STABILUS

Interim Report

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

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Key Figures

	Three months ended Dec 31,			
in € millions	**2013**	**2012**	**change**	**% change**
Revenue	116.2	105.1	11.1	10.6%
EBITDA	16.7	14.8	1.9	12.8%
Adjusted EBITDA	18.5	16.5	2.0	12.1%
Capital expenditure	(10.1)	(5.6)	(4.5)	80.4%
Adjusted operating cash flow before tax (AoCF)	0.2	4.0	(3.8)	(95.0)%
Free cash flow (FCF)	(18.3)	0.3	(18.6)	<(100.0)%
EBITDA as % of revenue	14.4%	14.1%		
Adjusted EBITDA as % of revenue	15.9%	15.7%		
Capital expenditure as % of revenue	8.7%	5.3%		
AoCF as % of adjusted EBITDA	1.1%	24.2%		
FCF as % of adjusted EBITDA	(98.9)%	1.8%		

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”.

Interim Group Management Report
for the three months ended December 31, 2013

Results of operations

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

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Revenue	116.2	105.1	11.1	10.6%
Cost of sales	(90.4)	(81.7)	(8.7)	10.6%
Gross profit	**25.8**	**23.4**	**2.4**	**10.3%**
Research and development expenses	(4.5)	(4.1)	(0.4)	9.8%
Selling expenses	(9.9)	(10.0)	0.1	(1.0)%
Administrative expenses	(4.5)	(4.6)	0.1	(2.2)%
Other income	1.1	1.0	0.1	10.0%
Other expenses	(0.8)	(0.7)	(0.1)	14.3%
Profit from operating activities (EBIT)	**7.2**	**5.0**	**2.2**	**44.0%**
Finance income	3.9	1.1	2.8	>100.0%
Finance costs	(8.1)	(7.6)	(0.5)	6.6%
Profit / (loss) before income tax	**3.0**	**(1.5)**	**4.5**	**<(100.0)%**
Income tax income/ (expense)	(0.8)	0.5	(1.3)	<(100.0)%
Profit for the period	**2.2**	**(1.0)**	**3.2**	**<(100.0)%**

Revenue
Group's total revenue developed as follows:

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Europe	58.1	52.0	6.1	11.7%
NAFTA	37.9	35.1	2.8	8.0%
Asia/ Pacific and rest of world	20.2	18.0	2.2	12.2%
Revenue	**116.2**	**105.1**	**11.1**	**10.6%**

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Automotive	79.0	68.3	10.7	15.7%
Gas spring	61.8	57.3	4.5	7.9%
Powerise	17.2	11.0	6.2	56.4%
Industrial	31.4	30.2	1.2	4.0%
Swivel chair	5.8	6.6	(0.8)	(12.1)%
Revenue	**116.2**	**105.1**	**11.1**	**10.6%**

Total revenue in the first quarter of fiscal 2014 increased by 10.6% compared to the first quarter of fiscal 2013, in spite of a weaker US dollar (average rate per $1: €0.73 in Q1 FY2014 versus €0.77 in Q1 FY2013) softening our revenue by approximately €1.7 million in the year-over-year view for the first three months.

The sales to our European customers grew by 11.7% from €52.0 million in the first quarter of fiscal 2013 to €58.1 million in the first quarter of fiscal 2014. The automotive OEMs in Europe typically service not only the European but also the global demand for their plants. The sales to our customers (especially OEMs) in the NAFTA region continue to benefit primarily from the strong growth in the Powerise segment. Revenue generated in the Asia/ Pacific and rest of world region increased by 12.2% from €18.0 million in the first quarter of fiscal 2012 to €20.2 million in the first quarter of fiscal 2014, essentially due to our accomplishments in China.

The increase in total revenue is mainly due to our automotive, particularly to our growing Powerise, segment. The increase in the Powerise segment by 56.4% is mainly the result of new OEM platform wins and the following launch of new Powerise programs for a number of key vehicle OEMs. Moreover, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well, compared to the previous periods, which drives up the take rate of our Powerise product line. About three-fourths of the current Powerise sales are generated in the NAFTA region.

Revenue in the industrial segment increased by 4.0% from €30.2 million in the three months ended December 31, 2012 to €31.4 million in the three months ended December 31, 2013.

Swivel chair revenue decreased from €6.6 million in the first quarter of fiscal 2013 by €(0.8) million to €5.8 million in the first quarter of fiscal 2014. It suffered from an overall lower demand from our primarily European customers.

Cost of sales and overhead expenses

Cost of sales in the first quarter of fiscal 2014 increased by 10.6%, compared to the first quarter of the previous fiscal year. It increased proportionally to the increase of revenue, i. e. the cost of sales as a percentage of revenue remained unchanged at 77.8% (Q1 FY2013: 77.8%).

R&D expenses in the first quarter of fiscal 2014 increased by 9.8%, compared to the first quarter of fiscal 2013. As a percentage of revenue, R&D expenses remained unchanged at 3.9% (Q1 FY2013: 3.9%).

Selling expenses decreased slightly by (1.0)% from €(10.0) million in the first quarter of fiscal 2013 to €(9.9) million in the first quarter of fiscal 2014, mainly due to lower material expenses. As a percent of revenue, these expenses decreased as well, to 8.5% (Q1 FY2013: 9.5%).

Administrative expenses decreased by (2.2)% from €(4.6) million in the first quarter of fiscal 2013 to €(4.5) million in the first quarter of fiscal 2014, mainly due to lower advisory expenses. As percentage of revenue, administrative expenses decreased to 3.9% of total revenue (Q1 FY2013: 4.4%).

Other income and expense

Other income increased by €0.1 million from €1.0 million in the first quarter of fiscal 2013 to €1.1 million in the first quarter of fiscal 2014. This increase by 10.0% is primarily the result of foreign currency fluctuations, i. e. higher foreign currency translation gains.

Other expense increased from €(0.7) million in the first quarter of fiscal 2013 to €(0.8) million in the first quarter of fiscal year under review. This income statement line item comprises mainly the foreign currency translation losses.

Finance income and costs

Finance income increased from €1.1 million in the first quarter of fiscal 2013 to €3.9 million in the first quarter of fiscal 2014 primarily due to the gains from changes in carrying amounts of upstream shareholder loan and embedded derivatives. These balance sheet line items were not part of the Group's balance sheet before the issuance of senior secured notes in June 2013. Refer to the Notes to Condensed Interim Consolidated Financial Statements below for further details, specifically Notes 3 and 7.

Finance costs increased by 6.6% from €(7.6) million in the first quarter of fiscal 2013 to €(8.1) million in the first quarter of fiscal 2014. Higher finance costs were essentially caused by higher interest expense on the Group's financial liabilities. This is mainly a consequence of Group's refinancing in June 2013. See Notes to the Condensed Interim Consolidated Financial Statements below for further details, particularly Note 4 for a breakdown of finance costs.

Income tax expense

The improved pre-tax result of €3.0 million in the first quarter of fiscal 2014, compared to €(1.5) million in first quarter of prior fiscal year, drives up our tax expense to €(0.8) million (Q1 FY2013: €0.5 million).

EBITDA and adjusted EBITDA

The table below sets out a reconciliation of EBIT to EBITDA and adjusted EBITDA for the first quarter of fiscal 2014 and 2013:

	Three months ended Dec 31,			
in € millions	**2013**	**2012**	**change**	**% change**
Profit from operating activities (EBIT)	**7.2**	**5.0**	**2.2**	**44.0%**
Depreciation	4.8	5.4	(0.6)	(11.1)%
Amortization	4.7	4.4	0.3	6.8%
EBITDA	**16.7**	**14.8**	**1.9**	**12.8%**
Advisory*	1.0	1.3	(0.3)	(23.1)%
Restructuring / Ramp-up	0.4	0.1	0.3	>100.0%
Pension interest add back	0.4	0.3	0.1	33.3%
Total adjustments	1.8	1.7	0.1	5.9%
Adjusted EBITDA	**18.5**	**16.5**	**2.0**	**12.1%**

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

Adjusted EBITDA represents EBITDA, as adjusted by management primarily in relation to severance, consulting, restructuring, one-time legal disputes 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	Dec 31, 2013	Sept 30, 2013[1)]	change	% change
Assets				
Non-current assets	431.2	429.0	2.2	0.5%
Current assets	152.9	160.3	(7.4)	(4.6)%
Total assets	**584.1**	**589.3**	**(5.2)**	**(0.9)%**
Equity and liabilities				
Equity	86.0	80.3	5.7	7.1%
Non-current liabilities	419.6	421.1	(1.5)	(0.4)%
Current liabilities	78.5	87.9	(9.4)	(10.7)%
Total liabilities	498.1	509.0	(10.9)	(2.1)%
Total equity and liabilities	**584.1**	**589.3**	**(5.2)**	**(0.9)%**

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

The Group's **balance sheet total** decreased by (0.9)% to €584.1 million as of December 31, 2013 (Sept 30, 2013: €589.3 million), mainly due to lower current assets and – on the equity and liabilities side of the balance sheet – due to lower current liabilities.

Owing to the gain in the carrying amount of upstream shareholder loan, our **non-current assets** increased by 0.5% or €2.2 million.

Current assets as of December 31, 2013 decreased by (4.6)% or €(7.4) million, compared to September 30, 2013. This is essentially the consequence of lower cash balance (-€10.6 million) and lower trade accounts receivable (-€7.1 million; December has typically lower revenue than other months), partially offset by higher inventories (+€3.7 million) and other current assets (+€6.6 million). To support deliveries in January 2014 we carried an increased finished product inventory as of December 31, 2013. In December 2013 we used €12.7 million cash to pay interest on senior secured notes.

The Group's **equity** as of December 31, 2013 increased by €5.2 million as a consequence of in the first quarter of fiscal 2014 generated and retained earnings of €1.7 million and other comprehensive income of €3.5 million. Other comprehensive income essentially comprised unrealized gains from foreign currency translation.

Our **current liabilities** decreased by €(9.4) million from €87.9 million as of September 30, 2013 to €78.5 million as of December 31, 2013. This decrease of (10.7)% was mainly a result of lower trade accounts payable (-€6.1 million), lower warranty provision (-€1.9 million) and lower liability for personnel related expenses (-€2.8 million), partially offset by higher current financial liabilities (+€1.3 million). The warranty provision decreased primarily due to utilizations (costs paid), particularly payments to an automotive original equipment manufacturer (OEM) following a warranty case settlement. The liability for other personnel related expenses decreased in the first quarter of fiscal 2014 as a consequence of payments of Christmas allowances and other accrued personnel expenses. While the current financial liability as of September 30, 2013 comprised accrued interest for senior secured notes amounting to €7.7 million, as of December 31, 2013 it consisted of accrued interest for senior secured notes of €1.0 million and liability for the €8.0 million utilization of the revolving credit facility.

Liquidity

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

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Cash flows from operating activities	4.6	5.9	(1.3)	(22.0)%
Cash flows from investing activities	(10.1)	(5.5)	(4.6)	83.6%
Cash flows from financing activities	(5.1)	(3.1)	(2.0)	64.5%
Net increase / (decrease) in cash	**(10.6)**	**(2.7)**	**(7.9)**	**>100.0%**
Effect of movements in exchange rates on cash held	-	(0.3)	0.3	(100.0)%
Cash as of beginning of the period	21.8	41.6	(19.8)	(47.6)%
Cash as of end of the period	**11.2**	**38.6**	**(27.4)**	**(71.0)%**

Cash flow from operating activities decreased by (22.0)% from €5.9 million in the first quarter of fiscal 2013 to €4.6 million in the first quarter of fiscal 2014 mainly due to higher income tax payments. Largely owing to the tax prepayments as a result of the tax audit in Germany (covering fiscal years 2009 to 2012), income tax payments increased by €(2.3) million from €(1.6) million in first quarter of fiscal 2013 to €(3.9) million in the first quarter of fiscal 2014.

Cash flow from investing activities decreased by €(4.6) million from €(5.5) million in the first quarter of fiscal 2013 to €(10.1) million in first quarter of fiscal 2014, mainly due to higher capital expenditures (purchases of property, plant and equipment) primarily related to the capacity expansion of our Chinese plant and further capacity increases for the Powerise production to support the growth profile of the business.

Cash flow from financing activities decreased by €(2.0) million in the first quarter of fiscal 2014, compared to the corresponding prior year’s period. This is mainly the result of higher cash interest payments following the issuance of senior secured notes. While a large part of interest expenses in the first quarter of fiscal 2013 was accruing and not payable, after Group’s refinancing in June 2013 we pay interest on issued senior secured notes semi-annually. Accordingly, we made a €(12.7) million payment for interest in December 2013.

As a result of the aforementioned changes of cash flows from operating, investing and financing activities and with adjustments to EBITDA amounting to €1.8 million (Q1 FY2013: €1.7 million), **adjusted operating cash flow before tax (AoCF)** decreased by €(3.8) million from €4.0 million in the first quarter of fiscal 2013 to €0.2 million in the first quarter of fiscal 2014. The following table sets out the composition and development of the non-IFRS key figure adjusted operating cash flow before tax in the reporting period.

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Cash flows from operating activities	4.6	5.9	(1.3)	(22.0)%
Cash flows from investing activities	(10.1)	(5.5)	(4.6)	83.6%
Excl. changes in restricted cash	-	0.3	(0.3)	(100.0)%
Excl. income tax payments	3.9	1.6	2.3	>100.0%
Operating cash flow before tax	**(1.6)**	**2.3**	**(3.9)**	**<(100.0)%**
Adjustments to EBITDA	1.8	1.7	0.1	5.9%
Adjusted operating cash flow before tax	**0.2**	**4.0**	**(3.8)**	**(95.0)%**

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) decreased from €0.3 million in first quarter of fiscal 2013 to €(18.3) million in the first quarter of fiscal 2014. The following table sets out the composition of the non-IFRS figure free cash flow.

in € millions	Three months ended Dec 31, 2013	2012	change	% change
Cash flows from operating activities	4.6	5.9	(1.3)	(22.0)%
Cash flows from investing activities	(10.1)	(5.5)	(4.6)	83.6%
Payments for interest	(12.8)	(0.1)	(12.7)	>100.0%
Free cash flow	**(18.3)**	**0.3**	**(18.6)**	**<(100.0)%**

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

Risks and opportunities

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

Condensed Interim Consolidated Financial Statements (unaudited)

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

Consolidated Statement of Comprehensive Income
for the three months ended December 31, 2013 (unaudited)

		Three months ended Dec 31,	
in € thousands	**Note**	**2013**	**2012[1]**
Revenue	2	116,159	105,110
Cost of sales		(90,345)	(81,748)
Gross profit		**25,814**	**23,362**
Research and development expenses		(4,482)	(4,104)
Selling expenses		(9,852)	(9,970)
Administrative expenses		(4,550)	(4,616)
Other income		1,125	986
Other expenses		(855)	(654)
Profit from operating activities		**7,200**	**5,004**
Finance income	3	3,851	1,104
Finance costs	4	(8,089)	(7,651)
Profit/ (loss) before income tax		**2,962**	**(1,543)**
Income tax income/ (expense)		(780)	512
Profit/ (loss) for the period		**2,182**	**(1,031)**
thereof attributable to non-controlling interests		5	14
thereof attributable to shareholders of Servus HoldCo		2,177	(1,045)
Other comprehensive income/ (expense)			
Foreign curreny translation difference [2]	10	3,513	1,455
Unrealised actuarial gains and losses [3]	10	(14)	807
Other comprehensive income/ (expense), net of taxes		**3,499**	**2,262**
Total comprehensive income/ (expense) for the period		**5,681**	**1,231**
thereof attributable to non-controlling interests		5	14
thereof attributable to shareholders of Servus HoldCo		5,676	1,217

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

Consolidated Statement of Financial Position
as of December 31, 2013 (unaudited)

in € thousands	Note	Dec 31, 2013	Sept 30, 2013[1)]
Assets			
Property, plant and equipment	5	116,580	116,276
Goodwill		51,458	51,458
Other intangible assets	6	175,285	175,763
Other financial assets	7	79,356	77,134
Other assets	8	1,139	1,024
Deferred tax assets		7,396	7,353
Total non-current assets		**431,214**	**429,008**
Inventories	9	49,798	46,063
Trade accounts receivable		60,655	67,776
Current tax assets		5,113	397
Other financial assets	7	12,249	10,845
Other assets	8	13,810	13,380
Cash and cash equivalents		11,234	21,819
Total current assets		**152,859**	**160,280**
Total assets		**584,073**	**589,288**
Equity and liabilities			
Issued capital		5,013	5,013
Additional paid-in capital		74,403	74,403
Retained earnings		1,186	(991)
Other reserves	10	5,236	1,737
Equity attributable to shareholders of Servus HoldCo		**85,838**	**80,162**
Non-controlling interests		174	169
Total equity		**86,012**	**80,331**
Financial liabilities	11	315,235	315,097
Other financial liabilities	12	1,271	1,472
Provisions	13	6,347	7,037
Pension plans and similar obligations		39,076	39,123
Deferred tax liabilities		57,698	58,334
Total non-current liabilities		**419,627**	**421,063**
Trade accounts payable		38,870	44,977
Financial liabilities	11	9,017	7,663
Other financial liabilities	12	9,179	8,886
Current tax liabilities		2,259	1,587
Provisions	13	10,877	13,908
Other liabilities	14	8,232	10,873
Total current liabilities		**78,434**	**87,894**
Total liabilities		**498,061**	**508,957**
Total equity and liabilities		**584,073**	**589,288**

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

Consolidated Statement of Changes in Equity
for the three months ended December 31, 2013 (unaudited)

in € thousands	Note	Issued capital	Additional paid-in capital	Retained earnings	Other reserves	Equity attributable to shareholders of Servus HoldCo	Non-controlling interest	Total Equity
Balance as of Sept 30, 2012		**5,013**	**30,550**	**20,588**	**899**	**57,050**	**319**	**57,369**
Effects from first-time adoption of IAS 19R[1]		-	-	-	(3,280)	(3,280)	-	(3,280)
Balance as of Sept 30, 2012 adjusted[1]		**5,013**	**30,550**	**20,588**	**(2,381)**	**53,770**	**319**	**54,089**
Profit/ (loss) for the period		-	-	(1,045)	-	(1,045)	14	(1,031)
Other comprehensive income	10	-	-	-	2,262	2,262	-	2,262
Total comprehensive income for the period		-	-	(1,045)	2,262	1,217	14	1,231
Balance as of Dec 31, 2012		**5,013**	**30,550**	**19,543**	**(119)**	**54,987**	**333**	**55,320**
Balance as of Sept 30, 2013		**5,013**	**74,403**	**(991)**	**4,044**	**82,469**	**169**	**82,638**
Effects from first-time adoption of IAS 19R[1]		-	-	-	(2,307)	(2,307)	-	(2,307)
Balance as of Sept 30, 2013 adjusted[1]		**5,013**	**74,403**	**(991)**	**1,737**	**80,162**	**169**	**80,331**
Profit/ (loss) for the period		-	-	2,177	-	2,177	5	2,182
Other comprehensive income	10	-	-	-	3,499	3,499	-	3,499
Total comprehensive income for the period		-	-	2,177	3,499	5,676	5	5,681
Balance as of Dec 31, 2013		**5,013**	**74,403**	**1,186**	**5,236**	**85,838**	**174**	**86,012**

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

Consolidated Statement of Cash Flows
for the three months ended December 31, 2013 (unaudited)

		Three months ended Dec 31,	
in € thousands	Note	2013	2012[1]
Profit/ (loss) for the period		2,182	(1,031)
Current income tax expense		1,661	304
Deferred income tax expense		(881)	(816)
Net finance result	3/ 4	4,238	6,546
Depreciation and amortization		9,462	9,791
Other non-cash income and expenses		813	(2,927)
Changes in inventories		(3,735)	(2,415)
Changes in trade accounts receivable		7,121	7,728
Changes in trade accounts payable		(6,107)	(6,388)
Changes in other assets and liabilities		(6,709)	(5,223)
Changes in restricted cash		-	(304)
Changes in provisions		(472)	1,414
Changes in deferred tax assets and liabilities		881	816
Income tax payments	17	(3,877)	(1,588)
Cash flows from operating activities		**4,577**	**5,907**
Proceeds from disposal of property, plant and equipment		5	164
Purchase of intangible assets		(3,313)	(2,889)
Purchase of property, plant and equipment		(6,784)	(2,739)
Cash flows from investing activities		**(10,092)**	**(5,464)**
Receipts under revolving credit facility	11	8,000	-
Payments for redemption of financial liabilities		-	(2,600)
Payments for finance leases		(298)	(448)
Payments for interest	17	(12,797)	(86)
Cash flows from financing activities		**(5,095)**	**(3,134)**
Net increase/ (decrease) in cash and cash equivalents		**(10,610)**	**(2,691)**
Effect of movements in exchange rates on cash held		25	(268)
Cash and cash equivalents as of beginning of the period		21,819	41,638
Cash and cash equivalents as of end of the period		**11,234**	**38,679**

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

Notes to Condensed Interim Consolidated Financial Statements

as of and for the three months ended December 31, 2013

1. General Information

Company information

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

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

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

Basis for preparation

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

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

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

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

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

A detailed description of these new regulations can be found in the 2013 Annual Report. The IFRS amendments and new regulations effective as of December 31, 2013 had no material effect on the Condensed Interim Consolidated Financial Statements, except for the effects resulting from the first-time adoption of the revised IAS19.

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

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

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

in € thousands	**Dec 31, 2013**	**Sept 30, 2013**
Other reserves	(2,321)	(2,307)
Total equity	**(2,321)**	**(2,307)**
Pension plans and similar obligations	3,316	3,296
Deferred tax liabilities	(995)	(989)
Total liabilities	**2,321**	**2,307**

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three months ended December 31, 2013 comprise Consolidated Statement of Comprehensive Income for the three months ended December 31, 2013, the Consolidated Statement of Financial Position as of December 31, 2013, the Consolidated Statement of Changes in Equity for the three months ended December 31, 2013, the Consolidated Statement Cash Flows for the three months ended December 31, 2013 and the explanatory Notes to the Condensed Interim Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements are prepared in euros (€) rounded to the nearest thousands. Due to rounding, numbers presented may not add up precisely to totals provided.

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

2. Revenue

The Group's revenue developed as follows:

	Three months ended Dec 31,	
in € thousands	**2013**	**2012**
Europe	58,122	51,998
NAFTA	37,878	35,078
Asia/Pacific and rest of world	20,158	18,034
Revenue	**116,159**	**105,110**

	Three months ended Dec 31,	
in € thousands	**2013**	**2012**
Automotive	78,934	68,257
Gas spring	61,769	57,255
Powerise	17,165	11,002
Industrial	31,387	30,195
Swivel chair	5,838	6,658
Revenue	**116,159**	**105,110**

Group revenue results from sales of goods.

3. Finance income

	Three months ended Dec 31,	
in € thousands	**2013**	**2012**
Interest income on loans and financial receivables	13	64
Gains from changes in carrying amount of financial assets	2,222	-
Gains from changes in fair value of derivative instruments	1,404	-
Gains from changes in carrying amount of financial liabilities	-	811
Other interest income	212	229
Finance income	**3,851**	**1,104**

4. Finance costs

	Three months ended Dec 31,	
in € thousands	**2013**	**2012**
Interest expense on financial liabilities	(6,447)	(5,489)
Net foreign exchange loss	(1,549)	(1,987)
Interest expenses finance lease	(23)	(45)
Other interest expenses	(70)	(130)
Finance costs	**(8,089)**	**(7,651)**

5. Property, plant and equipment

Additions to property, plant and equipment in the first quarter of fiscal 2014 amount to €6,653 thousand (Q1 FY2013: €2,873 thousand). The increase against the comparative period is mainly due to more assets under construction. The total assets under construction as of December 31, 2013 amount to €23,862 thousand (Sept 30, 2013: €13,328 thousand). The significantly higher assets under construction are the result of the capacity expansions in our Chinese plant as well as for Powerise production to support the growth profile of the business.

Disposals happened only in the ordinary course of the business. The net value of disposed property, plant and equipment in the first quarter of fiscal 2014 amounts to €9 thousand (Q1 FY2013: €96 thousand).

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

6. Other intangible assets

Additions to intangible assets in the first quarter of fiscal 2014 amount to €3,313 thousand (Q1 FY2013: €2,889 thousand) and comprise mainly internally generated developments. Significant disposals have not been recognized.

In the first quarter of fiscal 2014, costs of €3,284 thousand (Q1 FY2013: €2,885 thousand) were capitalized for development projects that were incurred in the product and material development areas. Amortization expenses on development costs include impairment losses of €(128) thousand (Q1 FY2013: €(79) thousand) due to withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

The borrowing costs capitalized in the first quarter of fiscal 2014 amount to €209 thousand (Q1 FY2013: €212 thousand).

7. Other financial assets

	Dec 31, 2013			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Loan to shareholder	-	79,356	79,356	-	77,134	77,134
Derivative instruments	12,249	-	12,249	10,845	-	10,845
Other financial assets	**12,249**	**79,356**	**91,605**	**10,845**	**77,134**	**87,979**

Loan to shareholder

The loan to shareholder is measured at amortized cost according to the effective interest method. The increase in its carrying amount in the first quarter of fiscal 2014 amounting to €2,222 thousand is reflected in the Consolidated Statement of Comprehensive Income as finance income. See also Note 3.

Derivative instruments

Derivative financial instruments comprise solely fair values of early redemption options embedded in the indenture which was concluded on June 7, 2013. The increase in fair value of these embedded derivatives in the first quarter of fiscal 2014 amounting to €1,404 thousand is included in the Group's income statement as finance income. See also Note 3.

8. Other assets

	Dec 31, 2013			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
VAT	6,946	-	6,946	6,514	-	6,514
Prepayments	1,050	275	1,325	892	144	1,036
Deferred charges	1,340	-	1,340	1,449	-	1,449
Other miscellaneous	4,474	864	5,338	4,525	880	5,405
Other assets	**13,810**	**1,139**	**14,949**	**13,380**	**1,024**	**14,404**

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

9. Inventories

in € thousands	**Dec 31, 2013**	**Sept 30, 2013**
Raw materials and supplies	24,589	23,809
Finished products	11,884	10,053
Work in progress	7,896	7,511
Merchandise	5,429	4,690
Inventories	**49,798**	**46,063**

To support deliveries in January 2014 we carried an increased finished product inventory as of December 31, 2013, compared to September 30, 2013.

10. Equity

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

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

in € thousands	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
	Three months ended Dec 31, 2013				
Unrealized gains/ (losses) from foreign currency translation	3,513	-	3,513	-	3,513
Unrealized actuarial gains and losses	(20)	6	(14)	-	(14)
Other comprehensive income/ (expense) for the period	**3,493**	**6**	**3,499**	**-**	**3,499**

in € thousands	Before tax	Tax (expense) benefit	Net of tax	Non-controlling interest	Total
	Three months ended Dec 31, 2012				
Unrealized gains/ (losses) from foreign currency translation	1,455	-	1,455	-	1,455
Other comprehensive income/ (expense) for the period	**1,455**	**-**	**1,455**	**-**	**1,455**
Unrealized actuarial gains and losses[1)]	1,153	(346)	807	-	807
Other comprehensive income/ (expense) for the period adjusted	**2,608**	**(346)**	**2,262**	**-**	**2,262**

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

11. Financial liabilities

The financial liabilities comprise following items:

	Dec 31, 2013			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Revolving credit facility	8,000	-	8,000	-	-	-
Notes*	1,017	311,837	312,854	7,663	311,797	319,460
Senior loans	-	-	-	-	-	-
Mezzanine loans	-	-	-	-	-	-
Shareholder loans	-	-	-	-	-	-
EUSIs	-	3,398	3,398	-	3,300	3,300
Financial liabilities	**9,017**	**315,235**	**324,252**	**7,663**	**315,097**	**322,760**

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

Super senior revolving credit facility

As of December 31, 2013 the Group has utilized €8.0 million of the committed €25.0 million revolving credit facility.

Senior secured notes

Senior secured notes are measured at amortized cost under consideration of transaction costs and embedded derivatives. The interest on the notes is payable semi-annually in arrears in June and

December. The current portion of the financial liability reflects the accrued interest at the balance sheet date.

Equity upside-sharing instruments (EUSIs)

Equity upside-sharing instruments (EUSIs) are measured at amortized cost and as of December 31, 2013 amount to €3,398 thousand (Sept 30, 2013: 3,300 thousand). The interest expense, i. e. change in the carrying amount of EUSIs amounting to €98 thousand, is reflected in finance costs.

12. Other financial liabilities

	Dec 31, 2013			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities to employees	4,324	-	4,324	4,519	-	4,519
Social security contribution	1,861	-	1,861	1,539	-	1,539
Finance lease obligation	1,162	1,271	2,433	1,167	1,472	2,639
Liabilities to related parties	1,832	-	1,832	1,661	-	1,661
Other financial liabilities	**9,179**	**1,271**	**10,450**	**8,886**	**1,472**	**10,358**

13. Provisions

	Dec 31, 2013			Sept 30, 2013		
in € thousands	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Anniversary benefits	-	499	499	-	551	551
Early retirement contracts	-	5,216	5,216	-	5,913	5,913
Employee related costs	3,662	-	3,662	4,160	-	4,160
Environmental protection	962	-	962	915	-	915
Other risks	654	-	654	565	-	565
Legal and litigation costs	129	-	129	138	-	138
Warranties	4,119	-	4,119	6,057	-	6,057
Other miscellaneous	1,351	632	1,983	2,073	573	2,646
Provisions	**10,877**	**6,347**	**17,224**	**13,908**	**7,037**	**20,945**

The warranty provision decreased in the first quarter of fiscal 2014 by €(1,938) thousand from €6,057 thousand as of September 30, 2013 to €4,119 thousand as of December 31, 2013 mainly due to utilizations (costs paid), in particular payments to an automotive original equipment manufacturer (OEM) following a warranty case settlement.

14. Other liabilities

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

in € thousands	Dec 31, 2013	Sept 30, 2013
Advanced payments received	284	339
Vacation expenses	1,888	2,100
Other personnel related expenses	1,891	4,727
Outstanding costs	4,134	3,523
Miscellaneous	35	184
Other current liabilities	**8,232**	**10,873**

The liability for other personnel related expenses decreased by €(2,836) thousand from €4,727 thousand as of September 30, 2013 to €1,891 thousand as of December 31, 2013 essentially caused by payments of Christmas allowances and other accrued personnel expenses.

15. Contingent liabilities and other financial commitments

Contingent liabilities

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

Guarantees

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

Other financial commitments

The nominal values of the other financial commitments as of December 31, 2013 are as follows:

in € thousands	Dec 31, 2013	Sept 30, 2013
Capital commitments for fixed and other intangible assets	4,392	3,003
Obligations under rental and leasing agreements	10,991	11,202
Total	**15,383**	**14,205**

16. Risk reporting

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

17. Notes to the consolidated statement of cash flows

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

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

Interest payments in the first quarter of fiscal 2014 amounting to €(12,797) thousand (Q1 FY2013: €(86) thousand) are taken into account in the cash outflows from financing activities. Income tax payments in the same period of €(3,877) thousand (Q1 FY2013: €(1,588) thousand) are allocated in full to the operating activities area, since allocation to individual business areas is impracticable.

18. 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 as of December 31, 2013 an amount of €1,832 thousand (Sept 30, 2013: €1,661 thousand).

Luxembourg, February 17, 2014

The Management Board of Servus HoldCo

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