's surgery: Gas springs, dampers and electromechanical drives make things easier. As a component and system supplier, Stabilus is responsible for a growing number of ergonomically optimized applications.

One of the key factors in ensuring that gas springs perform to their full ergonomic potential in everyday use in the most diverse applications is a development process that reflects the specific application requirements of the end products. In order to maximize the benefits to the user, a high level of product diversity is required. For this reason, Stabilus offers gas springs and dampers in many variants that can be customized to the conditions needed for the customer's end product.

02

01 Stabilus gas springs generally perform their duties hidden from view. They simplify the operation of many everyday items.

02 Yet another example of gas springs in action: The colorful AIDA logo on the smokestack is tilted with the help of gas springs during cleaning work.

Another important prerequisite for lasting customer satisfaction is the excellent quality of the series product. With production machinery that is developed and manufactured in-house, Stabilus guarantees consistent quality at the very highest standards worldwide.

One example of development reflecting the use of the end product is gas springs for swivel chairs. Stabilus is the only manufacturer outside Asia to design these springs specially for this purpose. This is the only way to satisfy the highest requirements in terms of ergonomics and the load-bearing capacity of office chairs while also allowing flexible adjustments to suit each user.

Stabilus maintains a global presence with eleven plants in nine countries on almost every continent. The company primarily manufactures in direct regional proximity to customers. In addition to direct channels of communication and prompt reaction times, this strategy ensures that customers have a local contact partner who knows their sales, understands their specific needs and can act accordingly.

1,000

With over 1,000 possible applications across various industrial sectors, such as aerospace, mechanical engineering, medical and commercial vehicle technology, and furniture design, the range of applications is vast.

B

GROUP MANAGEMENT REPORT

STAB-O-SHOC®

The STAB-O-SHOC TA series from STABILUS was originally developed as steering dampers. But due to their flexibility and ruggedness, these dampers have proven themselves as reliable partners outside of vehicle construction wherever vibrations had to be reduced and safely dampened.

GROUP MANAGEMENT REPORT

as of and for the fiscal year ended September 30, 2014

GENERAL

The parent company of the Luxembourg based Stabilus Group is Stabilus S.A. (Stabilus).

Stabilus Group's operating entities typically use the brand name "Stabilus" in their registered name. The Group operates in three regions with its subsidiaries. These regions are Europe (Luxembourg, Germany, France, Italy, Romania, Spain, Switzerland and United Kingdom), NAFTA (United States and Mexico) and Asia / Pacific and rest of world (RoW) (China, South Korea, Japan, Australia, Brazil, New Zealand).

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.

REORGANIZATION AND IPO

Following the shareholder resolution dated May 5, 2014, the corporate form and the name of the Company were changed from "Servus HoldCo S.à r.l." to "Stabilus S.A."

Since September 2014 Stabilus S.A. is listed in the SDAX of the Frankfurt Stock Exchange. At the Initial Public Offering (IPO) in May, Stabilus S.A. was listed at the Prime Standard of the Frankfurt Stock Exchange's regulated market. Shares of the Company were offered to the public in Germany and placed privately with institutional investors in certain jurisdictions outside Germany between May 9, 2014 and May 22, 2014. The price range was set between €19 and €25 per share. Shares were allocated at €21.50. Stabilus S.A.'s IPO was oversubscribed multiple times at the issue price. The first trading price was €22.75. In the IPO, 12,157,335 bearer shares with a nominal value of €0.01 each were placed; thereof 9,134,079 shares were placed by the selling shareholder Servus Group HoldCo II S.à r.l. and 3,023,256 new shares were issued.

Following the Company's IPO, the free float amounted to 58.7%, representing 12,157,335 shares out of a total capital stock of 20,723,256 shares. The remainder of 41.3% or 8,565,921 is still in the possession of the former majority shareholder Servus Group HoldCo II S.à r.l. These shares are subject to a lock-up period of six months after May 27, 2014. The members of the Management Board also committed themselves to comply with market protection agreements and limitations on disposal (lock-up) for a period of twelve months for shares purchased at the IPO.

The Group used the proceeds from the issuance of new shares amounting (before deduction of transaction costs) to €65.0 million to partially redeem its senior secured notes. In addition, prior to the IPO and immediately following the IPO, the Group structure was reorganized (hereinafter also referred to as "IPO reorganization"). As a result, the equity upside-sharing instruments (EUSIs) and the upstream loan to the selling shareholder were extinguished and will no longer be recognized on the Group's balance sheet.

BUSINESS AND GENERAL ENVIRONMENT

Macroeconomic development

In calendar year 2013, the growth in global gross domestic product (GDP) was with 3.3% at about 2012 level (calendar year 2012: 3.2%). In its latest October 2014 World Economic Outlook, the International Monetary Fund (IMF) reduced its growth forecast for the global economy from 3.4% to 3.3% for the current calendar year 2014. The forecast for 2015 was reduced by 0.2 percentage points to 3.8%.

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 is global production volumes of newly manufactured light vehicles which comprise passenger cars, station wagons, SUVs, vans 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 2013 increased to around 85 million units, up by ca. 4% from the 82 million units in calendar year 2012. About 80% of this increase relates to China, but also the development of production volumes in NAFTA continues to be strongly positive. The number of light vehicles produced in Europe slightly improved in calendar year 2013.

For calendar year 2014, the total worldwide production of light vehicles in 2014 is expected to amount up to 87 million units. The total increase by ca. 3% compared to 2013 will result from the positive developments in NAFTA (around +5%), Asia (around +4%) and Europe (around +3%), while the production volumes in other markets are expected to shrink by around (5)%.

RESULTS OF OPERATIONS

The table below sets out Stabilus Group's consolidated income statement for the fiscal year 2014 in comparison to the fiscal year 2013:

Income statement

T _ 001

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Revenue	507.3	460.1	47.2	10.3%
Cost of sales	(387.7)	(349.7)	(38.0)	10.9%
Gross profit	**119.6**	**110.4**	**9.2**	**8.3%**
Research and development expenses	(20.3)	(17.6)	(2.7)	15.3%
Selling expenses	(38.7)	(38.9)	0.2	(0.5)%
Administrative expenses	(32.6)	(21.2)	(11.4)	53.8%
Other income	6.0	6.1	(0.1)	(1.6)%
Other expenses	(2.9)	(3.6)	0.7	(19.4)%
Profit from operating activities (EBIT)	**31.2**	**35.2**	**(4.0)**	**(11.4)%**
Finance income	17.5	5.4	12.1	>100.0%
Finance costs	(38.8)	(46.5)	7.7	(16.6)%
Profit / (loss) before income tax	**9.9**	**(5.9)**	**15.8**	**<(100.0)%**
tax income / (expense)	0.1	(10.1)	10.2	<(100.0)%
Profit for the period	**10.0**	**(16.0)**	**26.0**	**<(100.0)%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company) T _ 002

IN € MILLIONS	Year ended Sept 30, 2014	2013	change	% change
Europe	267.3	244.6	22.7	9.3%
NAFTA	176.8	157.9	18.9	12.0%
Asia / Pacific and rest of world	63.2	57.6	5.6	9.7%
Revenue	**507.3**	**460.1**	**47.2**	**10.3%**

Revenue by markets T _ 003

IN € MILLIONS	Year ended Sept 30, 2014	2013	change	% change
Automotive	340.8	298.0	42.8	14.4%
Gas spring	255.0	242.7	12.3	5.1%
Powerise	85.8	55.3	30.5	55.2%
Industrial	142.3	136.9	5.4	3.9%
Swivel chair	24.2	25.2	(1.0)	(4.0)%
Revenue	**507.3**	**460.1**	**47.2**	**10.3%**

Total revenue in the fiscal year 2014 increased by 10.3% compared to the previous fiscal year. The increase is reflected in all regional areas with NAFTA slightly ahead with an increase of 12.0% to Europe with 9.3% and Asia / Pacific and rest of world with 9.7% respectively. The increase is mainly due to our growing Powerise business. Its revenue increased from €55.3 million in the fiscal year 2013 to €85.8 million in the fiscal year 2014. While our revenue in the swivel chair business decreased year-on-year by (4.0)% to €24.2 million, the revenue in our automotive Powerise business grew by 55.2% or €30.5 million. The ongoing increase in the Powerise business is mainly the result of new OEM platform wins and the following market introduction of new Powerise variants. The increase in the automotive gas spring by 5.1% or €12.3 million is mainly driven by the improved economic environment and recovering vehicle sales in Europe. Sales in the industrial business increased by 3.9% from €136.9 million in the fiscal year ended September 30, 2013 to €142.3 million in the fiscal year ended September 30, 2014.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales in the fiscal year 2014 increased by 10.9%, compared to the previous fiscal year, and thus increased in line with increased total revenue. The cost of sales as a percentage of revenue remained roughly stable at 76.4% (PY: 76.0%).

R&D EXPENSES

R&D expenses in the fiscal year 2014 increased by 15.3% compared to the prior fiscal year 2013. Also as percentage of revenue, R&D expenses increased slightly from 3.8% in fiscal year 2013 to 4.0% in fiscal year 2014. The increase is mainly due to the higher personnel expenses included in the R&D function costs. The Group invests in the development of new applications and products and in the continuous optimization and improvement of existing products and product lines. The main focus in the fiscal year 2014 were the R&D projects for the Powerise products.

SELLING EXPENSES

Selling expenses remained essentially unchanged at €(38.9) million in the fiscal year ended September 30, 2013 to €(38.7) million in the fiscal year ended September 30, 2014. As a percent of revenue, these expenses decreased from 8.5% to 7.6%.

ADMINISTRATIVE EXPENSES

Administrative expenses increased significantly from €(21.2) million in fiscal year 2013 to €(32.6) million in fiscal year 2014. As percentage of revenue, administrative expenses increased as well, from 4.6% to 6.4%. The increase is mainly due to the expenses with regards of the 2014 IPO and is estimated to return to historical average levels in the coming fiscal year 2015.

OTHER INCOME AND EXPENSE

Other income slightly decreased from €6.1 million in fiscal year 2013 by €(0.1) million to €6.0 million in fiscal year 2014. This decrease by (1.6)% is primarily the result of exchange rate related valuation at the balance sheet day.

Other expense decreased from €(3.6) million in fiscal year 2013 to €(2.9) million in year under review.

FINANCE INCOME AND COSTS

Finance income increased from €5.4 million in fiscal year 2013 to €17.5 million in fiscal year 2014 primarily due to the increased net foreign exchange gains on financial assets and liabilities.

Finance costs decreased significantly from €(46.5) million to €(38.8) million in fiscal year 2014 by €7.7 million. The decrease was essentially caused by a decrease in losses from changes in the carrying amount of EUSIs by €5.2 million and a decrease of net foreign exchange losses by €7.2 million.

INCOME TAX EXPENSE

After an income tax expense of €(10.1) million in fiscal year 2013, in fiscal year 2014 the Group recorded a tax income of €0.1 million. This was 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 which were compensated by the deferred tax income driven by the usage of the interest carry-forwards in the German tax group. 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 2014 and 2013:

Reconciliation of EBIT to adjusted EBITDA

T_004

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Profit from operating activities (EBIT)	**31.2**	**35.2**	**(4.0)**	**(11.4)%**
Depreciation	20.2	21.7	(1.5)	(6.9)%
Amortization	19.9	19.0	0.9	4.7%
EBITDA	**71.3**	**75.9**	**(4.6)**	**(6.1)%**
Advisory*	17.6	6.1	11.5	>100.0%
Restructuring / ramp-up	2.1	3.6	(1.5)	(41.7)%
Pension interest add back	1.5	1.5	–	0.0%
Total adjustments	21.2	11.2	10.0	89.3%
Adjusted EBITDA	**92.5**	**87.1**	**5.4**	**6.2%**

* IPO, 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 and other non-recurring costs (e.g. IPO), 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.

EBIT AND ADJUSTED EBIT

The table below shows reconciliations of profit from operating activities (EBIT) to adjusted EBIT for the fiscal years 2014 and 2013:

Reconciliation of EBIT to adjusted EBIT

T _ 005

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Profit from operating activities (EBIT)	**31.2**	**35.2**	**(4.0)**	**(11.4)%**
Advisory*	17.6	6.1	11.5	>100.0%
Restructuring / ramp-up	2.1	3.6	(1.5)	(41.7)%
Pension interest add back	1.5	1.5	–	0.0%
PPA adjustments – depreciation and amortization	12.7	12.7	–	0.0%
Total adjustments	33.9	23.9	10.0	41.8%
Adjusted EBIT	**65.1**	**59.1**	**6.0**	**10.2%**

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

Adjusted EBIT represents EBIT, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes, IPO related costs, launch costs for new products and other non-recurring costs, as well as interest on pension charges and the depreciation and amortization of adjustments of group's assets to fair value resulting from the April 2010 purchase price allocation.

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 for the fiscal years 2014 and 2013.

Operating segments

T _ 006

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Europe				
External revenue[1]	267.3	244.6	22.7	9.3%
Intersegment revenue[1]	23.5	28.7	(5.2)	(18.1)%
Total revenue[1]	290.8	273.3	17.5	6.4%
Adjusted EBITDA	57.5	54.6	2.9	5.3%
as % of revenue	19.8%	20.0%		
NAFTA				
External revenue[1]	176.8	157.9	18.9	12.0%
Intersegment revenue[1]	2.5	2.4	0.1	4.2%
Total revenue[1]	179.3	160.3	19.0	11.9%
Adjusted EBITDA	22.8	21.0	1.8	8.6%
as % of revenue	12.7%	13.1%		
Asia / Pacific and RoW				
External revenue[1]	63.2	57.6	5.6	9.7%
Intersegment revenue[1]	0.1	0,1	–	0.0%
Total revenue[1]	63.3	57.7	5.6	9.7%
Adjusted EBITDA	12.2	11.5	0.7	6.1%
as % of revenue	19.3%	19.9%		

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

The external revenue generated by our European companies increased by 9.3% from €244.6 million in the fiscal year 2013 to €267.3 million in the fiscal year 2014. Adjusted EBITDA of this operating segment increased in this period by 5.3% to €57.5 million with an adjusted EBITDA margin of 19.8%.

The external revenue of our companies located in the NAFTA region increased by 12.0% from €157.9 million in the fiscal year 2013 to €176.8 million in the fiscal year 2014 primarily due to the strong growth in Powerise business. NAFTA's adjusted EBITDA margin decreased slightly from 13.1% in the fiscal year 2013 to 12.7% in the fiscal year 2014 mainly driven by the currency development of the USD-EUR.

In the fiscal year 2014, the external revenue of our companies in the Asia / Pacific and RoW segment increased by €5.6 million or 9.7%, compared to the corresponding fiscal year 2013. This segment's result, measured as adjusted EBITDA, increased by €0.7 million or 6.1%. Within this segment China remains strong, while Brazil recorded lower revenue and margin than in fiscal year 2013.

FINANCIAL POSITION

Balance sheet T _ 007

IN € MILLIONS	Sept 30, 2014	Sept 30, 2013[1]	change	% change
Assets				
Total non-current assets	351.1	429.0	(77.9)	(18.2)%
Total current assets	169.2	160.3	8.9	5.6%
Total assets	**520.3**	**589.3**	**(69.0)**	**(11.7)%**
Equity and liabilities				
Total equity	76.1	80.3	(4.2)	(5.2)%
Total non-current liabilities	353.7	421.1	(67.4)	(16.0)%
Total current liabilities	90.5	87.9	2.6	3.0%
Total liabilities	444.2	509.0	(64.8)	(12.7)%
Total equity and liabilities	**520.3**	**589.3**	**(69.0)**	**(11.7)%**

[1] adjusted according to IAS 19 (revised)

TOTAL ASSETS

The Group's total assets decreased by 11.7% to €520.3 million (PY: €589.3 million). This is mainly due to the reorganization of the Group prior to and immediately following the IPO, which has been described in the prospectus (the prospectus is available under www.stabilus.com). As a result, the equity upside-sharing instruments (EUSIs) and the upstream shareholder loan were extinguished and will no longer be recognized on the Group's balance sheet.

NON-CURRENT ASSETS

Non-current assets decreased by €(77.9) million primarily due to the distribution of the upstream shareholder loan caused by the disposal of the Company's interest in Servus II (Gibraltar) Limited.

CURRENT ASSETS

Current assets increased by 5.6% or €8.9 million. This is essentially the consequence of higher cash balance and lower trade account receivable, compared to September 30, 2013. The effect was mainly triggered by the sale of receivable program (factoring) initiated in the fiscal year 2014.

EQUITY

The Group's equity as of September 30, 2014 decreased, as compared to September 30, 2013, from €80.3 million to €76.1 million. The profit generated in the fiscal year 2014 amounts to 10.0 million, IPO costs (net of tax) directly recognized in equity amounts up to €(1.2) million and other comprehensive income amounts to €(6.9) million. Other comprehensive income comprises unrealized actuarial losses of €(6.5) million on our German pension plan and losses from foreign currency translations of €(0.4) million. The equity ratio improved from 13.6% as of September 30, 2013 to 14.6% as of September 30, 2014.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by €67.4 million or 16.0%, primarily as a result of reduced non-current financial liabilities. The Group used the proceeds from the capital increase (issue of new shares) to redeem the senior secured notes on June 5, 2014 by €58.9 million (i.e. €65.0 million proceeds from capital increase, net of transaction costs and early redemption premium). In addition, the equity upside-sharing instruments have been extinguished following the IPO reorganization and are not recognized on the Company's balance sheet as of September 30, 2014. The carrying amount of non-current financial liabilities as of September 30, 2014 amounts to €256.6 million, €58.5 million lower versus September 30, 2013 amount of €315.1 million.

CURRENT LIABILITIES

Current liabilities increased slightly by €2.6 million from €87.9 million as of September 30, 2013 to €90.5 million as of September 30, 2014. The increase of the trade account payables and current tax liabilities was partly offset by a decrease in provisions and the financial liabilities.

LIQUIDITY

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

Cash flows T_008

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Cash flows from operating activities	87.8	62.8	25.0	39.8%
Cash flows from investing activities	(35.6)	(113.1)	77.5	(68.5)%
Cash flows from financing activities	(41.2)	31.3	(72.5)	<(100.0)%
Net increase / (decrease) in cash	**11.0**	**(19.0)**	**30.0**	**<(100.0)%**
Effect of movements in exchange rates on cash held	0.7	(0.9)	1.6	<(100.0)%
Cash as of beginning of the period	21.8	41.6	(19.8)	(47.6)%
Cash as of end of the period	**33.5**	**21.8**	**11.7**	**53.7%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by 39.8% from €62.8 million in fiscal year 2013 to €87.8 million in fiscal year 2014 mainly due to working capital improvements, specifically the sales receivable program.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow from investing activities decreased by €77.5 million from €(113.1) million in fiscal year 2013 to €(35.6) million in fiscal year 2014, mainly due to the €(80.0) million payment for the upstream shareholder loan in the prior year. For further details in regards to the upstream shareholder loan please refer to the Notes to Consolidated Financial Statements, Note 15, below.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities amounts to €(41.2) million in fiscal year 2014 and to €31.3 million in fiscal year 2013. This is mainly the result of higher interest payments following the issuance of the senior secured notes in June 2013 compared to the fiscal year 2013 and the partial redemption of the senior secured notes.

As a result of the aforementioned changes of cash flows from operating and investing activities and with adjustments to EBITDA amounting to €21.2 million (PY: €11.2 million), adjusted operating cash flow before tax (AoCF) increased from €43.9 million in fiscal year 2013 to €80.5 million in fiscal year 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.

Adjusted operating cash flow before tax (AoCF)

T_009

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Cash flows from operating activities	87.8	62.8	25.0	39.8%
Cash flows from investing activities	(35.6)	(113.1)	77.5	(68.5)%
Excl. payment for upstream shareholder loan	–	80.0	(80.0)	(100.0)%
Excl. changes in restricted cash	–	(2.7)	2.7	(100.0)%
Excl. income tax payments	7.1	5.7	1.4	24.6%
Operating cash flow before tax	**59.3**	**32.7**	**26.6**	**81.3%**
Adjustments to EBITDA	21.2	11.2	10	89.3%
Adjusted operating cash flow before tax	**80.5**	**43.9**	**36.6**	**83.4%**

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)

Free cash flow (FCF) slightly increased from €20.5 million in fiscal year 2013 to €22.1 million. The following table sets out the composition of the non-IFRS figure free cash flow.

Free cash flow

T_010

	Year ended Sept 30,			
IN € MILLIONS	2014	2013	change	% change
Cash flows from operating activities	87.8	62.8	25.0	39.8%
Cash flows from investing activities	(35.6)	(113.1)	77.5	(68.5)%
Payments for interest	(30.1)	(9.2)	(20.9)	>100.0%
Excl. payment for upstream shareholder loan	–	80.0	(80.0)	(100.0)%
Free cash flow	**22.1**	**20.5**	**1.6**	**7.8%**

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 and control over financial reporting in the Stabilus Group

The Company considers Risk Management (RM) to be a key part of effective management and internal control. The Company strives for effective RM and financial navigation to safeguard the assets of the Company and to proactively support the Company's strategic and compliance initiatives. The goal of RM is to help the Company to operate more effectively in a dynamic environment by providing a framework for a systematic approach to risks management and exploring opportunities with an acceptable level of risk. The Supervisory Board and the Management Board regularly discuss the operational and financial results as well as the related risks.

Risk Management covers financial, strategic, compliance as well operational aspects. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. These operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk in a way to balance the avoidance of financial losses and damages to the Group's reputation with overall cost effectiveness, as well as avoiding control procedures that restrict initiative and creativity. The Company's policy on managing financial risks seeks to ensure effective liquidity and cash flow management and protection of group equity capital against financial risks. As part of its evolution, the Company implements continuous improvements in its risk management and internal control system.

Our accounting control system is designated to ensure all business transactions are correctly and promptly accounted for and that reliable data on the Company's financial situation is available. It ensures compliance with legal stipulations, accounting standards and accounting rules. A Group-wide calendar of deadlines helps ensure the complete and timely processing of financial statements. By separating financial functions and through ongoing review, we ensure that potential errors are identified timely and accounting standards complied with.

Our internal control system is an integral component of the risk management. The purpose of our internal control system for accounting and reporting is to ensure their compliance with legal stipulations, with the principles of proper accounting, with the rules on the International Financial Reporting Standards as adopted by the EU and with Group standards. In addition, we perform assessments to help identify and minimize any risk with a direct influence on our financial reporting. We monitor changes in accounting standards and enlist the advice of external experts to reduce the risk of accounting misstatements in complex issues.

The Company and individual entity financial statements are subject to external audits which act as an independent check and monitoring mechanism of the accounting system and it's output. The principal risks that could have a material impact on the Group are set out in the note 32 of the consolidated financial statement and are summarized below:

Foreign currency risk

The Stabilus Group reviews the need of forward currency exchange or interest transaction in regular intervals. As of September 30, 2014, no forward exchange transactions or interest hedges were made within the Group. Operationally we strive to increase our local content to improve our natural hedging position.

Credit risk

The Group has adopted a policy of dealing only 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 regular intervals. Trade receivables consist of a large number of customers which 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

Stabilus has set an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by regular reviews, maintaining certain cash reserves, as well as open credit lines.

There is a risk that financial covenants of the Senior Secured Loan contract and the revolving credit facility agreement will not be complied with. All covenants and other conditions set out in the loan contracts were complied with in the past financial year. The Group planning shows that these covenants 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, 2014, no interest hedges were closed within the Group.

Technical and litigation risks

The Group's products are used in many different applications. A manufacturing quality management system was implemented 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 the Supervisory Board. Insurance coverage within certain limits is provided.

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.

CORPORATE GOVERNANCE

As a Luxembourg société anonyme, the Company is subject to the corporate governance regime as set forth in particular in the law of August 10, 1915 on commercial companies. As a company whose shares are listed on a regulated market, the Company is further subject to the law of May 24, 2011 on the exercise of certain shareholder rights in listed companies.

As a Luxembourg société anonyme whose shares are exclusively listed 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. The Company has decided to set up own corporate governance rules as described in the following paragraphs rather than to confirm such corporate governance regimes in order to build up a corporate governance structure which meets the specific needs and interest of the Company.

The internal control systems and risk management for the establishment of financial information is described in the section "Risk management and control over financial reporting in the Stabilus Group".

According to the Articles of Incorporation of the Company, the Management Board must be composed of at least two Management Board members, and the Supervisory Board must be composed of at least three Supervisory Board members. The Supervisory Board has set up the following committees in accordance with the Articles of Incorporation: Audit Committee and Remuneration Committee. The Audit Committee is responsible for the consideration and evaluation of the auditing and accounting policies and its financial controls and systems. The Remuneration Committee is responsible 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 as well as for making recommendations on bonus payments to be made to all Stabilus employees.

Further details on the composition and purpose of these committees and of the Management Board and the Supervisory Board is described in the section "Management and Supervisory Board of Stabilus S.A.".

The Annual General 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 Management Board and Supervisory Board may convene extraordinary General 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.

Each share entitles the holder to one vote. 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 Meeting. Each shareholders can exercise their voting rights in person, through a proxyholder or in writing (if provided for in the relevant convening notice).

The information required by article 10.1 of Directive 2004 / 25 / EC on takeover bids which has been implemented by article 11 of the law of May 19, 2006 on takeovers (the "Law on Takeovers") is set forth here below under "Disclosure Regarding Article 11 of the Law on Takeovers of May 19, 2006".

DISCLOSURE REGARDING ARTICLE 11 OF THE LAW ON TAKEOVERS OF MAY 19, 2006

A) For information regarding the structure of capital, reference is made to note 21 of the consolidated financial statements.
B) The Articles of Incorporation of the Company do not contain any restrictions on the transfer of shares of the Company.
C) Information regarding section c) of the law (significant direct and indirect shareholdings) can be found in note 38 of the consolidated financial statement.
D) The Company has not issued any securities granting special control rights to their holders.
E) The control rights of any shares issued in connection with employee share schemes are exercised directly by the respective employees.
F) The Articles of Incorporation of the Company do not contain any restrictions on voting rights.
G) There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004 / 109 / EC (Transparency Directive).
H) Rules governing the appointment and replacement of Management Board members and the amendment of the Articles of Incorporation:
   – The Management Board members are appointed by the Supervisory Board by the majority of the votes of the members present or represented (abstention or non-participation being taken into account as a vote against the appointment), or in the case of a vacancy, by way of a decision of the remaining Management Board members for the period until the next Supervisory Board Meeting.
   – Management Board members serve for the following terms: Chief Executive Officer four years, Chief Financial Officer three years and other Board members one year. Management Board members are eligible for re-appointment.
   – Management Board members may be removed at any time with or without cause by the Supervisory Board by a simple majority of the votes.
   – Resolutions to amend the Articles of Incorporation 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, then the shareholders may be re-convened to a second General Meeting. No quorum is required in respect of such second General Meeting and the resolutions are adopted by a supermajority of two-thirds of the votes validly cast, without counting the abstentions.
I) Powers of the Management Board:
   – The Company is managed by a Management Board under the supervision of the Supervisory Board.
   – The Management Board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company.
   – All powers not expressly reserved by the Companies Act or by the Articles of Incorporation to the General Meeting or the Supervisory Board fall within the authority of the Management Board.

- Certain transactions and measures are subject to the prior approval of the Supervisory Board on the terms set out in the Articles of Incorporation.
- The Management Board may appoint one or more persons, who may be a shareholder or not, or who may be a member of the Management Board or not, to the exclusion of any member of the Supervisory Board, who shall have full authority to act on behalf of the Company in all matters pertaining to the daily management and affairs of the Company.
- The Management Board is also authorized to appoint a person, either a director or not, to the exclusion of any member of the Supervisory Board, for the purposes of performing specific functions at every level within the Company.
- The Management Board may also appoint committees and sub-committees in order to deal with specific tasks, to advise the Management Board or to make recommendations to the Management Board and / or, as the case may be, the General Meeting, the members of which may be selected either from among the members of the Management Board or not, to the exclusion of any member of the Supervisory Board.
- The Management Board does not have currently any authority to issue shares in the Company under the Articles of Incorporation.
- The Management Board does not have currently any authority to buy back shares under the Articles of Incorporation or a buy-back program.

J) There are no significant agreements to which the Company is party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

K) There are no agreements between the Company and its Management Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

SUBSEQUENT EVENTS

The Group evaluates the opportunity to benefit of the current low financing cost through a new refinancing.

As of November 28, 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 September 30, 2014.

OUTLOOK

The forecast for the global light vehicle production sees an annual production growth rate between 3% and 4% for the next 3 years. The growth rate in China is expected to slow down to around 4% in 2018. The NAFTA region is expected to grow on a constant level of 2% where as the production in Europe is expected to increased by 2016 and 2017 with an annual groth rate of around 4%.

For the growth rate of revenue, adjusted EBITDA and adjusted EBIT we target to achieve a similar growth rate as achieved for the fiscal year 2014.

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FINANCIAL STATEMENTS

LIFT-O-MAT®

Stabilus gas pressure springs in the LIFT-O-MAT line are used whenever loads need to be lifted or lowered in a controlled manner. They provide force assist and thus ensure optimum weight equalization. With LIFT-O-MAT gas springs, opening and closing doors and lids becomes child's play. Its damping properties ensure safe and user-friendly motion sequences.

CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended September 30, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year ended September 30, 2014

Consolidated statement of comprehensive income

T_011

IN € THOUSANDS	NOTE	Year ended Sept 30, 2014	2013 [1]
Revenue	4	507,333	460,103
Cost of sales	5	(387,737)	(349,705)
Gross profit		**119,596**	**110,398**
Research and development expenses	5	(20,291)	(17,573)
Selling expenses	5	(38,703)	(38,933)
Administrative expenses	5	(32,563)	(21,214)
Other income	6	6,012	6,054
Other expenses	7	(2,855)	(3,536)
Profit from operating activities		**31,196**	**35,196**
Finance income	8	17,451	5,463
Finance costs	9	(38,775)	(46,525)
Profit / (loss) before income tax		**9,872**	**(5,866)**
Income tax income / (expense)	10	78	(10,145)
Profit / (loss) for the period		**9,950**	**(16,011)**
thereof attributable to non-controlling interests		(136)	(73)
thereof attributable to shareholders of Stabilus		10,086	(15,938)
Other comprehensive income / (expense)			
Foreign currency translation difference [2]	21	(422)	3,145
Unrealized actuarial gains / (losses), net of taxes [3]	21	(6,444)	(671)
Other comprehensive income / (expense), net of taxes		**(6,866)**	**2,474**
Total comprehensive income / (expense) for the period		**3,084**	**(13,537)**
thereof attributable to non-controlling interests		(136)	(73)
thereof attributable to shareholders of Stabilus		3,220	(13,464)
Earnings per share (in €):			
basic	11	0.54	(0.90)
diluted	11	0.54	(0.90)

[1] Information related to the adjustment of the prior-year figures according to IAS 19 (revised) is disclosed in Note 2.
[2] Item that may be reclassified ('recycled') to profit and loss at future point in time when specific conditions are met.
[3] Item that will not be reclassified to profit and loss.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of September 30, 2014

Consolidated statement of financial position

T_012

IN € THOUSANDS	NOTE	Sept 30, 2014	Sept 30, 2013[1)]	Oct 1, 2012[1)]
Assets				
Property, plant and equipment	12	119,642	116,276	120,115
Goodwill	13	51,458	51,458	51,458
Other intangible assets	14	170,971	175,763	180,907
Other financial assets	15	–	77,134	2,679
Other assets	16	1,102	1,024	1,170
Deferred tax assets	10	7,919	7,353	5,061
Total non-current assets		**351,092**	**429,008**	**361,390**
Inventories	17	49,540	46,063	49,974
Trade accounts receivable	18	56,497	67,776	58,950
Current tax assets	19	2,403	397	3,567
Other financial assets	15	18,304	10,845	–
Other assets	16	8,972	13,380	15,046
Cash and cash equivalents	20	33,494	21,819	41,638
Total current assets		**169,210**	**160,280**	**169,175**
Total assets		**520,302**	**589,288**	**530,565**

Consolidated statement of financial position

T_012

IN € THOUSANDS	NOTE	Sept 30, 2014	Sept 30, 2013[1]	Oct 1, 2012[1]
Equity and liabilities				
Issued capital	21	207	5,013	5,013
Capital reserves	21	73,091	74,403	30,550
Retained earnings	21	7,920	(991)	20,588
Other reserves	21	(5,128)	1,737	(736)
Equity attributable to shareholders of Stabilus		**76,090**	**80,162**	**55,415**
Non-controlling interests	21	33	169	319
Total equity		**76,123**	**80,331**	**55,734**
Financial liabilities	22	256,556	315,097	285,466
Other financial liabilities	23	960	1,472	2,342
Provisions	24	4,060	7,037	10,406
Pension plans and similar obligations	25	48,353	39,123	38,067
Deferred tax liabilities	10	43,765	58,334	56,102
Total non-current liabilities		**353,694**	**421,063**	**392,383**
Trade accounts payable	26	53,724	44,977	42,898
Financial liabilities	22	5,789	7,663	–
Other financial liabilities	23	6,360	8,886	7,396
Current tax liabilities	27	5,082	1,587	560
Provisions	24	8,551	13,908	17,565
Other liabilities	28	10,979	10,873	14,029
Total current liabilities		**90,485**	**87,894**	**82,448**
Total liabilities		**444,179**	**508,957**	**474,831**
Total equity and liabilities		**520,302**	**589,288**	**530,565**

[1] Information related to the adjustment of the prior-year figures according to IAS 19 (revised) is disclosed in Note 2.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended September 30, 2014

Consolidated statement of changes in equity

T _ 013

IN € THOUSANDS	NOTE	Issued capital	Capital reserves	Retained earnings	Other reserves	Equity attributable to shareholders of Stabilus	Non-controlling interests	Total Equity
Balance as of Oct 1, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**
Effects from first-time adoption of IAS 19R[1]	2	–	–	–	(1,635)	(1,635)	–	(1,635)
Balance as of Oct 1, 2012 adjusted[1]		**5,013**	**30,550**	**20,588**	**(736)**	**55,415**	**319**	**55,734**
Profit / (loss) for the period	21	–	–	(15,938)	–	(15,938)	(73)	(16,011)
Other comprehensive income[1]	21	–	–	–	2,474	2,474	–	2,474
Total comprehensive income for the period		–	–	(15,938)	2,474	(13,464)	(73)	(13,537)
Contributions by owners	21	–	44,003	–	–	44,003	–	44,003
Distribution of shareholder loan	21	–	–	(5,641)	–	(5,641)	–	(5,641)
Dividends	21	–	(150)	–	–	(150)	(77)	(227)
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	21	–	–	10,086	–	10,086	(136)	9,950
Other comprehensive income	21	–	–	–	(6,866)	(6,866)	–	(6,866)
Total comprehensive income for the period		–	–	10,086	(6,866)	3,220	(136)	3,084
Reduction of issued capital	21	(4,836)	4,836	–	–	–	–	–
Proceeds from capital increase	21	30	64,970	–	–	65,000	–	65,000
Contributions by owners	21	–	10,020	–	–	10,020	–	10,020
IPO costs directly recognized in equity, net of tax	21	–	–	(1,175)	–	(1,175)	–	(1,175)
Dividends	21	–	(81,137)	–	–	(81,137)	–	(81,137)
Balance as of Sept 30, 2014		**207**	**73,091**	**7,920**	**(5,128)**	**76,090**	**33**	**76,123**

[1] Information related to the adjustment of the prior-year figures according to IAS 19 (revised) is disclosed in Note 2.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the fiscal year ended September 30, 2014

Consolidated statement of cash flows

T_014

IN € THOUSANDS	NOTE	Year ended Sept 30, 2014	2013[1]
Profit/ (loss) for the period		9,950	(16,011)
Current income tax	10	10,522	10,373
Deferred income tax	10	(10,600)	(228)
Net finance result	8/9	21,325	41,063
Depreciation and amortization	5	40,110	40,661
Other non-cash income and expenses		(10,222)	(5,544)
Changes in inventories		(3,477)	3,911
Changes in trade accounts receivable		11,279	(8,826)
Changes in trade accounts payable		8,747	2,079
Changes in other assets and liabilities		5,705	5,040
Changes in restricted cash		–	2,679
Changes in provisions		896	(6,930)
Changes in deferred tax assets and liabilities		10,600	228
Income tax payments	34	(7,065)	(5,663)
Cash flows from operating activities		**87,770**	**62,832**
Proceeds from disposal of property, plant and equipment		48	1,277
Purchase of intangible assets	14	(14,394)	(14,179)
Purchase of property, plant and equipment	12	(21,246)	(20,211)
Cash flows from disposals and acquisitions of tangible and intangible assets		*(35,592)*	*(33,113)*
Payments for upstream shareholder loan	15	–	(80,014)
Cash flows from changes in non-current financial assets		–	*(80,014)*
Cash flows from investing activities		**(35,592)**	**(113,127)**
Receipts from contributions of equity	21	65,000	44,003
Receipts from issuance of senior secured notes	22	–	315,000
Receipts under revolving credit facility		8,000	–
Payments under revolving credit facility		(8,000)	–
Payments for redemption of financial liabilities	22	(58,877)	(303,806)
Payments for redemption of other financial liabilities	23	(1,661)	–
Payments for finance leases	29	(1,191)	(1,792)
Payments of transaction costs		(14,362)	(12,658)
Dividends paid	21	–	(150)
Dividends paid to non-controlling interests	21	–	(77)
Payments for interest	34	(30,113)	(9,177)
Cash flows from financing activities		**(41,204)**	**31,343**
Net increase / (decrease) in cash and cash equivalents		**10,974**	**(18,952)**
Effect of movements in exchange rates on cash held		701	(867)
Cash and cash equivalents as of beginning of the period		21,819	41,638
Cash and cash equivalents as of end of the period		**33,494**	**21,819**

[1] Information related to the adjustment of the prior-year figures according to IAS 19 (revised) is disclosed in Note 2.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as of and for the fiscal year ended September 30, 2014

1 General Information

Stabilus S.A. , Luxembourg, hereinafter also referred to as "Stabilus" or the "Company" (former Servus HoldCo S.à r.l., hereinafter also referred to as "Servus HoldCo") is a public limited liability company (société anonyme) incorporated in Luxembourg and governed by Luxembourg law. The Company is registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés Luxembourg) under No. B151589 and its registered office is located at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. The Company was founded under the name Servus HoldCo S.à r.l. on February 26, 2010. Following the shareholder resolution dated May 5, 2014, the corporate form and the name of the Company were changed from "Servus HoldCo S.à r.l.", private limited liability company (société à responsabilité limitée), to "Stabilus S.A.", a public limited liability company (société anonyme).

The fiscal year is from October 1 to September 30 of the following year (twelve-month period). The consolidated financial statements of Stabilus S.A. include Stabilus and its subsidiaries (hereafter also referred to as "Stabilus Group" or the "Group").

The Stabilus Group is a leading manufacturer of gas springs and dampers, as well as electric tailgate lifting and closing 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.

The consolidated financial statements are prepared in euro (€) rounded to the nearest thousand. Due to rounding, numbers presented may not add up precisely to totals provided.

The consolidated financial statements of Stabilus and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The consolidated financial statements were authorized for issue by the Management Board on November 28, 2014.

2 Basis for presentation

PREPARATION

Applying IAS 1, items of the statement of financial position are 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. 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 JUDGMENTS

Certain of the accounting policies require critical accounting estimates that involve complex and subjective judgments 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 and development cost under construction are 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 costs of disposal 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 judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances. We refer also to Note 18.

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 estimates in respect of the business development, strategic changes, cost optimization and business improvement and also general market and economic development. Deferred tax assets are recognized to the extent that sufficient taxable profit at the level of the relevant tax authority will be available for the utilization of the deductible temporary differences. Stabilus recognizes a valuation allowance for deferred tax assets when it is unlikely that sufficient future taxable profit will be available. We refer also to Note 10.

Provisions:
Significant estimates are involved in the determination of provisions related to pensions and other obligations, contract losses, warranty costs and legal proceedings. We refer also to Note 24 and 25.

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 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 that have a duration until June 2018 play a key role for the long-term stability of the Group.

GOING CONCERN

These consolidated financial statements are prepared based on the going concern assumption.

SCOPE OF CONSOLIDATION

All entities over which Stabilus can exercise control are included in the scope of consolidation. Control means the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiaries are included in the scope of consolidation as of the date Stabilus obtains control.

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 Stabilus, altogether 27 subsidiaries (see following list), are included in the consolidated financial statements as of September 30, 2014.

Subsidiaries

T_015

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	Stabilus S.A.	100.00%	Full
Servus Luxembourg S.à r.l.	Luxembourg	Stabilus S.A.	100.00%	Full
Servus III (Gibraltar) Limited	Gibraltar	Stabilus S.A.	100.00%	Full
Servus Luxembourg Holding S.C.A.	Luxembourg	Servus Sub S.à r.l.	99.9968%	
		Servus Luxembourg S.à r.l.	0.0032%	Full
Blitz F10-neun GmbH	Frankfurt, Germany	Stabilus S.A.	100.00%	Full
Blitz F10-acht-drei-drei GmbH & Co KG	Frankfurt, Germany	Servus III (Gibraltar) Limited	94.90%	
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 HoldCo Australia Pty. Ltd.	Dingley, Australia	Stable II S.à r.l.	100.00%	Full
LinRot Holding AG	Zurich, Switzerland	Stable II S.à r.l.	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%	
Stabilus Inc.	Gastonia, USA	Stable 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	3.01%	Full
		Stabilus GmbH	96.99%	
Stabilus (Jiangsu) Ltd.	Wujin, China	Stabilus GmbH	100.00%	Full
Orion Rent Imobiliare S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	98.00%	Full
		Stabilus Ltd.	2.00%	

Compared to the previous fiscal year two holding companies, Stable Romania S.R.L, Romania and Stabilus US HoldCo Inc., Wilmington, USA, are no longer separately included in the scope of consolidation as these two companies have been merged with other group entities.

In the third quarter of the fiscal year 2014, 90% of the interest in the company Servus II (Gibraltar) Limited was distributed as a dividend to the shareholder Servus Group HoldCo II S.à r.l., the remaining partizipation of 10% was sold. The company Servus III (Gibraltar) Limited was founded in 2014 and included in consolidation for the first time.

PRINCIPLES OF CONSOLIDATION

The assets and liabilities of the domestic and foreign entities included in consolidation are recognized in accordance with the uniform accounting policies of the Stabilus Group. Receivables and liabilities or provisions between the consolidated companies are offset. Intragroup revenue 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 recognized on consolidation adjustments affecting profit or loss.

BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, less
- the net recognized 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 recognized 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. Effective January 30, 2014, the remaining 2% shares in Orion Rent Imobiliare S.R.L., Brasov, Romania, were acquired for €4.64.

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 at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange 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 of 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.

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.

Translation adjustments arising from exchange rate differences are included in a separate component of shareholder's equity in amounts recognized directly in equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in profit or loss.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Exchange rates T_016

		Closing rate Sept 30,		Average rate for the year ended Sept 30,	
COUNTRY	ISO CODE	2014	2013	2014	2013
Australia	AUD	1.4539	1.4498	1.4753	1.3229
Brazil	BRL	3.0926	3.0181	3.1070	2.7669
China	CNY	7.8098	8.3055	8.3414	8.1884
South Korea	KRW	1,338.6700	1,454.2100	1,424.7400	1,451.4900
Mexico	MXP	17.0692	17.5791	17.7724	16.7285
Romania	ROL	4.4114	4.4604	4.4525	4.4422
USA	USD	1.2687	1.3510	1.3575	1.3123

CHANGES IN ACCOUNTING POLICIES ON ACCOUNT OF NEW STANDARDS

The following table shows the changes in accounting policies regarding IAS 8.28:

New standards and interpretations

T_017

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 Underlying 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.

Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters:

If a first-time adopter has a functional currency that was, or is the currency of a hyperinflationary economy, then it should determine whether it was subject to severe hyperinflation before the date of transition to IFRSs. When an entity’s date of transition to IFRSs is on, or after, the functional currency normalization date, the entity may elect to measure assets and liabilities held before the functional currency normalization date at fair value on the date of transition to IFRSs and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. Any adjustments should be recognized directly in the retained earnings or, if appropriate, another component of equity. As the Group is no first-time adopter of IFRS the amendment has no impact on the Consolidated Financial Statements of the Stabilus Group as the Group has no entities in hyperinflationary countries.

Amendment to IFRS 1: Government Loans

The amendment adds a new exception to the retrospective application of IFRS whereas a first-time adopter of IFRS now applies the measurement requirements of the financial instrument standards (IAS 39 and IFRS 9) to a government loan with a below-market rate of interest at fair value prospectively from the date of transition to IFRS. Alternatively, a first-time adopter may elect to apply the measurement requirements retrospectively to a government loan, if the information needed was obtained when it first accounted for that loan. This election is available on a loan-by-loan basis. If a first-time adopter applies the measurement prospectively, then it uses the previous GAAP carrying amount of a government loan as the carrying amount of the loan in its opening IFRS statement of financial position. Subsequently, the loan has to be measured at amortized cost, using an effective interest rate calculated at the date of transition. As the Group is no first-time adopter of IFRS the amendment has no impact on the Consolidated Financial Statements of the Stabilus Group as the Group has no government loans.

Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
This amendment to IFRS 7 requires more extensive disclosures about offsetting (also known as netting) of financial instruments. The new rules require companies to identify and disclose not only the financial assets and liabilities that have been offset in the statement of financial position but also those assets and liabilities that would be offset if future events (e.g. bankruptcy or termination of contracts) were to arise. The amendment has no impact on the Consolidated Financial Statements of the Stabilus Group.

IFRS 13: Fair Value Measurement
IFRS 13 provides a revised and standardized definition of fair value and related application guidance as well as an extensive disclosure framework. It replaces fair value measurement guidance that was previously dispersed throughout IFRSs. However, the measurement and disclosure requirements set out under IFRS 13 do not apply to IFRS 2 and IAS 17. Fair value is defined as an exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard includes a fair value hierarchy already included in IFRS 7 that prioritizes the inputs to valuation techniques used to measure fair value in relation to observable prices in active markets. However, the revised definition has no material effect on the valuation of assets and liabilities in the Consolidated Financial Statements of the Stabilus Group. Additional disclosures required by application of IFRS 13 are provided in the relevant Notes.

Amendment to IAS 12: Deferred Taxes: Recovery of Underlying Assets
The amendment provides an exception to the general measurement principle of deferred tax assets and liabilities in respect of investment property measured using the fair value model in accordance with IAS 40. Under the exception, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all the asset’s economic benefits over the life of the asset. Therefore, the presumption cannot be rebutted in respect of the land component of investment property as it is a non-depreciable asset. The amendment has no impact on the Consolidated Financial Statements of the Stabilus Group.

IAS 19: Employee Benefits (Revised 2011)
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 as well as for the opening balance of the comparative balance 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

September 30, 2014, September 30, 2013 and October 1, 2012. The effects on the Consolidated Statement of Comprehensive Income, i.e. the effects on other comprehensive income, for the fiscal year 2014 and 2013 are disclosed in the Note 21 below.

IAS 19 (revised) effects on the consolidated statement of financial position T_018

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013	Oct 1, 2012
Other reserves	(8,752)	(2,307)	(1,635)
Total equity	**(8,752)**	(2,307)	(1,635)
Pension plans and similar obligations	12,503	3,296	2,336
Deferred tax liabilities	(3,751)	(989)	(701)
Total liabilities	**8,752**	2,307	1,635

Improvements to IFRSs (2011): Collection of Amendments to International Financial Reporting Standards

As part of the Annual Improvement Project, amendments to five IFRSs were made. With the adaptation of the wording of individual IFRS a clarification of existing regulations is to be achieved. In addition, there are changes that affect the accounting, the recognition, valuation and the notes. Affected are the standards IAS 1, IAS 16, IAS 32, IAS 34 and IFRS 1. The amendments have no material impact on the Consolidated 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 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 has no impact on the consolidated financial statements of the Stabilus Group.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

Standards and interpretations issued and endorsed by the EU

T_019

IFRSs issued but not yet adopted: STANDARD / INTERPRETATION		Effective date stipulated by IASB	Effective date stipulated by EU
IFRS 10	Consolidated Financial Statements	January 1, 2013	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2013	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	January 1, 2014
Amendments to IFRS 10, 11, 12	Transition Guidance	January 1, 2013	January 1, 2014
IAS 27 (2011)	Separate Financial Statements	January 1, 2013	January 1, 2014
IAS 28 (2011)	Investments in Associates and Joint Ventures	January 1, 2013	January 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014	January 1, 2014
Amendment to IAS 32	Offsetting Financial Assets and Liabilities	January 1, 2014	January 1, 2014
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014	January 1, 2014
IFRIC 21	Levies	January 1, 2014	June 17, 2014

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

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 the current IAS 27. The new standard defines that an entity controls an investee when it has power over the investee, is exposed to variable returns from its involvement and also has the ability to use its power over the investee to affect the amount of the investor's returns. 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 also required 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) summarized financial information for each subsidiary with a material non-controlling interest, for each individually material joint venture and associate, (b) significant judgments 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. Given the group structure of today, IFRS 12 will lead to extended disclosures in future financial statements of the Stabilus Group.

Amendments to IFRS 10, 11, 12: Transition Guidance
IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities are effective for annual periods beginning on or after January 1, 2014. The standards are based on a general principle of retrospective application on adoption. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from disclosures that could have been onerous. As the Standards IFRS 10 – 12 will not have any impact on future financial statements of the Stabilus Group, the amendments to these standards will also not have any impact.

IAS 27 (2011): Separate financial statements
The Standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. Considering the current circumstances of the Group, IAS 27 will not have any impact on future financial statements of the Stabilus Group.

IAS 28 (2011): Investments in Associates and Joint Ventures
In the future, accounting for joint ventures and the mandatory application of the equity method for joint ventures will be in line with the provisions of the renamed IAS 28 (revised in 2011). Given the group structure of today, the Standard will not have any impact on future financial statements of the Stabilus Group as there are no joint ventures within the 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 Amendments to the Standards will not have any impact on future 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. It further states that 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 exceptions 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 amendment has no impact on the Consolidated 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 statements of the Group.

3 Accounting policies

REVENUE

Revenue is recognized 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 recognized 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 recognized according to the stage of completion, if the amount of the revenue 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 recognized 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 and the interest income from the investment of cash. The interest components from defined benefit pension plans and similar obligations are 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 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 and deferred tax liabilities are not recognized 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 recognized 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 realized, 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 tests 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 allocated at the acqusition date to the 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 recognized if the recoverable amount of the cash-generating unit is below its carrying amount. Impairment losses are recognized in profit or loss. According to IAS 36, impairment losses recognized for goodwill are not reversed.

Goodwill impairment is tested at the lowest level within the Group at which goodwill is being managed. In the past this impairment test took place on group level. In the current fiscal year we realigned our internal reporting structure and identified three operating segments, which are Europe, NAFTA as well as Asia / Pacific and rest of world (RoW). Goodwill was reallocated to such operating segments in order to be monitored on the level of the operating segments benefiting from the synergies of the acquisitions. As a consequence of this reallocation goodwill is now being tested for impairment at the level of our operating segments which is the lowest level at which goodwill is monitored for internal management purposes.

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. The cost of intangible assets acquired in a business combination is fair value as of 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 capitalized development costs, are not capitalized 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 recognized in profit or loss when the asset is derecognized.

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. The amount initially recognized 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 recognized, 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), patented technology (16 years), customer relationships (24 years), unpatented technology (6 to 10 years) and trade names (18 years).

RESEARCH AND DEVELOPMENT EXPENSES

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Development costs are capitalized at cost if the relevant recognition criteria according to IAS 38 are met. Capitalized development costs comprise all costs directly attributable to the development process. Capitalized 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

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 equipment internally; the related costs are also capitalized. Depreciation on property, plant and equipment is recorded on a straight-line basis 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 is carried at cost, less any recognized 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. 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 recognized in profit or loss.

Systematic depreciation is primarily based on the following useful lives: Buildings (40 years), machinery and equipment (5 to 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 recognized 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 recognized under other non-current liabilities.

Lease payments resulting from finance leases are divided into principal payments and interest payments. Lease and rent payments resulting from operating leases are recognized 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 recognized as an expense in profit or loss on a straight line basis over the lease term. Operating leases refer to 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 and development cost unter construction), 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 of disposal and its value in use. Stabilus determines the recoverable amount as fair value less cost of disposal 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 of disposal 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 of disposal 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. Forecast figures (mainly in Europe and the US) and 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 recognized 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 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.

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 recognized 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, financial assets at fair value through profit or loss and financial liabilities measured at amortized costs.

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 Group. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less impairment losses. Gains and losses are recognized in the consolidated earnings when the loans and receivables are derecognized or impaired. Interest effects from using the effective interest method are similarly recognized 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 recognized in profit or loss applying the effective interest method. Dividends are recognized in profit or loss when legal entitlement to the payment arises.

In the second quarter of fiscal 2014 the Group started a sale of receivables programm (factoring). Trade accounts receivable amounting to €20.2 million were sold to factor.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date the carrying amounts of the financial assets, except those measured at fair value through profit or loss, are investigated to assess whether objective evidence of impairment (such as the debtor's inability to meet its current obligations or significant changes in the technological, economic, legal or the market environment of the debtor) exists. For equity instruments a significant or prolonged decline in fair value is considered to be objective evidence for 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 recognized 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 recognized, the previously recognized 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 recognized 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 derecognized 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 bond 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 price 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, trade accounts payable, other financial liabilities and in the previous year also equity upside-sharing instruments (EUSIs).

Financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost include notes 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 32.

After initial recognition the financial liabilities are subsequently measured at amortized cost applying the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Financial liabilities at fair value through profit or loss
As of September 30, 2014 and 2013 the Group does not measure any financial liabilities at fair value through profit or loss.

PENSIONS AND SIMILAR OBLIGATIONS

The contributions to our pension plans are recognized as an expense when the entity consumes the economic benefits arising from the services provided by the employees in exchange for employee benefits. For defined benefit pension plans the projected unit credit method is used to determine the present value of a defined benefit obligation, the current service cost and any past service cost.

For the valuation of defined benefit plans, differences between actuarial assumptions used and actual developments as well as changes in actuarial assumptions result in actuarial gains and losses, which have a direct impact on the consolidated statement of financial position and on other comprehensive income.

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 one 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. 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 recognized 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 recognized 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 recognized 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:

Revenue by region (location of Stabilus company)

T_020

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Europe	267,271	244,629
NAFTA	176,817	157,908
Asia / Pacific and rest of world	63,245	57,566
Revenue	**507,333**	**460,103**

Revenue by region (location of customer)

T_021

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Europe	250,280	230,221
NAFTA	166,146	150,035
Asia / Pacific and rest of world	90,907	79,847
Revenue	**507,333**	**460,103**

Revenue by markets

T_022

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Automotive	340,804	298,068
Gas spring	255,023	242,728
Powerise	85,781	55,340
Industrial	142,279	136,856
Swivel chair	24,250	25,179
Revenue	**507,333**	**460,103**

Group revenue results from sales of goods.

5 Cost of sales, research and development, selling and administrative expenses

Expenses by function

T _ 023

IN € THOUSANDS	Year ended Sept 30, 2014				
	Cost of sales	Research & development expenses	Selling expenses	Administrative expenses	Total
Capitalized development cost	–	12,899	–	–	**12,899**
Personnel expenses	(107,093)	(12,374)	(12,745)	(18,908)	**(151,120)**
Material expenses	(239,206)	(4,769)	(7,663)	(2,255)	**(253,893)**
Depreciation and amortization	(25,012)	(9,750)	(3,826)	(1,522)	**(40,110)**
Other	(16,426)	(6,297)	(14,469)	(9,878)	**(47,070)**
Total	**(387,737)**	**(20,291)**	**(38,703)**	**(32,563)**	**(479,294)**

IN € THOUSANDS	Year ended Sept 30, 2013				
	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)**

Selling expenses include shipping and handling cost amounting to €18,122 thousand (PY: €18,202 thousand). Other expenses exclude recharges to other functions. Administrative personnel expenses include all Koblenz second level managers, as well as all functional heads globally.

The expense items in the statement of comprehensive income include following personnel expenses.

Personnel expenses

T _ 024

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Wages and salaries	(105,683)	(99,323)
Compulsory social security contributions	(28,360)	(27,066)
Pension cost	(13,423)	(12,631)
Other social benefits	(3,654)	(2,025)
Personnel expenses	**(151,120)**	**(141,045)**

The Company allocated an amount of €4,259 in the prior year from compulsory social security contributions to pension costs resulting from changes in the set up in the ERP data collection in the German entities to show a more preciously differentiation of those items.

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.

Number of employees

T _ 025

	Year ended Sept 30, 2014	2013
Wage earners	3,134	2,845
Salaried staff	836	789
Trainees and apprentices	85	78
Average number of employees	**4,055**	**3,712**

6 Other income

Other income

T _ 026

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Foreign currency translation gains	3,360	2,746
Gains on sale / disposal of assets	38	617
Income from the release of other accruals	10	336
Miscellaneous other income	2,604	2,355
Other income	**6,012**	**6,054**

7 Other expenses

Other expenses

T _ 027

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Foreign currency translation losses	(2,577)	(3,365)
Losses on sale / disposal of tangible assets	(100)	(60)
Addition to other provisions	(147)	(7)
Other expenses	(31)	(104)
Other expenses	**(2,855)**	**(3,536)**

8 Finance income

Finance income T_028

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Interest income on loans and financial receivables	35	210
Net foreign exchange gain	6,034	–
Gains from changes in carrying amount of financial assets	5,714	2,761
Gains from changes in fair value of derivative instruments	4,576	1,396
Other interest income	1,092	1,096
Finance income	**17,451**	**5,463**

9 Finance costs

Finance costs T_029

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Interest expense on financial liabilities	(31,647)	(26,459)
Net foreign exchange loss	–	(7,154)
Loss from changes in carrying amount of EUSIs	(6,720)	(11,935)
Interest expenses finance lease	(66)	(233)
Other interest expenses	(342)	(744)
Finance costs	**(38,775)**	**(46,525)**

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 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.

Income tax expense

T_030

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Current income taxes	(10,522)	(10,373)
Deferred taxes	10,600	228
Tax income / (expense)	**78**	**(10,145)**

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 €495 thousand (PY: €(2,849) thousand).

The actual tax income of €78 thousand deviates in the amount of €3,040 thousand from the expected tax expense of €(2,962) thousand that results from applying the group income tax rate 30% to the annual earnings of the Group before income taxes.

Tax expense reconciliation (expected to actual)

T_031

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Income / (loss) before income tax	**9,872**	**(5,866)**
Expected tax income / (expense): 30%	(2,962)	1,760
Prior year taxes	495	(2,849)
Tax effect of non-deductible expenses	(2,317)	(2,227)
Valuation allowance interest carry-forward	6,952	(6,711)
Tax-free income	–	1,469
Tax audit reserve	(460)	(460)
Non-capitalized deferred taxes on domestic losses	44	28
Additions / deductions due to trade tax	(663)	(502)
Effect of divergent tax rates	(833)	(1,375)
Utilization of non-capitalized losses / interest carried forward	–	184
Reversal of valuation allowance DTA on net operating loss	(504)	480
Other tax effects	325	57
Actual income tax income / (expense)	**78**	**(10,145)**
Tax charge in %	**(0.8)%**	**(172.9)%**

The tax effect of non-deductible expenses mostly includes the effect of German and US 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-capitalized 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 are as follows:

Deferred tax assets and liabilities

T_032

	Sept 30, 2014			Sept 30, 2013		
IN € THOUSANDS	DTA	DTL	**Total**	DTA	DTL	Total
Intangible assets	188	(50,925)	(50,737)	190	(50,776)	(50,586)
Property, plant & equipment	3,166	(8,786)	(5,620)	3,281	(8,232)	(4,951)
Inventories	329	(999)	(670)	220	(975)	(755)
Receivables	236	(808)	(572)	222	(956)	(734)
Other assets	39	(134)	(95)	333	(3)	330
Provisions and liabilities	10,130	(4,458)	5,672	6,361	(2,532)	3,829
Tax losses	16,176	–	16,176	1,886	–	1,886
Subtotal	**30,264**	**(66,110)**	**(35,846)**	**12,493**	**(63,474)**	**(50,981)**
Netting	(22,345)	22,345	–	(5,140)	5,140	–
Total	**7,919**	**(43,765)**	**(35,846)**	**7,353**	**(58,334)**	**(50,981)**

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, 2014, the Group has unused tax loss carry-forwards of €34,545 thousand (PY: €22,839 thousand). The following table provides a detailed overview of the tax loss carry-forwards and the expiration dates.

Tax loss carry-forwards

T_033

IN € THOUSANDS	Year ended Sept 30, 2014					
	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	4,226	28.0%	1,183	(1,183)	–	Indefinite
Romania	28,360	16.0%	4,538	–	4,538	Within 5 years
Total	**34,545**		**6,313**	**(1,775)**	**4,538**	

IN € THOUSANDS	Year ended Sept 30, 2013					
	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**	

The increase of the tax loss carry-forward in Romania results from the merger of the Romanian entities. The amount recognized as a deferred tax asset is calculated under consideration of the actual corporate planning and its utilization within the planning period.

Interest carry-forwards in Romania and USA are not considered, as it is not likely that these carry-forwards will be utilized. Interest carry-forwards in Germany amounting to €41,252 thousand are calculated under consideration of a discussed new financing structure with an interest rate at 2.5%. Deferred tax assets on interest carry-forwards are recognized in an amount of €11,000 thousand, taking into account the utilization within the next five years.

11 Earnings per share

Following the shareholder resolution dated May 5,2014, the corporate form of the Company was changed from S.à r.l. (société à responsabilité limitée) to S.A. (société anonyme) and the number of shares outstanding was reduced from 501,250,001 to 17,700,000.

On May 27, 2014 3,023,256 new shares were issued.

The weighted average number of shares used for the calculation of earnings per share in the fiscal years ended September 30, 2014 and 2013 is set out in the following table. For the comparative period the number of shares was adjusted retrospectively according to IAS 33.64, i.e. the number of shares of the new corporate S.A. (société anonyme) was used.

Weighted average number of shares

T_034

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
October 1, 2012	365			17,700,000	17,700,000
September 30, 2013				**17,700,000**	**17,700,000**
October 1, 2013	238			17,700,000	11,541,370
May 27, 2014	127	Capital increase	3,023,256	20,723,256	7,210,558
September 30, 2014				**20,723,256**	**18,751,927**

The earnings per share for the fiscal years ended September 30, 2014 and 2013 were as follows:

Earnings per share

T_035

	Year ended Sept 30, 2014	Year ended Sept 30, 2013
Profit / (loss) attributable to shareholders of the parent (in € thousands)	10,086	(15,938)
Weighted average number of shares	18,751,927	17,700,000
Earnings per share (in €)	**0.54**	**(0.90)**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares outstanding.

12 Property, plant and equipment

Property, plant and equipment are presented in the following table.

Property, plant and equipment T_036

IN € THOUSANDS	Land, equivalent rights to real property	Buildings and land improvements	Technical equipment and machinery	Other tangible equipment	Construction in progress	Total
Gross value						
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**
Foreign currency difference	119	1,094	4,138	1,347	228	6,926
Additions	–	1,459	6,222	4,601	8,950	21,232
Disposals	–	–	(1,333)	(2,648)	(83)	(4,064)
Reclassifications	–	245	13,754	1,568	(15,602)	(35)
Balance as of Sept 30, 2014	**10,987**	**32,471**	**119,540**	**30,583**	**13,722**	**207,303**
Accumulated depreciation						
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)**
Foreign currency difference	–	(423)	(2,911)	(1,069)	–	(4,403)
Depreciation expense	–	(1,555)	(13,852)	(4,838)	–	(20,245)
Disposals	–	–	1,321	2,633	–	3,954
Reclassifications	–	–	–	–	–	–
Balance as of Sept 30, 2014	**–**	**(7,336)**	**(61,881)**	**(17,626)**	**(819)**	**(87,662)**
Carrying amount						
Balance as of Sept 30, 2013	**10,868**	**24,315**	**50,320**	**11,363**	**19,410**	**116,276**
Balance as of Sept 30, 2014	**10,987**	**25,135**	**57,659**	**12,957**	**12,903**	**119,642**

Property, plant and equipment includes assets resulting from two finance lease contracts with a carrying amount of €3,197 thousand as of September 30, 2014 (PY: €3,747 thousand), of which €2,059 thousand (PY: €2,543 thousand) relate to a leasing agreement concluded in 2008, and €1,138 thousand (PY: €1,204 thousand) relate to a real estate finance lease agreement signed in December 2010 by Orion Rent Imobiliare S.R.L., Bucharest, prior to the Stabilus Group taking the majority of the company.

Contractual commitments for the acquisition of property, plant and equipment amount to €3,755 thousand (PY: €2,441 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:

Depreciation expense for property, plant and equipment T_037

	Year ended Sept 30,	
IN € THOUSANDS	2014	2013
Cost of sales	(18,517)	(19,759)
Research and development expenses	(714)	(713)
Selling expenses	(294)	(285)
Administrative expenses	(720)	(988)
Depreciation expense	**(20,245)**	**(21,745)**

Prepayments by the Stabilus Group for property, plant and equipment and intangible assets of €158 thousand (PY: €144 thousand) are included in other non-current assets.

13 Goodwill

The first-time consolidation of Stable II S.à r. l., Luxembourg as of April 8, 2010, resulted in goodwill of €51 million and the first-time consolidation of Orion Rent Imobiliare S.R.L, Bucharest, Romania resulted in goodwill of €396 thousand. These acquisitions resulted in a total goodwill of €51,458 thousand (PY: €51,458 thousand). With the start of segment reporting in fiscal year 2014, goodwill was allocated to the operating segments based on their relative fair values. As such €27,787 thousand have been allocated to Europe, €13,379 thousand to NAFTA and €10,292 thousand to Asia / Pacific and rest of world (RoW). In prior years the goodwill of €51,458 thousand had been allocated to the Group, as the goodwill was monitored on group level.

The value in use for each cash generating unit as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or other groups of assets 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 average sales growth of approximately 7.8% for Europe, 5.3% for NAFTA and 20.8% for Asia / Pacific and rest of world (PY: 8.1% for Group) on compound 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. This growth rate was based on the historic development of worldwide GDP as published by the WTO (2.9%), net of average inflation as published by the ECB (1.9%). The discount rate applied to cash flow projections is 8.8% for Europe, 9.3% for NAFTA and 9.2% for Asia / Pacific and rest of world (PY: 9.6% for Group). The pre-tax discount rates are 11.5% for Europe, 13.6% for NAFTA and 12.0% for Asia / Pacific and rest of world (PY: 13.1% for Group).

Group management believes that the overall economic situation and the position of the Group have improved since the Group was acquired 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 reduction as a result of the refinancing and the acquisition by Servus HoldCo in fiscal year 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 have improved and will potentially have a positive effect on the Group's cash needs in the medium term.

The following table shows the required changes to selected key figures required for the respective recoverable amounts to equal it's carrying amount. In management's view this change is not reasonably possible.

Goodwill sensitivity analysis

T _ 038

IN PERCENT	Sept. 30, 2014 Change required for carrying amount to equal recoverable amount		
	Europe	NAFTA	Asia / Pacific and RoW
Discount rate (post-tax)	9.5	11.0	8.8
Budgeted Gross margin reduction to plan	(6.0)	(6.6)	(7.2)
Sustainable growth rate after 5 year period	(12.8)	(100.0)	(100.0)

14 Other intangible assets

Other intangible assets are presented in the following table.

Intangible assets

T_039

IN € THOUSANDS	Develop-ment cost	Develop-ment cost under construction	Software	Patents	Customer relation-ship	Tech-nology	Trade name	Total
Gross value								
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**
Foreign currency difference	454	400	94	20	–	–	–	968
Additions	3,934	10,027	433	–	–	–	–	14,394
Disposals	–	–	(26)	–	–	–	–	(26)
Reclassifications	11,583	(12,054)	479	27	–	–	–	35
Balance as of Sept 30, 2014	**68,897**	**21,229**	**4,902**	**1,315**	**83,683**	**58,132**	**13,246**	**251,404**
Accumulated amortization								
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)**
Foreign currency difference	(218)	–	(87)	(19)	–	–	–	(324)
Amortization expense	(8,280)	–	(1,051)	(57)	(3,487)	(5,479)	(735)	(19,089)
Impairment loss	(776)	–	–	–	–	–	–	(776)
Disposals	–	–	26	–	–	–	–	26
Balance as of Sept 30, 2014	**(31,894)**	**–**	**(3,815)**	**(1,070)**	**(15,691)**	**(24,652)**	**(3,311)**	**(80,433)**
Carrying amount								
Balance as of Sept 30, 2013	**30,306**	**22,856**	**1,219**	**274**	**71,479**	**38,959**	**10,670**	**175,763**
Balance as of Sept 30, 2014	**37,003**	**21,229**	**1,087**	**245**	**67,992**	**33,480**	**9,935**	**170,971**

During the fiscal year, costs of €13,961 thousand (PY: €13,814 thousand) were capitalized for development projects that were incurred in the product and material development areas. Systematic amortization of capitalized internal development projects amounted to €8,280 thousand (PY: €6,876 thousand). The borrowing costs capitalized during the period amounted to €1,062 thousand (PY: €1,065 thousand). A capitalization rate of 7.75% (PY: 7.75%) 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:

Amortization expense for intangible assets T_040

	Year ended Sept 30,	
IN € THOUSANDS	**2014**	2013
Cost of sales	(6,495)	(6,422)
Research and development expenses	(9,036)	(8,067)
Selling expenses	(3,532)	(3,555)
Administrative expenses	(802)	(872)
Amortization expense (including impairment loss)	**(19,865)**	**(18,916)**

Amortization expenses on development costs include impairment losses of €776 thousand (PY: €1,227 thousand) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

Contractual commitments for the acquisition of intangible assets amount to €1,388 thousand (PY: €562 thousand).

15 Other financial assets

Other financial assets T_041

	Sept 30, 2014			Sept 30, 2013		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Loan to shareholder	–	–	–	–	77,134	77,134
Derivative instruments	15,422	–	15,422	10,845	–	10,845
Other miscellaneous	2,882	–	2,882	–	–	–
Other financial assets	**18,304**	**–**	**18,304**	**10,845**	**77,134**	**87,979**

LOAN TO SHAREHOLDER

Using the proceeds from issuance of the senior secured notes in June 2013, the Stabilus Group provided a €80,014 thousand loan to its sole shareholder. According to the upstream loan agreement dated June 7, 2013 and an amendment agreement dated June 28, 2013, the upstream shareholder loan was to mature on June 7, 2018. No interest accrued or was payable on or in respect of this loan. On the maturity date, a premium of 61.051% was 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, could be repaid prior to the maturity date. The loan to shareholder was measured at amortized cost according to the effective interest method. The effective interest was 11.52%.

As part of the IPO reorganization, the upstream shareholder loan was derecognized, following the distribution of Company's equity interest in Servus II (Gibraltar) Limited which held the upstream shareholder loan receivable.

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 fiscal year ended September 30, 2014 amounting to €4,576 thousand (PY: €1,396 thousand) is included in the Group's income statement as finance income, since derivatives are measured at fair value through profit and loss upon initial recognition. See also Note 8.

The increase (decrease) in the interest rates by 0.5% would lead to an increase (decrease) of the fair value of embedded derivatives by €1,240 thousand (€1,411 thousand). The increase (decrease) in the interest rates by 1.0% would lead to an increase (decrease) of the fair value of embedded derivatives by €2,327 thousand (€3,045 thousand).

OTHER MISCELLANEOUS

Other miscellaneous financial assets relate to the sale of receivables program that was started in March 2014.

16 Other assets

Other assets

T_042

IN € THOUSANDS	Sept 30, 2014			Sept 30, 2013		
	Current	Non-current	Total	Current	Non-current	Total
VAT	2,643	–	2,643	6,514	–	6,514
Prepayments	1,175	158	1,333	892	144	1,036
Deferred charges	2,679	–	2,679	1,449	–	1,449
Other miscellaneous	2,475	944	3,419	4,525	880	5,405
Other assets	**8,972**	**1,102**	**10,074**	**13,380**	**1,024**	**14,404**

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

17 Inventories

Inventories

T_043

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013
Raw materials and supplies	24,519	23,809
Finished products	10,455	10,053
Work in progress	8,639	7,511
Merchandise	5,927	4,690
Inventories	**49,540**	**46,063**

Inventories that are expected to be turned over within twelve months amount to €49,540 thousand (PY: €46,063 thousand). Write-downs on inventories to net realizable value amount to €5,705 thousand (PY: €3,421 thousand). In the reporting period raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to €239,206 thousand (PY: €201,412 thousand).

The Stabilus Group's prepayments for inventories amounting to €1,063 thousand (PY: €675 thousand) are included in prepayments in other current assets.

18 Trade accounts receivable

Trade accounts receivable include the following items:

Trade accounts receivable

T_044

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013
Trade accounts receivable	58,068	69,362
Allowance for doubtful accounts	(1,571)	(1,586)
Trade accounts receivable	**56,497**	**67,776**

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 Group 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:

Allowance for doubtful accounts

T_045

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013
Allowance for doubtful accounts as of beginning of fiscal year	**(1,586)**	**(1,863)**
Foreign currency differences	(38)	73
Increase in the allowance	(232)	(83)
Decrease in the allowance	285	287
Allowance for doubtful accounts as of fiscal year-end	**(1,571)**	**(1,586)**

Trade accounts receivable decreased in the fiscal year ended September 30, 2014 mainly due to the sale of receivables to a factor.

19 Current tax assets

Current tax assets are measured at the amount expected to be recovered from the taxation authorities when the amount already paid in respect of current and prior periods exceeds the amount due for those periods.

20 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks, i.e. liquid funds and demand deposits. As of September 30, 2014, it amounted to €33,494 thousand (PY: €21,819 thousand). Cash in banks earned interest at floating rates based on daily bank deposit rates.

21 Equity

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

Issued capital

Issued capital as of September 30, 2014 amounted to €207 thousand (Sept 30, 2013: €5,013 thousand) and was fully paid in. It is divided into 20,723,256 shares with a nominal value of €0.01 each.

According to the shareholder resolution dated May 5, 2014, the issued capital of the Company was reduced by €4,836 thousand. The Company's issued capital was brought from an amount of €5,013 thousand (divided into 501,250,001 shares having a nominal value of €0.01) to an amount of €177 thousand (divided into 17,700,000 shares having a nominal value of €0.01) by way of cancellation of 483,550,001 shares and allocation of an aggregate amount of €4,836 thousand to a newly created distributable reserve of the Company.

On May 27, 2014, the number of shares was increased by 3,023,256 shares (having a nominal value of €0.01) leading to an increase in the issued capital by €30 thousand. The total proceeds from this capital increase amounted to €65,000 thousand; a share premium of €64,970 thousand is included in capital reserves.

The authorized capital of the Company is set at €315 thousand represented by maximum of 31,500 thousand shares, each with a nominal value of €0.01.

Capital reserves

Capital reserves as of September 30, 2014 amounted to €73,091 thousand (Sept 30, 2013: €74,403 thousand) and contained premiums received for the issuance of shares of €64,970 thousand, a distributable reserve of €4,836 thousand and other capital contributions by owners of €3,286 thousand. The capital reserves were presented as "additional paid-in capital" in the previous financial statements. The presentation, i.e. the name, of this balance sheet item was changed to "capital reserves" since it is more appropriate for the nature and composition of this line item.

Prior to the IPO and immediately following the IPO the Group structure was reorganized (hereinafter also referred to as "IPO reorganization"). As a result, the equity upside-sharing instruments (EUSIs) and the upstream loan to the shareholder were extinguished and are no longer recognized on the Group's balance sheet. As part of this reorganization, and following the transfer of the external EUSIs to the shareholder, the owners contributed €10,020 thousand to the capital reserves of the Group which, considering the opening balance of €74,403 thousand and a distribution of €81,137 thousand, results in a closing balance of €3,286 thousand.

The Company's equity interest in Servus II (Gibraltar) Limited which held the upstream shareholder loan receivable with a carrying amount of €81,137 thousand was distributed to the shareholder Servus Group Holdco S.à r.l., Luxembourg. This distribution resulted in a dividend per share of €3.92. In the prior year a cash dividend of €150 thousand was distributed to the shareholder which equals a dividend per share of €0.01.

Retained earnings

Retained earnings as of September 30, 2014 amounted to €7,920 thousand (Sept 30, 2013: €(991) thousand) and included Group's net result in the fiscal year 2014 amounting to €10,086 thousand and expenses for the initial public offering of €(1,175) which were recognized directly in equity.

Other reserves

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

Other comprehensive income / (expense) T_046

	Year ended Sept 30, 2014				
IN € THOUSANDS	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
Unrealized gains / (losses) from foreign currency translation	(422)	–	(422)	–	(422)
Unrealized actuarial gains / (losses)	(9,207)	2,763	(6,444)	–	(6,444)
Other comprehensive income / (expense) for the period	**(9,629)**	**2,763**	**(6,866)**	**–**	**(6,866)**

	Year ended Sept 30, 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 / (expense) for the period	**3,145**	**–**	**3,145**	**–**	**3,145**
Unrealized actuarial gains / (losses)[1)]	(960)	289	(671)	–	(671)
Other comprehensive income / (expense) for the period adjusted	**2,185**	**289**	**2,474**	**–**	**2,474**

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

22 Financial liabilities

The financial liabilities comprise following items:

Financial liabilities T _ 047

	Sept 30, 2014			Sept 30, 2013		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Notes	5,789	256,556	262,345	7,663	311,797	319,460
EUSIs	–	–	–	–	3,300	3,300
Financial liabilities	**5,789**	**256,556**	**262,345**	**7,663**	**315,097**	**322,760**

SUPER SENIOR REVOLVING CREDIT FACILITY

On June 7, 2013, Stabilus (former 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 facilities 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 was 3.75% per annum and from June 2014 on it is 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 Stabilus (former 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.

As of September 30, 2014, the Group has no outstanding financial liabilities under the revolving credit facility.

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 Group 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 and no 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 and no 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 15 and 31.

The principal amount of the senior secured notes as of September 30, 2014 amounted to €256,123 thousand. It decreased in the third quarter of the fiscal year 2014 from €315,000 thousand to €256,123 thousand due to early redemption of senior secured notes amounting to €58,877 thousand on June 5, 2014.

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, 2014, a total of €199,525 thousand (PY: €198,084 thousand) of financial assets had been pledged as collateral, excluding values for pledged shares.

The notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

EQUITY UPSIDE-SHARING INSTRUMENTS (EUSIS)

As part of the IPO reorganization, the equity upside-sharing instruments (EUSIs) were extinguished and will no longer be recognized on the Group's balance sheet.

Equity upside-sharing instruments (EUSIs) comprised 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 (predecessor of Stabilus S.A.). The purchase of these debt instruments was reimbursed to the lenders, represented by the PPL agent (JP Morgan Limited), by issuing 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 could be triggered by the management of Servus HoldCo.

The uniform conditions of these PPL instruments were as follows:

PPL conditions

T_048

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 owner of the PPL 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 S.à r.l. as lender and Stable Beteiligungs GmbH concluded a new loan (Senior EUR loan) with a notional value of €118,374,107.19 and US$14,950,327.44 (maturity: April 8, 2043). Furthermore, Stable II S.à r.l. granted 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, received 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 S.à r.l. as lender and Stable HoldCo Inc. concluded 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 S.à r.l. granted 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 received 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 S.à r.l. as lender and Stable Beteiligungs GmbH concluded a new loan (Mezz Loan) with a principal value of €92,184,426.09 (maturity: April 8, 2043). Furthermore, Stable II S.à r.l. granted 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, received 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 S.à r.l., and Servus HoldCo. In return for the purchase of the original ETL, the lenders, represented by the PPL agent, granted 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 S.à r.l. and Servus HoldCo, to PECs. In return for the purchase of the IFPECS by Servus HoldCo, the lenders, represented by the PPL agent, received 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 did not have a nominal value, did not accrue interest and did not have a maturity date. Payments on the mezzanine warrants would become due upon the occurrence of an exit, which is not a result of distressed disposal, and are expressed as a percentage of the applicable exit proceeds. The mezzanine warrants were unsecured and under certain circumstances, there might have been a turnover between the mezzanine warrant and the other outstanding PPLs described above.

23 Other financial liabilities

Other financial liabilities

T_049

IN € THOUSANDS	Sept 30, 2014 Current	Sept 30, 2014 Non-current	Sept 30, 2014 Total	Sept 30, 2013 Current	Sept 30, 2013 Non-current	Sept 30, 2013 Total
Liabilities to employees	4,120	–	4,120	4,519	–	4,519
Social security contribution	1,701	–	1,701	1,539	–	1,539
Finance lease obligation	536	960	1,496	1,167	1,472	2,639
Liabilities to related parties	3	–	3	1,661	–	1,661
Other financial liabilities	**6,360**	**960**	**7,320**	**8,886**	**1,472**	**10,358**

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.

24 Provisions

Provisions

T_050

IN € THOUSANDS	Sept 30, 2014 Current	Sept 30, 2014 Non-current	Sept 30, 2014 Total	Sept 30, 2013 Current	Sept 30, 2013 Non-current	Sept 30, 2013 Total
Anniversary benefits	–	295	295	–	551	551
Early retirement contracts	–	3,372	3,372	–	5,913	5,913
Employee-related costs	3,575	–	3,575	4,160	–	4,160
Environmental protection	730	–	730	915	–	915
Other risks	578	–	578	565	–	565
Legal and litigation costs	135	–	135	138	–	138
Warranties	2,338	–	2,338	6,057	–	6,057
Other miscellaneous	1,195	393	1,588	2,073	573	2,646
Provisions	**8,551**	**4,060**	**12,611**	**13,908**	**7,037**	**20,945**

The non-current provisions developed as follows:

Changes of non-current provisions T_051

IN € THOUSANDS	Anniversary benefits	Early retirement	Other Miscellaneous	Total
Balance as of Sept 30, 2012	**767**	**9,037**	**602**	**10,406**
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**
Foreign currency differences	1	(3)	27	25
Costs paid	(237)	(2,377)	–	(2,614)
Release to income	(20)	(161)	(242)	(423)
Additions	–	–	35	35
Balance as of Sept 30, 2014	**295**	**3,372**	**393**	**4,060**

Discount rate applied ranges from 0.75% to 1.25% (PY: 1.10% to 1.66%).

The development of current provisions is set out in the table below:

Changes of current provisions T_052

IN € THOUSANDS	Employee-related costs	Environmental protection measures	Other risks	Legal and litigation costs	Warranties	Other Miscellaneous	Total
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)
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**
Foreign currency differences	(70)	43	30	(3)	(103)	(35)	(138)
Costs paid	(3,514)	(228)	–	–	(2,241)	(2,026)	(8,009)
Release to income	–	–	(17)	–	(1,485)	(14)	(1,516)
Additions	2,999	–	–	–	110	1,197	4,306
Balance as of Sept 30, 2014	**3,575**	**730**	**578**	**135**	**2,338**	**1,195**	**8,551**

The provision for employee-related expenses comprises employee bonuses and termination benefits.

The provision for environmental protections measures relate to the 1985 vacated former Stabilus Inc US site in Colmar, PE, USA at the North Penn Area 5. In the meantime this North Penn Area 5 has been identified by the United States Environmental Protection Agency (EPA) as an area requiring environmental remediation. In 2011 the EPA has contacted seven company in the North Penn Area 5 as potential responsible parties for cost shareing, Stabilus being one of them. The Group is currently unable to develop a reasonable estimate of its share of the ultimate obligation as cost apportionment method of the EPA and Stabilus insurance reimbursement are unclear at this point in time. As such no liability for a EPA reimbursement has been reflected in the balance sheet as of September 30, 2014. An estimated liability for bioremediation has been recorded by the Group in the balance sheet as of September 30, 2014.

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.

25 Pension plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

Pension plans and similar obligations

T_053

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013[1]
Principal pension plan	47,877	38,671
Deferred compensation	476	452
Pension plans and similar obligations	**48,353**	**39,123**

[1] adjusted according to IAS 19 (revised)

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 €47,877 thousand (PY: €38,671 thousand) result from unfunded accumulated benefit obligations, which increase being primarily due to lower actuarial interest rates.

As of December 21, 2010, in order to free the Group of future liquidity risks, the Group's pension policies for Germany were 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 introduced a defined contribution plan in which direct payments to an external insurer are made which disburdens the group of future cash disbursements.

The weigthed average duration of the defined benefit obligations in the fiscal year 2014 is 16.8 years (PY: 16.8 years).

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, 2014 amounts to €476 thousand (PY: €452 thousand).

The **unfunded status** is as follows:

Unfunded status

T_054

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013
Present value of unfunded defined benefit obligations	48,353	39,123
Less: Fair value of plan assets	–	–
Unfunded status	**48,353**	**39,123**

The **present value** of the defined benefit obligation developed as follows:

Present value of defined benefit obligations

T_055

IN € THOUSANDS	Year ended Sept 30, 2014	2013[1]
Present value of defined benefit obligations as of beginning of fiscal year	**39,123**	**38,066**
Service cost	48	54
Interest cost	1,382	1,459
Demographic assumptions	–	–
Financial assumptions	8,292	1,232
Experience assumptions	914	(308)
Actuarial (gains) / losses	9,206	924
Pension benefits paid	(1,406)	(1,381)
Present value of defined benefit obligations as of fiscal year-end	**48,353**	**39,123**

[1] adjusted according to IAS 19 (revised)

The **pension cost** in the consolidated statement of comprehensive income includes the following expenses for defined benefit plans:

Pension cost for defined benefit plans

T_056

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Service cost	48	54
Interest cost	1,382	1,459
Pension cost for defined benefit plans	**1,430**	**1,513**

The present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows:

Present value of the defined benefit obligation and the experience adjustments on the plan liabilities

T_057

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)
Sept 30, 2014	48,353	914

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:

Significant factors for the calculation of pension obligations T _ 058

IN % P. A.	Sept 30, 2014	Sept 30, 2013
Discount rate	2.40%	3.60%
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.

SENSITIVITY ANALYSIS

If the discount rate were to differ by + 0.5% / – 0.5% from the interest rate used at the balance sheet date, the defined benefit obligation for pension benefits would be an estimated €3,753 thousand lower or €4,274 thousand higher. If the future pension increase used were to differ by + 0.2% / – 0.2% from management's estimates, the defined benefit obligation for pension benefits would be an estimated €1,190 thousand higher or €1,146 thousand lower. The reduction / increase of the mortality rates by 2 years results in an increase / deduction of life expectancy depending on the individual age of each beneficiary. The effects on the DBO as of September 30, 2014 due to a 2 year reduction / increase of the live expectancy would result in a decrease of €2,020 thousand or an increase of €2,097 thousand.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognized in the Consolidated Statement of Financial Position. Increases and decreases in the discount rate or the rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Expected pension benefit payments for the fiscal year 2015 will amount to €1,764 thousand (PY: €1,620 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 €7,325 thousand (PY: €6,859 thousand).

26 Trade accounts payable

Trade accounts payable amount to €53,724 thousand (PY: €44,977 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 32.

27 Current tax liabilities

The current tax liabilities relate to income and trade taxes.

28 Other liabilities

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

Other current liabilities T_059

IN € THOUSANDS	Sept 30, 2014	Sept 30, 2013
Advanced payments received	456	339
Vacation expenses	2,169	2,100
Other personnel-related expenses	5,463	4,727
Outstanding costs	2,764	3,523
Miscellaneous	127	184
Other current liabilities	**10,979**	**10,873**

29 Leasing

OPERATING LEASE

The Group entered 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:

Operating lease

T_060

IN € THOUSANDS	Minimum lease payments in year ended Sept 30, 2014	2013
within one year	4,429	3,849
after one year but not more than five years	11,193	7,164
more than five years	205	189
Total	**15,827**	**11,202**

The increase in total minimum lease payments in the next five years is primarily due to the expansion of our rented production facilities in China. Current period expense for operating leases amounts to €5,205 thousand (PY: €4,870 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. As of the balance sheet date, the carrying amount of the underlying asset amounts to €2,059 thousand (PY: €2,543 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:

Finance lease of a production line

T_061

	Sept 30, 2014		Sept 30, 2013	
IN € THOUSANDS	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
within one year	350	319	999	958
after one year but not later than five years	0	0	350	319
more than five years	–	–	–	–
Total	**350**	**319**	**1,349**	**1,277**

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 the Stabilus Group 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 €1,138 thousand (PY: €1,204 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.

Finance lease of a production facility T_062

	Sept 30, 2014		Sept 30, 2013	
IN € THOUSANDS	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
within one year	191	185	192	186
after one year but not later than five years	759	613	761	614
more than five years	623	404	812	505
Total	**1,573**	**1,202**	**1,765**	**1,305**

The payments for finance leases in the fiscal year ended September 30, 2014 amounted to €1,191 thousand (PY: €1,792 thousand). No contingent rents have been recognized as an expense during the period.

30 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.

In regards to a potential contingent obligation in the EPA Colmar please see Note 24.

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 initial rental agreement has a contract period of seven years which has been extended. 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 and a bond indenture. 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 favor 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, 2014 amounted to €20,970 thousand (PY: €14,205 thousand).

Nominal values of other financial commitments are as follows:

Financial commitments T_063

	Sept 30, 2014			
IN € THOUSANDS	less than 1 year	1 to 5 years	more than 5 years	**Total**
Capital commitments for tangible and other intangible assets	5,143	–	–	5,143
Obligations under rental and leasing agreements	4,429	11,193	205	15,827
Total	**9,572**	**11,193**	**205**	**20,970**

	Sept 30, 2013			
IN € THOUSANDS	less than 1 year	1 to 5 years	more than 5 years	Total
Capital commitments for tangible 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**

31 Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments

T_064

IN € THOUSANDS	Measurement category acc. to IAS 39	Sept 30, 2014 Carrying amount	Sept 30, 2014 Fair value	Sept 30, 2013 Carrying amount	Sept 30, 2013 Fair value
Trade accounts receivables	LaR	56,497	56,497	67,776	67,776
Cash	LaR	33,494	33,494	21,819	21,819
Loan to shareholder	LaR	–	–	77,134	81,018
Derivative instruments	FAFV	15,422	15,422	10,845	10,845
Other miscellaneous	LaR	2,882	2,882	–	–
Other financial assets	LaR / FAFV	18,304	18,304	87,979	91,863
Total financial assets		**108,295**	**108,295**	**177,574**	**181,458**
Senior secured notes	FLAC	262,345	273,437	319,460	321,624
EUSIs	FLAC	–	–	3,300	4,568
Financial liabilities	FLAC	262,345	273,437	322,760	326,192
Trade accounts payable	FLAC	53,724	53,724	44,977	44,977
Finance lease liabilities	–	1,496	1,521	2,639	2,582
Liabilities to related parties	FLAC	3	3	1,661	1,661
Other financial liabilities	FLAC / –	1,499	1,524	4,300	4,243
Total financial liabilities		**317,568**	**328,685**	**372,037**	**375,412**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		92,873	92,873	166,729	170,613
Financial assets at fair value through profit and loss (FAFV)		15,422	15,422	10,845	10,845
Financial liabilities measured at amortized cost (FLAC)		316,072	327,164	369,398	372,830

D | ADDITIONAL INFORMATION

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).

Fair value hierarchy of financial instruments

T_065

IN € THOUSANDS	Sept 30, 2014 Total	Level 1[1]	Level 2[2]	Level 3[3]
Financial assets				
Loan to shareholder	–	–	–	–
Derivative instruments	15,422	–	15,422	–
Financial liabilities				
Senior secured notes	273,437	273,437	–	–
EUSIs	–	–	–	–
Finance lease liabilities	1,521	–	–	1,521

IN € THOUSANDS	Sept 30, 2013 Total	Level 1[1]	Level 2[2]	Level 3[3]
Financial assets				
Loan to shareholder	81,018	–	–	81,018
Derivative instruments	10,845	–	10,845	–
Financial liabilities				
Senior secured notes	321,624	321,624	–	–
EUSIs	4,568	–	–	4,568
Finance lease liabilities	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 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 changed.

- 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 of the notes quoted on the Luxembourg Stock Exchange at the reporting date.

The finance lease contracts include fixed-interest rates. Therefore, the fair value of finance lease liabilities (categorized as Level 3 in the fair value hierachy table) are not exposed to interest risk through fluctuation.

The **net gains and losses** on financial instruments result in the fiscal year ended September 30, 2014 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 gain (PY: loss) amounted to €6,034 thousand (PY: €(7,154) thousand). The gains from changes in fair value of derivative instruments amounted to €4,576 thousand (PY: €1,396 thousand). The gains from changes in carrying amount of financial assets amounted to €5,714 thousand (PY: 2,761 thousand).

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 comparable market instrument on each potential exercise date and will rise if the relevant interest rate declines and vice versa.

32 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 behavior. Control impulses for the individual companies are derived from this. Customer behavior is ascertained and analyzed 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 derivative financial instruments as of September 30, 2014, apart from the derivatives embedded in the bond indenture which was concluded on June 7, 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:

Credit risk included in financial assets

T_066

	Sept 30, 2014						
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	48,263	5,930	729	–	1,274	301	56,497
Derivative instruments	15,422	–	–	–	–	–	15,422
Other miscellaneous	2,882	–	–	–	–	–	2,882
Total	**66,567**	**5,930**	**729**	**–**	**1,274**	**301**	**74,801**

	Sept 30, 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**

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 forecast cash flows at regular intervals.

The following maturities summary shows how cash flows from the Group's liabilities as of September 30, 2014 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.

Liquidity outflows for liabililties T _ 067

IN € THOUSANDS	Senior secured notes	Finance lease	Trade accounts payable	Total
2015	(19,850)	(541)	(53,724)	(74,115)
2016	(19,850)	(191)	–	(20,041)
2017	(19,850)	(190)	–	(20,040)
2018	(269,719)	(189)	–	(269,908)
2019	–	(189)	–	(189)
after 2019	–	(623)	–	(623)
Total	**(329,269)**	**(1,923)**	**(53,724)**	**(384,916)**

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: €25.0 million) to reduce liquidity risks.

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, 2014, 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.

A 1% increase / decrease in value of US dollar compared to euro would lead to an increase / decrease of EBIT of approximately €0.3 million.

Interest rate risk

The Group is exposed to interest rate risks, which mainly relate to debt obligations, as the Group borrows funds at fixed and to a minor extent at 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, 2014 are fixed.

An increase / decrease of floating interest rates has an immaterial effect to the interest income and expense of the Group.

33 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, 2014 is calculated as follows:

Equity ratio

T _ 068

IN € THOUSANDS	Year ended Sept 30, 2014	2013[1]
Equity	76,123	80,331
Total assets	520,302	589,288
Equity ratio	14.6%	13.6%

[1] adjusted according to IAS 19 (revised)

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. The Stabilus Group therefore aims to increase its earnings and to generate cash flows in order to reduce its financial liabilities.

34 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 financing 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 €30,113 thousand (PY: €9,177 thousand) are taken into account in the cash outflows from financing activities. Income tax payments of €7,065 thousand (PY: €5,663 thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

35 Segment reporting

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are Europe, NAFTA and Asia / Pacific including the 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 fiscal years ended September 30, 2014 and 2013 is as follows:

Segment reporting T_069

	Europe		NAFTA		Asia / Pacific and RoW	
	Year ended Sept 30,		Year ended Sept 30,		Year ended Sept 30,	
IN € THOUSANDS	2014	2013	2014	2013	2014	2013
External revenue[1]	267,271	244,629	176,817	157,908	63,245	57,566
Intersegment revenue[1]	23,480	28,680	2,519	2,364	123	57
Total revenue[1]	290,751	273,309	179,336	160,272	63,368	57,623
EBITDA	39,591	45,931	20,045	18,520	11,669	11,406
Depreciation and amortization	(19,512)	(20,528)	(6,175)	(6,427)	(1,971)	(1,941)
Adjusted EBITDA	57,542	54,573	22,813	20,975	12,130	11,497

	Total segments		Other / Consolidation		Stabilus Group	
	Year ended Sept 30,		Year ended Sept 30,		Year ended Sept 30,	
IN € THOUSANDS	2014	2013	2014	2013	2014	2013
External revenue[1]	507,333	460,103	–	–	507,333	460,103
Intersegment revenue[1]	26,122	31,101	(26,122)	(31,101)	–	–
Total revenue[1]	533,455	491,204	(26,122)	(31,101)	507,333	460,103
EBITDA	71,305	75,857	–	–	71,305	75,857
Depreciation and amortization	(27,658)	(28,896)	(12,452)	(11,765)	(40,110)	(40,661)
Adjusted EBITDA	92,485	87,045	–	–	92,485	87,045

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

The EBITDA of operating segment Europe in the fiscal year ended September 30, 2014 included an impairment loss of €776 thousand (PY: €1,227 thousand). 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.

Reconciliation of the total segments' profit to profit / (loss) before income tax

T_070

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Total segments' profit (adjusted EBITDA)	**92,485**	**87,045**
Other / consolidation	–	–
Group adjusted EBITDA	**92,485**	**87,045**
Adjustments to EBITDA	(21,180)	(11,188)
EBITDA	**71,305**	**75,857**
Depreciation and amortization	(40,110)	(40,661)
Profit from operating activities (EBIT)	**31,196**	**35,196**
Finance income	17,451	5,463
Finance costs	(38,775)	(46,525)
Profit / (loss) before income tax	**9,872**	**(5,866)**

The adjustments to EBITDA include IPO, bond issuance, tax audit, launch / startup and reorganization related advisory expenses and pension interest. The information about geographical areas is set out in the following tables:

Geographical information: revenue by country

T_071

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Germany	232,495	219,564
Romania	34,776	25,065
Europe	**267,271**	**244,629**
USA	80,513	80,222
Mexico	96,305	77,687
NAFTA	**176,817**	**157,908**
Brazil	7,952	10,242
Australia	5,476	6,563
New Zealand	1,647	1,437
South Korea	10,633	8,921
Japan	3,931	2,841
China	33,607	27,562
Asia / Pacific and rest of world	**63,245**	**57,566**
Revenue[1]	**507,333**	**460,103**

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

Geographical information: non-current assets by country T _ 072

IN € THOUSANDS	Year ended Sept 30, 2014	2013
Luxembourg	873	936
Germany	159,117	166,836
UK	92	100
Spain	3,595	3,720
France	5	5
Romania	18,051	16,746
Gibraltar	–	–
Switzerland	71	70
Goodwill	27,787	–
Europe	**209,591**	**188,413**
USA	43,245	45,079
Mexico	27,326	26,093
Goodwill	13,379	–
NAFTA	**83,950**	**71,172**
Brazil	2,579	2,676
Australia	1,083	1,091
New Zealand	342	360
South Korea	6,623	6,024
Japan	520	534
China	28,193	22,793
Goodwill	10,292	–
Asia / Pacific and rest of world (RoW)	**49,632**	**33,478**
Goodwill on group level	–	51,458
Total	**343,173**	**344,521**

The non-current assets above exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts. As disclosed in the table above goodwill has been allocated to our operating segments in the fiscal year 2014.

In the current and in the previous fiscal year, we had two customers who accounted for at least 10% of our total external revenue. The total revenue with these customers were €54,767 thousand and €52,506 thousand in the fiscal year ending September 30, 2014 (PY: €53,913 thousand and €46,503 thousand respectively). In both periods such revenue was generated in all three segments.

36 Share-based payment

The variable compensation for the members of the Management Board includes a matching stock program. The matching stock program provides for four annual tranches granted each year during the fiscal year ending September 30, 2014 until September 17, 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 the matching stock program A (the "MSP A") for each share the Management Board invests in the Company in the specific year (subject to general cap), the Management Board members receive a certain number of fictitious 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 time 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 fictitious options for a certain tranche. The fictitious 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 fictitious 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 fictitious options for a certain tranche. The fictitious 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 10% and 50% growth over the base price, which is the share price on the grant date. If exercised, the fictizious options are transformed into a gross amount equaling the difference between the option price and the relevant stock price multiplied by the number of exercised fictitious 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 fictitious 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.

As of the date of this report no stock options have been granted according to this program.

37 Auditor's fees

Auditor's fees

T_073

IN € THOUSANDS (EXCLUDING VAT)	Year ended Sept 30, 2014	2013
Audit fees	618	530
Audit related fees	929	839
Tax fees	–	–
Other fees	–	–
Total	**1,547**	**1,369**

For fiscal year ended September 30, 2014, a global fee (excluding VAT) of €618 thousand (PY: 530 thousand) was agreed for the audit of the consolidated and annual financial statements of the Stabilus entities. 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, excluding VAT, €929 thousand (PY: €839 thousand), which relate to the initial public offering of the Stabilus shares (PY: issuance of senior secured notes).

38 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.

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 Stabilus, a seat on the management board of Stabilus or another key position.

Following the IPO on May 23, 2014 the shareholder structure of Stabilus changed. Related parties of the Stabilus Group in accordance with IAS 24 primarily comprise the prior to the IPO sole shareholder Servus Group HoldCo II and the Stabilus Group management which also holds an investment in the Company.

To fund working capital requirements of the Company and Stable II S.à r.l. in the previous years, the shareholder Servus Group HoldCo II provided a working capital loan amounting to €1,661 thousand as of September 30, 2013. This loan was fully redeemed in the third quarter of fiscal year 2014. As of September 30, 2014 the Group has a liability to Servus II (Gibraltar) Limited amounting to €3 thousand; as of September 30, 2013 Servus II (Gibraltar) Limited was part of the Stabilus Group. See also Note 23.

The loan the Group has provided to the shareholder Servus Group HoldCo II in fiscal year 2013 amounting to €80,014 thousand (principal amount) was derecognized from the Group's balance sheet following the distribution of the Company's equity interest in Servus II (Gibraltar) Limited which was the holder of the upstream shareholder loan receivable. See also Note 15.

39 Remuneration of key management personnel

The key management personnel are the members of the management board Dietmar Siemssen (CEO), Mark Wilhelms (CFO), Bernd-Dietrich Bockamp (Director Group Accounting) and Andreas Schröder (Group Financial Reporting) as well as Hans-Josef Hosan (CTO) and Ansgar Krötz (COO). 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 €6,705 thousand (PY: €2,375 thousand) classified as short-term employee benefits and €33 thousand (PY: €33 thousand) classified as post-employment benefits. The short-term employee benefits include €3.979 thousand IPO Bonus related payments which were largely reinvested in Stabilus stock in the fiscal year 2014.

Management holds interest in Stabilus S.A. directly of about 1% of the total shares. Management further holds indirect participations in Stabilus S.A. via partnerships under the German Civil Code (GbRs). In each case resulting in less than 1.5% economical interest in Stabilus S.A. Certain Supervisory board members participate as well in the partnership, in each case below 1.5% economical interest in Stabilus S.A.

The management participation program is designed to carry out an exit via 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 Stabilus S.A.

The total remuneration to the members of the supervisory board amounts to €146 thousands (PY: € –).

40 Subsequent events

The Group evaluates the opportunity to benefit of the current low financing cost through a new refinancing.

As of November 28, 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 September 30, 2014.

Luxembourg, November 28, 2014

Stabilus S.A.

Management Board

RESPONSIBILITY STATEMENT

We, Dietmar Siemssen (Chief Executive Officer), Mark Wilhelms (Chief Financial Officier), Bernd-Dietrich Bockamp (Director Group Accounting) and Andreas Schröder (Group Financial Reporting Director), confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Stabilus S.A. and the undertakings included in the consolidation taken as a whole and that the Management report includes a fair review of the development and performance of the business and the position of Stabilus S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, November 28, 2014

Dietmar Siemssen Mark Wilhelms Bernd-Dietrich Bockamp Andreas Schröder

Management Board

MANAGEMENT AND SUPERVISORY BOARD OF STABILUS S.A.

The Management Board comprises four members:

Dietmar Siemssen (Chairman) is the Chief Executive Officer and was appointed to the Management Board in 2014 as well as the chairman of the 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. He holds a degree in mechanical engineering and business administration. Mr. Siemssen also holds further management positions within the Stabilus Group.

Mark Wilhelms is the Chief Financial Officer and was appointed to the Management Board in 2014. 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 also holds further management positions within the Stabilus Group.

Bernd-Dietrich Bockamp is the Director Group Accounting and was appointed to the Management Board in 2014. 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 also holds further management positions within the Stabilus Group.

Andreas Schröder is the Group Financial Reporting Director and was appointed to the Management Board in 2014. 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 also holds further management positions within the Stabilus Group.

The Supervisory Board comprises four members:

Udo Stark serves as a member of the Supervisory Board since 2014 as well as the chairman of the Supervisory Board. He 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 serves as a member of the Supervisory Board since 2014. He 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.

Dr. Stephan Kessel serves as a member of the Supervisory Board since 2014. He 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.

Andi Klein serves as a member of the Supervisory Board since 2014. He 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.).

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
Stabilus S.A.
2, rue Albert Borschette,
L-1246 Luxembourg

Report of the réviseur d’entreprises agréé

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Following our appointment by the Extraordinary General Meeting of the Shareholders dated May 5, 2014, we have audited the accompanying consolidated financial statements of Stabilus S.A and its subsidiaries (the ”Group”), which comprise the consolidated statement of financial position as at September 30, 2014 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 as set out on pages 45 to 115.

Management Board's responsibility for the consolidated financial statements
The Management Board 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 Management Board 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 Management Board, 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.

Opinion

In our opinion, the consolidated financial statements as set out on pages 45 to 115 give a true and fair view of the consolidated financial position of Stabilus S.A. as of September 30, 2014, 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, including the corporate governance statement, which is the responsibility of the Management Board, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, December 1, 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Ph. Meyer

D

ADDITIONAL INFORMATION

STAB-O-MAT®

Swivel Chair Gas Spring has you sitting pretty in any Position. To provide you with a targeted, fast selection, Stabilus offers the ready-to-install STAB-O-MAT standard gas spring in various installation lengths.

FINANCIAL CALENDAR

Financial calendar

T _ 074

DATE[1)2)]	PUBLICATION / EVENT
December 15, 2014	Publication of full year results for fiscal year 2014 (Annual Report 2014)
February 16, 2015	Publication of the first-quarter results for fiscal year 2015 (Interim Report Q1 FY15)
February 18, 2015	Annual General Meeting for fiscal year 2014
May 15, 2015	Publication of the second-quarter results for fiscal year 2015 (Interim Report Q2 FY15)
August 17, 2015	Publication of the third-quarter results for fiscal year 2015 (Interim Report Q3 FY15)
December 15, 2015	Publication of full year results for fiscal year 2015 (Annual Report 2015)

[1)] We cannot rule out changes of dates. We recommend checking them on our website in the Investor Relations / Financial Calendar section (www.ir.stabilus.com).
[2)] Please note that our fiscal year (FY) comprises a twelve-month period from October 1 until September 30 of the following calendar year, e.g. the fiscal year 2014 comprises a year ended September 30, 2014.

DISCLAIMER

Forward-looking statements
This annual report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus S.A. These statements only take into account information that was available up and including the date that this annual report was prepared. The management of Stabilus S.A. makes no guarantee that these forward-looking statements will prove to be right. The future development of the Stabilus S.A. and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of Stabilus S.A. and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2014 group management report. However, other factors could also have an adverse effect on our business performance and results. The Stabilus S.A. neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this annual report.

Rounding
Certain numbers in this annual report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the annual report. All percentage changes and key figures in the group management report were calculated using the underlying data in millions of euros (€ millions).

INFORMATION RESOURCES

Further information including news, reports and publications can be found in the investor relations section of our website at www.ir.stabilus.com.

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