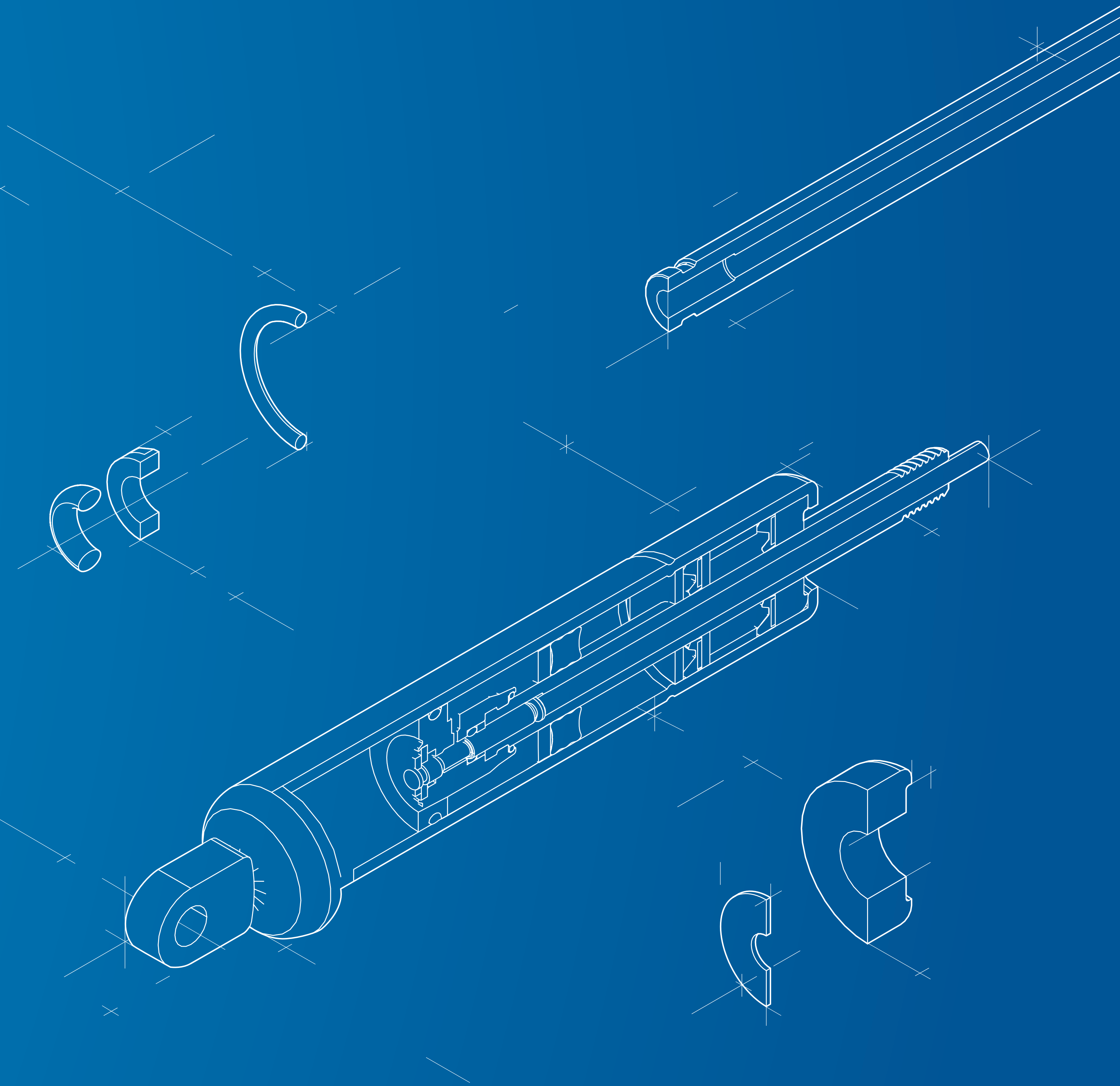
STABILUS

INTERIM REPORT

Q2 — FY2016



KEY FIGURES

T_001

in € millions	Three months ended March 31, 2016	2015	CHANGE	% CHANGE
Revenue	**180.9**	157.5	23.4	14.9%
EBITDA	**33.7**	28.7	5.0	17.4%
Adjusted EBITDA	**34.0**	29.3	4.7	16.0%
EBIT	**21.8**	18.1	3.7	20.4%
Adjusted EBIT	**25.2**	21.8	3.4	15.6%
Capital expenditure	**(14.1)**	(11.7)	(2.4)	20.5%
Free cash flow (FCF)	**15.4**	3.7	11.7	>100.0%
EBITDA as % of revenue	**18.6%**	18.2%		
Adjusted EBITDA as % of revenue	**18.8%**	18.6%		
EBIT as % of revenue	**12.1%**	11.5%		
Adjusted EBIT as % of revenue	**13.9%**	13.8%		
Capital expenditure as % of revenue	**7.8%**	7.4%		
FCF as % of adjusted EBITDA	**45.3%**	12.6%		

in € millions	Six months ended March 31, 2016	2015	CHANGE	% CHANGE
Revenue	**348.2**	292.6	55.6	19.0%
EBITDA	**62.1**	48.7	13.4	27.5%
Adjusted EBITDA	**62.7**	51.9	10.8	20.8%
EBIT	**39.3**	27.5	11.8	42.9%
Adjusted EBIT	**46.2**	37.1	9.1	24.5%
Capital expenditure	**(27.6)**	(21.7)	(5.9)	27.2%
Free cash flow (FCF)	**9.4**	(6.7)	16.1	<(100.0)%
EBITDA as % of revenue	**17.8%**	16.6%		
Adjusted EBITDA as % of revenue	**18.0%**	17.7%		
EBIT as % of revenue	**11.3%**	9.4%		
Adjusted EBIT as % of revenue	**13.3%**	12.7%		
Capital expenditure as % of revenue	**7.9%**	7.4%		
FCF as % of adjusted EBITDA	**15.0%**	(12.9%)		

CONTENT

HIGHLIGHTS

of the second quarter of fiscal 2016 and subsequent events

+ 14.9% REVENUE

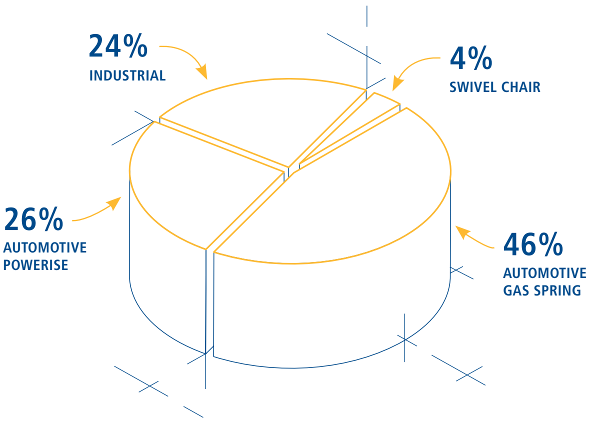
STRONG SECOND QUARTER THANKS TO CONTINUING GROWTH IN ALL REGIONS AND MARKETS

- Revenue up by 14.9% to €180.9 million (+€23.4 million versus Q2 FY2015)
- Revenue growth in all regions with NAFTA (+19.1%), Europe (+13.7%) as well as Asia / Pacific and RoW (+7.1%)
- Revenue growth in all markets with Powerise (+42.2%), Industrial (+9.2%), Swivel Chair (+6.8%) and Gas Spring (+6.4%)

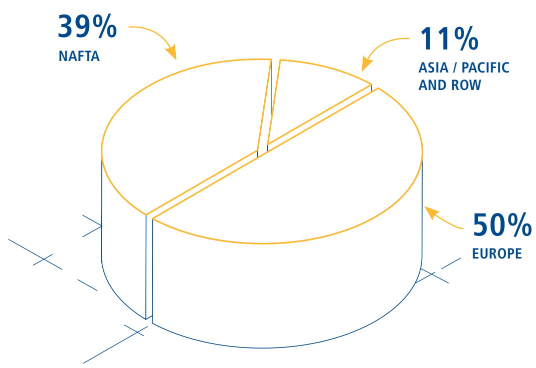
ACQUISITION OF SKF ENTITIES TO EXPAND INDUSTRIAL BUSINESS

On April 26, 2016, Stabilus signed an agreement to acquire ACE, Hahn Gasfedern und Fabreeka / Tech Products from the SKF Group in an all-cash transaction for a total consideration of USD 330 million, plus USD 9 million for sharing expected US tax benefits. The companies are established industrial suppliers in the fields of motion control, damping and vibration control for a broad spectrum of clients and industry segments. With the acquisition, Stabilus aims to expand its product portfolio in the industrial sector and tap new customer groups. The closing is subject to approval by antitrust authorities and is expected during the summer of 2016.

Revenue by markets in H1 FY2016



Revenue by region in H1 FY2016
(location of Stabilus company)



INTERIM GROUP MANAGEMENT REPORT

for the three and six months ended March 31, 2016

RESULTS OF OPERATIONS

SECOND QUARTER OF FISCAL 2016

The table below sets out Stabilus Group's consolidated income statement for the second quarter of fiscal 2016 in comparison to the second quarter of fiscal 2015:

Income statement T_002

	Three months ended March 31,			
IN € MILLIONS	2016	2015	Change	% change
Revenue	180.9	157.5	23.4	14.9%
Cost of sales	(133.9)	(117.7)	(16.2)	13.8%
Gross profit	**47.0**	**39.8**	**7.2**	**18.1%**
Research and development expenses	(7.2)	(6.1)	(1.1)	18.0%
Selling expenses	(11.7)	(10.9)	(0.8)	7.3%
Administrative expenses	(7.2)	(6.1)	(1.1)	18.0%
Other income	3.6	2.9	0.7	24.1%
Other expenses	(2.8)	(1.5)	(1.3)	86.7%
Profit from operating activities (EBIT)	**21.8**	**18.1**	**3.7**	**20.4%**
Finance income	0.1	18.3	(18.2)	(99.5)%
Finance costs	(5.6)	(5.2)	(0.4)	7.7%
Profit / (loss) before income tax	**16.3**	**31.1**	**(14.8)**	**(47.6)%**
Income tax income / (expense)	(5.5)	(11.3)	5.8	(51.3)%
Profit / (loss) for the period	**10.8**	**19.8**	**(9.0)**	**(45.5)%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_003

IN € MILLIONS	Three months ended March 31, 2016	2015	Change	% change
Europe	93.1	81.9	11.2	13.7%
NAFTA	68.1	57.2	10.9	19.1%
Asia / Pacific and RoW	19.7	18.4	1.3	7.1%
Revenue	**180.9**	**157.5**	**23.4**	**14.9%**

Revenue by markets

T_004

IN € MILLIONS	Three months ended March 31, 2016	2015	Change	% change
Automotive	129.1	109.9	19.2	17.5%
Gas Spring	80.9	76.0	4.9	6.4%
Powerise	48.2	33.9	14.3	42.2%
Industrial	44.0	40.3	3.7	9.2%
Swivel Chair	7.8	7.3	0.5	6.8%
Revenue	**180.9**	**157.5**	**23.4**	**14.9%**

Total revenue of €180.9 million in the second quarter of fiscal 2016 increased by 14.9% compared to the second quarter of fiscal 2015.

The revenue generated by our US and Mexican entities increased by 19.1% from €57.2 million to €68.1 million and the revenue of our European entities grew by 13.7% from €81.9 million in the second quarter of fiscal 2015 to €93.1 million in the second quarter of fiscal 2016. The revenue of both our European and NAFTA operating units continues to benefit primarily from the strong growth in the Powerise business. In addition, the revenue of our NAFTA unit benefits from the stronger US dollar: Approximately €2.0 million of NAFTA's revenue increase was due to the stronger US dollar (average rate per €1: $1.10 in Q2 FY2016 versus $1.13 in Q2 FY2015). The revenue of Stabilus plants located in Asia / Pacific and Rest of World (RoW) region increased by 7.1% from €18.4 million in the second quarter of fiscal 2015 to €19.7 million in the second quarter of fiscal 2016, essentially due to new customer wins and increased output of our Chinese production facility following the recent capacity expansion.

The increase in total revenue is mainly due to our automotive, particularly to our growing Powerise business. The increase in the Powerise business by 42.2% is mainly the result of new OEM platform wins and the subsequent launch of new Powerise programs for a number of key vehicle OEMs in Europe and NAFTA. In addition, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well, compared to the previous periods.

Revenue in the industrial business increased by 9.2% from €40.3 million in the three months ended March 31, 2015 to €44.0 million in the three months ended March 31, 2016. In the second quarter of fiscal 2016, Stabilus continued to benefit from its broad coverage of industries in the industrial business - increasing demand from sectors such as renewables, medical and aftermarket more than offset temporary slumps in sectors like construction machinery.

Swivel Chair revenue increased by 6.8% from €7.3 million in the second quarter of fiscal 2015 to €7.8 million in the second quarter of fiscal 2016.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales in the second quarter of fiscal 2016 increased by 13.8%, compared to the second quarter of the previous fiscal year. As a percentage of revenue, the cost of sales decreased to 74.0% (Q2 FY2015: 74.7%) reflecting a better utilization of plants and thus better fixed cost absorption. As a consequence, the profit margin improved to 26.0% (Q2 FY2015: 25.3%).

R&D EXPENSES

R&D expenses in the second quarter of fiscal 2016 increased by 18.0%, compared to the second quarter of fiscal 2015. As a percentage of revenue, R&D expenses slightly increased to 4.0% (Q2 FY2015: 3.9%).

SELLING EXPENSES

Selling expenses increased by 7.3% from €(10.9) million in the second quarter of fiscal 2015 to €(11.7) million in the second quarter of fiscal 2016, mainly due to higher distribution and personnel expenses. As a percentage of revenue, selling expenses decreased to 6.5% (Q2 FY2015: 6.9%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 18.0% from €(6.1) million in the second quarter of fiscal 2015 to €(7.2) million in the second quarter of fiscal 2016. As percentage of revenue, administrative expenses slightly increased to 4.0% of total revenue (Q2 FY2015: 3.9%).

OTHER INCOME AND EXPENSE

Other income increased from €2.9 million in the second quarter of fiscal 2015 to €3.6 million in the second quarter of the fiscal 2016. This increase by €0.7 million is primarily the result of foreign currency fluctuations, i.e. higher foreign currency translation gains.

Other expense increased from €(1.5) million in the second quarter of fiscal 2015 to €(2.8) million in the second quarter of the fiscal year under review. This income statement line item comprises mainly the foreign currency translation losses.

FINANCE INCOME AND COSTS

Finance income decreased from €18.3 million in the second quarter of fiscal 2015 to €0.1 million in the second quarter of fiscal 2016. The finance income in the second quarter of the previous year comprised €13.8 million of net foreign exchange gains and €4.2 million gains from changes in fair value of derivative instruments. Following the refinancing of the Group in June 2015, which comprised the replacement of the high-yield bond contract with a new senior facilities agreement, the derivative instruments which were embedded in the replaced high-yield bond contract were derecognized.

Finance costs increased from €(5.2) million in the second quarter of fiscal 2015 to €(5.6) million in the second quarter of fiscal 2016 primarily due to a higher net foreign exchange loss of €(3.7) million partially offset by substantially lower interest expenses following the Group's refinancing in June 2015 (€(5.0) million in Q2 FY15 vs. €(1.7) million in Q2 FY16).

INCOME TAX EXPENSE

The lower tax expense of €(5.5) million in the reporting period (Q2 FY2015: €(11.3) million) followed from the lower pre-tax result of €16.3 million in the same period (Q2 FY2015: €31.1 million).

FIRST HALF OF FISCAL 2016

The table below sets out Stabilus Group's consolidated income statement for the first half of fiscal 2016 in comparison to the first half of fiscal 2015:

Income statement

T_005

	Six months ended March 31,			
IN € MILLIONS	2016	2015	Change	% change
Revenue	348.2	292.6	55.6	19.0%
Cost of sales	(260.8)	(222.1)	(38.7)	17.4%
Gross profit	**87.4**	**70.5**	**16.9**	**24.0%**
Research and development expenses	(13.0)	(11.5)	(1.5)	13.0%
Selling expenses	(22.9)	(21.3)	(1.6)	7.5%
Administrative expenses	(13.8)	(13.4)	(0.4)	3.0%
Other income	6.1	6.5	(0.4)	(6.2)%
Other expenses	(4.5)	(3.3)	(1.2)	36.4%
Profit from operating activities (EBIT)	**39.3**	**27.5**	**11.8**	**42.9%**
Finance income	0.5	24.2	(23.7)	(97.9)%
Finance costs	(3.7)	(10.3)	6.6	(64.1)%
Profit before income tax	**36.1**	**41.4**	**(5.3)**	**(12.8)%**
Tax income / (expense)	(11.8)	(13.9)	2.1	(15.1)%
Profit for the period	**24.4**	**27.5**	**(3.1)**	**(11.3)%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_006

IN € MILLIONS	Six months ended March 31, 2016	2015	Change	% change
Europe	173.6	149.9	23.7	15.8%
NAFTA	135.3	106.7	28.6	26.8%
Asia / Pacific and Rest of World	39.3	36.0	3.3	9.2%
Revenue	**348.2**	**292.6**	**55.6**	**19.0%**

Revenue by markets

T_007

IN € MILLIONS	Six months ended March 31, 2016	2015	Change	% change
Automotive	249.7	206.2	43.5	21.1%
Gas Spring	159.0	142.9	16.1	11.3%
Powerise	90.7	63.3	27.4	43.3%
Industrial	83.7	72.7	11.0	15.1%
Swivel Chair	14.8	13.7	1.1	8.0%
Revenue	**348.2**	**292.6**	**55.6**	**19.0%**

Total revenue of €348.2 million in the first half of fiscal 2016 increased by 19.0% compared to the first half of fiscal 2015.

The sales of our European entities grew by 15.8% from €149.9 million in the first half of fiscal 2015 to €173.6 million in the first half of fiscal 2016. The sales of our NAFTA operating unit continue to benefit primarily from the strong growth in the Powerise business. The revenue generated by our US and Mexican entities increased by 26.8% from €106.7 million to €135.3 million. Approximately €10.3 million of this revenue increase was due to the stronger US dollar (average rate per €1: $1.10 in H1 FY2016 versus $1.19 in H1 FY2015). The sales of Stabilus plants located in Asia / Pacific and RoW region increased by 9.2% from €36.0 million in the first half of fiscal 2015 to €39.3 million in the first half of fiscal 2016, essentially due to new customer wins and increased production capacity in China and in spite of some weakness in Brazil.

The increase in total revenue is mainly due to our automotive market segment, particularly to our growing Powerise business. The increase in the Powerise business by 43.3% is mainly the result of new OEM platform wins and the subsequent launch of new Powerise programs for a number of key vehicle OEMs. In addition, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well, compared to the previous periods.

Revenue in the industrial business increased by 15.1% from €72.7 million in the six months ended March 31, 2015 to €83.7 million in the six months ended March 31, 2016.

Swivel chair revenue increased by 8.0% from €13.7 million in the first half of fiscal 2015 to €14.8 million in the first half of fiscal 2016.

Cost of sales and overhead expenses

COST OF SALES

In line with revenue growth, cost of sales in the first half of fiscal 2016 increased by 17.4% compared to the first half of the previous fiscal year. As a percentage of revenue, the cost of sales decreased to 74.9% (H1 FY2015: 75.9%). The decrease of the cost of sales as a percentage of revenue is essentially due to the strong growth of our Powerise business and the resulting economies of scale effects in the previously only partly utilized Powerise plants.

R&D EXPENSES

R&D expenses in the first half of fiscal 2016 increased by 13.0%, compared to the first half of fiscal 2015. As a percentage of revenue, R&D expenses slightly decreased to 3.7% (H1 FY2015: 3.9%).

SELLING EXPENSES

Selling expenses increased by 7.5% from €(21.3) million in the first half of fiscal 2015 to €(22.9) million in the first half of fiscal 2016, mainly due to higher distribution and personnel expenses following enhancement of our aftermarket distribution. As a percentage of revenue, selling expenses decreased to 6.6% (H1 FY2015: 7.3%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 3.0% from €(13.4) million in the first half of fiscal 2015 to €(13.8) million in the first half of fiscal 2016. As percentage of revenue, administrative expenses in the first half of fiscal 2016 decreased to 4.0% of total revenue (H1 FY2015: 4.6%).

OTHER INCOME AND EXPENSE

Other income decreased from €6.5 million in the first half of fiscal 2015 to €6.1 million in the first half of fiscal 2016. This decrease by €(0.4) million is primarily the result of foreign currency fluctuations, i.e. lower foreign currency translation gains driven by the US dollar.

Other expenses increased from €(3.3) million in the first half of fiscal 2015 to €(4.5) million in the first half of fiscal year under review. This income statement line item comprises mainly foreign currency translation losses.

FINANCE INCOME AND COSTS

Finance income decreased from €24.2 million in the first half of fiscal 2015 to €0.5 million in the first half of fiscal 2016 primarily due to lower net foreign exchange gains on intercompany loans (€0.3 million in H1 FY16 vs. €18.3 million in H1 FY15).

Finance costs decreased from €(10.3) million in the first half of fiscal 2015 to €(3.7) million in the first half of fiscal 2016 as a consequence of Group's refinancing in June 2015, in particular the reduction of the interest rate of the Company's financial liabilities from 7.75% (high yield bond) to 2.0% over Euribor (new senior facilities implemented in June 2015).

INCOME TAX EXPENSE

The decrease of income tax expense from €(13.9) million in the first half of fiscal 2015 to €(11.8) million in first half of fiscal 2016 was essentially caused by the decrease of the pre-tax result from €41.4 million to €36.1 million in the corresponding period.

EBITDA AND ADJUSTED EBITDA

The table below sets out a reconciliation of EBIT to EBITDA and adjusted EBITDA for the second quarter and the first half of fiscal 2016 and 2015:

Reconciliation of EBIT to adjusted EBITDA

T_008

	Three months ended March 31,			
IN € MILLIONS	2016	2015	Change	% change
Profit from operating activities (EBIT)	**21.8**	**18.1**	**3.7**	**20.4%**
Depreciation	6.6	5.5	1.1	20.0%
Amortization	5.3	5.2	0.1	1.9%
EBITDA	**33.7**	**28.7**	**5.0**	**17.4%**
Advisory*	–	0.1	(0.1)	(100.0)%
Restructuring / ramp-up	–	0.1	(0.1)	(100.0)%
Pension interest add back	0.3	0.3	–	0.0%
Total adjustments	0.3	0.5	(0.2)	(40.0)%
Adjusted EBITDA	**34.0**	**29.3**	**4.7**	**16.0%**

	Six months ended March 31,			
IN € MILLIONS	2016	2015	Change	% change
Profit from operating activities (EBIT)	**39.3**	**27.5**	**11.8**	**42.9%**
Depreciation	12.4	10.9	1.5	13.8%
Amortization	10.4	10.3	0.1	1.0%
EBITDA	**62.1**	**48.7**	**13.4**	**27.5%**
Advisory*	–	0.8	(0.8)	(100.0)%
Restructuring / ramp-up	–	1.8	(1.8)	(100.0)%
Pension interest add back	0.6	0.6	–	0.0%
Total adjustments	0.6	3.2	(2.6)	(81.3%)
Adjusted EBITDA	**62.7**	**51.9**	**10.8**	**20.8%**

* Legal, refinancing 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, 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 second quarter and the first half of fiscal 2016 and 2015:

Reconciliation of EBIT to adjusted EBIT

T _ 009

IN € MILLIONS	Three months ended March 31, 2016	2015	Change	% change
Profit from operating activities (EBIT)	**21.8**	**18.1**	**3.7**	**20.4%**
Advisory*	–	0.1	(0.1)	(100.0)%
Restructuring / ramp-up	–	0.1	(0.1)	(100.0)%
Pension interest add back	0.3	0.3	–	0.0%
PPA adjustments – depreciation and amortization	3.1	3.1	–	0.0%
Total adjustments	3.4	3.6	(0.2)	(5.6%)
Adjusted EBIT	**25.2**	**21.8**	**3.4**	**15.6%**

IN € MILLIONS	Six months ended March 31, 2016	2015	Change	% change
Profit from operating activities (EBIT)	**39.3**	**27.5**	**11.8**	**42.9%**
Advisory*	–	0.8	(0.8)	(100.0)%
Restructuring / ramp-up	–	1.8	(1.8)	(100.0)%
Pension interest add back	0.6	0.6	–	0.0%
PPA adjustments – depreciation and amortization	6.3	6.3	–	0.0%
Total adjustments	6.9	9.5	(2.6)	(27.4)%
Adjusted EBIT	**46.2**	**37.1**	**9.1**	**24.5%**

* Legal, refinancing and reorganization-related advisory expenses.

Adjusted EBIT represents EBIT, 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 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 as well as Asia / Pacific and RoW.

The tables below set out the development of our operating segments in the second quarter and first half of fiscal 2016 compared to the corresponding period of the previous fiscal year.

Operating segments

T_010

IN € MILLIONS	Three months ended March 31, 2016	2015	Change	% change
Europe				
External revenue[1]	93.1	81.9	11.2	13.7%
Intersegment revenue[1]	6.5	7.3	(0.8)	(11.0)%
Total revenue[1]	99.6	89.2	10.4	11.7%
Adjusted EBITDA	19.6	17.2	2.4	14.0%
as % of total revenue	19.7%	19.3%		
Adjusted EBIT	13.4	12.1	1.3	10.7%
as % of total revenue	13.5%	13.6%		
as % of external revenue	14.4%	14.8%		
NAFTA				
External revenue[1]	68.1	57.2	10.9	19.1%
Intersegment revenue[1]	1.2	1.2	–	0.0%
Total revenue[1]	69.2	58.4	10.8	18.5%
Adjusted EBITDA	10.7	8.9	1.8	20.2%
as % of total revenue	15.5%	15.2%		
Adjusted EBIT	9.1	7.2	1.9	26.4%
as % of total revenue	13.2%	12.3%		
as % of external revenue	13.4%	12.6%		
Asia / Pacific and RoW				
External revenue[1]	19.7	18.4	1.3	7.1%
Intersegment revenue[1]	0.2	–	0.2	n/a
Total revenue[1]	19.9	18.4	1.5	8.2%
Adjusted EBITDA	3.7	3.2	0.5	15.6%
as % of total revenue	18.6%	17.4%		
Adjusted EBIT	2.6	2.5	0.1	4.0%
as % of total revenue	13.1%	13.6%		
as % of external revenue	13.2%	13.6%		

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

IN € MILLIONS	Six months ended March 31, 2016	2015	Change	% change
Europe				
External revenue[1]	173.6	149.9	23.7	15.8%
Intersegment revenue[1]	12.9	16.0	(3.1)	(19.4)%
Total revenue[1]	186.5	165.8	20.7	12.5%
Adjusted EBITDA	35.1	29.0	6.1	21.0%
as % of total revenue	18.8%	17.5%		
Adjusted EBIT	23.9	18.8	5.1	27.1%
as % of total revenue	12.8%	11.3%		
as % of external revenue	13.8%	12.5%		
NAFTA				
External revenue[1]	135.3	106.7	28.6	26.8%
Intersegment revenue[1]	2.5	1.7	0.8	47.1%
Total revenue[1]	137.8	108.4	29.4	27.1%
Adjusted EBITDA	20.3	16.0	4.3	26.9%
as % of total revenue	14.7%	14.8%		
Adjusted EBIT	17.1	12.6	4.5	35.7%
as % of total revenue	12.4%	11.6%		
as % of external revenue	12.6%	11.8%		
Asia / Pacific and RoW				
External revenue[1]	39.3	36.0	3.3	9.2%
Intersegment revenue[1]	0.3	0.1	0.2	>100.0%
Total revenue[1]	39.6	36.1	3.5	9.7%
Adjusted EBITDA	7.3	6.9	0.4	5.8%
as % of total revenue	18.4%	19.1%		
Adjusted EBIT	5.3	5.4	(0.1)	(1.9)%
as % of total revenue	13.4%	15.0%		
as % of external revenue	13.5%	15.0%		

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

The external revenue generated by our European companies increased by 15.8% from €149.9 million in the first half of fiscal 2015 to €173.6 million in the first half of fiscal 2016. The adjusted EBIT margin as percent of external revenue increased from 12.5% to 13.8% mainly due to the footprint optimization, i.e. production shifts between German and Romanian plants, as well as the better loading of the Romanian production plant. As a consequence, the adjusted EBIT increased more strongly than revenue from €18.8 million in the first half of fiscal 2015 to €23.9 million in the first half of fiscal 2016 (+27.1% yoy).

The external revenue of our companies located in the NAFTA region increased by 26.8% from €106.7 million in the first half of fiscal 2015 to €135.3 million in the first half of fiscal 2016, primarily due to the strong growth in the Automotive business. Approximately €10.3 million of the total revenue increase was due to the stronger US dollar (average rate per €1: $1.10 in H1 FY2016 versus $1.19 in H1 FY2015). The adjusted EBIT margin as a percentage of external revenue improved from 11.8% to 12.6% in the same period, leading to an adjusted EBIT of €17.1 million which is 35.7% higher than €12.6 million in H1 FY2015.

In the first half of fiscal 2016, the external revenue of our companies in the Asia / Pacific and RoW segment increased by 9.2%. The adjusted EBIT decreased by €(0.1) million or (1.9)% essentially due to launching costs of the new powder paint equipment at our Korean plant.

FINANCIAL POSITION

Balance sheet

T_011

IN € MILLIONS	March 31, 2016	Sept 30, 2015	Change	% change
Assets				
Total non-current assets	363.0	358.7	4.3	1.2%
Total current assets	197.9	183.6	14.3	7.8%
Total assets	**560.9**	**542.2**	**18.7**	**3.4%**
Equity and liabilities				
Total equity	96.7	76.7	20.0	26.1%
Non-current liabilities	349.1	349.4	(0.3)	(0.1)%
Current liabilities	115.1	116.2	(1.1)	(0.9%)
Total liabilities	464.2	465.5	(1.3)	(0.3)%
Total equity and liabilities	**560.9**	**542.2**	**18.7**	**3.4%**

BALANCE SHEET TOTAL

The Group's balance sheet total increased by 3.4% to €560.9 million (Sept 30, 2015: 542.2 million).

NON-CURRENT ASSETS

Our non-current assets increased by 1.2% or €4.3 million, mainly caused by higher assets under construction which result from our various capacity expansion projects (Gas Spring production in Germany, USA and China, as well as Powerise production in Mexico, Romania and China).

CURRENT ASSETS

Current assets as of March 31, 2016 increased by 7.8% or €14.3 million, compared to September 30, 2015, primarily due to the higher trade receivables (+€13.5 million) and cash balance (+ €6.6 million), partially offset by lower other financial assets (– €3.9 million) and current tax assets (– €3.2 million). Trade accounts receivable increased in line with higher revenue.

EQUITY

The Group's equity as of March 31, 2016 increased by €20.0 million as a consequence of generated and retained earnings of €24.4 million in the first half of fiscal 2016, partially offset by other comprehensive expense of €(4.3) million. Other comprehensive expense essentially comprised unrealized losses from foreign currency translation.

NON-CURRENT LIABILITIES

Non-current liabilities decreased from €349.4 million as of September 30, 2105 by (0.3)% to €349.1 million as of March 31, 2016 mainly due to lower financial liabilities (-€2.0 million) and lower deferred tax liabilities (-€2.4 million), partially offset by higher non-current liability for pension plans and similar obligations (+€3.2 million) and higher non-current provisions (+€1.0 million). The pension obligation increased as a consequence of the lower discount rate used for the calculation of this obligation: 2.02% as of March 31, 2016 versus 2.38% as of September 30, 2015.

CURRENT LIABILITIES

Our current liabilities decreased by €(1.1) million from €116.2 million as of September 30, 2015 to €115.1 million as of March 31, 2016. This decrease of (0.9)% was driven by lower trade accounts payable (– €3.2 million) and lower other liabilities (– €1.3 million), partially offset by higher current tax liabilities (+€3.5 million). The reduction of trade accounts payable was strongly impacted by payments for machinery and equipment.

LIQUIDITY

Cash flow

T_012

IN € MILLIONS	Six months ended March 31, 2016	2015	Change	% change
Cash flow from operating activities	39.9	24.9	15.0	60.2%
Cash flow from investing activities	(27.5)	(21.6)	(5.9)	27.3%
Cash flow from financing activities	(5.7)	(10.3)	4.6	(44.7)%
Net increase / (decrease) in cash	**6.7**	**(6.9)**	**13.6**	**<(100.0)%**
Effect of movements in exchange rates on cash held	(0.1)	1.8	(1.9)	<(100.0)%
Cash as of beginning of the period	39.5	33.5	6.0	17.9%
Cash as of end of the period	**46.1**	**28.4**	**17.7**	**62.3%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by €15.0 million from €24.9 million in the first half of fiscal 2015 to €39.9 million in the first half of fiscal 2016 primarily due to increased revenue and increased earnings (EBITDA improvement by €13.4 million: H1 FY2016 EBITDA of €62.1 million vs. H1 FY2015 of €48.7 million).

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow for investing activities increased from €(21.6) million in the first half of fiscal 2015 to €(27.5) million in the first half of fiscal 2016 mainly due to higher capital expenditure primarily related to our various capacity expansion projects (Gas Spring production in Germany, USA and China, as well as Powerise production in Mexico, Romania and China).

CASH FLOW FROM FINANCING ACTIVITIES

Cash outflow for financing activities decreased by €4.6 million or (44.7)% from €(10.3) million in the first half of fiscal 2015 to €(5.7) million in the first half of fiscal 2016. The significant decrease is primarily due to lower interest payments (+ €7.1 million) which are a consequence of the Group's refinancing in June 2015, in particular the reduced interest rate on financial liabilities – from 7.75% (high-yield bond) to 2.0% over Euribor (new senior facilities implemented in June 2015). Cash outflow for financing activities in the first half of fiscal 2016 amounting to €(5.7) million comprised a €2.5 million redemption for the facility A commitment (senior facilities agreement).

FREE CASH FLOW (FCF)

As a result of the aforementioned changes of cash flows from operating and investing activities as well as changes in interest payments, the free cash flow (FCF) improved by €16.2 million to €9.5 million in the first half of fiscal 2016. The following table sets out the composition of the non-IFRS free cash flow figure.

Free cash flow (FCF) comprises the IFRS cash flow statement items "cash flow from operating activities", "cash flow from investing activities" and "payments for interest" (net interest payments). It does not include other items of the "cash flow from financing activities" like payments for redemption of financial liabilities, payments for finance leases or dividends. Please refer to the Consolidated Statement of Cash Flows for the composition of the item "cash flow from financing activities".

Free cash flow T_013

	Six months ended March 31,			
IN € MILLIONS	2016	2015	Change	% change
Cash flow from operating activities	39.9	24.9	15.0	60.2%
Cash flow from investing activities	(27.5)	(21.6)	(5.9)	27.3%
Payments for interest	(2.9)	(10.0)	7.1	(71.0)%
Free cash flow	**9.5**	**(6.7)**	**16.2**	**<(100.0)%**

RISKS AND OPPORTUNITIES

We refer to the risk-related disclosures in the Group Management Report and in the audited Consolidated Financial Statements as of and for the fiscal year ended September 30, 2015.

SUBSEQUENT EVENTS

On April 26, 2016, Stabilus signed an agreement to acquire ACE, Hahn Gasfedern and Fabreeka / Tech Products from SKF Group in an all-cash transaction for a total consideration of USD 339 million. The consummation of the transaction (closing) is subject to approval by the relevant antitrust authorities. The closing is expected to take place during summer 2016.

The acquisition is in line with Stabilus' strategy to strengthen its industrial business. The entities to be acquired are technologically leading manufacturers of industrial custom motion control solutions comprising the product segments motion, automation and vibration/safety control solutions and four established standalone brands (ACE, Hahn Gasfedern, Fabreeka and Tech Products). In 2015, the entities recorded sales of approximately USD 120 million and EBIT of approximately USD 30 million. As a result of the transaction, Stabilus expects a positive effect on its EBIT margin and earnings per share (pre-PPA).

After the closing of the transaction, Stabilus intends to set up a new credit facility of up to €570 million to finance the transaction and at the same time to replace the existing €265 million term loan facility as well as to implement a new €70 million revolving credit facility to replace the currently unutilized €50 million revolving credit facility. The new credit facility will have more favorable terms over the duration of the loan than the one installed in 2015.

Stabilus further intends to partially refinance the debt through a capital increase of around €150 million.

The signing of the agreement to acquire ACE, Hahn Gasfedern and Fabreeka/Tech Products has been communicated on April 26, 2016 via an ad-hoc announcement followed by a corporate news and an analysts and investors conference call on the same day. The presentation for this conference call as well as the ad-hoc announcement and corporate news can be found on the Stabilus Investor Relations website (www.ir.stabilus.com).

As of May 12, 2016, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of March 31, 2016.

OUTLOOK

As a result of the pending acquisition of ACE, Hahn Gasfedern and Fabreeka / Tech Products the previously communicated revenue and EBIT margin guidance is no longer applicable.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

as of and for the three and six months ended March 31, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended March 31, 2016 (unaudited)

Consolidated statement of comprehensive income

T_014

IN € THOUSANDS	NOTE	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Revenue	2	180,872	157,495	348,161	292,633
Cost of sales		(133,852)	(117,711)	(260,771)	(222,096)
Gross profit		**47,020**	**39,784**	**87,390**	**70,537**
Research and development expenses		(7,183)	(6,081)	(12,976)	(11,493)
Selling expenses		(11,682)	(10,868)	(22,924)	(21,286)
Administrative expenses		(7,203)	(6,106)	(13,766)	(13,439)
Other income		3,636	2,897	6,051	6,540
Other expenses		(2,818)	(1,544)	(4,460)	(3,336)
Profit from operating activities		**21,770**	**18,082**	**39,315**	**27,523**
Finance income	3	92	18,255	485	24,241
Finance costs	4	(5,565)	(5,223)	(3,681)	(10,343)
Profit / (loss) before income tax		**16,297**	**31,114**	**36,119**	**41,421**
Income tax income / (expense)		(5,475)	(11,276)	(11,750)	(13,879)
Profit / (loss) for the period		**10,822**	**19,838**	**24,369**	**27,542**
thereof attributable to non-controlling interests		9	21	12	36
thereof attributable to shareholders of Stabilus		10,813	19,817	24,357	27,506
Other comprehensive income / (expense)					
Foreign currency translation difference [1]	11	20	(1,463)	(1,940)	(6,319)
Unrealized actuarial gains and losses [2]	11	(2,324)	(1,900)	(2,324)	(4,293)
Other comprehensive income / (expense), net of taxes		**(2,304)**	**(3,363)**	**(4,264)**	**(10,612)**
Total comprehensive income / (expense) for the period		**8,518**	**16,475**	**20,105**	**16,930**
thereof attributable to non-controlling interests		9	21	12	36
thereof attributable to shareholders of Stabilus		8,509	16,454	20,093	16,894
Earnings per share (in €):					
basic	5	0.52	0.96	1.18	1.33
diluted	5	0.52	0.96	1.18	1.33

[1] Item that may be reclassified ('recycled') to profit and loss at a future point in time when specific conditions are met.
[2] Item that will not be reclassified to profit and loss.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of March 31, 2016 (unaudited)

Consolidated statement of financial position

T_015

IN € THOUSANDS	NOTE	March 31, 2016	Sept 30, 2015
Assets			
Property, plant and equipment	6	141,974	133,952
Goodwill		51,458	51,458
Other intangible assets	7	162,417	166,475
Other assets	9	1,254	1,864
Deferred tax assets		5,879	4,929
Total non-current assets		**362,982**	**358,678**
Inventories	10	60,461	59,783
Trade accounts receivable		76,390	62,848
Current tax assets		262	3,465
Other financial assets	8	3,983	7,899
Other assets	9	10,734	10,093
Cash and cash equivalents		46,101	39,473
Total current assets		**197,931**	**183,561**
Total assets		**560,913**	**542,239**

Consolidated statement of financial position

T _ 015

IN € THOUSANDS	NOTE	March 31, 2016	Sept 30, 2015
Equity and liabilities			
Issued capital		207	207
Capital reserves		73,091	73,091
Retained earnings		49,228	24,871
Other reserves	11	(25,748)	(21,484)
Equity attributable to shareholders of Stabilus		**96,778**	**76,685**
Non-controlling interests		(42)	24
Total equity		**96,736**	**76,709**
Financial liabilities	12	256,625	258,644
Other financial liabilities	13	1,915	2,139
Provisions	14	2,017	1,032
Pension plans and similar obligations	15	51,145	47,989
Deferred tax liabilities		36,536	38,976
Other liabilities	16	822	576
Total non-current liabilities		**349,060**	**349,356**
Trade accounts payable		65,766	68,929
Financial liabilities	12	5,000	5,000
Other financial liabilities	13	7,763	7,978
Current tax liabilities		6,566	3,040
Provisions	14	20,241	20,128
Other liabilities	16	9,781	11,099
Total current liabilities		**115,117**	**116,174**
Total liabilities		**464,177**	**465,530**
Total equity and liabilities		**560,913**	**542,239**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended March 31, 2016 (unaudited)

Consolidated statement of changes in equity

T_016

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 Sept 30, 2014		**207**	**73,091**	**7,920**	**(5,128)**	**76,090**	**33**	**76,123**
Profit / (loss) for the period		–	–	27,506	–	27,506	36	27,542
Other comprehensive income / (expense)		–	–	–	(10,612)	(10,612)	–	(10,612)
Total comprehensive income / (expense) for the period		–	–	27,506	(10,612)	16,894	36	16,930
Dividends		–	–	–	–	–	(56)	(56)
Balance as of March 31, 2015		**207**	**73,091**	**35,427**	**(15,740)**	**92,985**	**13**	**92,998**
Balance as of Sept 30, 2015		**207**	**73,091**	**24,871**	**(21,484)**	**76,685**	**24**	**76,709**
Profit / (loss) for the period		–	–	24,357	–	24,357	12	24,369
Other comprehensive income / (expense)	11	–	–	–	(4,264)	(4,264)	–	(4,264)
Total comprehensive income / (expense) for the period		–	–	24,357	(4,264)	20,093	12	20,105
Dividends		–	–	–	–	–	(78)	(78)
Balance as of March 31, 2016		**207**	**73,091**	**49,228**	**(25,748)**	**96,778**	**(42)**	**96,736**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended March 31, 2016 (unaudited)

Consolidated statement of cash flows

T _ 017

IN € THOUSANDS	NOTE	Six months ended March 31, 2016	2015
Profit/ (loss) for the period		24,369	27,542
Current income tax expense		14,203	11,874
Deferred income tax expense		(2,453)	2,005
Net finance result	3/4	3,196	(13,898)
Depreciation and amortization (incl. impairment losses)		22,776	21,213
Other non-cash income and expenses		(10,312)	955
Changes in inventories		(678)	(7,554)
Changes in trade accounts receivable		(13,542)	(18,976)
Changes in trade accounts payable		(3,163)	12,253
Changes in other assets and liabilities		6,966	(344)
Changes in provisions		932	479
Changes in deferred tax assets and liabilities		2,453	(2,005)
Income tax payments	20	(4,842)	(8,598)
Cash flow from operating activities		**39,905**	**24,946**
Proceeds from disposal of property, plant and equipment		123	81
Purchase of intangible assets	7	(6,498)	(7,670)
Purchase of property, plant and equipment	6	(21,093)	(13,981)
Cash flow from investing activities		**(27,468)**	**(21,570)**
Payments for redemption of senior facilities		(2,500)	–
Payments for finance leases		(271)	(271)
Dividends paid to non-controlling interests		(78)	(56)
Payments for interest	20	(2,870)	(9,998)
Cash flow from financing activities		**(5,719)**	**(10,325)**
Net increase / (decrease) in cash and cash equivalents		**6,718**	**(6,949)**
Effect of movements in exchange rates on cash held		(90)	1,843
Cash and cash equivalents as of beginning of the period		39,473	33,494
Cash and cash equivalents as of end of the period		**46,101**	**28,388**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of and for the three and six months ended March 31, 2016

1 General information

Company information

Stabilus S.A., Luxembourg, hereinafter also referred to as "Stabilus" or the "Company" 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. B0151589 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.

The Company´s 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 opening and closing equipment. The products are used in a wide range in automotive and industrial applications, as well as in the furniture industry. Typically the products are used to support the lifting and lowering or dampening of movements. As 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 as large technically focused distributors further diversify the Group's customer base.

Basis for preparation

The accompanying Condensed Interim Consolidated Financial Statements present the operations of Stabilus, Luxembourg, and its subsidiaries. The Company has prepared these statements under the going concern assumption.

The Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting"; they comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of Stabilus Group since the last annual Consolidated Financial Statements as of and for the fiscal year ended September 30, 2015. These Interim Consolidated Financial Statements are condensed and do not include all information for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in connection with the Consolidated Financial Statements as of September 30, 2015.

The accounting policies adopted in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the fiscal year ended September 30, 2015.

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2016 comprise the Consolidated Statement of Comprehensive Income for the three and six months ended March 31, 2016, the Consolidated Statement of Financial Position as of March 31, 2016, the Consolidated Statement of Changes in Equity for the six months ended March 31, 2016, the Consolidated Statement of Cash Flows for the six months ended March 31, 2016 and explanatory Notes to the Condensed Interim Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements are prepared in euros (€) rounded to the nearest thousand. Due to rounding, numbers presented may not add up precisely to the totals provided.

The Condensed Interim Consolidated Financial Statements were authorized for issue by the Management Board on May 12, 2016.

2 Revenue

The Group's revenue developed as follows:

Revenue by region (location of Stabilus company)

T_018

IN € THOUSANDS	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Europe	93,111	81,891	173,564	149,874
NAFTA	68,056	57,198	135,337	106,727
Asia / Pacific and Rest of World	19,705	18,406	39,260	36,032
Revenue	**180,872**	**157,495**	**348,161**	**292,633**

Revenue by markets

T_019

IN € THOUSANDS	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Automotive	129,085	109,903	249,694	206,256
Gas Spring	80,860	76,040	159,003	142,922
Powerise	48,225	33,863	90,691	63,334
Industrial	43,990	40,320	83,696	72,716
Swivel Chair	7,797	7,272	14,771	13,661
Revenue	**180,872**	**157,495**	**348,161**	**292,633**

Group revenue results from sales of goods.

3 Finance income

Finance income

T_020

IN € THOUSANDS	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Interest income on loans and financial receivables	11	19	19	32
Net foreign exchange gain	–	13,819	336	18,310
Gains from changes in fair value of derivative instruments	–	4,164	–	5,489
Other interest income	81	253	130	410
Finance income	**92**	**18,255**	**485**	**24,241**

4 Finance costs

Finance costs T_021

IN € THOUSANDS	Three months ended March 31, 2016	2015	Six months ended March 31, 2016	2015
Interest expense on financial liabilities	(1,726)	(5,008)	(3,431)	(10,016)
Net foreign exchange loss	(3,687)	–	–	–
Interest expenses finance lease	(25)	(34)	(50)	(39)
Other interest expenses	(127)	(181)	(200)	(288)
Finance costs	**(5,565)**	**(5,223)**	**(3,681)**	**(10,343)**

5 Earnings per share

The weighted average number of shares used for the calculation of earnings per share in the six months ended March 31, 2016 and 2015 is set out in the following table.

Weighted average number of shares T_022

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
October 1, 2014	182	–	–	20,723,256	20,723,256
March 31, 2015		–	–	**20,723,256**	**20,723,256**
October 1, 2015	182	–	–	20,723,256	20,723,256
March 31, 2016		**–**	**–**	**20,723,256**	**20,723,256**

The earnings per share for the six months ended March 31, 2016 and 2015 were as follows:

Earnings per share T_023

	Six months ended March 31, 2016	2015
Profit / (loss) attributable to shareholders of the parent (in € thousands)	24,357	27,506
Weighted average number of shares	20,723,256	20,723,256
Earnings per share (in €)	**1.18**	**1.33**

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.

6 Property, plant and equipment

Property, plant and equipment as of March 31, 2016 amounted to €141,974 thousand (Sept 30, 2015: €133,952 thousand). Additions to property, plant and equipment in the first half of fiscal 2016 amounted to €21,632 thousand (H1 FY2015: €13,997 thousand). The increase against the comparative period is mainly due to increased assets under construction. The total assets under construction as of March 31, 2016 amounted to €36,171 thousand (Sept 30, 2015: €25,515 thousand). The significantly higher assets under construction are the result of our various capacity expansion projects (Gas Spring production in Germany, USA, China, as well as Powerise production in Mexico, Romania and China).

Disposals occurred only in the ordinary course of business. The net value of disposed property, plant and equipment in the first half of fiscal 2016 amounted to €66 thousand (H1 FY2015: €119 thousand).

In the second quarter of fiscal 2016, the Group recognized an impairment loss of €(894) thousand on the unused Spanish production facility.

7 Other intangible assets

Other intangible assets as of March 31, 2016 amounted to €162,417 thousand (Sept 30, 2015: €166,475 thousand). Additions to intangible assets in the first half of fiscal 2016 amount to €6,498 thousand (H1 FY2015: €7,670 thousand) and comprise mainly internally generated developments. Significant disposals have not been recognized.

In the first half of fiscal 2016 costs of €(5,859) thousand (H1 FY2015: €(7,178) thousand) were capitalized for development projects that were incurred in the product and material development areas. Amortization expenses on development costs include impairment losses of €(468) thousand (H1 FY2015: €(140) thousand) due to withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses. In the first half of fiscal 2016, total amortization expenses (including impairment losses) on intangible assets amounted to €10,418 thousand (H1 FY2015: €10,266 thousand).

The borrowing costs capitalized in the first half of fiscal 2016 amounted to €126 thousand (H1 FY2015: €403 thousand).

8 Other financial assets

Other financial assets T_024

	March 31, 2016			Sept 30, 2015		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Other miscellaneous	3,983	–	3,983	7,899	–	7,899
Other financial assets	**3,983**	**–**	**3,983**	**7,899**	**–**	**7,899**

Other miscellaneous financial assets as of March 31, 2016 mainly comprise assets related to the sale of receivables program amounting to €3,332 thousand (Sept 30, 2015: €3,404 thousand).

9 Other assets

Other assets

T_025

IN € THOUSANDS	March 31, 2016			Sept 30, 2015		
	Current	Non-current	Total	Current	Non-current	Total
VAT	3,446	–	3,446	4,239	–	4,239
Prepayments	1,034	541	1,575	1,005	1,080	2,085
Deferred charges	4,027	–	4,027	2,881	–	2,881
Other miscellaneous	2,227	713	2,940	1,968	784	2,752
Other assets	**10,734**	**1,254**	**11,988**	**10,093**	**1,864**	**11,957**

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

10 Inventories

Inventories

T_026

IN € THOUSANDS	March 31, 2016	Sept 30, 2015
Raw materials and supplies	32,409	30,969
Finished products	11,368	12,151
Work in progress	10,411	10,121
Merchandise	6,273	6,542
Inventories	**60,461**	**59,783**

11 Equity

The development of the Group's equity is presented in the Statement of Changes 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. 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 reserves and other comprehensive income / (expense) T_027

IN € THOUSANDS	Unrealized actuarial gains and losses	Unrealized gains / (losses) from foreign currency translation	Total
Balance as of Sept 30, 2014	**(8,751)**	**3,623**	**(5,128)**
Before tax	50	(16,390)	(16,340)
Tax (expense) / benefit	(16)	–	(16)
Other comprehensive income / (expense), net of taxes	34	(16,390)	(16,356)
Non-controlling interest	–	–	–
Balance as of Sept 30, 2015	**(8,717)**	**(12,767)**	**(21,484)**
Before tax	(3,322)	(1,940)	(5,262)
Tax (expense) / benefit	998	–	998
Other comprehensive income / (expense), net of taxes	(2,324)	(1,940)	(4,264)
Non-controlling interest	–	–	–
Balance as of March 31, 2016	**(11,041)**	**(14,707)**	**(25,748)**

12 Financial liabilities

The financial liabilities comprise the following item:

Financial liabilities T_028

	March 31, 2016			Sept 30, 2015		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Senior facilities	5,000	256,625	261,625	5,000	258,644	263,644
Financial liabilities	**5,000**	**256,625**	**261,625**	**5,000**	**258,644**	**263,644**

The Group’s liability under the facility A commitment of the senior facilities agreement with an initial principal amount of €270 million was measured at amortized cost under consideration of transaction costs. As of March 31, 2016, €5.0 million of the €270 million initial principal amount were redeemed -€2.5 million on September 30, 2015 and another €2.5 million on March 31, 2016. The current portion of the financial liability reflects the next two semi-annual repayment installments of €2.5 million each (payable on September 30, 2016 and March 31, 2017).

As of March 31, 2016, the Group had no liability under the committed €50 million revolving credit facility.

13 Other financial liabilities

Other financial liabilities

T_029

IN € THOUSANDS	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	Sept 30, 2015 Current	Sept 30, 2015 Non-current	Sept 30, 2015 Total
Liabilities to employees	5,353	–	5,353	5,787	–	5,787
Social security contribution	2,067	–	2,067	1,844	–	1,844
Finance lease obligation	343	1,915	2,258	347	2,139	2,486
Other financial liabilities	**7,763**	**1,915**	**9,678**	**7,978**	**2,139**	**10,117**

14 Provisions

Provisions

T_030

IN € THOUSANDS	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	Sept 30, 2015 Current	Sept 30, 2015 Non-current	Sept 30, 2015 Total
Anniversary benefits	–	–	–	13	–	13
Early retirement contracts	285	860	1,145	659	860	1,519
Employee-related costs	8,819	–	8,819	9,082	–	9,082
Environmental protection	251	986	1,237	376	–	376
Other risks	642	–	642	1,035	–	1,035
Legal and litigation costs	102	–	102	90	–	90
Warranties	7,870	–	7,870	7,938	–	7,938
Other miscellaneous	2,272	171	2,443	935	172	1,107
Provisions	**20,241**	**2,017**	**22,258**	**20,128**	**1,032**	**21,160**

The provision for environmental protection, in particular long-term bioremediation of the former Colmar US site, increased in the first half of fiscal 2016 from €376 thousand to €1,237 thousand. This is to cover the contractor expense to finish the bioremediation program in the next years.

15 Pension plans and similar obligations

The Group's liability for pension plans and similar obligations increased from €47,989 thousand as of September 30, 2015 to €51,145 thousand as of March 31, 2016 as a consequence of the lower discount rate used for the calculation of this provision (March 31, 2016: 2.02% versus Sept 30, 2015: 2.38%).

16 Other liabilities

The following table sets out the breakdown of Group's other current and non-current liabilities:

Other liabilities T_031

IN € THOUSANDS	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	Sept 30, 2015 Current	Sept 30, 2015 Non-current	Sept 30, 2015 Total
Advanced payments received	630	822	1,452	1,267	576	1,843
Vacation expenses	3,335	–	3,335	2,269	–	2,269
Other personnel-related expenses	4,032	–	4,032	5,515	–	5,515
Outstanding costs	1,752	–	1,752	1,891	–	1,891
Miscellaneous	32	–	32	157	–	157
Other liabilities	**9,781**	**822**	**10,603**	**11,099**	**576**	**11,675**

17 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 the potential contingent obligation in the EPA Colmar case, please refer to Note 24 in the Annual Report 2015.

Guarantees

A detailed description of the guarantees the Group has issued can be found in the 2015 Annual Report.

Other financial commitments

The nominal values of the other financial commitments as of March 31, 2016 are as follows:

Other financial commitments T_032

IN € THOUSANDS	March 31, 2016	Sept 30, 2015
Capital commitments for fixed and other intangible assets	9,797	11,449
Obligations under rental and leasing agreements	25,160	22,646
Total	**34,957**	**34,095**

18 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_033

IN € THOUSANDS	Measurement category acc. to IAS 39	March 31, 2016 Carrying amount	March 31, 2016 Fair value	Sept 30, 2015 Carrying amount	Sept 30, 2015 Fair value
Trade accounts receivables	LaR	76,390	76,390	62,848	62,848
Cash	LaR	46,101	46,101	39,473	39,473
Other financial assets	LaR	3,983	3,983	7,899	7,899
Total financial assets		**126,474**	**126,474**	**110,220**	**110,220**
Financial liabilities	FLAC	261,625	249,844	263,644	261,277
Trade accounts payable	FLAC	65,766	65,766	68,929	68,929
Finance lease liabilities	–	2,258	2,237	2,486	2,428
Total financial liabilities		**329,649**	**317,847**	**335,059**	**332,634**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		126,474	126,474	110,220	110,220
Financial liabilities measured at amortized cost (FLAC)		327,391	315,610	332,573	330,206

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, other financial assets and finance lease liabilities).

Financial instruments

T_034

IN € THOUSANDS	March 31, 2016 Total	Level 1[1]	Level 2[2]	Level 3[3]	Sept 30, 2015 Total	Level 1[1]	Level 2[2]	Level 3[3]
Financial liabilities								
Senior facilities	249,844	–	249,844	–	261,277	–	261,277	–
Finance lease liabilities	2,237	–	–	2,237	2,428	–	–	2,428

[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 determination of the fair value of the senior facilities is based on the discounted cash flow model where the projected cash flows are discounted to the valuation date using independently sourced market data.
- The valuation technique used for the determination of the obligations under finance leases is the discounted cash flow method. The valuation model considers the present value of the 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 forecast interest payments. Therefore, the fair value would change if the risk-adjusted discount rate or the interest rate changed.

19 Risk reporting

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements as of and for the fiscal year ended September 30, 2015.

20 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 in the first half of fiscal 2016 amounting to €(2,870) thousand (H1 FY2015: €(9,998) thousand) are taken into account in the cash outflows from financing activities. Income tax payments in the same period of €(4,842) thousand (H1 FY2015: €(8,598) thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

21 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 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 EBIT" and in the previous periods "adjusted EBITDA". Adjusted EBIT represents EBIT (i.e. earnings before interest and taxes), as adjusted by management primarily in relation to severance, consulting, restructuring and other non-recurring costs, expenses for one-time legal disputes, interest on pension changes as well as depreciation and amortization of Group's assets to fair value resulting from the April 2010 purchase price allocation (PPA).

Segment information for the six months ended March 31, 2016 and 2015 is as follows:

Segment reporting

T _ 035

	Europe		NAFTA		Asia / Pacific and RoW	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	**2016**	2015	**2016**	2015	**2016**	2015
External revenue[1]	173,564	149,874	135,337	106,727	39,260	36,032
Intersegment revenue[1]	12,900	15,969	2,508	1,702	331	105
Total revenue[1]	186,464	165,843	137,845	108,429	39,591	36,137
EBITDA	34,520	26,146	20,321	15,697	7,250	6,894
Depreciation and amortization (incl. impairment losses)	(11,201)	(10,158)	(3,240)	(3,368)	(1,996)	(1,446)
EBIT	23,319	15,988	17,081	12,329	5,254	5,448
Adjusted EBITDA	35,097	29,000	20,321	16,004	7,250	6,895
Adjusted EBIT	23,896	18,842	17,081	12,636	5,254	5,448

	Total segments		Other / Consolidation		Stabilus Group	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	**2016**	2015	**2016**	2015	**2016**	2015
External revenue[1]	348,161	292,633	–	–	348,161	292,633
Intersegment revenue[1]	15,739	17,776	(15,739)	(17,776)	–	–
Total revenue[1]	363,900	310,409	(15,739)	(17,776)	348,161	292,633
EBITDA	62,091	48,737	–	–	62,091	48,737
Depreciation and amortization (incl. impairment losses)	(16,437)	(14,972)	(6,339)	(6,242)	(22,776)	(21,213)
EBIT	45,654	33,765	(6,339)	(6,242)	39,315	27,523
Adjusted EBITDA	62,668	51,899	–	–	62,668	51,899
Adjusted EBIT	46,232	36,926	–	97	46,232	37,024

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

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

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

Reconciliation of the total segments' profit to profit / (loss) before income tax T _ 036

IN € THOUSANDS	Six months ended March 31, 2016	2015
Total segments' profit (adjusted EBIT)	**46,232**	**36,927**
Other / consolidation	–	97
Group adjusted EBIT	**46,232**	**37,024**
Adjustments to EBIT	(6,917)	(9,501)
Profit from operating activities (EBIT)	**39,315**	**27,523**
Finance income	485	24,241
Finance costs	(3,681)	(10,343)
Profit / (loss) before income tax	**36,119**	**41,421**

The adjustments to EBIT primarily include the depreciation and amortization of Group's assets to fair value resulting from the April 2010 purchase price allocation (PPA) and pension interest add-back.

22 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 the scope of 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 in Stabilus of 20% or more, a seat on the Stabilus Management Board or another key position.

Related parties of the Stabilus Group in accordance with IAS 24 primarily comprise the Stabilus Group management which holds an investment in the Company.

23 Subsequent events

On April 26, 2016, Stabilus signed an agreement to acquire ACE, Hahn Gasfedern and Fabreeka / Tech Products from SKF Group in an all-cash transaction for a total consideration of USD 339 million. The consummation of the transaction (closing) is subject to approval by the relevant antitrust authorities. The closing is expected to take place during summer 2016.

The acquisition is in line with Stabilus' strategy to strengthen its industrial business. The entities to be acquired are technologically leading manufacturers of industrial custom motion control solutions comprising the product segments motion, automation and vibration / safety control solutions and four established standalone brands (ACE, Hahn Gasfedern, Fabreeka and Tech Products). In 2015, the entities recorded sales of approximately USD 120 million and EBIT of approximately USD 30 million. As a result of the transaction, Stabilus expects a positive effect on its EBIT margin and earnings per share (pre-PPA).

After the closing of the transaction, Stabilus intends to set up a new credit facility of up to €570 million to finance the transaction and at the same time to replace the existing €265 million term loan facility as well as to implement a new €70 million revolving credit facility to replace the currently unutilized €50 million revolving credit facility. The new credit facility will have more favorable terms over the duration of the loan than the one installed in 2015.

Stabilus further intends to partially refinance the debt through a capital increase of around €150 million.

The signing of the agreement to acquire ACE, Hahn Gasfedern and Fabreeka / Tech Products was communicated on April 26, 2016 via an ad-hoc announcement followed by a corporate news and an analysts and investors conference call on the same day. The presentation for this conference call as well as the ad-hoc announcement and corporate news can be found on the Stabilus Investor Relations website (www.ir.stabilus.com).

As of May 12, 2016, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of March 31, 2016.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the corporation, and the interim management report of the corporation includes a fair review of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation for the remaining months of the fiscal year.

Luxembourg, May 12, 2016

Dietmar Siemssen Mark Wilhelms Andreas Schröder

Management Board

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar T _ 037

DATE [1)2)]	PUBLICATION / EVENT
May 13, 2016	Publication of the second-quarter results for fiscal year 2016 (Interim Report Q2 FY16)
August 12, 2016	Publication of the third-quarter results for fiscal year 2016 (Interim Report Q3 FY16)
December 15, 2016	Publication of full-year results for fiscal year 2016 (Annual Report 2016)

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 2016 comprises a year ended September 30, 2016.

DISCLAIMER

Forward-looking statements
This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus S.A. These statements take into account only information that was available up and including the date that this interim 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 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 Group Management Report. However, other factors could also have an adverse effect on our business performance and results. 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 interim report.

Rounding
Certain numbers in this interim 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 interim report. All percentage changes and key figures in the Group Management Report were calculated using the underlying data in millions of euros with one decimal place (€ 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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