STABILUS

Annual Report 2013

Servus HoldCo S.à r.l., Luxembourg
Fiscal Year ended September 30, 2013

STABILUS

Table of Contents

Key Figures 4
Group Management Report 5
General 5
Business and general environment 5
Results of operations 6
Financial position 8
Liquidity 9
Risks and opportunities 10
Subsequent events 12
Outlook 12
Consolidated Financial Statements 13
Consolidated Statement of Comprehensive Income 13
Consolidated Statement of Financial Position 14
Consolidated Statement of Changes in Equity 15
Consolidated Statement of Cash Flows 16
Notes to Consolidated Financial Statements 17
1. General Information 17
2. Basis for presentation 17
3. Accounting policies 27
4. Revenue 34
5. Cost of sales, research and development, selling and administrative expenses 35
6. Other income 36
7. Other expenses 36
8. Finance income 36
9. Finance costs 37
10. Income tax expense 37
11. Property, plant and equipment 40
12. Goodwill 41
13. Other intangible assets 43
14. Other financial assets 44
15. Other assets 45
16. Inventories 45
17. Trade accounts receivable 45
18. Current tax assets 46
19. Cash and cash equivalents 46
20. Equity 46
21. Financial liabilities 47
22. Other financial liabilities 51
23. Provisions 52
24. Pension plans and similar obligations 53
25. Trade accounts payable 56
26. Current tax liabilities 56
27. Other liabilities 56
28. Leasing 56
29. Contingent liabilities and other financial commitments 57
30. Financial instruments 58
31. Risk reporting 60
32. Capital management 63
33. Notes to the consolidated statement of cash flows 64
34. Auditor’s fees 64
35. Related party relationships 64

36. Remuneration of key management personnel 65
37. Subsequent events 65
Independent Auditor's Report 66

Key Figures

in € millions	2013	2012	change	% change
	Year ended Sept 30,			
Revenue	460.1	443.5	16.6	3.7%
EBITDA	75.9	71.9	4.0	5.6%
Adjusted EBITDA	87.1	83.1	4.0	4.8%
Capital expenditure	(34.4)	(32.5)	(1.9)	5.8%
Adjusted operating cash flow before tax (AoCF)	43.9	45.0	(1.1)	(2.4)%
Free cash flow (FCF)	20.5	14.6	5.9	40.4%
EBITDA as % of revenue	16.5%	16.2%		
Adjusted EBITDA as % of revenue	18.9%	18.7%		
Capital expenditure as % of revenue	7.5%	7.3%		
AoCF as % of adjusted EBITDA	50.4%	54.2%		
FCF as % of adjusted EBITDA	23.5%	17.6%		

Definitions of non-IFRS key figures

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

Adjusted EBITDA represents EBITDA, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes and other non-recurring costs, as well as interest on pension charges. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance as it is adjusted for certain one-time or non-recurring items that are not expected to impact our group going forward, and thus aids in an understanding of EBITDA in a given period.

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and before extraordinary and exceptional items. Operating cash flow before tax, in turn, comprises IFRS cash flow statement line items “cash flow from operating activities” and “cash flow from investing activities” according to IAS 7, excluding “changes in restricted cash”, “income tax payments”, and “payment for upstream shareholder loan”.

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

Group Management Report
for the fiscal year ended September 30, 2013

General

The parent company of the Luxembourg based Stabilus Group is Servus HoldCo S.à r.l., Luxembourg ("Servus HoldCo"). Stabilus Group's operating entities typically use the brand name "Stabilus" in their registered name. The Group has subsidiaries in Australia, Brazil, China, France, Germany, Japan, Luxembourg, Mexico, New Zealand, Romania, South Korea, Spain, Switzerland, United States and United Kingdom.

The Stabilus Group is a leading manufacturer of gas springs and dampers as well as electrical lifting equipment. The products are used in a wide range of applications in the automotive and the industrial sector, as well as in many furniture applications. Typically the products are used to aid the lifting and lowering or dampening of movements. As a world market leader for gas springs, the Group ships to all key vehicle producers. Various Tier 1 suppliers of the global car industry further diversify the Group's customer base. Overall sales to car manufacturers constitute approximately 65% of the fiscal 2013 Group's revenue, about 30% originate from industrial applications and large commercial vehicle applications and the remainder of about 5% is for swivel chair applications.

Business and general environment

Macroeconomic development

In calendar year 2012 the growth in global gross domestic product (GDP) slowed to only 3.2% (calendar year 2011: 3.9%). In its latest October 2013 World Economic Outlook, the International Monetary Fund (IMF) reduced its growth forecast for the global economy from 3.1% to 2.9% for the current calendar year 2013. The forecast for 2014 was reduced by 0.2 percentage points to 3.6%.

The IMF still believes that there are considerable risks in the high debt levels of many so called "advanced" economies. Structural reforms continue to be needed to effectively counter the risks.

Development of vehicle markets

A very important factor for our revenues in the automotive and industrial market segments is global production volumes of newly manufactured light vehicles which comprise passenger cars, station wagons and light commercial vehicles weighing less than six tons.

The global demand for vehicles developed positively in the last twelve months. Following the global increase in demand for passenger cars, station wagons and light commercial vehicles, the number of vehicles produced in calendar year 2012 increased to 81.5 million units, up by 4.6% from the 76.9 million units in calendar year 2011. Roughly 50% of this increase relates to NAFTA, but also the development of production volumes in China continues to be strongly positive. The number of light vehicles produced in Europe decreased by 4.4% in calendar year 2012.

According to the IHS October 2013 forecast for calendar year 2013, the total worldwide production of light vehicles in 2013 will amount to 83.4 million units. The total increase by 2.4% compared to 2012 will result from the positive developments in NAFTA (+5.1%) and Asia (+3.2%), while the production volumes in Europe are expected to shrink by (1.1)%.

The following table sets out the development of light vehicle production volumes in the last five years:

in millions of units per calendar year	2013**	2012	2011	2010	2009
Europe	19.1	19.3	20.2	19.0	16.5
NAFTA	16.2	15.4	13.1	11.9	8.6
Asia	42.1	40.8	37.0	37.1	28.9
Other markets	6.0	6.0	6.6	6.4	5.5
Worldwide production of light vehicles*	**83.4**	**81.5**	**76.9**	**74.4**	**59.5**

Source: IHS
* Passenger cars, station wagons and light commercial vehicles (<6t)
** IHS forecast as of October 2013

Results of operations

The table below sets out Stabilus Group's consolidated income statement for the fiscal year 2013 in comparison to the fiscal year 2012:

in € millions	Year ended Sept 30,			
	2013	2012	change	% change
Revenue	460.1	443.5	16.6	3.7%
Cost of sales	(349.7)	(336.4)	(13.3)	4.0%
Gross profit	**110.4**	**107.1**	**3.3**	**3.1%**
Research and development expenses	(17.6)	(14.0)	(3.6)	25.7%
Selling expenses	(38.9)	(37.3)	(1.6)	4.3%
Administrative expenses	(21.2)	(28.0)	6.8	(24.3)%
Other income	6.1	8.5	(2.4)	(28.2)%
Other expenses	(3.6)	(4.4)	0.8	(18.2)%
Profit from operating activities (EBIT)	**35.2**	**31.9**	**3.3**	**10.3%**
Finance income	5.4	7.9	(2.5)	(31.6)%
Finance costs	(46.5)	(21.9)	(24.6)	>100.0%
Profit / (loss) before income tax	**(5.9)**	**17.9**	**(23.8)**	**<(100.0)%**
Income tax income/ (expense)	(10.1)	(9.5)	(0.6)	6.3%
Profit for the period	**(16.0)**	**8.4**	**(24.4)**	**<(100.0)%**

Revenue

Group's total revenue developed as follows:

in € millions	Year ended Sept 30,			
	2013	2012	change	% change
Automotive	298.0	282.8	15.2	5.4%
Gas spring	242.7	254.1	(11.4)	(4.5)%
Powerise	55.3	28.7	26.6	92.7%
Industrial	136.9	132.7	4.2	3.2%
Swivel chair	25.2	28.0	(2.8)	(10.0)%
Revenue	**460.1**	**443.5**	**16.6**	**3.7%**

Total revenue in the fiscal year 2013 increased by 3.7% compared to the previous fiscal year. The increase is mainly due to our growing Powerise segment. Its revenue almost doubled from €28.7 million in the fiscal year 2012 to €55.3 million in the fiscal year 2013. While our revenue in the swivel chair and automotive gas spring segments decreased year-on-year by (10.0)% and (4.5)% respectively, the revenue in our automotive Powerise segment grew by 92.7% or €26.6 million. The increase in the Powerise segment is mainly the result of new OEM platform wins and the following start of new Powerise variants. The decrease in the automotive gas spring is mainly driven by the difficult economic environment and stagnating vehicle sales in Europe as well as some distortion in Asia due to the China-Japan dispute in the late calendar year 2012. Sales in the industrial segment increased by 3.2% from €132.7 million in the fiscal year ended September 30, 2012 to €136.9 million in the fiscal year ended September 30, 2013.

Cost of sales and overhead expenses

Cost of sales in the fiscal year 2013 increased by 4.0%, compared to the previous fiscal year. The increase is mainly due to increased total revenue. The cost of sales as a percentage of revenue remained roughly stable at 76.0% (PY: 75.9%).

R&D expenses in the fiscal year 2013 increased by 25.7%, compared to the prior fiscal year 2012. Also as percentage of revenue, R&D expenses increased from 3.2% in fiscal year 2012 to 3.8% in fiscal year 2013. The increase is mainly due to the higher personnel expenses included in the R&D function costs, a consequence of the reclassification of costs for a number of application managers from the selling to the R&D expenses.

Selling expenses increased by 4.3% from €(37.3) million in fiscal year ended September 30, 2012 to €(38.9) million in the fiscal year ended September 30, 2013. As a percent of revenue, these expenses remained essentially unchanged at roughly 8.5% (PY: 8.4%). The reduced personnel expenses due to the reclassification of a number of application managers from selling to R&D expenses was partially offset by the unrelated changes in cross charges between various functions.

Administrative expenses decreased significantly from €(28.0) million in fiscal year 2013 to €(21.2) million in fiscal year 2012. As percentage of revenue, administrative expenses decreased as well, from 6.3% to 4.6%. The settlement of the ongoing mezzanine litigation in fiscal year 2013 essentially explains the absolute as well as the relative improvement.

Other income and expense

Other income decreased from €8.5 million in fiscal year 2012 by €(2.4) million to €6.1 million in fiscal year 2013. This decrease by (28.2)% is primarily the result of less beneficial foreign currency fluctuations.

Other expense decreased from €(4.4) million in fiscal year 2012 to €(3.6) million in year under review. This income statement line item comprises mainly the foreign currency translation losses.

Finance income and costs

Finance income decreased from €7.9 million in fiscal year 2012 to €5.4 million in fiscal year 2013 primarily due to the decreased net foreign exchange gains on financial assets and liabilities.

Finance costs increased significantly in fiscal year 2013 compared to the previous fiscal year, essentially caused by the one-time interest expense on equity upside-sharing instruments (EUSIs) due to their repayment as part of the Group refinancing in June 2013, and net foreign exchange loss of €(7.2) million. See Note 9 below for further details, incl. a breakdown of finance costs. The main part of this increase is non-cash expense. Net interest payments in the fiscal year 2013 amount to €(9.2) million.

Income tax expense

Income tax expense increased from €(9.5) million in fiscal year 2012 slightly to €(10.1) million in fiscal year 2013, mainly driven by the development of taxable profit in the period, the deferred taxes amount and the expense resulting from the German tax audit covering past four years. See Notes to Consolidated Financial Statements below, Note 10, for further details.

EBITDA and adjusted EBITDA

The table below sets out a reconciliation of EBIT to EBITDA and adjusted EBITDA for the fiscal years 2013 and 2012:

	Year ended Sept 30,			
in € millions	**2013**	**2012**	**change**	**% change**
Profit from operating activities (EBIT)	**35.2**	**31.9**	**3.3**	**10.3%**
Depreciation	21.7	22.2	(0.5)	(2.3)%
Amortization	19.0	17.8	1.2	6.7%
EBITDA	**75.9**	**71.9**	**4.0**	**5.6%**
Litigation	4.7	9.9	(5.2)	(52.5)%
Consulting (strategy & tax audit consulting)	1.4	-	1.4	n/a
Restructuring / Ramp-up	3.6	(0.1)	3.7	<(100.0)%
Pension interest add back	1.5	1.4	0.1	7.1%
Total adjustments	11.2	11.2	-	(0.0)%
Adjusted EBITDA	**87.1**	**83.1**	**4.0**	**4.8%**

Adjusted EBITDA represents EBITDA, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes and other non-recurring costs, as well as interest on pension charges. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance as it is adjusted for certain one-time or non-recurring items that are not expected to impact our Group going forward, and thus aids in an understanding of EBITDA in a given period.

Financial position

in € millions	**Sept 30, 2013**	**Sept 30, 2012**	**change**	**% change**
Assets				
Total non-current assets	429.0	361.4	67.6	18.7%
Total current assets	160.3	169.2	(8.9)	(5.3)%
Total assets	**589.3**	**530.6**	**58.7**	**11.1%**
Equity and liabilities				
Total equity	82.6	57.4	25.2	43.9%
Total non-current liabilities	418.8	390.8	28.0	7.2%
Total current liabilities	87.9	82.4	5.5	6.7%
Total liabilities	506.7	473.2	33.5	7.1%
Total equity and liabilities	**589.3**	**530.6**	**58.7**	**11.1%**

The Group’s **balance sheet total** increased by 11.1% to €589.3 million (PY: €530.6 million). The increase in total assets is primarily due to the 18.7% increased **non-current assets** and in particular to the loan the Group provided to the shareholder in June 2013. On the other, i. e. equity and liability, side of the balance sheet, the higher total is primarily due to the increase of the Group’s equity by 43.9%.

Current assets decreased by (5.3)% or €(8.9) million. This is essentially the consequence of lower cash balance, compared to September 30, 2012. The Group used €30 million cash, together with proceeds from the issuance of senior secured notes, to redeem the existing non-current financial liabilities.

The Group’s **equity** as of September 30, 2013 increased, as compared to September 30, 2012, from €57.4 million to €82.6 million mainly as a consequence of shareholder equity contributions in June 2013. The shareholder contributed €80 million to the equity of parent company, of which €36 million do not constitute a contribution of assets from the consolidated perspective, i. e. the net increase of additional paid-in capital amounts to only €44.0 million (see also Notes to Consolidated Financial Statements below, Note 20). Consistent with the equity increase, the **equity ratio** improved from 10.8% as of September 30, 2012 to 14.0% as of September 30, 2013.

Total liabilities increased by €33.5 million or 7.1%, primarily as a result of increased non-current financial liabilities. In connection with the Group’s refinancing in June 2013, the existing senior, mezzanine and shareholder loans, as well as part of the profit participating loans, were redeemed using the proceeds from the issuance of new senior secured notes an the cash on hand. The carrying amount of **non-current financial liabilities** as of September 30, 2013 amounts to €315.1 million, up €29.6 million from the September 30, 2012 amount of €285.5 million.

Liquidity

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

in € millions	Year ended Sept 30, 2013	2012	change	% change
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Cash flows from financing activities	31.3	(9.3)	40.6	<(100.0)%
Net increase / (decrease) in cash	**(19.0)**	**14.3**	**(33.3)**	**<(100.0)%**
Effect of movements in exchange rates on cash held	(0.9)	0.8	(1.7)	<(100.0)%
Cash as of beginning of the period	41.6	26.5	15.1	57.0%
Cash as of end of the period	**21.8**	**41.6**	**(19.8)**	**(47.6)%**

Cash flow from operating activities increased by 11.5% from €56.3 million in fiscal year 2012 to €62.8 million in fiscal year 2013 mainly due to working capital improvements, specifically stock reductions, and (57.8)% lower income tax payments.

Cash flow from investing activities decreased by €(80.4) million from €(32.7) million in fiscal year 2012 to €(113.1) million in fiscal year 2013, mainly due to the €(80.0) million payment for upstream shareholder loan. For further details in regards to the upstream shareholder loan please refer to the Notes to Consolidated Financial Statements, Note 14, below.

Cash flow from financing activities increased by €40.6 million in the fiscal year 2013, compared to the prior fiscal year. This is mainly the result of the bond issuance related payments and receipts.

As a result of the aforementioned changes of cash flows from operating and investing activities and with adjustments to EBITDA amounting to €11.2 million (PY: €11.2 million), **adjusted operating cash flow before tax (AoCF)** decreased slightly from €45.0 million in fiscal year 2012 to €43.9 million in fiscal year 2013. The following table sets out the composition and development of the non-IFRS key figure adjusted operating cash flow before tax in the reporting period.

in € millions	Year ended Sept 30,			
	2013	**2012**	**change**	**% change**
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Excl. payment for upstream shareholder loan	80.0	-	80.0	n/a
Excl. changes in restricted cash	(2.7)	(1.6)	(1.1)	68.8%
Excl. income tax payments	5.7	13.5	(7.8)	(57.8)%
Operating cash flow before tax	**32.7**	**35.5**	**(2.8)**	**(7.9)%**
Adjustments to EBITDA	11.2	11.2	-	(0.0)%
Non-cash exceptional items	-	(1.7)	1.7	(100.0)%
Adjusted operating cash flow before tax	**43.9**	**45.0**	**(1.1)**	**(2.4)%**

Adjusted operating cash flow before tax (AoCF) represents operating cash flow before tax and before extraordinary and exceptional items. Operating cash flow before tax, in turn, comprises IFRS cash flow statement line items “cash flow from operating activities” and “cash flow from investing activities” according to IAS 7, excluding “changes in restricted cash”, “income tax payments”, and “payment for upstream shareholder loan

Free cash flow (FCF) increased from €14.6 million in fiscal year 2012 to €20.5 million. The following table sets out the composition of the non-IFRS figure free cash flow.

in € millions	Year ended Sept 30,			
	2013	**2012**	**change**	**% change**
Cash flows from operating activities	62.8	56.3	6.5	11.5%
Cash flows from investing activities	(113.1)	(32.7)	(80.4)	>100.0%
Payments for interest	(9.2)	(9.0)	(0.2)	2.2%
Excl. payment for upstream shareholder loan	80.0	-	80.0	n/a
Free cash flow	**20.5**	**14.6**	**5.9**	**40.4%**

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

Risks and opportunities

Risk management in the Stabilus Group

The Stabilus Group employs within the budgeting process an integrated process to facilitate the early identification and monitoring of risks specific to the Group. This process should identify changes in the business environment and deviations from targets at an early stage and thus allows initiating

countermeasures swiftly. This includes regular short and medium-term analysis of the order intake and the sales invoicing patterns. Control impulses for the individual companies are derived from this as well. Based on input from a globally recognized forecasting institute and customer input the forward demand is analysed and compared to the internal budget plans.

In addition, selected KPIs (e.g. sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.
To address the risk of a potential double dip scenario, the company has developed a preventive downturn plan which is updated regularly.

Hedging policies and risk management

The Stabilus Group is exposed to certain financial risks in conjunction with its business activities, including foreign exchange fluctuations and bad debts. The risk management system in the Stabilus Group takes into account the unpredictability of these factors and aims to minimise negative effects on the Group's earnings situation.
The room for manoeuvre, the responsibilities, the financial reporting and the control mechanisms are defined by internal Group guidelines. This includes the segregation of duties between the recording and control of financial activities. The foreign currency, interest rate and liquidity risks of the Stabilus Group are managed on a centralised basis.

Foreign currency risk

The Stabilus Group is reviewing continuously the need of forward exchange transactions. As of September 30, 2013 no forward exchange transactions were made within the Group.

Credit risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Receivable exposure is controlled by counterparty limits that are reviewed in intervals and are approved by the Group sales director.
Trade receivables consist of a large number of customers and are spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate and available, credit guarantee insurance cover is purchased.

Liquidity risk

The Board of Managers has set an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.
There is a risk that ratios (financial covenants) and other requirements included in the intenture and revolving credit facility agreement will not be complied with. This risk is monitored on a centralised basis by the parent company. All ratios and other conditions were complied with in the past financial year. The Group planning shows that these ratios will also be complied with during the forecast period of the next twelve months.

Interest rate risk

The Stabilus Group is reviewing continuously the need of forward interest swaps. As of September 30, 2013 no interest hedges were closed within the Group.

Risk of decreasing governmental creditworthiness

The downward revision of credit ratings for several European countries and for the USA by credit agencies in the wake of the ongoing economic and financial crisis and soaring national debt at a global

level pose a substantial risk for future economic performance of these economies and, indirectly, for most of the Group's customers.

Technical and litigation risks

The Group's products are used in many different applications. A manufacturing quality management system has been installed many years ago to ensure a high degree of functionality and process reliability. Technical risks for new applications are analyzed during the offer phase in an opportunities and risks summary and are reassessed regularly in the course of the project. The Group is subject to some claims, proceedings and lawsuits related to products, patents and other matters incidental to these businesses. The in-house legal department monitors these risks continuously and reports regularly to Group management and shareholders.

At the end of the prior fiscal year ended September 30, 2012 there was a risk that two former mezzanine creditors, following a complaint filed at the Koblenz district court, would enforce claims totalling to approximately €82 million and therefore burden the Stabilus Group. The mezzanine creditors were challenging the lawfulness of the Stabilus Group's restructuring which was implemented in April 2010. In November 2012 the High Court in London, chaired by judge Eder, a judge at the English Commercial Court, validated the lawfulness of the restructuring in a lawsuit brought on by the current Stabilus creditor Saltri III Limited against some mezzanine creditors. In the fiscal year 2013 the parties have settled their differences; the claim was abandoned.

Opportunities of the further development of the company

At the end of the reporting period, macro conditions in the majority of the economic regions around the globe as well as market performance measured on the basis of global automobile production were as favourable as at the beginning of the fiscal year. Nevertheless NAFTA in particular saw their vehicle markets develop more dynamically than previously anticipated.

Subsequent events

As of November 29, 2013, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of September 30, 2013.

Outlook

IHS has increased its annual global light vehicle production forecast for calendar year 2013 from 82.8 million (as of January 2013) to 83.4 million vehicles (as of October 2013). The IHS' expectations for the following years did not change materially: It still expects a worldwide production of 86.7 million light vehicles in 2014, 91.8 million in 2015 and 95.5 million light vehicles in 2016 (i. e. annual production growth rate between 4% and 6%). Stabilus Group aims for total revenue of €505.3 million in the next fiscal year 2014, up 9.8% from the fiscal year 2013's total revenue of €460.1 million.

STABILUS

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income
for the fiscal year ended September 30, 2013

in € thousands	Note	Year ended Sept 30, 2013	2012
Revenue	4	460,103	443,488
Cost of sales	5	(349,705)	(336,419)
Gross profit		**110,398**	**107,069**
Research and development expenses	5	(17,573)	(13,951)
Selling expenses	5	(38,933)	(37,282)
Administrative expenses	5	(21,214)	(28,041)
Other income	6	6,054	8,453
Other expenses	7	(3,536)	(4,380)
Profit from operating activities		**35,196**	**31,868**
Finance income	8	5,463	7,868
Finance costs	9	(46,525)	(21,865)
Profit/ (loss) before income tax		**(5,866)**	**17,871**
Income tax income/ (expense)	10	(10,145)	(9,483)
Profit/ (loss) for the period		**(16,011)**	**8,388**
thereof attributable to non-controlling interests		(73)	46
thereof attributable to shareholders of Servus HoldCo		(15,938)	8,342
Other comprehensive income/ (expense)			
Foreign curreny translation difference [1)]	20	3,145	(1,782)
Other comprehensive income/ (expense), net of taxes		**3,145**	**(1,782)**
Total comprehensive income/ (expense) for the period		**(12,866)**	**6,606**
thereof attributable to non-controlling interests		(73)	46
thereof attributable to shareholders of Servus HoldCo		(12,793)	6,560

[1)] Could be reclassified ('recycled') to profit and loss at future point in time when specific conditions are met.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

STABILUS

Consolidated Statement of Financial Position
as of September 30, 2013

in € thousands	Note	Sept 30, 2013	Sept 30, 2012
Assets			
Property, plant and equipment	11	116,276	120,115
Goodwill	12	51,458	51,458
Other intangible assets	13	175,763	180,907
Other financial assets	14	77,134	2,679
Other assets	15	1,024	1,170
Deferred tax assets	10	7,353	5,061
Total non-current assets		**429,008**	**361,390**
Inventories	16	46,063	49,974
Trade accounts receivable	17	67,776	58,950
Current tax assets	18	397	3,567
Other financial assets	14	10,845	-
Other assets	15	13,380	15,046
Cash and cash equivalents	19	21,819	41,638
Total current assets		**160,280**	**169,175**
Total assets		**589,288**	**530,565**
Equity and liabilities			
Issued capital	20	5,013	5,013
Additional paid-in capital	20	74,403	30,550
Retained earnings	20	(991)	20,588
Other reserves	20	4,044	899
Equity attributable to shareholders of Servus HoldCo		**82,469**	**57,050**
Non-controlling interests	20	169	319
Total equity		**82,638**	**57,369**
Financial liabilities	21	315,097	285,466
Other financial liabilities	22	1,472	2,342
Provisions	23	7,037	10,406
Pension plans and similar obligations	24	35,827	35,731
Deferred tax liabilities	10	59,323	56,803
Total non-current liabilities		**418,756**	**390,748**
Trade accounts payable	25	44,977	42,898
Financial liabilities	21	7,663	-
Other financial liabilities	22	8,886	7,396
Current tax liabilities	26	1,587	560
Provisions	23	13,908	17,565
Other liabilities	27	10,873	14,029
Total current liabilities		**87,894**	**82,448**
Total liabilities		**506,650**	**473,196**
Total equity and liabilities		**589,288**	**530,565**

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

Consolidated Statement of Changes in Equity
for the fiscal year ended September 30, 2013

in € thousands	Note	Issued capital	Additional paid-in capital	Retained earnings	Other reserves	Equity attributable to shareholders of Servus HoldCo	Non-controlling interest	Total Equity
Balance as of Sept 30, 2011		**5,013**	**30,850**	**12,246**	**2,681**	**50,790**	**273**	**51,063**
Profit/ (loss) for the period	20			8,342		8,342	46	8,388
Other comprehensive income	20				(1,782)	(1,782)		(1,782)
Total comprehensive income for the period		-	-	8,342	(1,782)	6,560	46	6,606
Dividends	20		(300)			(300)		(300)
Balance as of Sept 30, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**
Profit/ (loss) for the period	20			(15,938)		(15,938)	(73)	(16,011)
Other comprehensive income	20				3,145	3,145		3,145
Total comprehensive income for the period		-	-	(15,938)	3,145	(12,793)	(73)	(12,866)
Contributions by owners	20		44,003			44,003		44,003
Distribution of shareholder loan	20			(5,641)		(5,641)		(5,641)
Dividends	20		(150)			(150)	(77)	(227)
Balance as of Sept 30, 2013		**5,013**	**74,403**	**(991)**	**4,044**	**82,469**	**169**	**82,638**

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

STABILUS

Consolidated Statement of Cash Flows
for the fiscal year ended September 30, 2013

in € thousands	Note	Year ended Sept 30, 2013	2012
Profit/ (loss) for the period		(16,011)	8,388
Current income tax expense	10	10,373	11,895
Deferred income tax expense	10	(228)	(2,412)
Net finance result	8/ 9	41,063	13,997
Depreciation and amortization	5	40,661	40,003
Other non-cash income and expenses		(5,544)	6,333
Changes in inventories		3,911	(4,590)
Changes in trade accounts receivable		(8,826)	(3,795)
Changes in trade accounts payable		2,079	10,758
Changes in other assets and liabilities		5,040	(8,547)
Changes in restricted cash	14	2,679	1,623
Changes in provisions		(6,930)	(1,403)
Changes in deferred tax assets and liabilities		228	(2,412)
Income tax payments	33	(5,663)	(13,491)
Cash flows from operating activities		**62,832**	**56,347**
Proceeds from disposal of property, plant and equipment		1,277	26
Purchase of intangible assets	13	(14,179)	(13,300)
Purchase of property, plant and equipment	11	(20,211)	(19,201)
Cash flows from disposals and aquisitions of tangible and intangible assets		*(33,113)*	*(32,475)*
Acquisition of assets and liabilities within the business combination, net of cash acquired		-	(191)
Payments for upstream shareholder loan	14	(80,014)	-
Cash flows from changes in non-current financial assets		*(80,014)*	*(191)*
Cash flows from investing activities		**(113,127)**	**(32,666)**
Receipts from contributions of equity	20	44,003	-
Receipts from issuance of senior secured notes	21	315,000	-
Payments for redemption of financial liabilities	21	(303,806)	-
Payments for finance leases	28	(1,792)	-
Payments of transaction costs	21	(12,658)	-
Dividends paid	20	(150)	(300)
Dividends paid to non-controlling interests	20	(77)	-
Payments for interest	33	(9,177)	(9,039)
Cash flows from financing activities		**31,343**	**(9,339)**
Net increase/ (decrease) in cash and cash equivalents		**(18,952)**	**14,342**
Effect of movements in exchange rates on cash held		(867)	760
Cash and cash equivalents as of beginning of the period		41,638	26,536
Cash and cash equivalents as of end of the period		**21,819**	**41,638**

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

Notes to Consolidated Financial Statements
as of and for the fiscal year ended September 30, 2013

1. General Information

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

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

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

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

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

The consolidated financial statements were authorised for issue by the Management Board on November 29, 2013.

2. Basis for presentation

Preparation

Applying IAS 1, the consolidated statement of financial position is classified in accordance with the maturities principle. Items of the statement of financial position are therefore differentiated between non-current and current assets and liabilities. Assets and liabilities are classified as current if they have a remaining term of less than one year or are turned over within a normal operating cycle. Accordingly, assets and liabilities are classified as non-current if they remain in the Group for more than one year. Deferred tax assets and deferred tax liabilities, as well as assets and provisions from defined benefit pension plans and similar obligations are reported as non-current items. The consolidated statement of comprehensive income is presented using the cost of sales method.

Measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items, such as derivative financial instruments or hedged transactions and pensions and similar obligations. The measurement methods applied to these exceptions are described below.

Use of estimates and judgements

Certain of the accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the financial position or results of operations. Critical accounting estimates could also involve estimates where management could reasonably have used a different estimate in the current accounting period. Management wishes to point out that future events often vary from forecasts and that estimates routinely require adjustment.

Impairment of non-financial assets: Stabilus assesses at every reporting date whether there are indications that its non-financial assets may be impaired. Goodwill is tested annually for impairment. Further tests are carried out if there are indications for impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less cost to sale is calculated, management must estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate in order to determine the present value of this cash flow.

Trade and other receivables: The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical allowances. We refer also to Note 17.

Other receivables: Other receivables are recognised when the probability of cash receipt exceeds 90%. We refer also to Note 14.

Deferred tax assets: The valuation of deferred tax assets is based on mid-term business plans of the respective entities which recorded deferred tax assets. These mid-term business plans range from three to five years and include several underlying assumptions and estimations in respect of the business development, strategic changes, cost optimisation and business improvement and also general market and economic development. Based on these business plans the Management is convinced about the recoverability of deferred tax assets. We refer also to Note 10.

Provision: Significant estimates are involved in the determination of provisions related to contract losses, warranty costs and legal proceedings. We refer also to Note 23.

Risks and uncertainties

The Group's net assets, financial position and results of operations are subject to risks and uncertainties. Factors that could affect the future net assets, financial position and results of operations and therefore cause actual results to vary from the expectations include sales volume changes due to changes in the overall economy, evolvement of price aggressive competitors, significant price changes for raw materials and overall purchase costs. Quality issues (e.g. recalls) may result in significant costs for the Group, in spite of a benchmarked insurance cover. The Group financing with its long term fixed interest rates play a key role for the long term stability of the Group.

Going Concern

At the end of the prior fiscal year ended September 30, 2012 there was a risk that two former mezzanine creditors, following a complaint filed at the Koblenz district court, could get a court order allowing them to enforce claims totalling to approximately €82 million and therefore burden the Stabilus Group. The mezzanine creditors were challenging the lawfulness of the Stabilus Group's restructuring which was implemented in April 2010. In November 2012 the High Court in London, chaired by judge Eder, a judge at the English Commercial Court, validated the lawfulness of the restructuring in a lawsuit brought on by the current Stabilus creditor Saltri III Limited against some mezzanine creditors. In the fiscal year 2013 the parties have settled their differences; the claim in Koblenz was abandoned.

At the end of the prior fiscal year ended September 30, 2012 there was a risk that certain ratios (financial covenants) and other conditions included in the facility agreements would not be complied with as the financial performance of the Group could change negatively. Following the refinancing of the Group's non-current financial liabilities in June 2013, this risk was essentially eliminated and does not pose a material threat to the Group as going concern.
Accordingly, these consolidated financial statements are prepared based on the going concern assumption.

Scope of consolidation

All entities where the possibility exists to influence the financial and operating policies so that the companies of the Stabilus Group can obtain benefits from the activities of these entities (subsidiaries), supported by a share of the voting rights in excess of 50%, are included in the consolidated financial statements. Subsidiaries are included in consolidation from the date on which Servus HoldCo becomes able to control them. If this possibility ceases, the companies concerned withdraw from the scope of consolidation.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inclusion in the consolidated financial statements ends as soon as the Company no longer has control.

In addition to Servus HoldCo, altogether 29 subsidiaries (see following list), are included in the consolidated financial statements as at September 30, 2013.

Name of the Company	Registered office of the entity	Interest and control held by	Holding in %	Consolidation method
Servus Sub S.à r.l.	Luxembourg	Servus HoldCo S.à r.l.	100.00%	Full
Servus Luxembourg S.à r.l.	Luxembourg	Servus HoldCo S.à r.l.	100.00%	Full
Servus II (Gibraltar) Limited	Gibraltar	Servus HoldCo S.à r.l.	100.00%	Full
Servus Luxembourg Holding S.C.A.	Luxembourg	Servus Sub S.à r.l.	99.9968%	Full
		Servus Luxembourg S.à r.l.	0.0032%	
Blitz F10-neun GmbH	Frankfurt, Germany	Servus HoldCo S.à r.l.	100.00%	Full
Blitz F10-acht-drei-drei GmbH & Co KG	Frankfurt, Germany	Servus II (Gibraltar) Limited	94.90%	Full
Stable II S.à r.l.	Luxembourg	Servus Luxembourg Holding S.C.A.	94.90%	Full
		Blitz F10-acht-drei-drei GmbH & Co KG	5.10%	
Stable Beteiligungs GmbH	Koblenz, Germany	Stable II S.à r.l.	100.00%	Full
Stable HoldCo Inc.	Wilmington, USA	Stable Beteiligungs GmbH	100.00%	Full
Stable Romania S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	0.17%	Full
		Stabilus GmbH	99.83%	
Stable HoldCo Australia Pty. Ltd.	Dingley, Australia	Stable II S.à r.l.	100.00%	Full
LinRot Holding AG	Zürich, Sw itzerland	Stable II S.à r.l.	100.00%	Full
Stabilus US HoldCo Inc.	Wilmington, USA	Stable HoldCo Inc.	100.00%	Full
Stabilus UK HoldCo Ltd.	Banbury, United Kingdom	Stable Beteiligungs GmbH	100.00%	Full
Stabilus GmbH	Koblenz, Germany	Stable Beteiligungs GmbH	100.00%	Full
Stabilus Pow erise GmbH	Melle, Germany	LinRot Holding AG	100.00%	Full
Stabilus Pty. Ltd.	Dingley, Australia	Stable HoldCo Australia Pty. Ltd.	100.00%	Full
Stabilus Ltda.	Itajubá, Brazil	Stabilus GmbH	99.99%	Full
Stabilus Espana S.L.	Lezama, Spain	Stabilus GmbH	100.00%	Full
Stabilus Ltd.	Banbury, United Kingdom	Stabilus UK HoldCo Ltd.	100.00%	Full
Stabilus Co. Ltd.	Busan, South Korea	Stabilus GmbH	100.00%	Full
Stabilus S.A. de C.V.	Ramos Arizpe, Mexico	Stabilus GmbH	99.9998%	Full
		Stabilus Ltd.	0.0002%	Full
Stabilus Inc.	Gastonia, USA	Stabilus US HoldCo Inc.	100.00%	Full
Stabilus Limited	Auckland, New Zealand	Stabilus GmbH	80.00%	Full
Stabilus Japan Corp.	Yokohama, Japan	Stable Beteiligungs GmbH	100.00%	Full
Stabilus France S.à r.l.	Poissy, France	Stabilus GmbH	100.00%	Full
Stabilus Romania S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	13.65%	Full
		Stabilus GmbH	86.35%	Full
Stabilus (Jiangsu) Ltd.	Wujin, China	Stabilus GmbH	100.00%	Full
Orion Rent Imobiliare S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH	98.00%	Full

As against the previous fiscal year, four newly formed companies have been added to the scope of consolidated companies, prior to the Group's refinancing in June 2013. One of this newly formed companies, Servus Luxembourg Holding S. C. A., Luxembourg, being the issuer of the senior secured notes. One inactive company is no longer included in the scope of consolidation: Stabilus S.R.L., Villar Perosa, Italy.

The first steps in the internal restructuring of Romanian and US companies, initiated in the past years, have been finalised in the fiscal 2013. The shares in the Romanian operating company were sold by Stable Romania S.R.L. to Stable Beteiligungs GmbH. In the fiscal year 2014, Stable Romania S.R.L will be merged into the operating company, Stabilus Romania S.R.L., Romania. In addition, in the fiscal year ended September 30, 2013 Stable II S.à r.l., Luxembourg, sold its shares in Stable HoldCo Inc., Wilmington, USA, to Stable Beteiligungs GmbH, Germany. In the upcoming fiscal year 2014, the Group's two US holding companies will be merged as well.

Principles of consolidation

The assets and liabilities of the domestic and foreign entities included in consolidation are recognised in accordance with the uniform accounting policies of the Stabilus Group. Receivables and liabilities or provisions between the consolidated companies are offset. Intragroup revenues and other intragroup income and the corresponding expenses are eliminated. Intercompany gains and losses on intragroup delivery and service transactions are eliminated through profit or loss, unless they are immaterial. Deferred taxes, which reflect the average income tax charge on the recipient group entity, are recognised on consolidation adjustments affecting profit or loss.

Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquire, less
- the net recognised amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with the business combination are expensed as incurred.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Foreign currency translation

The consolidated financial statements are presented in Euro, as the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency of its primary economic environment in which the entity operates. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the historic rate.

Assets and liabilities of foreign subsidiaries where the functional currency is other than euro (€) are translated using the financial period-end exchange rates, while their income and expenses are translated using the average exchange rates during the period.

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

Foreign currency transaction gains and losses on operating activities are included in other operating income and expenses. Foreign currency gains and losses on financial receivables and debts are included in interest income and expenses.

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

Country	ISO Code	Closing rate Sept 30,		Average rate year ended Sept 30,	
		2013	2012	2013	2012
Australia	AUD	1.4498	1.2394	1.3229	1.2631
Brazil	BRL	3.0181	2.6109	2.7669	2.4525
China	CNY	8.3055	8.1453	8.1884	8.2360
South Korea	KRW	1,454.2100	1,468.8300	1,451.4900	1,485.0900
Mexico	MXP	17.5791	16.6113	16.7285	17.3288
Romania	ROL	4.4604	4.5331	4.4422	4.4146
USA	USD	1.3510	1.2860	1.3123	1.2990

Changes in accounting policies on account of new standards

The new standards and their impact are presented below:

Standard/ Interpretation		Effective for fiscal years beginning on or after	Endorse-ment by EU Commission
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012	Yes

Amendment to IAS 1: Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that would be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods. The Stabilus Group applies the amendment to IAS 1 by adjusting the presentation of the OCI in the consolidated statement of comprehensive income, i. e. by adding an explanatory footnote to this item.

IFRSs issued but not yet adopted

Certain new standards, announcements of standards and interpretations were published by September 30, 2013, but their adoption is only obligatory after September 30, 2013. The Stabilus Group has decided in the case of standards and interpretations that are only to be adopted in later reporting periods not to apply the option to adopt them earlier.

Standard/ Interpretation		Effective for fiscal years beginning on or after	Endorsement by EU Commission
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	January 1, 2013	Yes
Amendment to IFRS 1	Government Loans	January 1, 2013	Yes
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013	Yes
IFRS 9	Financial Instruments	January 1, 2015	Yes
IFRS 10 and IAS 27	Consolidated Financial Statements, Separate Financial Statements	January 1, 2014	Yes
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014	No*
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance	January 1, 2014	Yes
IFRS 11 and IAS 28	Joint Arrangements, Investments in Associates and Joint Ventures	January 1, 2014	Yes
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014	Yes
IFRS 13	Fair Value Measurement	January 1, 2013	Yes
Amendments to IFRS 7, 9	Mandatory Effective Date and Transition Disclosures	January 1, 2015	No*
Amendment to IAS 12	Deferred Taxes: Recovery of Unterlying Assets	January 1, 2013	Yes
IAS 19	Employee Benefits (Revised 2011)	January 1, 2013	Yes
Amendment to IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Yes
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014	No*
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014	No*
Improvements to IFRSs (2011)	Collection of Amendments to International Financial Reporting Standards	January 1, 2013	Yes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	Yes
IFRIC 21	Levies	January 1, 2014	No*

* The effective dates presented above, for the standards and interpretations that are not yet endorsed by the EU Commission, are the implementation dates stipulated by IASB.

Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters: Through this amendment to IFRS 1, previous references to a fixed transition date of January 1, 2004 are replaced with “the date of transition to IFRSs”. Furthermore, rules have now been taken up in IFRS 1 for the event that an entity was unable for some time to comply with IFRSs because its

functional currency was subject to hyperinflation. The amendments to IFRS 1 will not have any impact on future financial statements of the Stabilus Group as the Group has no entities in hyperinflation countries.

Amendment to IFRS 1: Government Loans: This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. Entities are required to apply these amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The amendment to IFRS 1 does not have any impact on future financial statements of the Stabilus Group as the Group has no government loans.

Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities: The standard amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosure to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The new offsetting disclosure requirements are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments need to be provided retrospectively to all comparative periods. The amendment to IFRS 7 does not have any impact on future financial statements of the Stabilus Group.

IFRS 9: Financial Instruments: IFRS 9 revises the existing principles on the classification and measurement of financial assets. The aim is to reduce the complexity of the accounting and to provide relevant decision-useful information for users of financial statements. The scope of IFRS 9 is initially limited to financial assets. The former classifications in IAS 39 are reduced to two measurement categories: amortized cost and fair value. The new classification shall be applied to existing financial assets. The retrospective application of the new regulations in accordance with IAS 8 will result in the adjustment of all information in the IFRS financial statements, as if the new accounting and measurement methods had always applied. The Stabilus Group is currently investigating the impact on the consolidated financial statements.

IFRS 10: Consolidated Financial Statements, Amendments to IAS 27 Separate Financial Statements: IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and the issues raised in SIC 12 resulting in SIC 12 being withdrawn. It does not change consolidation procedures, but creates a new and broader definition of control than under current IAS 27. IFRS 10 will not have any impact on future financial statements of the Stabilus Group.

Amendments to IFRS 10, 12 and IAS 27: Investment Entities: The amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. The key amendments include:

- "Investment entity" is defined in IFRS 10;
- An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity;
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment;
- An investment entity must measure its investment in another controlled investment entity at fair value;
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees.

The Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

IFRS 11: Joint Arrangements, Amendments to IAS 28 Investments in Associates and Joint Ventures: IFRS 11 replaces IAS 31 and SIC 13 and changes the accounting for joint arrangements by moving from three categories under IAS 31 to the two categories: joint operation and joint venture. According to this new classification, the structure of the joint arrangement is not the only factor to be considered when classifying a joint arrangement. Under the new standard, it is required also to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, other facts and circumstances. IAS 28 was amended to include the application of the equity method to investments in joint ventures. IFRS 11 and the amendments to IAS 28 will not have any impact on future financial statements of the Stabilus Group.

IFRS 12: Disclosure of Interests in Other Entities: The new standard contains more extensive qualitative and quantitative disclosure requirements, which include disclosure of e. g. (a) summarised financial information for each subsidiary with a material non-controlling interest, for each individually material joint venture and associate, (b) significant judgements used by management in determining control, joint control, significant influence, and the type of joint arrangement, and (c) nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

IFRS 13: Fair Value Measurement: The new standard does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. It provides a definition of fair value and clarification on a number of concepts, including e. g. a description on how to measure fair value when a market becomes less active. The standard includes new disclosures related to fair value measurements as well. The Stabilus Group is currently investigating the impact of this new standard on its future consolidated financial statements.

Amendments to IFRS 7, 9: Mandatory Effective Date and Transition Disclosures: Stabilus Group is currently evaluating the impact of these amendments on consolidated financial statements.

Amendment to IAS 12: Deferred Taxes: Recovery of Underlying Assets: Recovery of underlying assets: In the case of investment property, it is often difficult to evaluate whether existing temporary tax differences will reverse during the continued utilisation or in the course of a disposal. The amendment to IAS 12 now clarifies that the reversal fundamentally takes place through a disposal. As a consequence of the amendment, SIC 21 Income Taxes – Recovery of Revalued Non-depreciable Assets no longer applies to investment property measured at fair value. The remaining guidelines have been integrated in IAS 12, and SIC 21 has as a consequence been withdrawn. The amendments to IAS 12 will not have any impact on future financial statements of the Stabilus Group.

IAS 19: Employee Benefits (Revised): The revised standard includes a number of amendments that range from fundamental changes to simple clarifications. The significant changes are the following:

- For defined benefits plans, the possibility to defer recognition of actuarial gains and losses (the corridor approach) has been removed. Actuarial gains and losses are to be recognised in other comprehensive income when they occur. Amounts in profit or loss are limited to current and past service costs, gains and losses on settlements, and net interest income/expense. All other changes in the net defined benefit asset/ liability are recognised in other comprehensive income with no subsequent recycling to profit or loss.
- The distinction between short-term and other long-term employee benefits is to be based on expected timing of settlement rather than the employee's entitlement to the benefits.
- Termination benefits are to be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.
- The new disclosure requirements include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The amendments will have an impact on future consolidated financial statements of the Stabilus Group.

Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities: The amendments to IAS 32 clarify that:

- an entity has a legally enforceable right to set-off if that right is:
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle.

The amendments are to be applied retrospectively. The amendments to IAS 32 will not have any impact on future financial statements of the Stabilus Group.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets: The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. IAS 36 *Impairment of Assets* required disclosure of information about recoverable amount of impaired assets if that amount was based on fair value less costs to sell. Accordingly, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill and intangible assets with indefinite useful lives allocated to that unit was significant, compared to the entity's total carrying amount of goodwill and intangible assets with indefinite useful lives. This requirement has been deleted by the amendment. In addition, two disclosure requirements were added:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique.

The Group is currently evaluating the impact of these amendments on its consolidated financial statements.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting: The amendments provide exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations that arise as a consequence of laws or regulations, or the introduction of laws or regulations where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. All of the above criteria must be met to continue hedge accounting under this exception. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The amendments to IAS 39 will not have any impact on future financial statements of Stabilus Group.

Improvements to IFRSs (2011): Collection of amendments to International Financial Reporting Standards: In May 2012 the IASB published the Annual Improvements 2009–2011 Cycle, a collection of amendments to International Financial Reporting Standards (IFRSs), in response to five issues addressed during the 2009–2011 cycle. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. The amendments impact the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IAS 1 Presentation of Financial Statements; IAS 16 Property, Plant and Equipment; IAS 32 Financial Instruments: Presentation; IAS 34 Interim Financial Reporting. The Improvements to IFRSs will not have any impact on future financial statements of the Stabilus Group.

IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine: In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral

ore deposits. This waste removal activity is known as 'stripping'. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). IFRIC 20 will not have any impact on future financial statements of the Stabilus Group.

IFRIC 21: Levies: Levies are defined as outflows of resources embodying economic benefits by government on entities in accordance with legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. The levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. IFRIC 21 will not have any impact on future financial statement of the Group.

3. Accounting policies

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the customer, a price is agreed upon or can be determined and when the payment is probable. Revenue from a contract to provide services is recognised according to the stage of completion, if the amount of the revenues can be measured reliably and it is probable that the economic benefits from the business will flow to the Group.

Cost of sales

Cost of sales comprises the cost of the conversion of products sold as well as the purchase costs of sold merchandise. In addition to the directly attributable material and production costs, it also includes indirect production-related overheads like production and purchase management, including depreciation on production plants and amortization of intangible assets. Cost of sales also includes write-downs on inventories to the lower net realizable value. Provisions for estimated costs related to product warranties are accrued at the time the related sale is recorded.

Research expenses and non-capitalized development expenses

Research expenses and non-capitalized development expenses are recognised in profit or loss when incurred.

Selling expenses

Selling expenses include sales personnel costs and operating sales costs such as for marketing. Shipping and handling costs are expensed within selling expenses when incurred. Fees charged to customers are shown as sales. Advertising costs (expenses for advertising, sales promotion and other sales-related activities) are expensed within selling expenses when incurred.

Borrowing costs

Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and therefore form part of the cost of that asset.

Interest income and expenses

The interest income and expenses include the interest expense from liabilities, interest income from the investment of cash and interest. Furthermore, the interest components from defined benefit pension

plans and similar obligations and expenses from the winding back of the discounting of provisions for other risks are also reported under the personnel expenses.

Other financial income and expense

The other financial result includes all remaining expenses and income from financial transactions that are not included in the interest result.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Income tax expenses represent the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

In accordance with IAS 12 deferred taxes are recognised on temporary differences between the carrying amounts and the corresponding tax base of assets and liabilities used in the computation of taxable income. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and deferred tax liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets on tax loss carry-forwards are only recognised if there is sufficient probability that the tax reductions resulting from them will actually occur. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill

Goodwill is determined to have an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36 the Group is testing the goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGU) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. An impairment of goodwill is recognised if the recoverable amount of the cash-generating unit is below its carrying amount. Impairment losses for goodwill are reported in the other expenses section. According to IAS 36 impairment losses recognised for goodwill are not reversed.

Goodwill impairment is tested at the level of Stabilus Group at the lowest level within the Group at which goodwill is being managed. As such decisions on resource allocation and production management are not being based separately on customer markets (Automotive, Industrial and Swivel Chair), but homogenously for all manufacturing lines, nearly all products can be produced by all machines to be marketed in all customer markets. Decentralised decision making and controlling structures do not yet

exist in a detail that is required to base segment reporting upon – neither in respect to customer markets nor in respect to specific product lines. Also the Group only has one central worldwide purchasing structure that is not diversified in segments. Financial information for market segments is only available in terms of revenue and the gross margin, but not for EBITDA and further financial data.

Other intangible assets

Purchased or internally generated intangible assets are capitalised according to IAS 38, if a future economic benefit can be expected from the use of the asset and the costs of the asset can be determined reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortization: Software (3 to 5 years) and patented technology (16 years), customer relationships (24 years), unpatented technology (6 to 10 years) and trade name (18 years).

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised at cost if the relevant recognition criteria according to IAS 38 are met. Capitalised development costs comprise all costs directly attributable to the development process. Capitalised development costs are amortized systematically from the start of production over the expected product cycle of three to fifteen years depending on the lifetime of the product.

Property, plant and equipment

Substantially, the entire property, plant and equipment is used for business purposes and is measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are

met. The Group develops and assembles various production equipments internally; the related costs are also capitalised. Depreciation on property, plant and equipment is recorded straight-line in accordance with its utilization and based on the useful lives of the assets. The residual values, depreciation methods and useful lives are reviewed annually and adjusted, if necessary. Property in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Systematic depreciation is primarily based on the following useful lives: Buildings (40 years), machinery and equipment (10 years) and other equipment (5 to 8 years).

Leasing

Leases comprise all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use that asset is not explicitly described in an arrangement. Leases are classified as either finance or operating. In accordance with the regulations under IAS 17 on accounting for leases, economic ownership is attributed to the lessee if it bears substantially all of the risks and rewards associated with ownership (finance lease). If the criteria for a finance lease are fulfilled, assets and liabilities are recognised at the commencement of a lease term at fair value or the lower present value of the minimum lease payments. Assets are depreciated on a straight-line basis over the estimated useful life of the asset or shorter term of the lease. The discounted payment obligations resulting from the future leasing instalments are recognised under other long-term liabilities.

Lease payments resulting from finance leases are divided into principal payments and interest payments. Lease and rent payments resulting from operating leases are recognised as an expense in the consolidated statement of comprehensive income. Future burdens under operating lease relationships are disclosed under other financial obligations. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating leases are concluded for the leasing of office equipment.

Impairment of non-financial assets

Stabilus assesses at each reporting date whether there are indications that an asset may be impaired. If such indications exist or if annual impairment testing is required (for instance for goodwill), Stabilus estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of its fair value less cost to sell and its value in use. Stabilus determines the recoverable amount as fair value less cost to sell and compares this with the carrying amounts (including goodwill). The fair value is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of the operative planning (five-year-window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. If the fair value less cost to sell cannot be determined or is lower than the carrying amount, the value in use is calculated. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the amount of the difference.

The calculation of the fair value less cost to sell and the value in use is most sensitive to the following assumptions: (1) Gross margins are based on average values achieved in the last two years adopted over the budget period for anticipated efficiency improvements. (2) Discount rates reflect the current

market assessments of the risks of the cash generating unit. The rate was estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Partly forecast figures (mainly in Europe and the US) and partly past price developments have been used as an indicator for future developments. (4) Management notices that the Group's position continues to strengthen, as customers shift their purchases to larger and more stable companies. Therefore there is no need for any doubt regarding the assumption of market share. (5) Revenue growth rates are estimated based on published industry research.

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

Inventories

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments recorded as financial assets or financial liabilities are generally reported separately. Financial instruments are recognised as soon as the Stabilus Group becomes a party to the contractual provisions of the financial instrument. Financial instruments comprise financial receivables or liabilities, trade accounts receivable or liabilities, cash and cash equivalents and other financial assets or liabilities.

Financial instruments are initially measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories defined in IAS 39 "Financial Instruments: Recognition and Measurement". The measurement categories within the meaning of IAS 39 relevant for Stabilus Group are loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples include trade accounts receivable and loans originated by the company. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less impairment losses. Gains and losses are recognised in the consolidated earnings when the loans and receivables are derecognised or impaired. Interest effects from using the effective interest method are similarly recognised in profit or loss. For the accounting of purchase or sale of financial assets, Stabilus uses the settlement date. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year are discounted.

Financial assets

In addition to financial instruments assigned to a measurement category, financial assets also include cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, cheques and deposits at banks. The Group considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents correspond with the classification in the consolidated statement of cash flows. Interest received on these financial assets is generally recognised in profit or loss applying the effective interest method. Dividends are recognised in profit or loss when legal entitlement to the payment arises.

Impairment of financial assets

At each reporting date, the carrying amounts of the financial assets, other than those to be measured at fair value through profit or loss, are investigated to determine whether there is objective evidence of impairment (such as serious financial problems on the part of the debtor or significant changes in the technological, economic, legal and the market environment of the debtor). For equity instruments, a significant or prolonged decline in fair value is objective evidence for possible impairment. Stabilus has defined criteria for the significance and duration of a decline in fair value.

***Loans and receivables*.** If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. In relation to trade accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will be unable to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derivative financial instruments

The Group does not have any derivative financial instruments apart from the derivatives embedded in the indenture which was concluded on June 7, 2013. Embedded derivatives are separated from the host contract, which is not measured at fair value through profit and loss, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separable embedded derivatives are measured at fair value at initial recognition and at each subsequent reporting date. The fair value of embedded derivatives is calculated using a standard option pricing model. For the valuation, the credit spread used is calibrated such that the model reproduces the current market prise quoted on the Luxembourg stock exchange (Bourse de Luxembourg) at the respective valuation date. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative. Following initial recognition, changes in the fair value of derivative financial instruments are recognized in profit and loss.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities primarily include notes (PY: bank, mezzanine and shareholder loans), equity upside-sharing instruments (EUSIs), trade accounts payable and other financial liabilities.

Financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost include notes (PY: bank, mezzanine and shareholder loans) as well as equity upside-sharing

instruments (EUSIs) which comprise profit participating loans (PPLs) including a mezzanine warrant instrument. The naming is due to their highly subordinated nature. Nonetheless, they constitute “financial liabilities” and not “equity instruments” in the sense of IAS 39. After initial recognition, the financial liabilities are subsequently measured at amortized cost applying the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortization process.

Financial liabilities at fair value through profit or loss. As of September 30, 2013 the Group does not measure any financial liabilities at fair value through profit or loss. In the prior year equity upside-sharing instruments (EUSIs) were designated into this category. A financial liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. Because an active market for the EUSIs did not exist, EUSIs’ fair value in prior years was established using a valuation technique. The valuation technique was based on Monte-Carlo simulations using for example the enterprise value, growth rate and volatility as parameters. For this type of instruments IFRS requires a measurement at amortized cost. However, the carrying amounts of EUSIs recognised in the previous years were not materially different from the measurement at amortized cost.

Pensions and similar obligations

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit pension plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The defined benefit liability recognised in the statement of financial position comprises the present value of the defined benefit obligation less unrecognised actuarial gains and losses and unrecognised past service cost less the fair value of plan assets out of which the obligations are to be settled directly. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions - in particular those for warranties and potential losses on pending transactions. Non-current provisions with a residual term of more than a year are recognised at balance sheet date with their discounted settlement amount. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Termination benefits are granted if an employee is terminated before the normal retirement age or if an employee leaves the company voluntarily in return for the payment of a termination benefit. The Group records termination benefits if it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate the employment of current employees or if it is demonstrably committed to pay termination benefits if employees leave the company voluntarily.

Provisions for warranties are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

4. Revenue

The Group's revenue developed as follows:

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Automotive	298,068	282,831
Gas spring	242,728	254,172
Powerise	55,340	28,659
Industrial	136,856	132,666
Swivel chair	25,179	27,991
Revenue	**460,103**	**443,488**

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Europe	230,221	237,868
NAFTA	150,035	134,619
Asia/Pacific and rest of world	79,847	71,001
Revenue	**460,103**	**443,488**

Group revenue results from sales of goods.

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

in € thousands	Cost of sales	Research & development expenses	Selling expenses	Adminis-trative expenses	Total
					Year ended Sept 30, 2013
Capitalized development cost	-	13,814	-	-	**13,814**
Personnel expenses	(100,612)	(11,603)	(11,797)	(17,033)	**(141,045)**
Material expenses	(201,412)	(3,326)	(7,203)	(2,294)	**(214,235)**
Depreciation and amortization	(26,182)	(8,780)	(3,841)	(1,859)	**(40,662)**
Other	(21,499)	(7,678)	(16,092)	(28)	**(45,297)**
Total	**(349,705)**	**(17,573)**	**(38,933)**	**(21,214)**	**(427,425)**

in € thousands	Cost of sales	Research & development expenses	Selling expenses	Adminis-trative expenses	Total
					Year ended Sept 30, 2012
Capitalized development cost	-	12,834	-	-	**12,834**
Personnel expenses	(98,118)	(8,523)	(14,089)	(19,524)	**(140,254)**
Material expenses	(197,515)	(3,477)	(5,779)	(2,169)	**(208,940)**
Depreciation and amortization	(26,662)	(7,692)	(4,008)	(1,641)	**(40,003)**
Other	(14,124)	(7,093)	(13,406)	(4,707)	**(39,330)**
Total	**(336,419)**	**(13,951)**	**(37,282)**	**(28,041)**	**(415,693)**

Selling expenses include shipping and handling cost amounting to €18,202 thousand (PY: €16,067 thousand). Other expenses exclude recharges to other functions. Administrative personnel expenses include all Koblenz second level managers, as well as globally all functional heads. The development of personnel expenses in the R&D and selling functions are impacted by reclassification of costs for a number of application managers from the selling to the R&D expenses.

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

in € thousands	Year ended Sept 30, 2013	2012
Wages and salaries	(99,323)	(98,013)
Compulsory social security contributions	(31,325)	(30,440)
Pension cost	(8,372)	(8,008)
Other social benefits	(2,025)	(3,793)
Personnel expenses	**(141,045)**	**(140,254)**

Compulsory contributions to social pension insurance are included in the line item pension cost.

The following table shows the Group's average number of employees.

	Year ended Sept 30,	
	2013	**2012**
Wage earners	2,845	2,694
Salaried staff	789	748
Trainees and apprentices	78	77
Average number of employees	**3,712**	**3,519**

6. Other income

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Foreign currency translation gains	2,746	4,851
Gains on sale / disposal of assets	617	64
Income from the release of other accruals	336	979
Miscellaneous other income	2,355	2,559
Other income	**6,054**	**8,453**

7. Other expenses

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Foreign currency translation losses	(3,365)	(4,103)
Losses on sale / disposal of tangible assets	(60)	(72)
Addition to other provisions	(7)	-
Other expenses	(104)	(205)
Other expenses	**(3,536)**	**(4,380)**

8. Finance income

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Interest income on loans and financial receivables	210	365
Net foreign exchange gain	-	4,824
Gains from changes in carrying amount of financial assets	2,761	-
Gains from changes in fair value of derivative instruments	1,396	-
Gains from changes in carrying amount of financial liabilities	-	1,967
Other interest income	1,096	712
Finance income	**5,463**	**7,868**

9. Finance costs

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Interest expense on financial liabilities	(38,394)	(21,244)
Net foreign exchange loss	(7,154)	-
Interest expenses finance lease	(233)	(257)
Other interest expenses	(744)	(364)
Finance costs	**(46,525)**	**(21,865)**

10. Income tax expense

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable on the reporting date are used for the calculation of current taxes. Tax rates for the expected period of reversal, which are enacted or substantively enacted at the reporting date, are used for the deferred taxes. Deferred taxes are recognised as tax expenses or income in the statements of comprehensive income, unless they relate to items directly recognized in equity. In these cases the deferred taxes are also recognised directly in equity.

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Current income taxes	(10,373)	(11,895)
Deferred taxes	228	2,412
Income tax expense	**(10,145)**	**(9,483)**

The respective local rates have been used to calculate the deferred taxes. A tax rate of 30 % has been used for group purposes. The current income taxes comprise prior year taxes amounting to €(2,849) thousand (PY: €(2,824) thousand).

The actual tax expense of €(10,145) thousand deviates in the amount of €11,905 thousand from the expected tax gain of €1,760 thousand that results from applying the group income tax rate 30 % to the annual earnings of the Group before income taxes.

in € thousands	Year ended Sept 30, 2013	2012
Income/ (loss) before income tax	**(5,866)**	**17,871**
Expected tax income/ (loss): 30%	1,760	(5,361)
Prior year taxes	(2,849)	(2,824)
Tax effect of non-deductible expenses	(55)	(854)
Valuation allowance interest carry-forward	(6,711)	(3,051)
Tax free income	1,469	3,714
Tax audit reserve	(460)	-
Non-capitalized deferred taxes on domestic losses	28	(2,903)
Additions/ deductions due to trade tax	(502)	(783)
Effect of divergent tax rates	(3,547)	(284)
Utilization of non-capitalized losses/ interest carried forward	184	2,482
Reversal of valuation allowance DTA on net operating loss	480	-
Other tax effects	57	380
Actual income tax expense	**(10,145)**	**(9,483)**
Tax charge in %	**(172.9)%**	**53.1%**

The tax effect of non-deductible expenses mostly includes the effect of German non-deductible expenses. The tax effect due to non-recognition of deferred tax assets includes the valuation allowance for the current tax loss carry-forwards. The tax effect of non-capitalised deferred taxes on domestic losses is calculated with the local tax rates on the basis of the negative earnings before taxes (EBTs) of the respective companies.

The deferred tax assets (DTA) and deferred tax liabilities (DTL) in respect of each type of the temporary difference and each type of unused tax losses before offset are as follows:

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**DTA**	**DTL**	**Total**	**DTA**	**DTL**	**Total**
Intangible assets	190	(50,776)	(50,586)	36	(52,849)	(52,813)
Property, plant & equipmen	3,281	(8,232)	(4,951)	2,958	(9,710)	(6,752)
Inventories	220	(975)	(755)	642	(54)	588
Receivables	222	(956)	(734)	218	(2,098)	(1,880)
Other assets	333	(3)	330	199	(93)	106
Provisions and liabilities	6,361	(3,521)	2,840	8,279	(88)	8,191
Tax losses	1,886	-	1,886	816	-	816
Subtotal	**12,493**	**(64,463)**	**(51,970)**	**13,148**	**(64,892)**	**(51,744)**
Netting	(5,140)	5,140	-	(8,088)	8,088	-
Total	**7,353**	**(59,323)**	**(51,970)**	**5,060**	**(56,804)**	**(51,744)**

Deferred tax assets and deferred tax liabilities have been offset if they relate to income taxes levied by the same tax authorities and if there is a right to offset current tax assets against current tax liabilities.

As of September 30, 2013 the Group has unused tax loss carry-forwards of €22,839 thousand (PY: €16,639 thousand). The following table provides a detailed overview of the tax loss carry-forwards and the expiration dates.

in € thousands	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiration date
						Year ended Sept 30, 2013
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**	

in € thousands	Tax loss carry-forward	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiration date
						Year ended Sept 30, 2012
Germany	1,881	30.2%	564	(564)	-	Indefinite
Spain	9,493	28.0%	2,658	(2,658)	-	Indefinite
Romania	5,265	16.0%	842	(26)	816	Within 5 years
Total	**16,639**		**4,064**	**(3,248)**	**816**	

The overview above excludes the tax loss carry-forward and interest carry-forward of Stable Beteiligungs GmbH, Stabilus GmbH and Stabilus Powerise GmbH for the time prior April 8, 2010. Under current tax law interpretations in Germany, the Group has lost the historical tax loss carry forward with the change of control on April 8, 2010.

A change of control/ conversion of debt clause is also included in the US tax law. As such the overview excludes the tax loss carry-forward of the subsidiaries in the USA.

Interest carry-forwards in Romania, USA and Germany are not considered, as it is not likely that these carry-forwards will be utilized.

11. Property, plant and equipment

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

in € thousands	Land, equivalent rights to real property	Building and land improve-ments	Technical equipment and machinery	Other tangible equipment	Construc-tion in progress	Total
Gross value						
Balance as of Sept 30, 2011	**10,366**	**26,093**	**81,924**	**18,232**	**15,400**	**152,015**
Foreign currency difference	125	763	3,121	865	312	5,186
Additions	424	650	8,537	4,337	4,951	18,899
Disposals	-	-	(2,225)	(875)	-	(3,100)
Reclassifications	(31)	626	4,227	1,099	(7,443)	(1,522)
Balance as of Sept 30, 2012	**10,884**	**28,132**	**95,584**	**23,658**	**13,220**	**171,478**
Foreign currency difference	(46)	(757)	(3,251)	(926)	(208)	(5,188)
Additions	52	2,079	3,100	2,147	13,058	20,436
Disposals	(22)	(71)	(2,362)	(999)	-	(3,454)
Reclassifications	-	290	3,688	1,835	(5,841)	(28)
Balance as of Sept 30, 2013	**10,868**	**29,673**	**96,759**	**25,715**	**20,229**	**183,244**
Accumulated depreciation						
Balance as of Sept 30, 2011	**-**	**(2,097)**	**(20,249)**	**(5,764)**	**(819)**	**(28,929)**
Foreign currency difference	-	(245)	(2,392)	(704)	-	(3,341)
Depreciation expense	-	(1,651)	(15,228)	(5,290)	-	(22,169)
Disposals	-	-	2,223	853	-	3,076
Reclassifications	-	-	41	(41)	-	-
Balance as of Sept 30, 2012	**-**	**(3,993)**	**(35,605)**	**(10,946)**	**(819)**	**(51,363)**
Foreign currency difference	-	354	2,281	756	-	3,391
Depreciation expense	-	(1,763)	(14,888)	(5,094)	-	(21,745)
Disposals	-	30	1,957	747	-	2,734
Reclassifications	-	14	(184)	185	-	15
Balance as of Sept 30, 2013	**-**	**(5,358)**	**(46,439)**	**(14,352)**	**(819)**	**(66,968)**
Carrying amount						
Balance as of Sept 30, 2012	**10,884**	**24,139**	**59,979**	**12,712**	**12,401**	**120,115**
Balance as of Sept 30, 2013	**10,868**	**24,315**	**50,320**	**11,363**	**19,410**	**116,276**

Property, plant and equipment includes assets resulting from two finance lease contracts with a carrying amount of €3,747 thousand as of September 30, 2013 (PY: €6,327 thousand), of which €2,543 thousand (PY: €3,028 thousand) relate to a sale and leaseback agreement concluded in 2008, and €1,204 thousand (PY: €1,257 thousand) relate to a real estate finance lease agreement signed in December 2010 by Orion Rent Imobiliare S.R.L., Bucharest, prior to Stabilus Group taking the majority of the company. The third finance lease agreement, which was concluded in 2006, expired in the fiscal 2013: carrying amount as of September 30, 2013 € - (PY: 2,042 thousand).

Contractual commitments for the acquisition of property, plant and equipment amount to €2,441 thousand (PY: €1,733 thousand). Typically these have been secured by a bank guarantee or an in-depth check of the relevant supplier.

The total depreciation expense for tangible assets is included in the consolidated statement of comprehensive income in the following line items:

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Cost of sales	(19,759)	(20,367)
Research and development expenses	(713)	(569)
Selling expenses	(285)	(369)
Administrative expenses	(988)	(864)
Depreciation expense	**(21,745)**	**(22,169)**

Prepayments by Stabilus Group for property, plant and equipment and intangible assets of €144 thousand (PY: €369 thousand) are included in other non-current assets.

12. Goodwill

The first-time consolidation of the Stable II S.à r. l., Luxembourg, resulted in goodwill of €51 million. The first-time consolidation of Orion Rent Imobiliare S.R.L, Bucharest, Romania, in the financial year ended September 30, 2011 resulted in goodwill of €205.1 thousand. The acquisition of additional 49% voting shares in Orion Rent Imobiliare S.R.L., Bucharest, in the fiscal year ended September 30, 2012 led to additional goodwill of €191.3 thousand.

The fair value less costs to sell of the unit is measured by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: The underlying cash flow forecasts are based on the five-year medium term plan ("MTP") approved by the Management Board. The cash flow planning takes into account price agreements based on experience and anticipated efficiency enhancements as well as sales growth of about 7.2% (PY: 8.1%) on average based on the strategic outlook. While the overall economic outlook is very volatile the Group believes that its market-orientated approach and leading edge products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (PY: 1%) growth rate. The discount rate applied to cash flow projections is 8.9% (PY: 9.6%). The pre-tax discount rate is 13.1% (PY: 12.9%).

Group management believes that the overall economic situation and the position of the Group have improved since the acquisition on April 8, 2010. The Group planning is based on the following economic assumptions:

- The business plan used to determine the purchase price and the valuations in April 2010 is viewed as achievable in the current economic environment.
- Since April 2010 the overall economic climate for automotive is seen more positively, which should support the Group's revenue plan.
- The significant debt on balance sheet reduction as a result of the refinancing and acquisition by Servus HoldCo in 2009/2010 has substantially improved key customer confidence in Stabilus' long term partnership concept. This has resulted in additional orders, also for products with a longer life cycle horizon like Powerise (electric tail gate opening system). Supplier confidence and

credit insurer confidence will also improve over time, which will potentially have a positive effect on the Group's cash needs in the medium term.

- With the support of the new shareholder, business projects that are capital intensive upfront, but in the long term very profitable, allow management to improve the Group's longer term prospects.

13. Other intangible assets

Other intangible assets are presented in the following table.

in € thousands	Development cost	Development cost under construction	Software	Patents	Customer Relationship	Technology	Tradename	Total
Gross value								
Balance as of Sept 30, 2011	**38,202**	**11,864**	**1,876**	**1,255**	**83,683**	**58,132**	**13,246**	**208,258**
Foreign currency difference	(463)	121	(173)	9	-	-	-	(506)
Additions	4,363	8,471	460	6	-	-	-	13,300
Disposals	(10)	-	(50)	-	-	-	-	(60)
Reclassifications	5,373	(5,345)	1,493	1	-	-	-	1,522
Balance as of Sept 30, 2012	**47,465**	**15,111**	**3,606**	**1,271**	**83,683**	**58,132**	**13,246**	**222,514**
Foreign currency difference	(280)	(211)	(67)	(6)	-	-	-	(564)
Additions	3,100	10,714	362	3	-	-	-	14,179
Disposals	-	-	(109)	-	-	-	-	(109)
Reclassifications	2,641	(2,758)	130	-	-	-	-	13
Balance as of Sept 30, 2013	**52,926**	**22,856**	**3,922**	**1,268**	**83,683**	**58,132**	**13,246**	**236,033**
Accumulated amortization								
Balance as of Sept 30, 2011	**(8,032)**	**-**	**(1,191)**	**(870)**	**(5,230)**	**(8,217)**	**(1,104)**	**(24,644)**
Foreign currency difference	648	-	183	(10)	-	-	-	821
Amortization expense	(5,978)	-	(837)	(59)	(3,487)	(5,478)	(736)	(16,575)
Impairment loss	(1,259)	-	-	-	-	-	-	(1,259)
Disposals	1	-	49	-	-	-	-	50
Balance as of Sept 30, 2012	**(14,620)**	**-**	**(1,796)**	**(939)**	**(8,717)**	**(13,695)**	**(1,840)**	**(41,607)**
Foreign currency difference	103	-	35	6	-	-	-	144
Amortization expense	(6,876)	-	(1,051)	(61)	(3,487)	(5,478)	(736)	(17,689)
Impairment loss	(1,227)	-	-	-	-	-	-	(1,227)
Disposals	-	-	109	-	-	-	-	109
Balance as of Sept 30, 2013	**(22,620)**	**-**	**(2,703)**	**(994)**	**(12,204)**	**(19,173)**	**(2,576)**	**(60,270)**
Carrying amount								
Balance as of Sept 30, 2012	**32,845**	**15,111**	**1,810**	**332**	**74,966**	**44,437**	**11,406**	**180,907**
Balance as of Sept 30, 2013	**30,306**	**22,856**	**1,219**	**274**	**71,479**	**38,959**	**10,670**	**175,763**

The trade name, patented and unpatented technology and customer relationship are recognised at the acquisition date.

The borrowing costs capitalised during the period amount to €1,065 thousand (PY: €674 thousand). A capitalisation rate of 7.75 % (PY: 7.25%) was used to determine the amount of borrowing costs.

The total amortization expense and impairment loss for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

in € thousands	Year ended Sept 30, 2013	2012
Cost of sales	(6,422)	(6,295)
Research and development expenses	(8,067)	(7,123)
Selling expenses	(3,555)	(3,639)
Administrative expenses	(872)	(777)
Amortization expense (incl. impairment loss)	**(18,916)**	**(17,834)**

Contractual commitments for the acquisition of intangible assets amount to €562 thousand (PY: €753 thousand).

During the financial year, costs of €13,814 thousand (PY: €12,834 thousand) were capitalised for development projects that were incurred in the product and material development areas. Systematic amortization of capitalised internal development projects amounted to €6,876 thousand (PY: €5,978 thousand). Amortization expenses on development costs include impairment losses of €1,227 thousand (PY: €1,259 thousand) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

14. Other financial assets

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Loan to shareholder	-	77,134	77,134	-	-	-
Derivative instruments	10,845	-	10,845	-	-	-
Restricted cash	-	-	-	-	2,679	2,679
Other financial assets	**10,845**	**77,134**	**87,979**	**-**	**2,679**	**2,679**

Loan to shareholder

Using the proceeds from issuance of the senior secured notes in June 2013, Stabilus Group provided a €80,014 thousand loan to its shareholder. According to the upstream loan agreement dated June 7, 2013 and an amendment agreement dated June 28, 2013, the upstream shareholder loan matures on June 7, 2018. No interest accrues or is payable on or in respect of this loan. On the maturity date a premium of 61.051% is due and payable on outstanding principal amount of €80,014 thousand. All or part of the outstanding principal amount, including an early prepayment premium specified in the agreement, can be repaid prior to the maturity date. The loan to shareholder is measured at amortized cost according to the effective interest method. The effective interest is 11.52%.

Derivative instruments

Derivative financial instruments comprise solely fair values of early redemption options embedded in the indenture which was concluded on June 7, 2013. See also Note 21.

Restricted cash

As of September 30, 2012 restricted cash of €2,679 thousand essentially comprised cash deposits amounting to €1,350 thousand from a letter of guarantee for the insolvency protection of the German early retirement scheme (‘Altersteilzeit’), cash deposits amounting to €811 thousand resulting from a letter of guarantee for the Environment Protection Agency, USA, and cash deposits amounting to €300 thousand for a letter of guarantee for the rent of the production facility in Brasov, Romania. Following the Group’s refinancing in June 2013, the letters of credit and of guarantee are now covered by the

ancillary facilities of the revolving credit facility agreement signed on June 7, 2013. See also Note 21. Accordingly, as of September 30, 2013, the Group does not have any restricted cash.

15. Other assets

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
VAT	6,514	-	6,514	5,030	-	5,030
Prepayments	892	144	1,036	645	369	1,014
Deferred charges	1,449	-	1,449	1,524	-	1,524
Other miscellaneous	4,525	880	5,405	7,847	801	8,648
Other assets	**13,380**	**1,024**	**14,404**	**15,046**	**1,170**	**16,216**

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

Other miscellaneous current assets as of September 30, 2012 include a €5.0 million cost order receivable resulting from the judgement of the High Court in London in regards to the pre April 2010 mezzanine lenders claim. In the fiscal year 2013 this cost order receivable was fully settled by cash receipt of €1.8 million and by netting of the remaining €3.2 million with related outstanding liabilities.

16. Inventories

in € thousands	**Sept 30, 2013**	**Sept 30, 2012**
Raw materials and supplies	23,809	26,223
Finished products	10,053	12,973
Work in progress	7,511	6,986
Merchandising	4,690	3,792
Inventories	**46,063**	**49,974**

Inventories that are expected to be turned over within twelve months amount to €46,063 thousand (PY: €49,974 thousand). Write-downs on inventories to net realisable value amount to €3,421 thousand (PY: €1,659 thousand). In the reporting period raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to €201,412 thousand (PY: €197,515 thousand).

Stabilus Group's prepayments for inventories amounting to €675 thousand (PY: €430 thousand) are included in prepayments in other current assets.

17. Trade accounts receivable

Trade accounts receivable include following items:

in € thousands	**Sept 30, 2013**	**Sept 30, 2012**
Trade accounts receivable	69,362	60,813
Allowance for doubtful accounts	(1,586)	(1,863)
Trade accounts receivable	**67,776**	**58,950**

The Group provides credit in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such

receivables. The Company establishes an allowance for doubtful accounts based upon factors such as the credit risk of specific customers, historical trends and other information.

The allowances for doubtful accounts developed as follows:

in € thousands	Sept 30, 2013	Sept 30, 2012
Allowance for doubtful accounts as of beginning of fiscal year	**(1,863)**	**(2,532)**
Foreign currency differences	73	52
Increase in the allowance	(83)	(1)
Decrease in the allowance	287	618
Allowance for doubtful accounts as of fiscal year-end	**(1,586)**	**(1,863)**

18. Current tax assets

The current tax assets relate to the income taxes.

19. Cash and cash equivalents

Cash includes cash on hand and in banks, i. e. liquid funds and demand deposits. It amounts to €21,819 thousand (PY: €41,638 thousand). Cash in banks earned interest at floating rates based on daily bank deposit rates.

20. Equity

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

Issued capital amounts to €5,012,500.01 as of September 30, 2013 (501,250,001 shares).

Additional paid-in capital comprises funds provided by the shareholder Servus Group HoldCo II S.à r.l., Luxembourg.

In fiscal year 2013 Servus HoldCo S.à r.l., Luxembourg, paid a dividend out of additional paid-in capital to its shareholder Servus Goup HoldCo II S.à r. l., Luxembourg, amounting to €(150) thousand (PY: €(300) thousand).

In June 2013, as part of the Group's refinancing, the additional paid-in capital was increased by an aggregate amount of €80,017 thousand in the annual financial statements of the parent company, comprising two equity contributions from the shareholder of €44,000 thousand and €36,017 thousand. However, there was no increase in equity from the contribution of €36,014 thousand receivables in EUSIs (main part of the second equity contribution) in the group accounts of Servus HoldCo because the transfer does not constitute a contribution of assets from the consolidated perspective. The second equity contribution of €36,017 thousand relates to the contribution of shares in a new group company Servus II (Gibraltar) Limited, Gibraltar, comprising the nominal value of shares of €3 thousand and the value of receivables in EUSIs of €36,014 thousand.

Retained earnings as of September 30, 2013 comprise the loss of the Stabilus Group for the fiscal year 2013 and the profit for prior years and is affected by a distribution of shareholder loan of €(5,641) thousand.

Other reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations. The following table shows the changes in other reserves recognized directly in equity as well as the income tax recognised directly in equity:

in € thousands	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
					Sept 30, 2013
Unrealized gains/ (losses) from foreign currency translation	(3,145)	-	(3,145)	-	(3,145)
Other comprehensive income for the period	**(3,145)**	**-**	**(3,145)**	**-**	**(3,145)**

in € thousands	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
					Sept 30, 2012
Unrealized gains/ (losses) from foreign currency translation	(1,782)	-	(1,782)	-	(1,782)
Other comprehensive income for the period	**(1,782)**	**-**	**(1,782)**	**-**	**(1,782)**

In the fiscal year 2013, Stabilus Group paid a dividend to **non-controlling interests** amounting to €(77) thousand (PY: -).

21. Financial liabilities

The financial liabilities comprise following items:

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Revolving credit facility	-	-	-	-	-	-
Notes*	7,663	311,797	319,460	-	-	-
Senior loans	-	-	-	-	126,324	126,324
Mezzanine loans	-	-	-	-	113,725	113,725
Shareholder loans	-	-	-	-	41,987	41,987
EUSIs	-	3,300	3,300	-	3,430	3,430
Financial liabilities	**7,663**	**315,097**	**322,760**	**-**	**285,466**	**285,466**

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

With the issuance of senior secured notes in June 2013 Stabilus Group refinanced its existing non-current financial liabilities. Using the proceeds from the issuance of the notes and the additional cash on hand of €30.0 million, the Group, inter alia, fully redeemed its senior, mezzanine and shareholder loans, paid €12.0 million on EUSIs and provided a loan to the shareholder.

Super senior revolving credit facility

On June 7, 2013 Servus HoldCo entered into a super senior revolving credit facility agreement with, among others, J.P. Morgan Limited and Commerzbank Aktiengesellschaft as mandated lead arrangers, J.P. Morgan Europe Limited as facility agent and security agent; JP Morgan Chase Bank, and/ or its affiliates and Commerzbank Aktiengesellschaft as lenders, providing for a committed multi-currency facility of €25.0 million and with an option for one or more uncommitted up to €15.0 million additional facilities. The revolving facility matures on March 7, 2018, i. e. four years and nine months after the

date of issuance of senior secured notes and the conclusion of the super senior revolving credit facility agreement. The initial margin interest on the loans utilized under the revolving credit facility is 3.75% per annum and from June 2014 on will be a percentage rate determined in accordance with a net leverage ratio related margin grid (ratchet) with a range from 2.75% to 3.75% per annum.

An ancillary facility can be made available under this revolving credit facility, containing e. g. overdraft facilities, guarantees, bonding, documentary or standby letter of credit facilities, short-term loan facilities, derivatives or foreign exchange facilities subject to the satisfaction of certain conditions precedent. A fronting fee of 0.125% p.a. is payable on the amount of any letter of credit or bank guarantee issued under the revolving credit facility.

During the availability period on the available but unused commitments under this credit facility, a commitment fee of 30% of the applicable margin is payable in arrears on the last day of each successive three-month period.

The revolving credit facility is guaranteed by Servus HoldCo and other subsidiary guarantors defined in the agreement. It is secured by the same collateral that secures the senior secured notes issued on June 7, 2013. The agreement contains certain financial covenants, including a requirement of a minimum EBITDA.

Senior secured notes

On June 7, 2013 a Group entity, Servus Luxembourg Holding S.C.A., Luxembourg, issued €315 million in aggregate principal amount of senior secured notes due on June 15, 2018. The notes were issued under an indenture among, inter alios, the issuer, Servus HoldCo S.à r.l., Servus Sub, Servus Luxembourg S.à r.l., the issuer’s subsidiaries that guarantee the notes, Servus HoldCo II S.à r.l., Blitz F10-acht-drei-drei GmbH & Co. KG, Citibank, N. A., London Branch, as trustee, and J.P. Morgan Europe Limited, as security agent. Interest on the notes accrues at the rate of 7.75% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2013. The redemption price at maturity will equal 100% of the principal amount of the notes redeemed.

At any time prior to June 15, 2015, the Group may on any one or more occasions redeem up to 35% of the aggregate principal amount of the notes, upon not less than 30 nor more than 60 days’ notice to holders, at a redemption price equal to 107.750% of the principal amount of the notes redeemed, plus accrued and unpaid interest and additional amounts (if any) to (but not including) the date of redemption. In addition, at any time prior to June 15, 2015, the Group may on any one or more occasions redeem all or part of the notes, upon not less than 30 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of the date of redemption, and accrued and unpaid interest and additional amounts (if any) to the date of redemption. On or after June 15, 2015, the Group may on any one or more occasions redeem all or part of the notes upon not less than 30 nor more than 60 days’ notice, at the redemption price of 103.875% in 2015, 101.938% in 2016 and 100.000% in 2017 and thereafter, plus accrued and unpaid interest and additional amounts (if any) on the notes redeemed, to the applicable date of redemption. **Early redemption options** were reported as embedded derivatives in accordance with IAS 39. See also Notes 14 and 30.

The notes are secured by first-ranking liens over the **collateral**. The collateral package includes pledging of shares in the guaranteeing subsidiaries, certain bank account balances, inventory and receivables pledges, as well as liens on real estate and intellectual property. As of September 30, 2013, a total of €806,038 thousand (PY: €805,965 thousand) of financial assets had been pledged as collateral.

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

Senior loans

A senior facilities agreement dated April 8, 2010 was concluded between the company and J.P. Morgan PLC as the mandated lead arranger, various financial institutions, and J.P. Morgan Europe Limited as the agent and the security trustee. The facilities subject to this agreement were the super super senior revolving facility (which was repaid in 2011), the super senior facility 1, the super senior facility 2, the senior facility and the uncommitted capex facility.

The senior facilities were to mature on October 8, 2016. The interest rate was 4.25% until April 8, 2013 and EURIBOR plus 2.5% thereafter. As of September 30, 2012, the principal amounts of the senior euro facility and of the senior dollar facility amounted to €97,360 thousand and US$32,251 thousand respectively. The carrying amounts of these two facilities as of the end of the prior fiscal year were €99,816 thousand and €26,508 thousand respectively.

The 14.1 million super super senior revolving facility was not drawn as of September 30, 2012. All possible amounts outstanding under the revolving facility were not be repaid at the latest on the respective termination date, which is six years after April 8, 2010. The 15.0 million uncommitted capex facility applied to all amounts borrowed under the senior facility agreement towards financing capital expenditure. This facility was not drawn as of September 30, 2012. All possible amounts outstanding under the uncommitted capex facility were to be repaid at the latest on the respective termination date, which was six years and six months after April 8, 2010.

The credit agreement allowed the Group to select the interest period within certain boundaries for the senior loan facilities. A six-month interest period had been chosen.

The facility agreements contained certain financial covenants, including the requirement of a minimum interest cover (ratio of consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") to consolidated net finance charges), a minimum cash cover (ratio of consolidated cash flow to net debt service), a maximum leverage (ratio of consolidated total net debt to consolidated EBITDA), a minimum consolidated EBITDA, a minimum of cash on balance sheet and restrictions on capital expenditures.

The agreements also contained limitations typical for syndicated loans about undertakings, prepayment undertakings and general undertakings including business restrictions whereof the main undertakings relate to restrictions concerning merger, substantial business changes, acquisitions, disposals, additional indebtedness and loans, guarantees or indemnities, dividends and share redemption.

As of September 30, 2013, senior loans were fully redeemed.

Mezzanine loans

A mezzanine facility agreement dated April 8, 2010 was concluded between Stable Beteiligungs GmbH, Koblenz, Wilmington Trust (London) Limited, as agent, and J.P. Morgan Europe Limited, as security trustee. The subject of this agreement was a term loan facility drawn down in two amounts, one in euro and one in US dollars.

The mezzanine facilities were to mature on October 8, 2017. The interest rate was 10.75%. As of September 30, 2012, the principal amounts of the mezzanine euro facility and of the mezzanine dollar facility amounted to €66,301 thousand and US$30,150 thousand respectively. The carrying amounts of these two facilities as of the end of the prior fiscal year were €84,016 thousand and €29,709 thousand respectively.

According to the agreement the interest payment periods could be selected by the Company within certain boundaries. The selected interest payment period was chosen to be six months.

The mezzanine facility agreement contained basically the same clauses comprising financial covenants, information undertakings, prepayment undertakings and general covenants as agreed within the senior facilities agreement described above.

As of September 30, 2013, mezzanine loans were fully redeemed.

Shareholder loans

A shareholder loan agreement dated April 6, 2010 was concluded between the company and Servus Group HoldCo II S. à r. l., Luxembourg, the shareholder of the company. Subject to this agreement was the unsecured loan as from the date of the agreement in a principal amount of €33,000 thousand, which had to be repaid in full on the final maturity date, which is the date falling 10 years from the closing date.

Interest was accruing on the loan with an interest rate of 10 % per annum as from the date of the payment of the loan. The interest accrued from day to day and was calculated on the basis of the actual number of days elapsed and a year of 360 days. The interest was not required to be paid in cash but accrued on each anniversary of this agreement.

As of September 30, 2013, shareholders loans were fully redeemed.

Equity upside-sharing instruments (EUSIs)

Equity upside-sharing instruments (EUSIs) comprise profit participating loans (PPLs) and a mezzanine warrant instrument. In conjunction with the financial restructuring of the Stabilus business (closing April 8, 2010), all non-performing debt instruments, consisting of parts of the senior debt, the mezzanine debt, equity tainted loan (ETL) and preferred equity certificates (PEC) were transferred to Servus HoldCo. The purchase of these debt instruments was reimbursed to the lenders, represented by the PPL agent (JP Morgan Limited), by issuing of profit participating loan instruments by Servus HoldCo, each with a nominal value of €1. In June 2013, the maturity of EUSIs was extended to the year 2043. The exit can be triggered by the management of Servus HoldCo. The uniform conditions of these PPL instruments are as follows:

Principal amount	€1
Maturity	June 7, 2043
Redemption amount	Outstanding principal amount plus accumulated interest
Fixed interest rate	1% fixed interest rate on the outstanding principal amount, payable at maturity
Variable interest	The loan entitles to receive all cash flows which flow to Servus HoldCo as a result of the underlying instruments, less a margin of 0.12% of each payment.
Pre-mature call option	Only on exit, which means (1) a change of control or (2) the sale or disposal of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions or (3) a flotation or (4) a refinancing or (5) a distribution.

Senior EUR PPL: As underlying instrument, Stable II as lender and Stable Beteiligungs GmbH conclude a new loan (Senior EUR loan) with a notional value of €118,374,107.19 and US$14,950,327.44 (maturity: April 8, 2020). Furthermore, Stable II grants a claim, via other group

entities, to Servus HoldCo in form of a profit-participating loan (senior EUR PPL) with a notional value of €1. Finally, the creditors, represented by the PPL agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Senior EUR PPL) with a notional value of €1.

Senior USD PPL: As underlying instrument, Stable II as lender and Stable HoldCo Inc. conclude a new loan (Senior USD loan) with a notional value of €9,957,758.21 and US$25,079,622.73 (maturity: April 8, 2043). Furthermore, Stable II grants a claim, via other group entities, to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of €1. Finally, the creditors, represented by the PPL agent receive a claim to Servus HoldCo in form of a profit-participating loan (Senior USD PPL) with a notional value of €1.

Mezzanine PPL: As underlying instrument, Stable II as lender and Stable Beteiligungs GmbH conclude a new loan (Mezz Loan) with a principal value of €92,184,426.09 (maturity: April 8, 2043). Furthermore, Stable II grants a claim, via other group entities, to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of €1. Finally, the creditors, represented by the PPL agent, receive a claim to Servus HoldCo in form of a profit-participating loan (Mezzanine PPL) with a notional value of €1.

Equity tainted loan (ETL) PPL: As underlying instrument, the equity tainted loan (ETL) with a notional value of €72,433,267.00 was sold by the lenders, represented by the security trustee, to Servus HoldCo in return for the payment of €1. The original ETL was then amended by an agreement between the issuer, Stable II, and Servus HoldCo. In return for the purchase of the original ETL, the lenders, represented by the PPL agent, grant Servus HoldCo a profit participating loan (ETL PPL) with a notional value of €1. In June 2013, as part of the group's refinancing, the ETL PPL receivable was contributed by the shareholder to Servus II (Gibraltar) Limited.

Preferred equity certificates (PEC) PPL: As underlying instrument, the interest-free preferred equity certificates (IFPECs) with an aggregated notional value of €98,067,780.00 were sold by the lenders, represented by the security trustee, to Servus HoldCo in return for the payment of €1. The IFPECs were then converted by a contract amendment agreement between the issuers of the IFPECs, Stable II and Servus HoldCo, to PECs. In return for the purchase of the IFPECS by Servus HoldCo, the lenders, represented by the PPL agent, receive a claim from Servus HoldCo in form of a profit-participating loan (PEC PPL) with a notional value of €1. In June 2013, as part of the group's refinancing, the PEC PPL receivable was contributed by the shareholder to Servus II (Gibraltar) Limited.

Mezzanine warrant instrument: The mezzanine warrants do not have a nominal value, do not accrue interest and do not have a maturity date. Payments on the mezzanine warrants will become due upon the occurrence of an exit, otherwise than a result of distressed disposal, and are expressed as a percentage of the applicable exit proceeds. The mezzanine warrants are unsecured and under certain circumstances, there may be a turnover between the mezzanine warrant and the other outstanding PPLs described above.

22. Other financial liabilities

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities to employees	4,519	-	4,519	3,689	-	3,689
Social security contribution	1,539	-	1,539	1,661	-	1,661
Finance lease obligation	1,167	1,472	2,639	1,734	2,342	4,076
Liabilities to related parties	1,661	-	1,661	312	-	312
Other financial liabilities	**8,886**	**1,472**	**10,358**	**7,396**	**2,342**	**9,738**

Finance lease obligation, measured as present value of future minimum lease payments, relates to a lease contract for a production line in Germany and a real estate lease contract for a production facility in Romania.

23. Provisions

	Sept 30, 2013			Sept 30, 2012		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Anniversary benefits	-	551	551	-	767	767
Early retirement contracts	-	5,913	5,913	-	9,037	9,037
Employee related costs	4,160	-	4,160	4,989	-	4,989
Environmental protection	915	-	915	1,189	-	1,189
Other risks	565	-	565	891	-	891
Legal and litigation costs	138	-	138	160	-	160
Warranties	6,057	-	6,057	7,591	-	7,591
Other miscellaneous	2,073	573	2,646	2,745	602	3,347
Provisions	**13,908**	**7,037**	**20,945**	**17,565**	**10,406**	**27,971**

The **non-current provisions** developed as follows:

in € thousands	**Anniversary benefits**	**Early retirement**	**Other**	**Total**
Balance as of Sept 30, 2011	**1,049**	**9,475**	**102**	**10,626**
Foreign currency differences	-	8	13	21
Costs paid	(282)	(1,832)	(102)	(2,216)
Release to income	-	-	-	-
Additions	-	1,386	589	1,975
Balance as of Sept 30, 2012	**767**	**9,037**	**602**	**10,406**
Reclassifications	-	-	-	-
Foreign currency differences	-	(13)	(29)	(42)
Costs paid	(241)	(3,111)	-	(3,352)
Release to income	-	-	-	-
Additions	25	-	-	25
Balance as of Sept 30, 2013	**551**	**5,913**	**573**	**7,037**

Discount rate applied ranges from 1.10% to 1.66% (PY: 1.32% to 1.98%).

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

in € thousands	Employee related costs	Environ-mental protection measures	Other risks	Legal and litigation costs	Warran-ties	Miscella-neous	Total
Balance as of Sept 30, 2011	**4,580**	**1,132**	**1,199**	**173**	**8,049**	**3,915**	**19,048**
Foreign currency differences	123	57	(2)	(7)	(39)	267	399
Reclassifications	-	-	-	-	1,012	(1,012)	-
Costs paid	(3,726)	-	(520)	(6)	(2,015)	(3,915)	(10,182)
Release to income	(356)	-	(377)	-	(400)	(290)	(1,423)
Additions	4,368	-	591	-	984	3,780	9,723
Balance as of Sept 30, 2012	**4,989**	**1,189**	**891**	**160**	**7,591**	**2,745**	**17,565**
Foreign currency differences	26	(51)	2	(22)	(23)	12	(56)
Reclassifications	-	-	-	-	-	-	-
Costs paid	(4,183)	(223)	(47)	-	(1,328)	(2,745)	(8,526)
Release to income	-	-	(367)	-	(1,061)	(12)	(1,440)
Additions	3,328	-	87	-	878	2,073	6,366
Balance as of Sept 30, 2013	**4,160**	**915**	**565**	**138**	**6,057**	**2,073**	**13,908**

The provision for employee related expenses comprises employee termination benefits and bonuses. The provision for environmental protection measures represents a claim for an environmental rectification regarding Stabilus Inc.'s former site in Colmar, USA. The provision for other risks from purchase and sales commitments represents expected sales discounts, expected losses from pending deliveries of goods and other sales related liabilities. The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation. The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. Warranty accruals comprise accruals that are calculated for each individual case.

24. Pension plans and similar obligations

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

in € thousands	Sept 30, 2013	Sept 30, 2012
Principal pension plan	35,379	35,240
Deferred compensation	448	491
Pension plans and similar obligations	**35,827**	**35,731**

In case of adoption of IAS 19 (revised) and the recognition of actuarial gains and losses in other comprehensive income, the pension liability would increase by €3,296 thousand to an amount of €39,123 thousand.

Defined benefit plans and deferred compensation

Defined benefit plan. The Group granted post-employment pension benefits to all employees in Germany who joined the company prior to January 1, 2006. The level of post-employment benefits is generally based on eligible compensation levels and / or ranking within the Group hierarchy and years

of service. Liabilities for principal pension plans amounting to €35,379 thousand (PY: €35,240 thousand) result from unfunded accumulated benefit obligations.

As of December 21, 2010, in order to free the Group of future liquidity risks, the Group's pension policies for Germany have been amended, in which the title earned in the former defined benefit plan is frozen. Going forward no additional defined benefit titles can be earned. At the same time the company has introduced a defined contribution plan in which direct payments to an external insurer are made which disburdens the group of further cash disbursements in the future.

Deferred compensation. Deferred compensation included in accrued pension liabilities relates to employees of the former Atecs Mannesmann companies. Deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement. The total deferred compensation as of September 30, 2013 amounts to €448 thousand (PY: €491 thousand).

The **unfunded status** is as follows:

in € thousands	Sept 30, 2013	Sept 30, 2012
Present value of unfunded defined benefit obligations	39,123	38,066
Less: Fair value of plan assets	-	-
Unfunded status	**39,123**	**38,066**

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

	Year ended Sept 30,	
in € thousands	2013	2012
Present value of defined benefit obligations as of beginning of fiscal year	**38,066**	**33,081**
Service cost	54	54
Interest cost	1,459	1,541
Actuarial (gains) / losses	924	4,686
Pension benefits paid	(1,381)	(1,296)
Present value of defined benefit obligations as of fiscal year-end	**39,123**	**38,066**

The following table provides a reconciliation of the funded status to the net amounts reported in the statement of financial position:

in € thousands	Sept 30, 2013	Sept 30, 2012
Unfunded status	**39,123**	**38,066**
Unrecognised actuarial net gains / (losses)	(3,260)	(2,336)
Pension plans and similar obligations	**35,863**	**35,731**

Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligation at that date.

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

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Service cost	54	54
Interest cost	1,459	1,541
Pension cost for defined benefit plans	**1,513**	**1,596**

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

in € thousands	**Defined benefit obligation**	**Experience adjustments**
Sept 30, 2010	38,700	(533)
Sept 30, 2011	33,081	(357)
Sept 30, 2012	38,066	(308)
Sept 30, 2013	39,123	(213)

Generally, the measurement date for Group's pension obligations is September 30. The measurement date for Group's net periodic pension cost generally is the beginning of the period. Assumed discount rates, salary increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

Following **assumptions** (measurement factors) were used to determine the pension obligations:

in % p. a.	**Sept 30, 2013**	**Sept 30, 2012**
Discount rate	3.60%	3.80%
Salary increases	0.00%	0.00%
Pension increases	1.50%	1.50%
Turnover rate	4.00%	4.00%
Inflation	1.50%	1.50%

The **discount rates** for the pension plans are determined annually as of September 30 on the basis of first-rate, fixed interest industrial bonds with maturities and values matching those of the pension payments.

Expected pension benefit payments for the fiscal year 2014 will amount to €1,620 thousand (PY: €1,396 thousand).

Defined contribution plans

At Stabilus, the expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans in the reporting period amounted to €6,859 thousand (PY: €6,413 thousand).

25. Trade accounts payable

Trade accounts payable amount to €44,977 thousand (PY: €42,898 thousand) as of the end of fiscal year. The full amount is due within one year. The liabilities are measured at amortized cost. For information on liquidity and exchange rate risks for trade accounts payable, please see Note 31.

26. Current tax liabilities

The current tax liabilities relate to income and trade taxes.

27. Other liabilities

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

in € thousands	Sept 30, 2013	Sept 30, 2012
Advanced payments received	339	412
Vacation expenses	2,100	1,871
Other personnel related expenses	4,727	5,318
Outstanding costs	3,523	6,375
Miscellaneous	184	53
Other current liabilities	**10,873**	**14,029**

28. Leasing

Operating Lease

The Group enters into non-cancellable operating lease for IT hardware, cars and other machinery and equipment with lease terms of 2 to 6 years. The future minimum lease payments relating to leasing agreements during the basic rental period when they cannot be terminated are as follows:

	Minimum lease payments in year ended Sept 30,	
in € thousands	2013	2012
within one year	3,849	3,636
after one year but not more then five years	7,164	7,861
more than five years	189	463
Total	**11,202**	**11,960**

Current period expense for operating leases amounts to €4,870 thousand (PY: €4,246 thousand).

Finance lease

One lease contract regarding a production line in Germany and one real estate lease contract regarding a production facility in Romania are recorded as finance lease.

Production line: The Group concluded a sale and leaseback agreement dated September 25, 2008, which results in a finance lease with a term of 6 years. The agreement contains a purchase option at the end of the contractual period for a value of €100 thousand. The lease commenced on January 1, 2009. The sales price of the underlying asset, manufacturing equipment, amounts to €5,000 thousand. At balance sheet date the carrying amount of the underlying asset amounts to €4,123 thousand (PY: €3,028 thousand). The present value is calculated using the Group's incremental borrowing rate of

7.8% as per contract date. The future minimum lease payments and their present value relating to the leasing agreement during the basic rental period when they cannot be terminated are as follows:

in € thousands	Sept 30, 2013		Sept 30, 2012	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
within one year	999	958	999	958
after one year but not later than five years	350	319	1,349	1,182
more than five years	-	-	-	-
Total	**1,349**	**1,277**	**2,348**	**2,140**

Production facility: Orion Rent Imobiliare S.R.L, Brasov, entered into a non-cancellable real estate finance lease agreement on December 31, 2010 (prior to Stabilus Group taking over a controlling interest in this company) with a term of 144 months prior to Stabilus becoming a controlling shareholder of Orion Rent Imobiliare S.R.L. The agreement contains a purchase option at the end of the 3 years of contract, for a purchase price amounting to the capital that remains to be paid up to the expiry of the contract less early payment fee (between 2.75% and 4.75% of the remaining capital to be paid). The net carrying amount at the balance sheet date is €1,204 thousand (PY: €1,257 thousand). The lease term started on January 1, 2011. The leasing fees are settled in euro, but payable in New Romanian Lei. They include a variable component of the total funding cost with 3 month EURIBOR as the reference basis.

in € thousands	Sept 30, 2013		Sept 30, 2012	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
within one year	192	186	176	163
after one year but not later than five years	761	614	764	588
more than five years	812	505	1,001	572
Total	**1,765**	**1,305**	**1,941**	**1,323**

The current period payments for finance leases amount to €1,792 thousand (PY: €2,038 thousand). No contingent rents have been recognised as an expense during the period.

29. Contingent liabilities and other financial commitments

Contingent liabilities

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

Guarantees

On October 11, 2005 Stabilus Romania S.R.L., Brasov, (“STRO”) entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8.400 square meters for STRO in Brasov, Romania. The rental agreement has a contract period of seven years. STAB Dritte Holding GmbH, Koblenz, merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the company, issued a bank guarantee for €600 thousand (PY: €600 thousand), in the event that STRO will be unable

to pay. Stabilus GmbH, Koblenz, issued a letter of support for the event that STRO will be unable to pay.

On September 22, 2005 Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,952 square meters of land and 5,881 square meters of constructions in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement has a contract period of 10 years. Stabilus GmbH, Koblenz, issued a letter of support for the event that STMX will be unable to pay.

The Group entered into a revolving credit facility, an indenture, and profit participating loan agreements. The credit guarantees provided in these agreements are full down-stream, up-stream and cross-stream given by the guarantors as defined in these agreements - comprising certain material subsidiaries of the Group - in favour of the finance parties. The guarantees are subject to limitations, including being limited to the extent that otherwise the guarantee would amount to unlawful financial assistance and other jurisdiction specific tests (e.g. net assets).

Given a normal course of the economic development as well as a normal course of business, management believes these guaranties should not result in a material adverse effect for the Group.

Other financial commitments

The nominal value of the other financial commitments as of September 30, 2013 amounts to €14,205 thousand (PY: €14,446 thousand).

Nominal values of other financial commitments are as follows:

	Sept 30, 2013			
in € thousands	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	3,003	-	-	3,003
Obligations under rental and leasing agreements	3,849	7,164	189	11,202
Total	**6,852**	**7,164**	**189**	**14,205**

	Sept 30, 2012			
in € thousands	**less than 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Capital commitments for fixed and other intangible assets	2,486	-	-	2,486
Obligations under rental and leasing agreements	3,636	7,861	463	11,960
Total	**6,122**	**7,861**	**463**	**14,446**

The obligations under rental and leasing agreements relate exclusively to leases under which entities of the Stabilus Group are not the economic owners of the leased assets. The obligations reported under this item are based on operating leases.

30. Financial instruments

The following table shows the **carrying amounts and fair values** of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of this financial instrument from another independent party. Given the varying influencing

factors, the reported fair values can only be regarded as indications of the prices that may actually be achieved on the market.

in € thousands	Measurement category acc. to IAS 39	Sept 30, 2013		Sept 30, 2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade accounts receivables	LaR	67,776	67,776	58,950	58,950
Cash	LaR	21,819	21,819	41,638	41,638
Loan to shareholder	LaR	77,134	81,018	-	-
Derivative instruments	FAFV	10,845	10,845	-	-
Restricted cash	LaR	-	-	2,679	2,679
Total financial assets		**177,574**	**181,458**	**103,267**	**103,267**
Financial liabilities excl. EUSIs	FLAC	319,460	321,624	282,036	270,147
EUSIs	FLAC***	3,300	4,568	3,430	3,430
Financial liabilities	FLAC	322,760	326,192	285,466	273,577
Finance lease liabilities	-	2,639	2,582	2,421	4,076
Trade accounts payable	FLAC	44,977	44,977	42,898	42,898
Other financial liabilities	FLAC	1,662	1,662	312	312
Total financial liabilities		**372,038**	**375,413**	**331,097**	**320,863**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		166,729	170,613	103,267	103,267
Financial assets at fair value through profit and loss (FAFV)		10,845	10,845	-	-
Financial liabilities measured at amortized cost (FLAC)		369,399	372,831	325,246	313,357
Financial liabilities at fair value through profit or loss (FLFV)		-	-	3,430	3,430

*** As of Sept 30, 2012, EUSIs were designated into the fair value through profit and loss category.

The fair values of financial instruments are calculated on the basis of the market information available as of the end of the reporting period. Trade accounts receivable, cash, trade accounts payable, other financial assets and liabilities generally have short remaining maturities. As a result, their fair values correspond to the carrying amounts. The fair values of financial liabilities and the financial shareholder loan receivable are calculated as the present values of the expected future cash flows. Normal interest rates for the appropriate maturities are used for discounting purposes.

The profit participating loans (PPLs) including a mezzanine warrant instrument are also referred to collectively as equity upside-sharing instruments (EUSIs) due to their highly subordinated nature. Because an active market for these instruments does not exist, the fair value was established using a valuation technique. The valuation technique was based on Monte-Carlo simulations which use, among other parameters, assumptions and estimations for size, growth rate and volatility of the enterprise value. This measurement method corresponds to the Level 3 of the fair value hierarchy according to IAS 39, being a measurement method for which the major input factors are not based on observable market data. As of September 30, 2013, the equity-upside sharing instruments (EUSIs) are measured at amortized cost.

The financial instruments measured at fair value are shown in the table below in accordance with their measurement method. The levels of the fair value hierarchy are defined as follows:

- Level 1: measurement based on quoted prices in the active markets for identical instruments;
- Level 2: measurement based on inputs for the financial instrument that are observable on active markets either directly (i. e. as prices) or indirectly (i. e. derived from prices);
- Level 3: measurement based on inputs for the financial instrument that are not observable market data.

	Sept 30, 2013			
in € thousands	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	10,845	-	10,845	
Financial assets valued at fair value	**10,845**	**-**	**10,845**	**-**

	Sept 30, 2012			
in € thousands	**Total**	**Level 1**	**Level 2**	**Level 3**
EUSIs	3,430	-	-	3,430
Financial liabilities valued at fair value	**3,430**	**-**	**-**	**3,430**

The **net gains and losses** on financial instruments result in the fiscal year 2013 from the currency translation and changes in the estimate of future cash flows of loans and receivables and financial liabilities measured at amortized cost, as well as gains from changes in fair value of derivative instruments. They are set out in the Notes 8 and 9. The net foreign exchange loss (PY: gain) amounts to €(7,154) thousand (PY: €4,824 thousand). The gains from changes in fair value of derivative instruments amounts to €1,396 thousand (PY: -). The gains from changes in carrying amount of financial assets amounts to €2,761 thousand (PY: -).

Total interest income and expense from financial instruments is reported in the Notes 8 and 9.

The value of the embedded derivatives is effected by the interest of the comparing market instrument on each potential exercise date and will rise if the relevant interest rate declines and vice versa.

31. Risk reporting

Internal risk management

The Group employs within the budgeting process an integrated system for the early identification and monitoring of risks specific to the Group, in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This includes monthly short and medium-term analysis of the order intake and the sales invoicing behaviour. Control impulses for the individual companies are derived from this. Customer behaviour is ascertained and analysed continuously and the information obtained from this serves as an early warning indicator for possible changes in demand patterns.

In addition, significant KPIs (order intake, sales and EBITDA, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by Group management.

Financial risks

The Group’s Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures wherever useful. The use of financial derivatives is governed by the Group's policies approved by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not hold any derivatives as of September 30, 2013.

Credit risks

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

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

The maximum exposure to credit risk of financial assets is the carrying amount as follows:

							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**

							Sept 30, 2012
in € thousands	**Neither past due nor impaired**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 360 days**	**> 360 days**	**Total**
Financial assets							
Trade accounts receivable	50,716	5,501	473	159	631	1,470	58,950
Total	**50,716**	**5,501**	**473**	**159**	**631**	**1,470**	**58,950**

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

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

Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted cash flows at regular intervals.

The following maturities summary shows how cash flows from the Group's receivables and liabilities as of September 30, 2013 will influence its liquidity situation. The summary describes the course of the undiscounted principal and interest outflows of the financing liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions: If the counterparty can request payment at different dates, the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described in the Note 22.

in € thousands	Senior secured notes	Finance lease	Trade accounts payable	Total
2014	(7,866)	(1,206)	(44,977)	**(54,049)**
2015	(24,413)	(557)		**(24,970)**
2016	(24,413)	(190)		**(24,603)**
2017	(24,413)	(189)		**(24,602)**
2018	(331,721)	(189)		**(331,910)**
after 2018		(623)		**(623)**
Total	**(412,826)**	**(2,954)**	**(44,977)**	**(460,757)**

The long term senior secured notes give planning stability over the next years. At the balance sheet date the Group has undrawn committed facilities of €25.0 million (PY: €29.1 million) to reduce liquidity risks.

The table above does not include the equity upside-sharing instruments (EUSIs), which mature in 2043 (except for the mezzanine warrant instrument, which does not have a maturity date). The maximum undiscounted distribution of these instruments amounts to €951 million at maturity. The EUSIs may become due prior to 2043 in connection with certain exit events. Following disbursement scenarios are conceivable:

- Disbursement scenarios before the final maturity date: in the event of a sale of the Stabilus Group by the current owners or a distressed disposal, the sales proceeds will be distributed in the amount of the existing receivables by the PPL Agent. The PPL Agent will take over the allocation of the sales proceeds in accordance with the agreed waterfall structure.

- Disbursement scenarios on arriving at the final maturity date (June 7, 2043): Servus HoldCo has obligations to the PPL agent under three profit participating loans each in the amount of €1 (principal amount). In addition, obligations exist to make variable disbursements on final maturity, the amount of which will depend on whether Servus HoldCo for its part will receive incoming payments from the underlying investments.

As of the reporting date of September 30, 2013, disbursement scenarios before the final maturity date are overwhelmingly probable. This can be justified economically by the fact that a sale within ten years is customary business practice in the private equity business. As of September 30, 2013, the fair value of the expected disbursements amounts to €4.6 million (PY: €3.4 million).

Finance market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). As of September 30, 2013 the Group has not entered into any derivative financial instruments. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the requirement to enter into a variety of derivative financial instruments.

Exchange rate risk. Due to its subsidiaries, the Group has significant assets and liabilities outside the Eurozone. These assets and liabilities are denominated in local currencies. When the net asset values are converted into euro, currency fluctuations result in period-to period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge against these structural currency risks.

The Group also has transactional currency exposures which arise from sales or purchases in currencies other than the functional currency and loans in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance sales revenue and costs in a currency to thus reduce the currency risk.

Besides the balance sheet the Group's revenue and costs are also impacted by currency fluctuations.

Interest rate risk. The Group is exposed to interest rate risks, which mainly relates to debt obligations, as the Group borrows funds at both fixed and floating interest rates.

The interest rate risk is monitored by using the cash flow sensitivity of the Group's cash flows due to floating interest loans. The nominal interest rates of the Stabilus Group's financial liabilities as of September 30, 2013 are fixed.

32. Capital management

The Stabilus Group's capital management covers both equity and liabilities. A further objective is to maintain a balanced mix of debt and equity.

Due to the broad product range and the activities on global markets, the Stabilus Group generates under normal economic conditions predictable and sustainable cash flows.

The equity ratio as of September 30, 2013 is calculated as follows:

	Year ended Sept 30,	
in € thousands	**2013**	**2012**
Equity	82,638	57,369
Total assets	589,288	530,565
Equity ratio	14.0%	10.8%
Economic equity ratio (including shareholder loans)	14.0%	18.7%

The Stabilus Group is not subject to externally imposed capital requirements.

The ratio of net debt to EBITDA (earnings before interest, taxes, depreciation and amortization), which is also used and defined in the revolving credit facility agreement, is an important financial ratio (debt ratio) used in the Stabilus Group. The objective is to reduce the debt ratio in the future. Stabilus Group

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

33. Notes to the consolidated statement of cash flows

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

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

Interest payments of €9,177 thousand (PY: €9,039 thousand) are taken into account in the cash outflows from financing activities. Income tax payments of €5,663 thousand (PY: €13,491 thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

34. Auditor's fees

	Year ended Sept 30,	
in € thousands (excluding VAT)	**2013**	**2012**
Audit fees	530	496
Audit related fees	839	-
Tax fees	-	-
Other fees	-	-

For fiscal year 2013, a global fee (excl. VAT) of €530 thousand (PY: 496 thousand) was agreed for the audit of the consolidated and separate financial statements of the Stabilus subsidiaries. These fees are included in the Group's administrative expenses.

In addition, KPMG Luxembourg S.à r.l., Luxembourg, and other member firms of the KPMG network, billed the Group audit related fees amounting to, excl. VAT, €839 thousand (PY: -), which relate to Group's refinancing, specifically issuance of senior secured notes, in June 2013.

35. Related party relationships

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

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

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

The shareholders of the Stabilus Group are Servus Group HoldCo II S.à r. l., Luxembourg (direct) and Triton Fund III (indirect). To fund working capital requirements of Servus HoldCo S. à r. l. and Stable II S. à r. l., the shareholder provided an amount of €1,662 thousand (PY: €312 thousand). In January 2013 Servus HoldCo S. à r. l., Luxembourg, paid a dividend of €150 thousand (PY: €300 thousand) from additional paid-in capital to its shareholder Servus Group HoldCo II S. à r. l., Luxembourg. In June 2013 Stabilus Group provided a loan to its shareholder amounting to €80,014 thousand; in turn, Servus HoldCo received an equity contribution of €80,017 thousand, of which €36,014 thousand contribution of EUSIs does not constitute a contribution of assets from the consolidated perspective. See also Note 20.

36. Remuneration of key management personnel

The directors of Servus HoldCo are not actively engaged in the day-to-day management of the Company.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash and benefits in kind. The latter primarily comprise the provision of company cars and pension.

The total remuneration of key management personnel at the various key Stabilus Group affiliates during the reporting period amounted to €2.4 million (PY: €2.9 million) and less than €0.2 million (PY: €0.1 million) for benefits in kind, primarily company cars. The remuneration is classified as short-term employee benefits.

General Managers hold indirect interests in Servus HoldCo via partnerships under the German Civil Code (“GbRs”) and profit participating loans, in each case of less than 2 %, or participate in economically similar programmes. Certain Supervisory Board members are also participating in these programmes, also in each case below 5 %.

The management participation programme is designed to carry out an exit either through an IPO or a sale / disposal of all of the interests. For the intended exit scenario, the proceeds on disposal correspond to fair value. Since, in the exit scenario, both the acquisition and the later disposal of the interests are at fair value, the compensation component has no value at the time that it is granted, so that no personnel expenses are therefore recorded in the consolidated financial statements of Servus HoldCo.

37. Subsequent events

As of November 29, 2013, there were no further events or developments that could have materially affected the measurement and presentation of Group’s assets and liabilities as of September 30, 2013.

Luxembourg, November 29, 2013

The Management Board of Servus HoldCo

Lars Frankfelt	Michiel Kramer	Heiko Dimmerling

Independent Auditor's Report

KPMG Luxembourg S.à r.l.
9, allée Scheffer
L-2520 Luxembourg

Telephone +352 22 51 51 1
Fax +352 22 51 71
Internet www.kpmg.lu
Email info@kpmg.lu

To the Partners of
Servus HoldCo S.à r.l.
26-28, rue Edward Steichen
L-2540 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Servus HoldCo S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonables of accounting estimates made by the Board of Managers, as well evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Servus HoldCo S.à r.l. as of September 30, 2013, and of its consolidated financial

performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

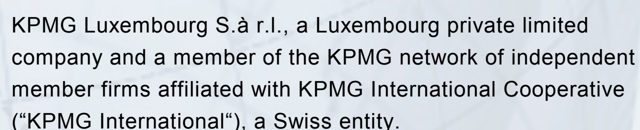
Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, November 29, 2013

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

Philippe Meyer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T.V.A. LU 24892177
Capital 12.502 €
R.C.S. Luxembourg B 149133

Worldwide

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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