



**HELLA SATURNUS**  
ANNUAL REPORT 2015–2016





# ANNUAL REPORT OF THE COMPANY Hella Saturnus Slovenija d.o.o.

for the financial year from 1 June 2015 to 31 May 2016

Ljubljana, November 2016

Managing Director:  
Michael Norbert Colberg



Managing Director:  
Boštjan Furlan





# ANNUAL REPORT 2015/2016

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# I. INTRODUCTION

This business report has been compiled for the financial year from 1 June 2015 to 31 May 2016. The relevant period was determined on the basis of the practice of the company Hella KGaA Hueck & Co. from Germany, which is the sole owner of Hella Saturnus Slovenija d.o.o. (hereinafter: the company).

The dominating global trends in the automotive industry are crucial for the company's performance.

The sale of vehicles on the European (primary) market is relatively stable at the moment and the average organic growth is 3 - 5%.

The global automotive production in 2014 reached total revenues in the amount of EUR 670 billion and the compound annual growth rate (CAGR) in the 2010-2014 period was 5%. For the 2014-2019 period, a 5.6% compound annual growth rate (CAGR) is foreseen. (Source: Spirit Slovenia, 2015).

## II. COMPANY PRESENTATION

<b>1921</b>	Establishment of the company Tovarna izdelkov iz pločevine in kovin (Tin and Metal Products Plant)
<b>1948</b>	Manufacture and presentation of the first TAM Pionir headlamp
<b>1988</b>	Introduction of CAD/CAM/CAE technology with the CATIA software in the R&D department
<b>1990</b>	Introduction of headlamps made of thermoset plastics as replacement for sheet-metal headlamps
<b>2004</b>	Hella KGaA Hueck & Co. becomes a 100% owner of the company HH dejavnost holdingov, which is a 100% owner of the company Saturnus - Avtooprema
<b>2007</b>	Setup of a plant for injection moulding and anti-abrasion lacquering of polycarbonate cover lenses
<b>2010</b>	Introduction of virtual engineering analyses and simulations of conventional and LED technologies
<b>2011</b>	Setup of a fully robotised flexible assembly line for auxiliary lamps
<b>2011/12</b>	Formation of development of electronic elements for LED technologies
<b>2012</b>	HSS is nominated for a third competence centre for single-function lamps, in addition to the two centres for auxiliary lamps and the Hella Sports Car programme
<b>2012</b>	Development and manufacturing of the first LED fog lamp
<b>2013</b>	Continued transfer of know-how and experience in LED technology to the non-automotive LED programme: <ul style="list-style-type: none"> <li>▶ street lighting, industrial lighting, interior lighting and airport lighting.</li> </ul>
<b>2014</b>	Strategic adaptations of the company's product portfolio <ul style="list-style-type: none"> <li>▶ street lighting (terminated)</li> <li>▶ industry lighting (terminated)</li> <li>▶ interior lighting (terminated)</li> <li>▶ airport lighting (terminated)</li> <li>▶ LED module production (implemented)</li> <li>▶ other production (implemented).</li> </ul>
<b>2014</b>	Discontinuation of the holding company HH dejavnost holdingov d.o.o.
<b>2015</b>	Further strengthening of strategic adjustments from the previous year



## MANAGEMENT BOARD

<b>Managing Director</b> .....	<b>Boštjan Furlan</b>
<b>Managing Director</b> .....	<b>Matthias Wiehen (until 01/06/2016)</b>
<b>Managing Director</b> .....	<b>Michael Norbert Colberg (from 01/06/2016)</b>

Directors of Departments and services:

Development Manager .....	<b>Tomaž Jurejevčič</b>
Logistics Manager .....	<b>Stanislav Ivanič</b>
Headlamp Programme Manager .....	<b>Aleš Košnik</b>
Fog Lamp and Single-Function Lamp Programme Manager .....	<b>Franc Facija</b>
Component Production Manager .....	<b>Marjan Brezarič</b>
Final Production Manager .....	<b>Janez Metelko</b>
Controlling and Finance Manager .....	<b>Jörg Volmering</b>
Human Resource and Legal Manager .....	<b>Beti Jenko</b>
Head of Quality Assurance .....	<b>Grega Kramer</b>
Head of Purchasing and Sales .....	<b>Tjaša Cetinski</b>
Operational Excellence Specialist .....	<b>Matej Štempelj</b>

## PRODUCTS

The company's production and sales range consists of automotive lighting equipment for cars and RADOM systems for automotive industry.

The automotive lighting equipment comprises headlamps, auxiliary fog lamps, daytime running lamps, single- and multi-function lamps.





The value of implemented loans in this financial year was still at a very high level. New investments in intangible assets and property, plant and equipment totalled EUR 26,920 thousand (without divestment totalling EUR 2,820 thousand), of which EUR 12,962 thousand for new projects.

We have been active in several development projects and project acquisitions. In addition to the mechanical construction, we also performed simulations, research and production of prototypes and we introduced new activities in the area of new activity in the field of developing electronic sub-systems for new LED products.

# IV. A SHORT PRESENTATION OF OPERATIONS BY PRIMARY BUSINESS PROCESSES

## SALES

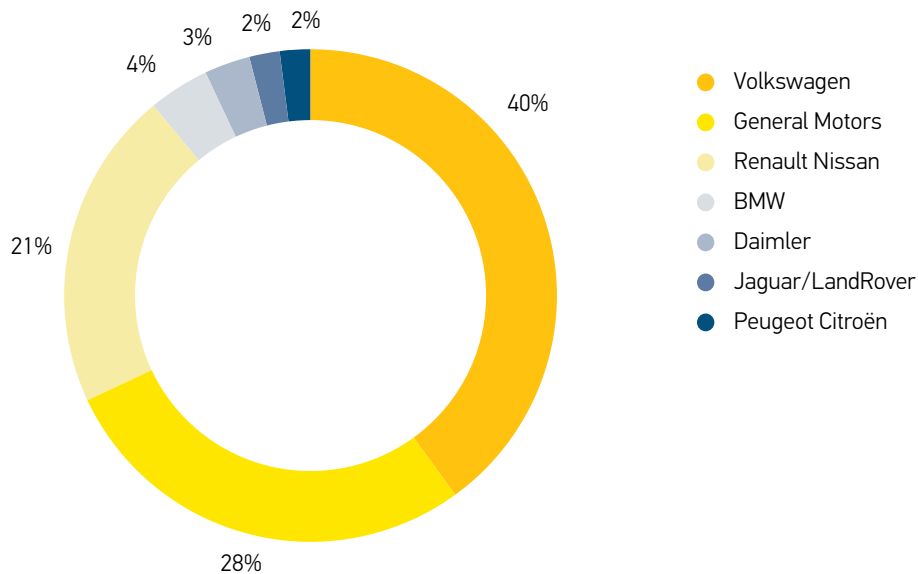
In the financial year 2015/2016, there were some successful product launches which contribute to the company's successful performance. The same trend is expected in the future. The dispersed portfolio of customers and products helped our company manage unpredictable global trends, while constant development activities and improvements helped us follow the demands of car factories.

The table shows the structure of sales by revenue category. The largest scope of sales, EUR 297 million, was achieved in the sale to automotive factories with the sales result at the planned level. The lion's share was achieved by the sale of products, namely 84%. It is followed by the sales within the Hella Group, accounting for 9% of total sales. The actual sales among sister companies within the Hella Group were exceeded by 58% compared to the plan. The sale of tools, services and other accounted for 7% of the realisation, thus exceeding the planned sales by 22%. Total sales exceeded the plan by 4%.

**TABLE NO. 2:** Planned and implemented sales in FY 2015/2016 - structure and share

Financial year 2015/2016				
Revenue category	Business plan	Sales revenue	Revenues/plan	Share
	in EUR thousand		in %	
Sale of products	299,036	297,537	99.5%	84.1%
Hella Group	20,427	32,208*	157.7%	9.1%
Tools, engineering services and other	19,604	23,837	121.6%	6.7%
<b>TOTAL</b>	<b>339,067</b>	<b>353,582</b>	<b>104.3%</b>	<b>100.0%</b>

\* The revenues of the Hella Group do not include the sale of tools in the amount of EUR 632 thousand.

**CHART NO. 1:** Presentation of the structure of automotive sales by customer in 2015/2016

In the structure of revenues from the sale of products by customer, the Volkswagen Group again held the leading position with 40%, the strongest in terms of revenues was the brand Volkswagen. It was followed by the General Motors Group with 28%, of which Opel two thirds and GM one third. The Renault Nissan Group came third with 21%, of which Renault 84% and Nissan 14%. In terms of revenues, the BMW Group came

fourth with 4%, followed by Daimler with 3%, Jaguar/Land Rover 2% and Peugeot Citroën 2%.

Most of the sales were implemented with the European customers, including Revoz from Novo mesto on the domestic market. We also maintain global presence by selling products on the North- and South-American markets, in South Africa and Asia.

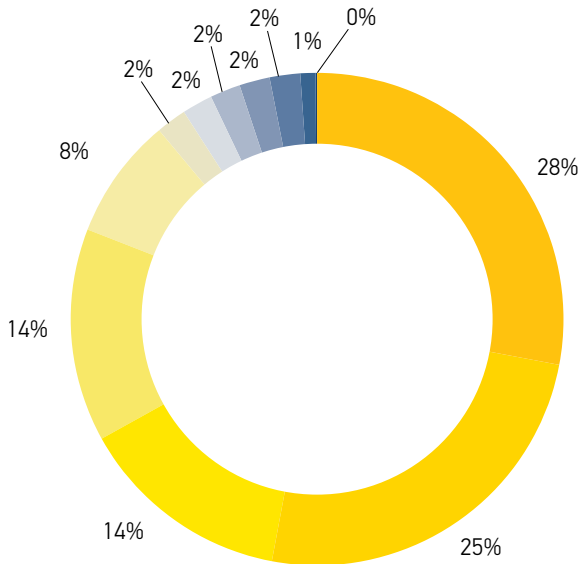
## PURCHASING

In the financial year 2015/2016 we spent EUR 214 million for covering the material needs of production. The total value of the purchases of material for production purposes increased by 26% compared to the previous year.

The share of purchased electronic components increased compared to the previous year and remained practically the same in other material groups.

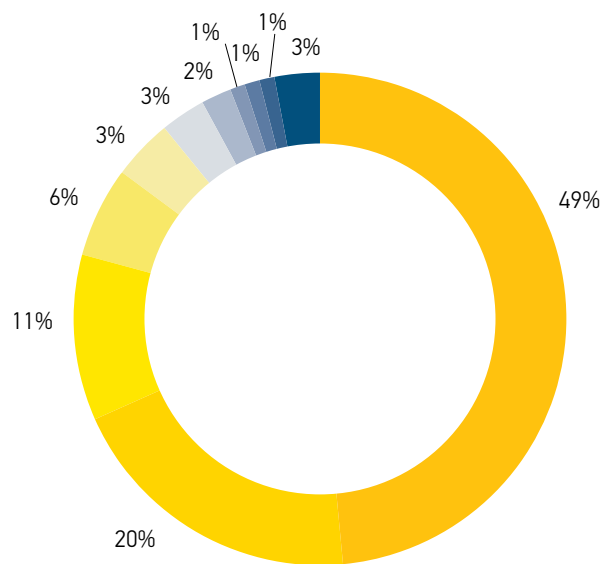
Also this year, our production needs were mostly covered with the purchase of material outside Slovenia. The share of purchases outside Slovenia was 80% which is the same as the year before. Also this year, the largest share of purchases was made on the German market (49%).

**CHART NO. 2:** The share of production materials in the financial year 2015/2016 by major groups of material



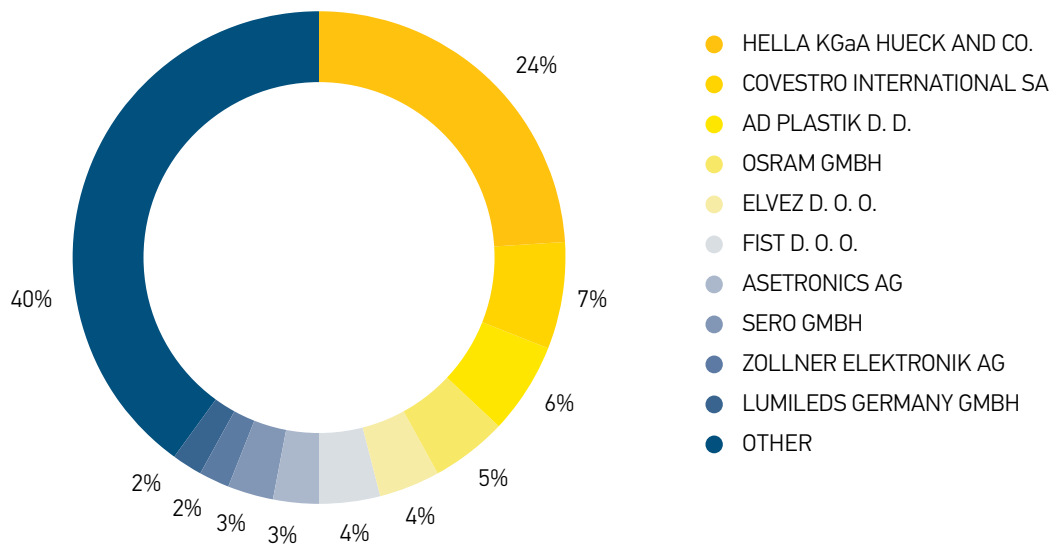
- Electronic components
- Plastic parts
- Metal parts
- Plastic granulates
- Bulbs
- Packaging
- Cables
- Glass lenses
- Lacquers and glues
- Rubber parts
- Industrial service
- Other

**CHART NO. 3:** The share of production material purchases by country



- Germany
- Slovenia
- Switzerland
- Croatia
- Austria
- Italy
- China
- France
- The Czech R.
- Romania
- Other

**CHART NO. 4:** Value of purchased production material - TOP 10 suppliers



## Achieved targets

In the past year, we achieved all targets in the area of purchase pricing policy. The achieved price index was 98.89. The major savings were recorded in the groups of plastic parts, electronic components, metal parts and light bulbs. On average, new purchase components were nominated by 14.5% lower than the target prices and new tools by 15% lower than the set prices.

## PRODUCTION AND LOGISTICS

In the financial year 2015/2016, the organisational structure of the production and logistics centre was adjusted to the standard organisation which has been introduced also in other factories of the Hella Group, by merging the two organisational units into a single department with joint management. The aim was to closely connect all activities performed from the moment the order is placed by a customer, drafting of production plan, purchasing, production of own components and final assembly, until supply. The company's product range comprises the manufacturing of headlamps, single-function lamps (fog lamps, daytime running lamps) for personal cars. In addition to the production of final products, the programme of complex components has been growing considerably, including the production of LED modules for headlamps.

In terms of product range, production is divided into the following lines:

- ▶ Headlamps,
- ▶ Clean Room,
- ▶ Single-Function Lamps,
- ▶ Components.

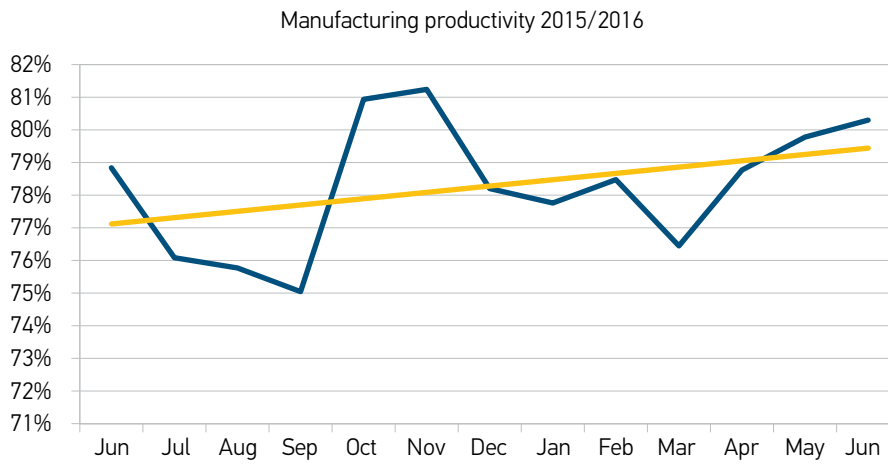
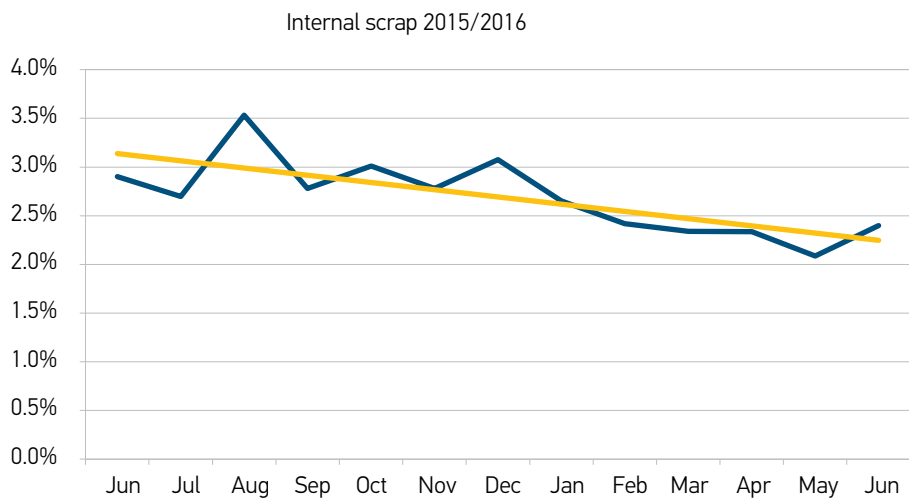
The following major investments were carried out in the financial year in production:

- ▶ modernisation of the machinery park for thermoplastic press casting,
- ▶ new injection machine for the three-component (3C) thick-wall thermoplastic press casting,

- ▶ upgrading of the tempering process for the production of 2C cover lenses for headlamps,
- ▶ new vacuum layering device,
- ▶ new headlamp, LED module and fog lamps production assembly lines.

The principal indicators for the monitoring of production performance are productivity and non-quality expenses, number of accidents at work, achievement of production plans and amount of stocks. Productivity is measured as the ratio between attendance of production workers and the hours performed per work order. The non-quality expenses comprise the internal scrap, customer complaints, inspections of the quality of products by external contractors and extraordinary transports. The amount of stock is measured as the inventories to sales ratio (ISR). The achievement of the set targets is monitored regularly, visualised on the information boards and we have also established a system of daily reporting of results at daily meetings organised at all levels, from individual departments to the company management, at which the necessary corrective activities are determined. The activities of constant improvements are also carried out within individual teams: regular problem solving, analysis of causes and systematic monitoring of progress. We continue with the positive trend of increasing productivity and reducing non-quality expenses by including the colleagues and encouraging responsible and systematic approach to problem solving.



**CHART NO. 5:** Productivity trends in the FY 2015/2016**CHART NO. 6:** Internal scrap trends in the FY 2015/2016

## OPERATIONAL EXCELLENCE

Primary activities in the past financial year:

1. LiON – improvements in the company (NQE, productivity, logistics, reject, development processes, material),
2. *Value Stream Mapping – Waste Avoidance* – more projects, focus on radar, radar control sensor,
3. introduction of *Compliance Boards*, PIB - *Plant Improvement Boards*, SFM - *Shop Floor Management methods*, management of production at all operating levels,
4. SMED (tool setup),
5. MTM, training of the OpeX team and process planners,
6. 5S – monthly implementation of assessments in production and logistics,
7. participation in the optimisation of logistics process,
8. training and introduction of PDCA - quick problem-solving method.

In the future, primary activities will be focused on improved achievement of prescribed time standards (big influence on productivity), machine utilisation (WEEE), reduction of non-quality expenses (NQE), continued activities of the compliance team (CoB, project improvement tables), visualisation of key performance indicators (KPI), ESD issues, quick problem solving, 5S, SMED, VSM in major problems (Opel Corsa, Renault HFE), implementation of WP5 (OtD) process improvements, LiON and the continuation of PIB, SFM.

# QUALITY

## QUALITY SYSTEM

In the area of quality system, we continued with the introduction of the CMS. We conducted a management review and proposed some system improvements. A surveillance audit (ISO TS 16949) was conducted by TÜV as well as CQC Factory Inspection (compliance with the printing requirements for markings CCC – China)

## SUBSTANTIVE PROGRAMME BY AREA

### Quality in the product development phase and process

Projects are carried out according to the procedure of managing PEP and PMH, which is mainly taken into account in the adjustment of activities to the size and complexity of each product. Due to the increase in the number of projects and accordingly the number of employees, external and internal training courses were organised for various tools (FMEA, SPC, *Lessons Learned*).

### Quality in production phase

We adopted a systematic approach to improving the quality of products and reducing the cost of insufficient quality. We trained more than 150 employees for the use of the PSCS *Problem Solving Check Sheet* method. Our approach to problem solving was systematic and based on team work. With a better analysis of non-quality expenses (NQE), we successfully defined and concluded quite a few projects in the framework

of activities related to the PIB - Plant Improvement Boards. The Method was also introduced in this financial year. The downward trend of non-quality expenses was noticeable. The number of complaints was being reduced, as well as the total PPM result.

### Laboratories

Tests were carried out primarily in the development area or in the monitoring of regular production.

A three-shift work schedule was introduced in production photometer, which allows for greater flexibility and faster process corrections.

Our capacities were partially expanded, mainly by outsourcing tests to external providers.

The Group issued the final approval for the expansion of the laboratory in the new building. Activities are carried out according to the time schedule and the investment will be concluded in financial year 2017/2018.

### Environmental management system

We participate in the Hella Umbrella Certificate, with the aim of reducing the amount of costs of environmental management system audits. The audit was performed by the parent factory.

We also implemented training of all production workers in the area of safety at work, handling dangerous goods, environmental management and quality. Thanks to systematic approach to waste management, we were able to achieve a positive net effect in the area of costs. In the next years, we plan to further intensify our work in this area and reduce the company's costs and environmental impact.

## DEVELOPMENT ACTIVITY

### General

The activities of the development department in the financial year 2015/2016 were focused on:

- ▶ Obtaining development of products in the area of headlamps for the French and the Japanese customers,
- ▶ Obtaining development of products in the area of small lamps, particularly for the other production locations of Hella and in the case of complex products (front combined lamps, high-mounted brake lamps) for a HSS manufacturing location,
- ▶ Expansion of production activities in the areas of optics, electronics, engineering simulations and research.

In the said activities, the principal focus was on

- ▶ The streamlining of development costs through the introduction of new development methods and measures,
- ▶ The achievement of profitability of the development activities through the sale of development services.

### Main activities:

#### 1. Headlamp development projects:

- ▶ Participation in local and mixed project teams with the aim of promoting development for own purposes as well as for Hella's global production locations,
- ▶ Development of new products, refreshment - so-called 'facelift' development, implementation of engineering changes on the existing products in

own production and on other Hella's production locations,

- ▶ Performing development support activities in the transfer of projects in the production phase from other locations to Hella Saturnus Slovenija and/or between Hella's other production locations.

#### 2. Fog lamp and auxiliary lamp development projects:

- ▶ Obtaining and implementing projects for fog lamps and single-function lamps according to the latest styling trends for various vehicles made by all global automotive manufacturers,
- ▶ Pre-development of auxiliary lamp projects (fog lamps, daytime running lamps, direction indicators, position lamps, etc.) based on LED sources and the relevant electronics,
- ▶ Obtaining and fostering specialist know-how for development and production of lighting equipment based on LED sources,
- ▶ Participation in local and mixed project teams for the development of new products, refreshment - so-called 'facelift' development, implementation of engineering changes on the existing products in own production and on other Hella's production locations,
- ▶ Performing development support activities in the transfer of projects in the production phase from other locations to Hella Saturnus Slovenija and/or between Hella's other production locations.

3. Implementation of internal projects of operation streamlining within the framework of development activities (LiON).
4. Implementation of services in the area of standard components for lighting equipment of vehicles for Hella's global development locations:
  - ▶ Setting-up know-how and training for the establishment of development competencies for standard components of the lighting equipment for cars,
  - ▶ Implementing support activities in serial development projects on the global scale.

Most activities were focused on the obligations arising from the requirements of new project development and engineering changes on the existing products in production.

A lot of time was spent on harmonisation and introduction of Hella's standards, procedures and documents, and introduction of planning and controlling of development capacities.

Several activities and measures were carried out for the purpose of cutting costs in the framework of the LiON project.

The development department carries out many internal activities in the area of profitability, *co-operation with the customers, business processes, training and innovations and management by objectives.*

Last year, activities were carried out to consolidate development capacities, with target focus on projects with higher profitability and thus more efficient use of the existing development capacities.

In an HR campaign, we optimised and profiled the development capacities and employed 29 new engineers for these purposes.

### Participation in development projects

This year we have been active in approximately 30 development projects and project acquisitions. In addition, we also implemented three internal pre-development projects in the framework of which we developed standard solutions and modules for the new generations of fog lamps and single-function lamps. The final development activities (achievement of target values) were implemented in projects under SOP. Acquisition work (concepts and submitted bids) was performed for many products.

### Headlamp development

In the financial year 2015/2016 the Headlamp Programme Management launched the headlamps Kadjar HFE, Scenic XFA and Cadillac O1SL into production. We also obtained the following projects: Opel Corsa 9Bxx, Renault Captur J87, Volvo V43x, Renault X82 Redesign, Daimler G463, Nissan H60B Navara.

## Fog lamp and single-function lamp development

In the financial year 2015/2016 we acquired several LED projects. We implemented the projects of daytime running lamps for Audi AU65x and AU583. In spite of considerable technical challenges, we managed to complete single development stages of most projects in the required quality and the agreed time.

We successfully implemented the development activities of the single-function lamp programme by initiating the development and management of the projects for the vehicles Jaguar, Land Rover, BMW and Volvo.

## Electronics development

In the financial year 2015/2016 we took an important step forward in the area of electronics development by establishing the Software Development Team. This will enable us to independently develop the most complex products in the area of small lamps and headlamps. The first results of the Software Development Team have already been integrated in the Opel Corsa headlamp prototype, which was successfully presented to the customer. Electronic circuits have been successfully developed for several types of headlamps, including the electronics for the Audi matrix headlamp. The innovative concept of animated direction indicator for the new Renault Captur headlamp. In the area of small lamps development, we successfully concluded the development of a very complex product, a multifunctional auxiliary lamp for Renault RS, and we are also developing the electronics for the first microprocessor controlled auxiliary lamp for Audi eTron.

## Development of production processes and tools

In the area of development processes for the industrialisation of projects, several large and complex sub-projects were carried out in the past year, particularly in the area of supplying the universal assembly lines for small lamps and headlamps, as well as for the production of high-tech lighting modules.

To this end, we had to employ and train several new employees. We hired 11 new employees. Most of them replaced the experienced process planners (PP) who were promoted to other departments.

## Research and pre-development

In the financial year 2015/2016, we concluded five pre-development projects in three new small lamp departments. We also carried out three joint pre-development projects with our customers. In the framework of global pre-development, three lamps were developed for a demonstration vehicle. The team actively cooperated in the transfer of one of the key technologies for the development of small lamps to our location. With the introduction of new methods for the assessment of products (lamp homogeneity), the team also established itself in Hella's broader development environment.

In the area of small and single-function lamps, we remain a competence group for the evaluation of competitive products. In the past financial year, we evaluated 27 competitive products and presented them at an exhibition at our location. As a competence centre, we also organised two exhibitions of competitive products in Germany and Mexico.

## Industrial property and patents

In the area of industrial property and management of patent rights, activities were carried out in the financial year 2015/2016 in the areas of introduction of technical improvements, inventions and patents, patent research, and filing of applications for obtaining the rights arising from patents.

In the previous financial year, we published one international and four Slovenian patents. Two international and one Slovenian patent applications are pending.

At the moment, we have 22 Slovenian and eight international valid patents which we maintain regularly.

In the financial year 2015/2016, 37 proposals for technical improvements were also filed; 22 proposals were accepted, and twelve of them were still processed. Furthermore, nine inventions were filed, of which one was accepted and seven were still processed.

## FOG LAMPS, SINGLE-FUNCTION LAMPS AND INTERIOR LIGHTING

### Status assessment

In the financial year 2015/2016, we continued with the acquisition and development of projects in the LED or halogen technology. We developed as many as 42 lamps and auxiliary lamps, mainly with LED technology, including fog lamps, high-mounted brake lamps, daytime running lamps, direction indicators and number plate lamps. We also started developing new segments of single-function lamps, such as e.g. *light carpet*.

Last year, BMW opened a new chapter in ambient lighting of vehicles by introducing the light carpet in its most luxurious car Series 7. The project is of extreme importance for our group, since our range of products is still far ahead of the competitors and the interest in similar products has already been expressed by other car manufacturers. Due to high technical complexity of the project, development is being carried out in cooperation with external partners.

The activities in the programme of single-function lamps continued successfully, as proven by the fact that we started developing and managing a large number of single-function projects for different production locations in Slovakia, Mexico and China.

Great attention was paid to the provision of support services for other development locations all over the world: China, Mexico and India.

Based on projects obtained in the previous years and the general goals of the company, our basic task in the financial year 2015/2016 was to ensure timely and successful completion of projects and their transfer to the Production Department in line with the previously agreed key performance indicators. We also employed two new project managers.

### List of projects delivered to series production

At the moment, we are developing as many as 42 active projects. We were also successful in the field of acquisition, as we acquired as many as 12 new projects.

Our goal for the next financial year remains the provision of activities in the field of acquisition of new projects in accordance with the development and production capacities, and successful production capacities, development and delivery of projects into series production.



## HUMAN RESOURCES, TRAINING AND MOTIVATION

### Employment

As at 31/05/2015, the company had 1,444 employees:

Number of employees in HSS by category						Total
Balance as at	Direct employees	Indirect employees	Development	Sales	Administration	
<b>31/05/2015</b>	558	576	236	28	46	<b>1,444</b>

As at 31/05/2016, the company had 1,476 employees:

Number of employees in HSS by category						Total
Balance as at	Direct employees	Indirect employees	Development	Sales	Administration	
<b>31/05/2016</b>	513	629	258	25	51	<b>1,476</b>

In this financial year, the average number of regular employees was 1,452.

In the financial year 2015/2016, the employment relationship of 66 employees was terminated, mostly due to retirement (36%) or on their request (44%). The net increase in the number of employees was 32 and we employed a total of 98 new employees, most in the area of development, production and quality assurance.

In the financial year 2015/2016, approximately 986 employees were monthly assigned to HSS by HR agencies, which is 260 more than in the previous year.

## Human resource education/training and development

Following our business strategy, we are developing our company's recognisability for top quality and professionalism in all segments of operations.

We are aware that the key factors for the achievement of the set targets are know-how, innovation and motivation of all employees.

In accordance with the annual plan and additionally identified business needs of the company, the following processes were carried out:

- ▶ **PART-TIME STUDIES:** in cooperation with the faculties, we supported 7 colleagues - extraordinary students enrolled in under- and post-graduate study programmes of mechanical engineering, electronic engineering, mechatronics, economy and administrative sciences.
- ▶ **TRAINEESHIP:** 18 new employees were included in the traineeship process during the year, training for the jobs of constructor, expert in optics development, testing engineer, quality planner, calculations expert, quality engineer, light characteristics analyst. Of these, three colleagues successfully passed the traineeship exam and others are still being trained.
- ▶ **EXPERT PRACTICAL WORK:** a total of 28 under- and post-graduate students from various faculties and secondary schools performed the expert practical work in our company, in the areas of development, production and quality.
- ▶ **PROFESSIONAL TRAINING:** A total of 4,530 participants were included in the professional training programs.

We organised and carried out 382 types of expert training programmes.

The number of hours devoted to training was 24,061, which amounts to roughly 16.5 training hours per employee.

The programmes of professional training were implemented in HSS (72.5% and outside the company/abroad (27.5%).

The major part (in terms of the number of employees) was comprised of the training in the area of production technologies, computer science, IT and quality.

Also this year, we continued and introduced some special projects in the area of employee development. Among other, we took over the management of the entire project **»Lead Summer School Eastern Europe 2015/2016«**, an 8-day training course for identified talents in the framework of the Talent Review, process that has been going on for several years at the level of the Hella Group. Training was carried out in three modules: in Slovenia, the Czech Republic and Romania. A total of 30 employees from HSS, HAN, HRO, HSKS and HSKF participated, in the period from November 2015 to February 2016.

With the aim of ensuring constant provision of qualified candidates for employment to the planned available jobs, we introduced the programme **»Accept the Challenge - Enlighten the Future (SIOP)«**, in the scope of which 16 students are being trained in the

area of OtD and TtM processes, and we also introduced **“introduction seminars”** for new employees.

In this financial year, the management undertook the project of changing the organisational culture as we realised that we will only be successful if we cooperate and communicate in a different, more efficient manner. In the framework of the **»Give me five«** project, we launched many activities that will lead us to an improvement of communication and prepared everything that is necessary for the start of the **»Leadership Academy«** – a 6-day programme intended for the training of the management for the tasks and the leadership roles at all levels in the company.

In the financial year 2015/2016, a **total of 4,583 employees participated** in the training in all areas **(the plan was exceeded by 52%)**.

**Investment in training** of employees totalled **EUR 201 thousand** (i.e. 77.4% of the planned funds). **The indirect costs** of training (travel expenses, daily allowances, etc.) amounted to **EUR 128 thousand**.

## Remuneration and motivation

In the area of remuneration and motivation of employees in the company, the following results were achieved in the financial year 2015/2016:

- ▶ In spite of the additional activities for improving the atmosphere and stimulating direct employees working in production to improve attendance at work (without sick leave), as well as controlling employees on sick leave at home, absenteeism due to sick leave unfortunately increased from 5.47% to 5.63% this year, which is also due to increased employment;
- ▶ The average paid gross salary per employee in the company increased by 4.4% compared to the previous year;
- ▶ In the project called Promotion of company employees with the title »Exemplary Employee of Hella Saturnus Slovenija«, 42 colleagues were promoted, seven of them for the second time, seven for the third time and one of them for the fourth time;
- ▶ In the framework of monitoring the efficiency of the changing of organisational culture and the management culture, we conducted the research of organisation vitality and management satisfaction down to the fourth management level;
- ▶ We introduced a new method of assessing employee performance - ERA (*Employee Rating Appraisal*) in almost the entire Hella Group;
- ▶ We also introduced the standardised HR REPORT (KPI) for Hella's companies in the CEE region.

## Occupational health and safety

Pursuant to the Occupational Health and Safety Act, employees participate in regular training in the areas of health and safety at work, fire protection, environmental protection, safe handling of hazardous substances, transport and ESD. During the financial year, we trained 1,440 new employees, while 1,093 participated in the periodic training.

In the past financial year, the number of injuries at work remained at approximately the same level as in the previous year, regardless of the increase in the number of employees, scope of work, overloaded schedules, insufficient space, overstocking of production and warehousing facilities.

We recorded a total of 32 injuries, all minor (one more than in the previous year) and managed to reduce the number of lost days due to injuries to 8.37 days per injury or 11.4% less than in the previous year.

## PERIODIC INSPECTIONS, TESTING OF WORK EQUIPMENT AND INSPECTIONS OF WORK ENVIRONMENT AND EXTERNAL REVIEWS

An internal committee for periodic inspections and testing of HSS working equipment operates in the company, which inspected the complete working equipment and assembly units, as well as the entire working equipment the operating permit of which expired, pursuant to the »Working Equipment Inspection and Testing Methodology«.

With the help of an external institution, we measured the continuity of protection conductors and galvanic connections. The identified weaknesses were eliminated by the maintenance department within the specified period and we regularly checked the newly constructed tools.

Pursuant to the applicable legislation and with the aim of ensuring the appropriate working environment, we also carry out the inspections and investigations of the work environment, particularly the inspection of chemical risks, thermal conditions, noise and lighting at the workplace.

Measurements and testing is performed regularly and in the event of any identified discrepancies or inappropriate working environment, corrective measures are introduced for improvements (additional measures for the protection of hearing, installation of auxiliary lighting, additional measures due to increased temperatures at certain jobs).

We also successfully passed the four-day assessment of the fire-protection area (VPP) by the certified institution »TÜV Rheinland InterCert«, which found no deficiencies.

## FIRE PROTECTION AND MAINTENANCE OF THE SYSTEMS FOR FIRE PROTECTION

We reviewed and revised the fire code with appropriate adjustments, excerpts of the fire code, fire-fighting plan and evacuation plans.

All fire-protection systems (safety lighting, fire dampers, smoke and heat outlet ducts, active fire alarm, automatic fire extinguishing system, fire

extinguishers with foam and CO<sub>2</sub>, interior and exterior network of hydrants and lightning conductors) have been reviewed and maintained in accordance with the fire protection legislation.

In May, we also had a two-day inspection of the integrated fire alarm system (i.e. sprinkler) by the authorised institution VdS - we are still waiting for the certificate.

## INFORMATION AND COMMUNICATIONS

In the financial year 2015/2016, the activity of the IT department was focused on the expansion of the computer network to production lines and devices, and the regulation of IKT infrastructure. We increased the speed of data transfer through the leased line between HSS and central Hella, expanded the Hella WiFi network, carried out the migration to SIP fixed telephony and WindowsPhone mobile telephony,

replaced the VMWare ESX servers and further improved the control over the IT infrastructure, expanded the alarm system, etc.

The current activities are carried out in the direction of the migration to Microsoft Office 365 (SharePoint, Outlook, Skype, cloud storage space) and the completion of the project of updating the video surveillance system of HSS.

## INVESTMENTS

In the financial year 2015/2016, investments totalled EUR 26,056 thousand. They were initially planned in the amount of EUR 33,319 thousand (see table below, column Plan), but then the investment plan changed during the year.

A total of EUR 12,962 thousand was spent for the purchase of working assets related to specific projects, accounting for 49.75% in the structure of implemented investments, while the funds used only account for 60.79 of the initial plan (see column Index). The investments, related to cost centres, totalled EUR 11,836 thousand, i.e. 134.33 of initially planned, and

accounted for 45.43% of implemented investments in the total structure. EUR 2,122 thousand were spent for buildings, which is less than planned, considering the structure, namely 8.14% of all implemented investments.

Compared to the past financial years, the described structure deviates in terms of buildings, projects and cost centres.

As a whole, we used EUR 26,056 thousand of investment funds in the previous financial year, or 78.20% compared to the investment plan.

in EUR thousand	Plan	Achieved	Index	% Share
Buildings	2,732	2,122	77.67	8.14
Investments by cost centre	8,811	11,836	134.33	45.43
Projects	21,321	12,962	60.79	49.75
Write-offs - divestments	-40	-2,820	7050.00	-10.82
<b>Total</b>	<b>32,824</b>	<b>24,100</b>	<b>73.42</b>	<b>92.49</b>
Project capitalisation	495	1,956	395.15	8.14
<b>Grand Total</b>	<b>33,319</b>	<b>26,056</b>	<b>78.20</b>	<b>100</b>

Investments implemented in the financial year 2015/2016 in EUR thousand.

# V. RISK MANAGEMENT

## Currency risk

In the past few years, the developments in the world and the economic recession in certain developed economies caused major currency fluctuations on the international money markets. The bulk of the inflows and outflows of the company is in EUR.

Most of the company's international transactions are implemented in EUR. Currency risk is not significant, mainly because of the alignment of inflows and outflows, denominated in domestic currency. Only a small volume of operations is carried out USD, as annual purchases/sales in this currency account for less than 1% of revenues. The previous purchases made in USD will be gradually transferred to EUR, as far as possible. In the area of sales, we only have one customer in USD at the moment, which is considered less significant in terms of turnover.

## Interest rate risk

The risk of changes in interest rates is defined as the uncertainty related to the fluctuation of interest rates in the future and which directly determines the amount of our liabilities arising from long-term borrowing - raising of loans.

In September 2010, the company signed an agreement with Hella KGaA Hueck & Co. on the inclusion in the »cash pooling« system via UniCredit Bank. In this system, the daily borrowing limit for the company is up to EUR 3 million but no more than 10% of the sales revenues in the previous period, which totals EUR 29.4 million for this financial year.

The interest rate is calculated monthly, based on the »overnight« reference interest rate in the EURO area – EONIA -0.125% p.a. for funds granted and EONIA +0.80% p.a. for funds received.

In August 2015 the company repaid the short-term loan raised with Hella KGaA Hueck & Co. with the interest rate of 12-month EURIBOR +1.30% p.a.

In September 2015 the company repaid the loan raised with Hella Finance Nederland C.V. for a period of one year, with the interest rate of 3-month EURIBOR +1.25% p.a.

### Risk of default by counterparty

The company regulates the risk of default by counterparty by taking into account the risk rates of individual customers as well as the market on which the customer operates when determining the annual sales payment conditions. The company uses advance payments, in a small scope, for hedging against risks, mainly with new customers.

Risk is managed by regular monitoring and collection of receivables.

### Protection of interests and property

The scope and intensity of insurance coverage changes with the growth in property, use of new technologies, products and markets; the exposure to risks changes simultaneously. The scope of insurance risks indicates the risks an item is insured against and the intensity indicates the amount of expected damage compensation. Of course, the company does not have insurance against all risks and the entire amount of damage, as it actively monitors costs, minor and less frequent damages and risks that can be minimised with preventive measures. Therefore, insurance is of higher quality and less expensive and the risk management process is centralised.

Property insurance comprises insurance against damage of construction facilities, equipment, machines and inventories. Losses arising from the consequence of production downtime comprise the labour cost, depreciation and amortisation, other operating expenses and profit from operations for a period of one and a half year. The increase of the

company's own participation in damage resulted in premium savings while maintaining the amount of insurance coverage.

The manufacturer's product liability and the cost of product recall are also insured.

Compared to property insurance, it is much more difficult to assess the scope of financial impact arising from civil liability insurance, as this is subject to court proceedings and orders to compensate damage to individual persons. International standards, recommendations and sometimes legal bases are used for these purposes.

### Solvency risk

Solvency risk is the risk that the Company will run into difficulties with raising funds for paying its obligations as they fall due.

In the area of purchasing, the company introduced payment conditions in accordance with the strategy and guidelines of the purchasing policy of the Hella Group with most of the suppliers. The payment conditions, i.e. payments on the 25th day of the month for the deliveries made in the previous month, granted % of discount or reduced purchase prices, have been exercised to all major suppliers on the domestic and foreign markets.

The company is actively collecting receivables and arranging compensations. The payment deadlines of customers and suppliers have been aligned to the maximum possible degree. In the case of major



investments, the company arranges the method of financing in co-operation with the parent company. In the event of a short-term deficit of assets, the company uses the transaction account overdraft (Cash Pool Agreement).

### Risks on the purchase and sales markets

Risks on the purchase markets are conditioned by the boom of Asian markets and unstable conditions regarding the prices of copper and crude oil as well as the recession in the world.

The first reason can bring about the growth in prices of cables and the second one the increase in prices of plastic materials and components, and of transport. As this is a category of market risk, any changes will affect the Slovene, European and other global markets. Contracts have been signed with the majority of

suppliers which contain clauses on price fluctuations. Any increases in the prices of raw materials listed at the stock exchanges or directly related to stock exchange developments are taken into account in the starting positions and assumptions used for compiling business plans.

In this financial year, the company had no specific contracts for hedging against the risks of fluctuating copper prices on the global market.

The major risks in the sales area were the potential loss of market share and the drop in the sales prices. The planned reduction of the prices of products during the entire lifespan of a product is defined with the key customers upon the acquisition of new projects and taken into account in the drafting of the sales plans.

## VI. OPERATIONS WITH RELATED COMPANIES

Hella Saturnus Slovenija d.o.o. operates with the companies in the Hella Group as customer and supplier under the usual market conditions, among other also with the controlling company Hella KGaA Hueck & Co.

The purchasing, sales and development strategy is set by the parent company of the Hella Group for each year.

The controlling company of the Hella Group also acts as the main coordinator or negotiator with the key customers and suppliers, while actively participating in the process of setting the sales and purchase prices, payment terms and conditions, and acquisition of new projects.

In the case of new projects, the controlling company also negotiates the development of new products and tools; furthermore, Hella KGaA Hueck & Co. also makes arrangements on the method of financing the tools to be used in the manufacturing of new products. These tools are mostly owned by the customers. Hella Saturnus Slovenija d.o.o. often acts as the supplier of these tools for the customer or car manufacturer and the efficiency of the sale is linked to the scope and the sales process of the final products - lighting equipment for motor vehicles.

The controlling company sets the strategy and guidelines for introducing the uniform information system, strategy in foreign sources of financing of the daughter companies or financing within the Group, as well as property and other types of insurance.

## VII. COMPANY DEVELOPMENT IN THE NEXT FINANCIAL YEAR 2016/2017

Hella Saturnus Slovenija d.o.o. performs its activities in accordance with the business strategy of the controlling company Hella KGaA Hueck & Co. In accordance with this business strategy, the company is assigned with production and development of headlamps, fog lamps and single-function lamps, as well as internal lighting development.

Net sales revenues increased by EUR 56 million, i.e. from EUR 298 million in the financial year 2014/2015 to EUR 354 million in the financial year 2015/2016. The plan for the next year foresees EUR 354 million net sales revenues. Due to such positive sales forecasts with the average annual growth rate (CAGR) of 9.4%,

the company is facing many challenges (space, production capacity, supplier management, etc.). All these challenges have been included in the business plan for the next financial year.

In view of the positive trend of operating profit development in the financial year 2015/2016, the company plans to further increase profit over the next three financial years.

Below is the list of new products the production of which is planned to be launched in the next financial year. Headlamps for Captur HL will have the biggest effect on the financial year.

**TABLE NO. 3:** New projects in the financial year 2016/2017:

Projekt	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
H Renault Captur		x										
A Renault RS							x					
A Seat SE270 Ibiza									x			
A Skoda SK 35 Rapid												x

Many activities will be focused on constant improvement of operations (the LiON programme), reduction of operating costs, employee motivation and efforts to improve production and consequently increase return on assets invested in the production process.

The following key assumptions have been taken into account during the preparation of the business plan:

## Revenue planning

The sale of products was planned on the basis of the Plato list (MDB HKG) for OEM and aligned with the GS-HKG Lippstadt sales programme. Market forecasts for the next financial year are products sold as OES and IAM.

Planned total sales revenue from the sale of products in the financial year 2016/2017 is EUR 353,422 thousand.

The company expects to generate revenues in the area of engineering and joint tool investments in the amount of EUR 37,070 thousand in the new financial year.

The planned total revenues for the financial year 2016/2017 thus amount to EUR 390,492 thousand.

## Cost planning

The costs have been planned on the basis of the calculations by item in the current financial year. The cost plan took into account purchase and production improvements.

Cost structure specified in the Business Plan for the 2016/2017 period:

- ▶ Costs of material: 62% (of total revenues)
- ▶ Labour costs: 12% (of total revenues)
- ▶ Depreciation costs: 8% (of total revenues)
- ▶ Other costs: 18% (of total revenues)

## Profitability

Planned total operating profit (income statement) in the financial year 2016/2017 is 3.8% or EUR 14,755 thousand.

# VIII. CORPORATE VALUES

In 2006, the company started introducing the corporate values.

Our values are:

## Entrepreneurial accountability/autonomy

We act with entrepreneurial accountability and responsibility.

- ▶ We make independent assessments of business situations.
- ▶ We anticipate appropriate measures and implement them.
- ▶ We set high expectations for ourselves.
- ▶ We provide support to our colleagues.

## Co-operate in a spirit of partnership and work together efficiently

We cooperate.

- ▶ We encourage open communication and trust.
- ▶ We cooperate among ourselves, with our customers and suppliers.

## Ensure sustainability

We are consistent.

- ▶ We consistently implement the defined targets and review them.
- ▶ We are disciplined and forward-looking.

## Provide performance

We achieve results.

- ▶ We work with great commitment and satisfaction.
- ▶ Our targets are clear and understandable.

## Be innovative and change in a positive sense

We are innovative.

- ▶ We are willing to learn, develop and look for new solutions.
- ▶ We develop innovative products and processes that are important for our customers.

## Act with integrity

We act with integrity.

- ▶ We are honest and trustworthy.
- ▶ We work in a friendly and quality-oriented manner.
- ▶ This enables us to form stable and trusting relationships with our customers and colleagues.

## Be an example

We behave in an exemplary manner.

- ▶ We apply the defined corporate values through our own actions, implement them and serve as an example to ourselves and others.

## IX. DISCLOSURE OF IMPORTANT BUSINESS EVENTS AFTER THE END OF THE FINANCIAL YEAR

The operations of the company in the beginning of the new financial year proceeded within the plan and the targets set for the financial year 2016/2017. The actual net sales revenues were somewhat higher than projected.

# ANNUAL REPORT 2015/2016

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# 1. GENERAL DISCLOSURES

## Company presentation

Date of change	Companies Reg. entry No.	Subject matter of change:
4 Dec. 1991		Establishment of Saturnus – Avtooprema
6 Jan. 1992	47821/91	Company registration at the Basic Court of Ljubljana, entry No.: 1/14234/00
14 Mar. 1997	97/01036	Change of company name to Saturnus – Avtooprema, proizvodnja svetlobne opreme za motorna in druga vozila, d.d., Ljubljana, and increase in share capital to SIT 1,135,984,000.
24 Oct. 1997	97/04555	Increase in the company's share capital to SIT 1,294,244,000.
26 Jan. 2004	2003/08422	Company's integration into Hella Lux dejavnost holdingov d.o.o.
28 May 2004	2004/03393	Change of name to Hella Lux Slovenija, Proizvodnja svetlobne opreme za motorna in druga vozila, d.o.o.; change of the company's legal form into a limited liability company and the new owner is HH dejavnost holdingov d.o.o.
30 May 2005	2005/04945	Increase in the company's share capital to SIT 1,599,819,253.
28 Mar. 2007	2007/02824	Revaluation of share capital into euro.
26 May 2008	2008/20959	Change of the company name to Hella Saturnus Slovenija, Proizvodnja svetlobne opreme za motorna in druga vozila, d.o.o.
18 Jan. 2013	2013/3460	Increase in the company's share capital by a contribution of the new shareholder, Hella KGaA Hueck & Co., Rixbecker Straße 75, 59555 Lippstadt, Germany, in the amount of EUR 741,770.00
30 Dec. 2014	2014/53007	Discontinuation of the company HH dejavnost holdingov d.o.o. by a simplified procedure; takeover of 90% of the business stake by the sole shareholder Hella KGaA Hueck & Co., Rixbecker Straße 75, 59555 Lippstadt, Germany.

- ▶ Abbreviated company name: HELLA SATURNUS SLOVENIJA d.o.o.
- ▶ Share capital: EUR 7,417,697

## Ownership structure

Since 30 December 2014, Hella KGaA Hueck & Co. from Germany has been a 100% (sole) owner of the company.

## Activity

Based on the registered activity, the company belongs to metal processing and electrical industry. Its primary activity is production of lighting equipment for the automotive industry.

## Other information

<b>Company reg. No.:</b>	5035945
<b>Tax ID No.:</b>	SI21491895
<b>Activity code:</b>	27.400 (Manufacture of electric lighting equipment)
<b>Size:</b>	large company, according to the Companies Act
<b>Number of employees:</b>	1,476
<b>Transaction account with the NLB:</b>	SI56 0292 3001 2164 328
<b>Transaction account with UniCedit Banka:</b>	SI56 2900 0005 5285 395
<b>Financial year:</b>	from 1 June of the current year to 31 May next year
<b>Calendar year:</b>	for the needs of the state, the company also compiles financial statements for the calendar year, which are not directly the subject of auditing.

## Capital relations

Hella Saturnus Slovenija d.o.o. with the registered office at the address Letališka cesta 17, Ljubljana, is 100% owned by the company Hella KGaA Hueck & Co. with the registered office at the address Rixbecker

## Bodies of the company

The bodies of the company shall be the Supervisory Board and the Management Board. The company's Management is represented by Boštjan Furlan and Matthias Wiehen. On 01/06/2016 Matthias Wiehen was replaced by Michael Norbert Colberg. The company's Supervisory Board is composed of: the member Markus Bannert (appointed on 03/06/2015), the member Sandra Kißler (appointed on 03/06/2015) and the member Jože Lovšin (employee representative, appointed on 20/05/2008).

Until 02/06/2015, the Supervisory Board consisted of the Chairman Rolf Breidenbach (appointed on 20/05/2008) and the member Franz-Josef Klegraf (appointed on 09/07/2009).

Strasse 75, 59555 Lippstadt, Germany, and is included in the consolidated financial statements of the Hella KGaA Hueck & Co. Group. The consolidated annual report of the Group can be obtained at the registered office of the controlling company.

## Management's statement

The Management of Hella Saturnus Slovenija d.o.o. hereby declares that it fully approves these financial statements compiled for the year ended on 31 May 2015:

- ▶ Income statement,
- ▶ Other comprehensive income,
- ▶ Balance sheet,
- ▶ Cash flow statement,
- ▶ Statement of changes in equity,

and the related notes, presented in this Annual Report.

The Management Board hereby confirms that it is responsible for the compilation of the Annual Report of Hella Saturnus Slovenija d.o.o. and the financial statements that present, for those interested, a true and fair picture of the financial position and operating results of Hella Saturnus Slovenija d.o.o. in the year ended on 31 May 2016.

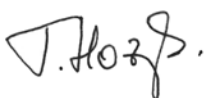
The Management Board confirms that the financial statements were compiled by consistently applying the appropriate accounting policies, that accounting estimates were made according to the principles of prudence and due diligence, and that the financial statements of the company give a true and fair view of the company's assets and operating results for the financial year ended on 31 May 2015.

The Management is also responsible for appropriate accounting and taking of adequate measures to protect the company's property and other assets and hereby confirms that the financial statements, together with the notes, were prepared based on assumptions of a going concern and in compliance with the applicable legislation as well as the Slovenian Accounting Standards.

The Management of the company is acquainted with the contents of the constituent parts of the Annual Report of the company Hella Saturnus Slovenija d.o.o. for the year which ended on 31 May 2016 and thus the entire Annual Report. I, the undersigned, sign the report to confirm my agreement.

Ljubljana, 28 November 2016

Head of Finance and Accounting:  
Tatjana Hozjan Smole



Managing Director:  
Michael Norbert Colberg



Managing Director:  
Boštjan Furlan



## 2. FINANCIAL STATEMENTS

### 2.1 BALANCE SHEET

		in EUR thousand	
	Notes	31/05/2016	31/05/ 2015
<b>ASSETS</b>		<b>192,923</b>	<b>191,266</b>
<b>A. NON-CURRENT ASSETS</b>		<b>110,295</b>	<b>110,321</b>
<b>I. Intangible assets and long-term deferred costs and accrued revenues</b>	<b>4.1.1</b>	<b>3,645</b>	<b>3,768</b>
1. Long-term property rights		341	488
4. Long-term deferred development expenses		3,304	3,280
<b>II. Property, plant and equipment</b>	<b>4.1.2</b>	<b>103,385</b>	<b>104,691</b>
1. Land and buildings		22,089	18,923
a) Land		2,248	2,248
b) Buildings		19,841	16,675
2. Plant and machinery		63,944	58,980
3. Other plant and equipment		1,230	694
4. Property, plant and equipment being acquired		16,122	26,094
a) Tangible assets under construction and manufacture		16,070	24,645
b) Advances for tangible fixed assets		52	1,449
<b>VI. Deferred tax assets</b>	<b>4.1.3</b>	<b>3,265</b>	<b>1,862</b>
<b>B. CURRENT ASSETS</b>		<b>80,260</b>	<b>78,983</b>
<b>II. Inventories</b>	<b>4.1.4</b>	<b>21,137</b>	<b>20,267</b>
1. Material		13,848	12,969
2. Work in progress		3,062	2,769
3. Products and merchandise		4,224	4,389
4. Advances for inventories		3	140
<b>IV. Short-term operating receivables</b>	<b>4.1.5</b>	<b>59,030</b>	<b>58,689</b>
1. Short-term operating receivables from Group members		7,512	5,830
2. Short-term trade receivables		46,727	50,662
3. Short-term operating receivables due from others		4,791	2,197
<b>V. Cash assets</b>	<b>4.1.6</b>	<b>93</b>	<b>27</b>
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>4.1.7</b>	<b>2,368</b>	<b>1,962</b>
<b>OFF-BALANCE ASSETS</b>		<b>3,269</b>	<b>1,402</b>

		in EUR thousand	
	Notes	31/05/2016	31/05/2015
<b>LIABILITIES</b>		<b>192,923</b>	<b>191,266</b>
<b>A. EQUITY</b>	<b>4.1.8</b>	<b>56,214</b>	<b>49,250</b>
<b>I. Called-up capital</b>		<b>7,418</b>	<b>7,418</b>
1. Share Capital		7,418	7,418
<b>II. Capital reserves</b>		<b>15,096</b>	<b>15,096</b>
<b>III. Revenue reserves</b>		<b>9,650</b>	<b>9,650</b>
1. Statutory reserves		742	742
5. Other revenue reserves		8,908	8,908
<b>IV. Revaluation surplus</b>		<b>-50</b>	<b>-104</b>
<b>V. Net profit or loss brought forward</b>		<b>17,190</b>	<b>10,627</b>
<b>VI. Net profit or loss for the year</b>		<b>6,910</b>	<b>6,563</b>
<b>PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED</b>			
<b>B. REVENUES</b>	<b>4.1.9</b>	<b>32,111</b>	<b>40,994</b>
1. Provisions for pensions and similar liabilities		4,036	3,976
2. Other provisions		1,285	3,850
3. Long-term accrued costs and deferred revenues		26,790	33,168
<b>Č. CURRENT LIABILITIES</b>		<b>68,485</b>	<b>68,072</b>
<b>II. Short-term financial liabilities</b>	<b>4.1.10</b>	<b>17,346</b>	<b>25,827</b>
1. Short-term financial liabilities to Group members		17,346	25,827
<b>III. Short-term accounts payable</b>	<b>4.1.11</b>	<b>51,139</b>	<b>42,245</b>
1. Current operating liabilities to Group members		19,329	13,537
2. Short-term operating trade payables		30,102	27,030
5. Other short-term operating liabilities		1,708	1,678
<b>D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE</b>	<b>4.1.12</b>	<b>36,113</b>	<b>32,950</b>
<b>OFF-BALANCE LIABILITIES</b>	<b>4.1.13</b>	<b>3,269</b>	<b>1,402</b>

The financial statements must be read together with the notes to financial statements.

## 2.2 INCOME STATEMENT

				in EUR thousand	
	Notes	01/06/2015 to 31/05/2016	01/06/2014 to 31/05/2015		
<b>1. Net sales revenues</b>	<b>4.2.1</b>	<b>353,582</b>	<b>297,943</b>		
a) on domestic market		15,932	14,937		
b) on foreign market		337,650	283,006		
<b>2. Change in the value of product inventories and work-in-progress</b>		<b>178</b>	<b>1,464</b>		
<b>3. Capitalised own products and services</b>	<b>4.2.2</b>	<b>1,977</b>	<b>1,125</b>		
<b>4. Other operating revenue (including revaluation revenue)</b>	<b>4.2.3</b>	<b>4,422</b>	<b>1,769</b>		
<b>5. Costs of goods, material and services</b>	<b>4.2.4</b>	<b>-284,842</b>	<b>-230,726</b>		
a) Cost of goods and materials sold and cost of materials used		-216,660	-180,101		
b) Costs of services		-68,182	-50,625		
<b>6. Labour costs</b>	<b>4.2.5</b>	<b>-39,937</b>	<b>-39,431</b>		
a) Payroll costs		-28,724	-28,652		
b) Social security insurance costs		-5,326	-5,085		
I. Pension insurance costs		-3,185	-3,036		
II. Costs of other social security insurance		-2,141	-2,049		
c) Other labour costs		-5,887	-5,694		
<b>7. Write-offs</b>	<b>4.2.6</b>	<b>-28,099</b>	<b>-21,281</b>		
a) Depreciation		-26,077	-19,991		
b) Revaluation operating expenses associated with intangible assets and property, plant and equipment		-1,940	-1,008		
c) Revaluation operating expenses associated with current assets		-82	-282		
<b>8. Other operating expenses</b>	<b>4.2.7</b>	<b>-1,541</b>	<b>-4,684</b>		
<b>Operating profit or loss</b>		<b>5,740</b>	<b>6,179</b>		

			in EUR thousand	
	Notes	01/06/2015 to 31/05/2016	01/06/2014 to 31/05/2015	
<b>10. Financial revenues from loans granted</b>		1	13	
a) Financial revenues from loans due from group enterprises		0	13	
b) Financial revenues from loans granted to others		1	0	
<b>11. Financial revenues from operating receivables</b>	<b>4.2.8</b>	<b>70</b>	<b>75</b>	
a) Financial revenues from operating receivables due from Group companies		0	0	
b) Financial revenues from other operating receivables		70	75	
<b>12. Financial expenses for impairment of financial investments</b>				
<b>13. Financial expenses for financial liabilities</b>	<b>4.2.9</b>	<b>-281</b>	<b>-453</b>	
a) Financial expenses for loans from Group companies		-67	-106	
d) Financial expenses for other finance liabilities		-214	-347	
<b>14. Financial expenses from operating liabilities</b>	<b>4.2.10</b>	<b>-42</b>	<b>-101</b>	
a) Financial expenses incurred in connection with operating liabilities to group enterprises		0	0	
b) Financial expenses incurred in connection with liabilities to suppliers and bills payable		-42	-101	
<b>15. Other revenues</b>	<b>4.2.11</b>	<b>26</b>	<b>6</b>	
<b>16. Other expenses</b>		<b>-18</b>	<b>-5</b>	
<b>Total profit/loss before taxes</b>		<b>5.496</b>	<b>5.714</b>	
17. Corporate income tax		0	0	
18. Deferred taxes		1.414	849	
<b>19. Net profit for the period</b>	<b>4.2.12</b>	<b>6.910</b>	<b>6.563</b>	

The financial statements must be read together with the notes to financial statements.

## 2.2.1 Other comprehensive income

	in EUR thousand	
	01/06/2015 until 31/05/2016	01/06/2014 until 31/05/2015
19. Net profit for the period	6,910	6,563
23. Other elements of comprehensive income	-47	-112
<b>24. Total comprehensive income for the period (19+20+21+22+23)</b>	<b>6,863</b>	<b>6,451</b>

## 2.3 CASH FLOW STATEMENT (VERSION II)

	in EUR thousand	
	01/06/2015 to 31/05/2016	01/06/2014 to 31/05/2015
<b>A. CASH FLOWS FROM OPERATIONS</b>		
<b>a) Items from the income statement</b>	<b>33,858</b>	<b>26,919</b>
Operating revenues (except from revaluation) and financial revenue from operating receivables	358,100	299,793
Operating expenses excluding depreciation (except for revaluation) and financial expenses from operating liabilities	-324,307	-272,640
Income tax and other taxes not included in operating expenses	65	-234
<b>b) Changes in net current assets (including accruals and deferrals, provisions and deferred tax assets and liabilities) of balance sheet operating items</b>	<b>-3,112</b>	<b>-1,579</b>
Opening less closing operating receivables	-341	-17,962
Opening less closing deferred expenses and accrued revenues	-407	-859
Opening less closing inventories	-870	-3,986
Closing less opening operating liabilities	4,226	-2,893
Closing less opening accrued costs and deferred revenue, and provisions	-5,720	24,121
<b>c) Net receipts from operating activities (a+b)</b>	<b>30,746</b>	<b>25,340</b>
<b>B. CASH FLOWS FROM INVESTMENTS</b>		
<b>a) Receipts from investing activities</b>	<b>875</b>	<b>6,100</b>
Receipts from interest and profit participations from investing activities	1	13
Receipts from disposal of property, plant and equipment	874	6,087



	in EUR thousand	
	01/06/2015 to 31/05/2016	01/06/2014 to 31/05/2015
<b>b) Expenditure for investing activities</b>	<b>-22,793</b>	<b>-30,002</b>
Expenditure for the acquisition of intangible assets	-1,988	-1,192
Disbursements for acquisition of property, plant and equipment	-20,805	-28,810
<b>c) Net disbursements for investing activities (a+b)</b>	<b>-21,918</b>	<b>-23,902</b>
<b>C. CASH FLOWS FROM FINANCING</b>		
<b>a) Receipts from financing</b>	<b>155,782</b>	<b>121,379</b>
Receipts from increase in short-term financial liabilities	155,782	121,379
<b>b) Disbursements for financing activities</b>	<b>-164,544</b>	<b>-122,886</b>
Disbursement for interest related to financing activities	-172	-225
Disbursements for the repayment of short-term financial liabilities	-164,372	-122,661
<b>c) Disbursements for financing activities (a+b)</b>	<b>-8,762</b>	<b>-1,507</b>
<b>Č. Closing balance of cash</b>	<b>93</b>	<b>27</b>
x) Net cash flow for the period (sum of Ac, Bc and Cc)	66	-69
y) Opening balance of cash	27	96

## 2.4 ACCUMULATED PROFIT

	in EUR thousand	
	31/05/2016	31/05/2015
<b>Net profit or loss for the year</b>	<b>6,910</b>	<b>6,563</b>
Net profit brought forward	17,190	10,627
<b>Balance sheet profit - non-allocated</b>	<b>24,100</b>	<b>17,190</b>

## 2.5 STATEMENT OF CHANGES IN EQUITY

a) for the period: 1 June 2015 - 31 May 2016

	Called-up capital	Capital reserves	Revenue reserves	Other revenue reserves	Revaluation surplus	Net profit or loss brought forward	Net profit or loss for the year	Total equity
	I	II		III	IV	V	VI	
	Share Capital	Capital reserves	Statutory reserves	Other revenue reserves	Revaluation surplus	Net profit brought forward	Net profit for the year	
	I/1	II	III/1	III/5	IV	V/1	VI/1	
<b>A.1. AS AT 31 MAY 2015</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>-104</b>	<b>10,627</b>	<b>6,563</b>	<b>49,250</b>
<b>A.2. OPENING BALANCE AS AT 01 JUNE 2015</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>-104</b>	<b>10,627</b>	<b>6,563</b>	<b>49,250</b>
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>6,910</b>	<b>6,964</b>
a) Entry of net profit or loss for the reporting period							6,910	6,910
d) Other elements of comprehensive income in the reporting period					54			54
<b>B.3. Movements in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,563</b>	<b>-6,563</b>	<b>0</b>
a) Allocation of the remaining net profit for the comparative period to other equity components						6,563	-6,563	0
<b>C. CLOSING BALANCE AS AT 31 MAY 2016</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>-50</b>	<b>17,190</b>	<b>6,910</b>	<b>56,214</b>

## b) for the period: 1 June 2014 - 31 May 2015

	Called-up capital	Capital reserves	Revenue reserves	Other revenue reserves	Revaluation surplus	Net profit or loss brought forward	Net profit or loss for the year	Total equity
	I	II		III	IV	V	VI	
	Share Capital	Capital reserves	Statutory reserves	Other revenue reserves	Revaluation surplus	Net profit brought forward	Net profit for the year	
	I/1	II	III/1	III/5	IV	V/1	VI/1	
<b>A.1. AS AT 31 MAY 2014</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>90</b>	<b>23,783</b>	<b>-13,156</b>	<b>42,881</b>
<b>A.2. OPENING BALANCE AS AT 01 JUNE 2014</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>90</b>	<b>23,783</b>	<b>-13,156</b>	<b>42,881</b>
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-194</b>	<b>0</b>	<b>6,563</b>	<b>6,369</b>
a) Entry of net profit or loss for the reporting period							6,563	6,563
d) Other elements of comprehensive income in the reporting period					-194			-194
<b>B.3. Movements in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-13,156</b>	<b>13,156</b>	<b>0</b>
a) Allocation of the remaining net profit for the comparative period to other equity components						-13,156	13,156	0
<b>C. CLOSING BALANCE AS AT 31 MAY 2015</b>	<b>7,418</b>	<b>15,096</b>	<b>742</b>	<b>8,908</b>	<b>-104</b>	<b>10,627</b>	<b>6,563</b>	<b>49,250</b>

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Financial statements for the period from 1 June 2015 to 31 May 2016 have been audited, the opinion was issued without reservation. The financial statements have been audited by KPMG Slovenija d.o.o. since 1994.*

## **Basis for compiling the financial statements**

The financial statements and the notes to the statements in this report have been compiled in accordance with Slovenian Accounting Standards 2006. In their compilation the following fundamental accounting assumptions were taken into account: accrual basis and going concern.

The qualitative characteristics of financial statements and thus entire accounting are above all understandability, relevance, reliability, and comparability.

The financial statements were drawn up in euros and rounded to a thousand units.

In the balance sheet and the income statement, accounting items expressed in a foreign currency were converted into euros using the exchange list of the Bank of Slovenia - reference exchange rate of the European Central Bank. Any positive or negative exchange rate differentials resulting from foreign currency translation or exchange are included in the income statement under financial revenues and expenses.

When disclosing and evaluating items, the provisions of the Slovenian Accounting Standards have been applied directly, except for evaluation of those items

in which the Standards offer several methods of evaluation. The company applied the accounting principles described below.

## **Property, plant and equipment and intangible assets**

Upon initial recognition intangible fixed assets and property, plant and equipment are posted at their acquisition cost reduced by accrued straight-line depreciation.

The acquisition cost of intangible fixed assets and property, plant and equipment includes the purchase price and the sum of all expenses and costs incurred in the process of putting the asset into use (development project).

Intangible fixed assets and property, plant and equipment are not subject to book-keeping recording, if they are disposed of or destroyed, i.e. no use can be expected from them any more. The difference between the net disposal proceeds and the carrying amount of an item of property, plant and equipment disposed of shall be recognised as revaluation operating revenue if the net disposal proceeds exceed the carrying amount, or as operating expenses if the carrying amount exceeds the net disposal proceeds.

If subsequent expenses related to an item of property, plant and equipment increase its future benefits beyond the previously assessed standard of performance its purchase value increases. Repairs or maintenance of property, plant and equipment are carried out to restore or maintain future economic benefits expected on the basis of the originally assessed standard of performance of the assets.

As such, they are recognised as an expense when incurred.

Intangible assets are not revalued due to upward revaluation.

In the financial year 2007/2008, the company started including the long-term deferred development costs of individual development projects among the intangible assets. The precondition for an individual development project to be recognised as an intangible asset is that the sum of all costs of external services and internal costs, that can be supported by evidence, is at least EUR 100,000 higher than the revenues earned from the customers for the development activity. Another condition is that the new product is manufactured at our production location. A customer's order must be available with clear evidence of customer allocation (i.e. a new 6-digit number - material family). At the same time, the new development project must be free of any economic, technical and/or other risks and must guarantee the following returns: Headlamps (HSW) = 5%, multi-function lamps (MFL) and single-function lamps (EFL) = 10% (this has applied since 01/08/2010). New technologies (projects, components ELE/ELED/PM-4) are an exception if there are several customers for the same project or different data on the beginning of production.

Based on the amendments to the SAS 2006, which have been in force since 1 January 2010, the company started including the investments in foreign-owned property, plant and equipment among property, plant and equipment in the financial year 2010/2011. These primarily include investments in foreign-owned tools

used by the company for creating products.

## Depreciation and amortisation

The value of a property, plant and equipment and intangible fixed assets which is not written off is reduced by depreciation.

Depreciation of an item of property, plant and equipment begins on the first day of the month following the month of the beginning of the activity for which it is intended.

Intangible assets begin to be depreciated when they are available for use.

Intangible assets and property, plant and equipment are depreciated individually, based on the straight-line depreciation method.

Land is not depreciated.

<b>Amortizacijske stopnje</b>	
Intangible Assets	25.00%
Long-term deferred development expenses	20.00%
Buildings	2.50%
Apartments	5.00%
Computer equipment	33.33%
Transport equipment in production	12.50 – 20.00%
Passenger cars	25.00%
Production equipment	20.00%
Tools in production	33.33%
Other equipment	10.00 – 20.00%
Investment in third-party fixed assets - buildings	2.50%
Third-party property, plant and equipment	od SOP <sup>1</sup> do EOP <sup>2</sup>

<sup>1</sup> SOP – start of production

<sup>2</sup> EOP – end of production

## Receivables

Receivables of all categories are initially disclosed as amounts recorded in the relevant documents under the assumption that they will be collected. Foreign-currency claims are converted based on the exchange rate list of the Bank of Slovenia - at the reference exchange rate of the Central European Bank and the difference is posted under financial revenues or expenses.

Subsequent increases or reductions in receivables increase financial revenues or expenses, respectively. Any increases or reductions must be supported by adequate documents.

Value adjustments are established by assessing the maturity structure of receivables, as follows:

- ▶ 50% value adjustment is made for receivables more than 365 days overdue;
- ▶ 99% value adjustment is made for receivables subject to dispute;
- ▶ no value adjustments are established for receivables due from the companies in the Hella Group.

When justified on the basis of a relevant document, the required receivable write-off is offset against a value adjustment.

## Inventories

A unit of inventories of material and merchandise should be stated at cost of purchase at initial recognition; the cost of purchase includes the purchase price, including import duties and non-refundable

purchase taxes, and any indirect purchase costs. The moving average method is applied in the reduction of inventories of material and merchandise.

A unit of product and work-in-progress should be initially measured and recognised at production cost which are composed of direct material costs, direct labour costs, direct costs of depreciation and services, and a relevant share of general production costs. Fixed prices are used for the inventories of products and work in progress. Variances are accounted for separately, by groups of related items of inventories.

Inventories will be revalued to account for impairment if their carrying amount exceeds their net realisable value. In order to determine the net recoverable value of inventories, the company analyses individual types of inventories by age structure and writes them off according to the following criteria:

age in months	12	24	48	96
% of value adjustment	20.00%	40.00%	60.00%	80.00%

## Cash assets

Cash on hand is cash.

Domestic-currency cash assets are posted at their nominal value. Foreign currencies are converted into domestic currency on the day of receipt based on the exchange rate list of the Bank of Slovenia - at the reference exchange rate of the Central European Bank. Foreign account balances are converted into

domestic currency based on the exchange rate list of the Bank of Slovenia - at the reference exchange rate of the Central European Bank as at the balancing day. Exchange rate differentials are a constituent part of financial revenues or expenses.

## Capital

The total capital of an enterprise should be classified as share capital, capital reserves, revenue reserves, profit or loss brought forward from previous periods and undistributed profit or loss of the financial year. Capital is posted in domestic currency.

## Provisions

Provisions are established for retirement benefits and long-service bonuses. Additional provisions are established or existing provisions are reduced for the benefit of revenues at the end of the financial year, based on the actuarial calculation.

Provisions are also established for other purposes: provisions for issued guarantees, onerous contracts and long-term accrued costs arising from lawsuits.

The basis for the calculation of provisions for warranty repairs are actual costs incurred in the past period, multiplied by the WR factor (*warranty return*) 1.21.

## Long-term accrued costs and deferred revenues

Long-term accrued costs and deferred revenues are established on account of long-term deferred

revenues not included in the income statement; they will be taken into account in a period of more than one year. They are established in the amount of donations obtained for specific purposes and repayments of acquired fixed assets. These are made to cover the depreciation costs and are used up by recognising them as operating revenues.

The company recognises the accrued costs and deferred revenues related to state and EU grants (subsidies) upon the issue of request each time. Provisions are only used for items of the type for which they were originally recognised.

Long-term provisions from received financial incentives because of exceeded quota of the employed disabled persons are used for covering eligible costs related to disabled persons.

## Liabilities

Initially, short- and long-term liabilities of all categories are posted at amounts recorded in the underlying documents, assuming that the creditors demand their payment.

At a later stage, long-term liabilities may be increased by the amount of accrued benefits (interests or other compensations), if an agreement has been made to that effect with the creditor. Accrued interest on long-term liabilities is an item of financial expenses. Long-term liabilities are decreased by paid amounts and any other settlements in agreement with the creditor. They are also reduced by the part falling due in less than one year. This part is disclosed under short-term liabilities.

Long-term liabilities to foreign legal entities or natural persons should be translated into expressions of domestic currency at the exchange rate effective on their date of origin. The exchange rate differential generated by the settlement date and/or the balance sheet date shall be disclosed as an item of financial revenues or expenses.

At a later stage short-term liabilities may be directly increased or decreased on the basis of payments or settlement by the amount determined in agreement with the creditor. Subsequent increases in short-term debt increase the corresponding operating or financial expenses.

### Short-term accrued and deferred items

Deferred costs and accrued revenues comprise short-term deferred costs and short-term accrued revenues, which the company has not yet charged to the customers but which are part of the revenues. Short-term deferred costs include amounts that are initially not debited against the activity the Company is engaged in.

Accruals and deferred revenues comprise accrued costs and short-term deferred revenues - already accrued, which are not yet part of the revenues.

Deferred expenses consist of costs that are expected but have not yet occurred and are related to the accounting period.

### Recognition of revenues

Revenues are recognised if they increase in economic benefits during the accounting period are associated with increases in assets or decreases in liabilities and those increases can be reliably measured.

Revenues are recognised when it is justifiably estimated that they will result in actual inflows if these are not achieved upon origin.

### Operating revenues

Revenues from the sale of products, merchandise and materials are measured at selling prices stated in invoices or other documents, less discounts and rebates approved either when the sale is made or subsequently, including those granted for early payment.

Revenues from the rendering of services, other than services from which financial revenue is earned, are measured at the selling prices of services completed, or at the selling prices of uncompleted services with respect to the stage of their completions.

Operating revenues from used provisions upon the acquisition of property, plant and equipment occur simultaneously with the accrued costs of depreciation of such property, plant and equipment.

Revaluation operating income is the result of sale of intangible assets and property, plant and equipment. Revenues from revaluation adjustments also arise from the repayment of receivables for which the company established value adjustments in the past.

### Financial revenues

Finance revenues arise in relation to receivables. Financial revenues are recognised upon accounting, regardless of the resulting inflows, unless there exists a reasonable doubt as to their size, maturity and repayment.



## Other revenues

Other revenues are comprised of extraordinary items. They are disclosed in actual amounts.

## Recognition of expenses

Expenses are recognised if decreases in economic benefits during the accounting period are associated with a decrease in assets or an increase in liabilities and the respective change can be measured reliably.

### *Operating expenses*

Operating expenses are recognised once costs are no longer held in inventories of products and work in progress or once merchandise has been sold.

Operating expenses are in principle equal to the calculated cost of the accounting period, increased by the cost held in the opening inventories of products and work in progress, and reduced by the cost held in the closing inventories of products and work in progress. Operating expenses include the cost of sold merchandise and material.

Revaluation operating expenses are recognised as soon as the relevant revaluation has been carried out, irrespective of their impact on profit or loss.

Revaluation operating expenses from revaluation arise in connection to intangible fixed assets and property, plant and equipment, and current operating assets due to their impairment.

### *Financial expenses*

Financial expenses are expenses for financing. Financial expenses are recognised when accrued, irrespective of related payments.

### *Other expenses*

Other expenses consist of unusual items, posted in the actual amounts.

### *Forming of deferred taxes*

The company calculates the deferred tax using the balance sheet liability method, focusing on temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The consequences of taxable temporary differences are shown in the liabilities for deferred tax and the consequences of deducted temporary differences in the receivables for deferred tax.

### *Corporate income tax accounting*

The tax base for corporate income tax is the profit established on the basis of the income statement prepared for the business purposes based on the law and the applicable SAS, and corrected in accordance with the provisions of the Corporate Income Tax Act.

### *Cash flow statement*

Cash flow statement compiled by applying the indirect method consists of data from the balance sheet as at 31 May 2015 and the balance sheet as at 31 May 2016 and of data from the profit and loss account for the financial year from 1 June 2015 to 31 May 2016 plus any other data required for appropriate adjustment of receipts and disbursements and for adequate breakdown of significant items.

## RISK MANAGEMENT

### Currency risk

In the past few years, the developments in the world and the economic recession in certain developed economies caused major currency fluctuations on the international money markets. The bulk of inflows and outflows of our company is in EUR.

Most of the company's international transactions are implemented in EUR. Currency risk is not significant, mainly because of the alignment of inflows and outflows, denominated in domestic currency. Only a small volume of operations is carried out USD, as annual purchases/sales in this currency account for less than 1.0% of revenues. The previous purchases made in USD will be gradually transferred to EUR, as far as possible. In the area of sales, we only have one customer in USD at the moment, which is considered less significant in terms of turnover.

### Interest rate risk

The risk of changes in interest rates is defined as the uncertainty related to the fluctuation of interest rates in the future and which directly defines the amount of our liabilities arising from long-term borrowing - raising of loans.

In September 2010, the company signed an agreement with Hella KGaA Hueck & Co. on the inclusion in the »cash pooling« system via UniCredit Bank. Within this system, the daily borrowing limit for the company is up to EUR 3 million but no more than 10% of the sales revenues in the previous period, which totals EUR 29.7 million for this financial year.

The interest rate is calculated monthly, based on the »overnight« reference interest rate in the EURO area – EONIA +0.80% p.a. for funds granted and EONIA -1.125% p.a. for funds received.

### Solvency risk

Solvency risk is the risk that the Company will run into difficulties with raising funds for paying its obligations as they fall due.

In the area of purchasing, the company introduced payment conditions in accordance with the strategy and guidelines of the purchasing policy of the Hella Group with most of the suppliers. The payment conditions, i.e. payments on the 25th day of the month for the deliveries made in the previous month, granted % of discount or reduced purchase prices, have been introduced to all major suppliers on the domestic and foreign markets.

The company is actively collecting receivables and arranging compensations. The payment deadlines of customers and suppliers have been aligned to the maximum possible degree. In the case of major investments, the company arranges the method of financing in co-operation with the parent company. In the event of a short-term deficit of assets, the company uses the transaction account overdraft (Cash Pool Agreement).

# 4. CLASSIFICATION AND NOTES TO FINANCIAL STATEMENTS

## 4.1 BALANCE SHEET AS AT 31/05/2016

### 4.1.1 Intangible assets and long-term deferred costs and accrued revenue EUR 3,645 thousand

Intangible assets comprise long-term property rights in the amount of EUR 341 thousand and long-term deferred development costs in the amount of EUR 3,304 thousand.

in EUR thousand

	31/05/2016	31/05/2015
Long-term property rights	341	488
Long-term deferred development expenses	3,304	3,280
<b>Total</b>	<b>3,645</b>	<b>3,768</b>

TABLE OF INTANGIBLE ASSETS FOR THE FY 2015/2016

	Long-term property rights - intangible assets	Long-term deferred development expenses	Total
<b>Historical cost</b>			
<b>Balance as at 01/06/2015</b>	<b>1,313</b>	<b>11,107</b>	<b>12,420</b>
Increases	31	1,957	1,988
Activation	0	0	0
Decrease	-266	-1,263	-1,529
<b>Balance as at 31/05/2016</b>	<b>1,078</b>	<b>11,801</b>	<b>12,879</b>
<b>Value adjustment</b>			
<b>Balance as at 01/06/2015</b>	<b>825</b>	<b>7,827</b>	<b>8,652</b>
Increases	0	0	0
Decrease	-266	-107	-373
Depreciation and amortisation	178	777	955
<b>Balance as at 31/05/2016</b>	<b>737</b>	<b>8,497</b>	<b>9,234</b>
<b>Carrying amount</b>			
<b>Balance as at 01/06/2015</b>	<b>488</b>	<b>3,280</b>	<b>3,768</b>
<b>Balance as at 31/05/2016</b>	<b>341</b>	<b>3,304</b>	<b>3,645</b>

## 4.1.2 Property, plant and equipment

### EUR 103,385 thousand

in EUR thousand

	31/05/2016	31/05/2015
Land	2,248	2,248
Buildings	19,841	16,675
Plant and machinery	63,944	58,980
Other plant and equipment	1,230	694
Advances for the acquisition of tangible fixed assets	52	1,499
Acquisition of tangible fixed assets in progress	16,070	24,645
<b>Total</b>	<b>103,385</b>	<b>104,691</b>

Table of changes in property, plant and equipment in the period from 01/06/2015 until 31/05/2016

	Land	Buildings	Plant and machinery	Other plant and equipment	Tangible fixed assets being acquired	Total
<b>Historical cost</b>						
<b>Balance as at 01/06/2015</b>	<b>2,248</b>	<b>30,764</b>	<b>140,217</b>	<b>2,130</b>	<b>24,645</b>	<b>200,004</b>
Increases	0	0	414	514	25,960	26,888
Activation		4,037	30,017	481	-34,535	0
Decrease		-13	-4,982	-6	0	-5,001
<b>Balance as at 31/05/2016</b>	<b>2,248</b>	<b>34,788</b>	<b>165,666</b>	<b>3,119</b>	<b>16,070</b>	<b>221,891</b>
<b>Value adjustment</b>						
<b>Balance as at 01/06/2015</b>	<b>0</b>	<b>14,089</b>	<b>81,237</b>	<b>1,436</b>	<b>0</b>	<b>96,762</b>
Increases		0	10	0	0	10
Decrease		-13	-3,318	-6	0	-3,337
Depreciation and amortisation		871	23,793	459	0	25,123
<b>Balance as at 31/05/2016</b>	<b>0</b>	<b>14,947</b>	<b>101,722</b>	<b>1,889</b>	<b>0</b>	<b>118,558</b>
<b>Carrying amount</b>						
<b>Balance as at 01/06/2015</b>	<b>2,248</b>	<b>16,675</b>	<b>58,980</b>	<b>694</b>	<b>24,645</b>	<b>103,242</b>
<b>Balance as at 31/05/2016</b>	<b>2,248</b>	<b>19,841</b>	<b>63,944</b>	<b>1,230</b>	<b>16,070</b>	<b>103,333</b>

The table above does not include paid advances for property, plant and equipment, which stood at EUR 1,499 thousand on 01/06/2015 and EUR 52 thousand on 31/05/2016.

The amount invested in property, plant and equipment totalling EUR 26,888 thousand is related to the purchase of equipment for new production programmes, investments in third-party tools, upgrading of equipment for existing production programmes and real estate renovation.

Liabilities for property, plant and equipment stood at EUR 4,668 thousand as at 31/05/2016.

#### *Movement of deferred corporate income tax assets*

Item	01/06/2015	Establishment	Disbursement	31/ 05/2016
Receivables from the provisions for jubilee benefits and retirement benefits	350	1	-3	348
Receivables from surplus depreciation	1,471	1,382	0	2,853
Receivables from the provisions for issued guarantees	41	23	0	64
<b>Total deferred tax assets</b>	<b>1,862</b>	<b>1,406</b>	<b>-3</b>	<b>3,265</b>

The company has no property, plant and equipment pledged as security for the liabilities.

The company has no assets in financial leasing.

### 4.1.3 Deferred tax assets EUR 3,265 thousand

Deferred tax assets are established in the amount of EUR 3,265 thousand as shown in the table below. Compared to the previous year, deferred taxes increased by a total of EUR 1,403 thousand.

### 4.1.4 Inventories EUR 21,137 thousand

	31/05/2016	31/05/2015
Raw and other material	13,848	12,969
Work in progress	3,062	2,769
Products and merchandise	4,224	4,389
Of which:		
- products	3,805	3,921
- merchandise	379	429
- tools	39	38
Advances for inventories	3	140
<b>Total</b>	<b>21,137</b>	<b>20,267</b>

The inventories of raw material and material, purchased from the companies in the Hella Group totalled EUR 3,220 as at 31/05/2016.

The company wrote-off inventories in the amount of EUR 7 thousand arising from obsolete stocks of material, finished products and merchandise. When taking stocks during the financial year, the company established surpluses and deficits of raw materials, materials and semi-finished products,

namely EUR 1,875 thousand of deficits and EUR 750 thousand of surpluses.

The company has no inventories pledged as security for the liabilities.

The net recoverable value of inventories is not lower than their book value.

#### 4.1.5 Short-term operating receivables EUR 59,030 thousand

	in EUR thousand	
	31/05/2016	31/05/2015
Short-term operating receivables from Group members	7,512	5,830
Short-term trade receivables	46,727	50,662
Short-term operating receivables due from others	4,791	2,197
<b>Total</b>	<b>59,030</b>	<b>58,689</b>

Short-term receivables due from regular customers are not secured.

The maturity structure of trade receivables based on the maturity date as at the end of May 2016 was the following: of the total of EUR 54,239 thousand trade receivables, EUR 4,519 were overdue receivables. Receivables overdue between 1 and 60 days totalled EUR 1,978 thousand, those overdue between 61 and 360 days totalled EUR 2,103 and those older than one year EUR 438 thousand.

Short-term operating receivables to other in the amount of EUR 4,791 thousand were related to:

- ▶ receivables for the repayment of value added tax in Slovenia, in the amount of EUR 4,250 thousand,
- ▶ receivables for the repayment of value added tax in the EU, in the amount of EUR 55 thousand,
- ▶ granted short-term security deposits in the amount of EUR 86 thousand,
- ▶ travel expense advances in the amount of EUR 10 thousand,
- ▶ receivables due from the Health Insurance Institute of Slovenia in the amount of EUR 31 thousand,
- ▶ granted advances to suppliers in the amount of EUR 355 thousand,
- ▶ other short-term receivables in the amount of EUR 4 thousand.

#### 4.1.6 Cash assets EUR 93 thousand

Cash assets comprise cash in hand in the amount of EUR 1 thousand and cash on bank accounts in the amount of EUR 92 thousand. In the financial year concerned, the company had no overdraft in the bank.

#### 4.1.7 Deferred costs and accrued revenues EUR 2,368 thousand

Deferred costs and accrued revenues comprise the deferred costs of insurance, in the amount of EUR 33 thousand, the building land fee in the amount of EUR 953 thousand, the deferred holiday allowance costs in the amount of EUR 953 thousand, short-term non-accrued income in the Hella Group, in the amount of EUR 965 thousand and other short-term deferred costs in the amount of EUR 68 thousand.

#### 4.1.8 Capital EUR 56,214 thousand

	in EUR thousand	
	31/05/2016	31/05/2015
I. Called-up capital	7,418	7,418
1. Share Capital	7,418	7,418
II. Capital reserves	15,096	15,096
III. Revenue reserves	9,650	9,650
1. Statutory reserves	742	742
4. Other revenue reserves	8,908	8,908
IV. Revaluation surplus	-50	-104
V. Net profit or loss brought forward	17,190	10,627
VI. Net profit or loss for the year	6,910	6,563
<b>Total</b>	<b>56,214</b>	<b>49,250</b>

In the financial year concerned, the value of capital increased by EUR 6,964 thousand.

## Share Capital

Hella Saturnus Slovenija d.o.o. is 100% owned by Hella KGaA Hueck & Co.

## Capital reserves

As at 31/05/2016 the total value of capital reserves amounted to EUR 15,096 thousand.

## Revenue reserves

### *Statutory reserves*

As at 31/05/2016, the company had established statutory reserves accounting for 10% of its share capital (EUR 742 thousand).

### *Other revenue reserves*

The company had EUR 8,908 thousand of other revenue reserves.

## Revaluation surplus

In its books of account, the company disclosed a revaluation surplus in the amount of EUR -50 thousand, namely EUR -47 thousand of actuarial result and EUR 3 thousand of deferred taxes arising from severance pay upon retirement.

## Net profit or loss for the year

In the financial year 2015/2016, the company generated net profit in the amount of EUR 6,910 thousand.

## 4.1.9 Provisions and long-term accrued costs and deferred revenues EUR 32,111 thousand

Provisions for severance pays upon retirement and long-service bonuses totalled EUR 4,036 thousand as at 31/05/2016, namely EUR 2,968 thousand for severance pays and EUR 1,068 thousand for long-service bonuses. 05. During the year, EUR 189 thousand of provisions was spent and the actuarial deficit is EUR 71 thousand. Based on the actuarial calculation, additional provisions were established in the amount of EUR 320 thousand, debited to revenues, at the end of the financial year. The actuarial calculation as at 31 May 2016 took into account the discount interest rate of 2.02% and the total annual salary growth 1.833% annually in 2016 and 2% annually from 2017. In addition, the following employee fluctuation was taken into account:

Age class	Fluctuation
up to 30 years	3.00%
31-40 years	2.00%
41-50 years	1.00%
51-60 years	0.25%
60 years and over	0.00%



*Movement of provisions for long-service bonuses and severance pays upon retirement*

Item	01/06/2015	Establishment	Disbursement	Act. prof./loss	31/05/2016
Provisions for service bonuses	1,059	109	-94	-6	1,068
Provisions for severance pay upon retirement	2,917	211	-95	-65	2,968
<b>Total</b>	<b>3,976</b>	<b>320</b>	<b>-189</b>	<b>-71</b>	<b>4,036</b>

Furthermore, the company has established additional provisions for warranty repairs in the amount of EUR 749 thousand, which grew by EUR 272 thousand in the reported year, provisions for onerous contracts in

the amount of EUR 315 thousand and provisions for long-term accrued costs in the amount of EUR 221 thousand, totalling EUR 1,285 thousand.

*Movements of long-term accrued expenses and deferred revenues*

Item	01/06/2015	Transfer	Establishment	Disbursement	31/05/2016
Received state aids	25	2		-2	25
EU subsidies received	67	14	58	-6	133
Acceded contributions for the disabled - equipment	34			-2	32
FDI subsidies received	2,584	-16	4,458	-1,286	5,740
Other long-term accrued costs and deferred revenues	30,458		4,406	-14,004	20,860
<b>Total long-term accrued costs and deferred revenues</b>	<b>33,168</b>		<b>8,922</b>	<b>-15,300</b>	<b>26,790</b>

in EUR thousand

Other long-term accrued costs and deferred revenue in the amount of EUR 20,860 arise from the long-term part of deferred revenues for tools charged to customers.

EUR 5,740 thousand, relating to the received state subsidy granted as incentive foreign investments for the co-financing of eligible costs in the implementation of the investment project in Hella Saturnus Slovenija.

On the last day of the financial year, the company disclosed a balance of received subsidies in the amount of EUR 5,898 thousand, most of which, namely

EUR 32 thousand of long-term provisions were established for acceded contributions for compulsory pension and disability insurance.

#### 4.1.10 Short-term financial liabilities EUR 17,346 thousand

	in EUR thousand	
	31/05/2016	31/05/2015
Short-term financial liabilities to group companies	17,346	25,827
<b>Total</b>	<b>17,346</b>	<b>25,827</b>

In September 2010, the companies Hella Saturnus Slovenija d.o.o. and Hella KGaA Hueck & Co. signed an agreement on the inclusion in the »cash pooling« system via UniCredit Bank. The interest rate is calculated monthly, based on the »overnight« reference interest rate in the EURO area – EONIA -0.125% p.a. for funds granted and EONIA +1.5% p.a. for funds received in the period from 01/08/2011 to 30/06/2012, and EONIA +1.3% p.a. from 01/07/2012 to 23/02/2016.

in the period from 19/01/2013 to 23/02/2016, the minimum interest rate of 0.1% applied. Since 23/02/2016, the interest rate is EONIA +0.8% p.a. for funds received and EONIA -0.125% p.a. for funds granted. The liabilities under the »cash pooling« facility amounted to EUR 17,346 thousand as at 31/05/2016.

Loans, raised in the Hella Group, have no special collaterals.

#### 4.1.11 Short-term operating liabilities EUR 51,139 thousand

	31/05/2016	31/05/2015
Short-term operating liabilities to companies in the group	19,329	13,537
Short-term operating liabilities to domestic suppliers	11,350	8,556
Short-term operating liabilities to suppliers abroad	16,504	12,807
Short-term operating liabilities to others	1,708	1,678
Liabilities for non-invoiced material and goods	2,248	5,667
<b>Total</b>	<b>51,139</b>	<b>42,245</b>

Other short-term operating liabilities of the company include short-term operating liabilities to employees in the amount of EUR 15 thousand, liabilities arising from unused leave EUR 1,579 thousand, liabilities for exit VAT EUR 106 thousand and contractual liabilities EUR 8 thousand.

The maturity structure of trade payables based on the maturity date as at the end of May 2016 was the following: of the total of EUR 45,320 thousand trade payables, EUR 6,643 were overdue. Liabilities overdue between 1 and 60 days totalled EUR 5,957 thousand, those overdue between 61 and 360 days totalled EUR 520 thousand and those older than 361 days EUR 166 thousand, blocked for various grounded reasons.

#### **4.1.12 Short-term accrued costs and deferred revenues EUR 36,113 thousand**

Short-term accrued costs and deferred revenues comprise short-term accrued costs: EUR 5,918 thousand for labour costs, EUR 23 thousand for auditing costs, EUR 2,516 thousand for other costs related to the financial year 2015/2016 and EUR 18 thousand for the work of the Worker's Council.

Short-term accrued costs and deferred revenues also comprised short-term deferred revenues: for expected reduction of sales prices relating to the financial year 2015/2016, which has not yet been taken into account in the process of issuing invoiced to customers (EUR 9,446 thousand) and deferred revenues arising from tools charged to customers (EUR 17,697 thousand).

EUR 495 thousand were VAT accounts related to advance payments.

#### **4.1.13 Off-balance sheet assets/liabilities EUR 3,269 thousand**

Off-balance sheet assets and liabilities comprise:

- ▶ EUR 398 thousand of partial or total value of specific tools owned by customers,
- ▶ EUR 2,596 thousand of consignment stock owned by suppliers of plastic materials and
- ▶ EUR 275 thousand of guarantee for the payment of customs debt with the NLB.

Compared to the previous period, the off-balance sheet records show a decrease of EUR 197 thousand from depreciation of tools owned by customers, an increase of EUR 25 thousand in relation to warranty bond and an increase of EUR 2,105 thousand arising from consignment stocks.

## 4.2 INCOME STATEMENT

Income statement is compiled on the basis of cost types and functional groups.

	in EUR thousand	
	01/06/2015	01/06/2014
	until 31/05/2016	until 31/05/2015
<b>INCOME STATEMENT (Version II)</b>		
Net sales revenues	353,582	297,943
Production costs (incl. depreciation) or acquisition cost of sold goods	-261,711	-218,387
<b>Gross profit or loss from sales (1-2)</b>	<b>91,871</b>	<b>79,556</b>
Distribution costs (including amortisation/depreciation)	-7,803	-7,106
General and administrative expenses (including amortisation/depreciation)	-76,787	-69,165
▶ Normal general and administrative expenses	-74,765	-67,875
▶ Revaluation operating expenses related to property, plant and equipment and intangible assets	-1,940	-1,008
▶ Revaluation operating expenses in current assets	-82	-282
Other operating revenue (including revaluation revenue)	-1,541	2,894
<b>Operating profit or loss</b>	<b>5,740</b>	<b>6,179</b>

### 4.2.1 Net sales revenues EUR 353,582 thousand

	01/06/2015	01/06/2014
	until 31/05/2016	until 31/05/2015
Net revenues from the sale of products and services - on domestic market	8,216	8,010
Net revenues from the sale of material, goods and tools on the domestic market	7,716	6,927
Net revenues from the sale of products and services - abroad	278,725	237,316
Net revenues from the sale of products and services - Group members	31,263	23,067
Net revenues from the sale of material, goods and tools abroad	26,085	21,614
Net revenues from the sale of material, goods and tools to group members	1,577	1,008
<b>Total</b>	<b>353,582</b>	<b>297,942</b>

### 4.2.2 Capitalised own products and own services EUR 1,977 thousand

Capitalised own products and own services totalled EUR 20 thousand, while EUR 1,957 thousand is capitalisation of development project costs.

### 4.2.3 Other operating revenues EUR 4,422 thousand

Other operating revenues are related to revaluation operating revenues related to property, plant and equipment in the amount of EUR 72 thousand, revaluation revenues from value adjustments of receivables in the amount of EUR 51 thousand, revenues from received subsidies by the state and the EU in the amount of EUR 1,294 thousand, remunerations for the promotion of the employment of the disabled in the amount of EUR 1 thousand and revenues from the elimination of provisions in the amount of EUR 3,004 thousand.

### 4.2.4 Cost of goods, material and services EUR 284,842 thousand

Costs of goods and material decreased compared to last year, while the costs of material and services used increased compared to the previous year. The reason for this lies in the changed structure of product sales (more products with a higher share of material in the structure of own price).

	in EUR thousand	
	<b>01/06/2015</b>	<b>01/06/2014</b>
	<b>until 31/05/2016</b>	<b>until 31/05/2015</b>
Cost of goods and material sold	18,276	20,697
Cost of used material	198,384	159,404
Cost of services	68,182	50,625
<b>Total</b>	<b>284,842</b>	<b>230,726</b>

#### 4.2.4.1 Cost of used material, acquisition cost of sold goods and material EUR 216,660 thousand

	in EUR thousand	
	01/06/2015 until 31/05/2016	01/06/2014 until 31/05/2015
Cost of material	191,569	153,724
Cost of auxiliary material	0	0
Energy costs	2,714	2,454
Costs of spare parts and small inventories	4,101	3,226
Other costs	0	0
<b>Total cost of material used</b>	<b>198,384</b>	<b>159,404</b>
Original cost of goods sold	0	0
Acquisition cost of sold goods - tools	0	0
Acquisition cost of material sold	18,276	20,697
<b>Total acquisition cost of goods and materials sold</b>	<b>18,276</b>	<b>20,697</b>
<b>Total</b>	<b>216,660</b>	<b>180,101</b>

#### 4.2.4.2 Costs of services EUR 68,182 thousand

	01/06/2015 until 31/05/2016	01/06/2014 until 31/05/2015
Other costs of services	691	3,334
Other costs of services in the Group	325	1,039
Work-related refunds to employees	582	839
Work-related refunds to employees in the Group	6	7
Costs of intellectual and personal services	3,142	1,620
Costs of intellectual and personal services in the Group	22,279	11,706
Costs of rents	2,675	2,316
Costs of rents in the Group	10	-63
Costs of transport services	6,725	4,509
Costs of transport services in the Group	4	23
Costs of borrowed employees	19,922	14,216
Cost of services related to production	7,000	5,712
Costs of services in the manufacturing of products in the Group	2,646	3,594
Cost of maintenance services	1,968	1,695
Costs of maintenance in the Group	208	77
<b>Grand Total</b>	<b>68,182</b>	<b>50,625</b>

Other costs of services comprise insurance premiums, costs of protection, cleaning, training, technical services and costs of student work.

#### 4.2.5 Labour costs EUR 39,937 thousand

	in EUR thousand	
	01/06/2015 until 31/05/2016	01/06/2014 until 31/05/2015
Payroll costs	28,724	28,652
Pension insurance costs	3,185	3,036
Costs of other social security insurance	2,141	2,049
Other labour costs	5,887	5,694
<b>Total</b>	<b>39,937</b>	<b>39,431</b>

Other labour costs mostly include the costs of annual holiday allowance, costs of transport to work and meal allowance. The costs of pension insurance comprise all accounted contributions for pension and disability insurance debited to the company.

#### 4.2.6 Write-offs EUR 28,099 thousand

	01/06/2015 until 31/05/2016	01/06/2014 until 31/05/2015
Depreciation of intang. ass., property, plant and equipment PPE	26,077	19,991
Revaluation operating expenses of intang. ass., property, plant and equipment PPE	1,940	1,008
Revaluation operating expenses - value adjustments of receivables	5	229
Revaluation operating expenses - value adjustments of inventories	77	53
<b>Total</b>	<b>28,099</b>	<b>21,281</b>

In the current financial year, amortisation of intangible assets and property, plant and equipment totalled EUR 26,077 thousand; revaluation operating expenses in the amount of EUR 1,940 thousand were established upon the write-off of property, plant and equipment.

Revaluation operating expenses for current assets totalled EUR 82 thousand, namely because of the write-offs of inventories and receivables.

#### **4.2.7 Other operating expenses EUR 1,541 thousand**

Other operating expenses consist of the provisions for complaints within the warranty period in the amount of EUR 271 thousand, provisions for onerous contracts in the amount of EUR 168 thousand, cost of building land in the amount of EUR 608 thousand and cost of other duties and other costs amounting to EUR 477 thousand. Expenses in the amount of EUR 17 thousand

are related to tax deduction paid abroad which the company was unable to take into account in the calculation of corporate income tax.

#### **4.2.8 Financial revenues from operating receivables EUR 70 thousand**

Financial revenues comprise interest income in the amount of EUR 3 thousand and accounted exchange rate differences in the amount of EUR 67 thousand.

#### **4.2.9 Financial expenses for financial liabilities EUR 281 thousand**

Expenses mainly comprise interest arising from loans, raised with the members of the Group, amounting to EUR 281 thousand.



#### **4.2.10 Financial expenses for operating liabilities** **EUR 42 thousand**

Finance expenses for operating liabilities amounted to EUR 42 thousand, namely exchange differences.

#### **4.2.11 Other revenues** **EUR 26 thousand**

These revenues totalled EUR 26 thousand and were related to other revenues not posted under other categories of revenue (EUR 18 thousand of revenue from damage compensations and EUR 8 thousand of other revenues).

#### **4.2.12 Net profit for the financial year** **EUR 6,910 thousand**

Net operating profit or loss for the period was positive, namely EUR 6,910 thousand. Profit brought forward amounted to EUR 17,190 thousand. As at 31/05/2016, non-allocated distributable profit amounted to EUR 24,100 thousand.

## **EVENTS AFTER THE BALANCING DATE**

In the period from the balancing date to the date of the auditor's report, there were no business events that would impact the balance of assets and liabilities disclosed in the financial statements for the financial year 2015/2016 or the assumption of going concern.

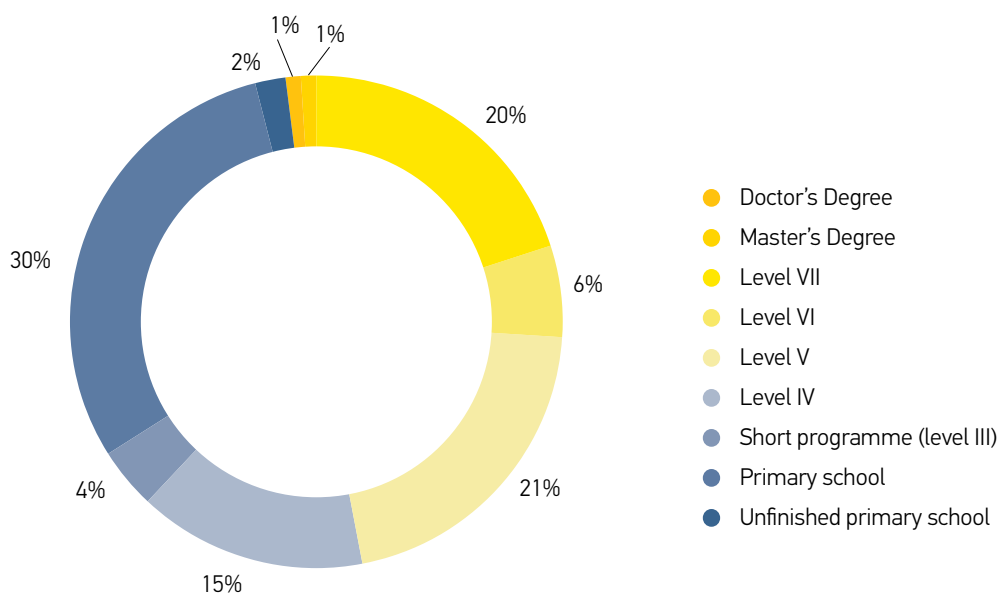
# 5. OTHER DISCLOSURES

## Employees

As at 31 May 2016 the company employed 1,476 persons.

Education level	31/05/2016		31/05/2015	
	Number of employees	Structural share in %	Number of employees	Structural share in %
Doctor's degree	15	1.02%	11	0.76%
Master's degree	16	1.08%	17	1.18%
High (level VII)	294	19.92%	247	17.11%
High (level VI)	88	5.96%	73	5.06%
Secondary (level V)	318	21.54%	313	21.68%
Occupational (level IV)	227	15.38%	240	16.62%
Short programme (level III)	53	3.59%	54	3.74%
Primary school	438	29.67%	461	31.93%
Unfinished primary school	27	1.83%	28	1.94%
<b>Total</b>	<b>1,476</b>	<b>100.00%</b>	<b>1,444</b>	<b>100.00%</b>

CHART NO. 7: Share of employees as at 31/05/2016



**Total amount of payments received by persons for performing tasks and duties in the financial year according to Article 69 of the Companies Act (ZGD-1).**

in EUR thousand		2015/16		2014/15
Groups of persons under the ZGD-1	Gross salaries and other remuneration	Refunds of costs	Gross salaries and other remuneration	Refunds of costs
Members of the Management Board and persons employed on the basis of employment contracts to which the tariff section of the collective agreement does not apply	1,163	58	891	36
<b>Total</b>	<b>1,163</b>	<b>58</b>	<b>891</b>	<b>36</b>

All amounts are expressed in gross values not including the employer's contributions. No session fees were accounted in the financial year concerned.

Remuneration paid to the Management includes: salaries, bonuses, holiday allowance, any other receipts and participation in profit pursuant to the resolution of the general meeting of the shareholders and cost reimbursement.

**Data on loans granted by the company to groups of persons in accordance with Article 69 of the Companies Act (ZGD-1).**

*The impact of the calculation of capital according to the growth in consumer prices on the net profit/loss is the following:*

	Amount of capital*	% of growth	Calculated effect	Calculated profit/loss
Calculated capital - consumer price growth	49,304	-0.4 %	-197	7,107

\*Amount of capital does not include net profit or loss for the financial year 2015/2016.

Employee receipts based on contracts not subject to the tariff part of the agreement include salaries, bonuses, annual leave allowances, potential other receipts (jubilee awards, cost reimbursements). Session fees are only paid to workers' representatives. The representatives of capital are not entitled to cost reimbursements.

No loans have been granted to members of the Management Board, Supervisory Board and persons employed on the basis of employment contracts to which the tariff section of the agreement does not apply.

## Key indicators

Indicator	Calculation of rate / ratio 2015/2016	Calculation of rate / ratio 2014/2015
Equity financing rate	0.29	0.26
Long-term financing rate	0.46	0.47
Operating fixed assets rate	0.57	0.58
Long-term investment rate	0.55	0.57
Equity to fixed assets ratio	0.53	0.45
Immediate solvency ratio	0.00	0.00
Quick ratio	0.86	0.86
Current ratio	1.17	1.16
Operating efficiency ratio	1.02	1.02
Net return on equity ratio	0.13	0.14

## Other disclosures

The contractual value of the auditing service is EUR 23 thousand without VAT.

The Management Board approved the financial statements on 28 November 2016.

# 6. AUDITOR'S REPORT



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## Poročilo neodvisnega revizorja

Družbeniku družbe HELLA SATURNUS SLOVENIJA d.o.o.

### *Poročilo o računovodskih izkazih*

Revidirali smo priložene računovodske izkaze družbe HELLA SATURNUS SLOVENIJA d.o.o., ki vključujejo bilanco stanja na dan 31. maj 2016 ter izkaz poslovnega izida in drugega vseobsegajočega donosa, izkaz gibanja kapitala in izkaz denarnih tokov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne opombe.

### *Odgovornost posloводства za računovodske izkaze*

Posloводство je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu s Slovenskimi računovodskimi standardi in za tako notranje kontroliranje, kot je v skladu z odločitvijo posloводства potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

### *Revizorjeva odgovornost*

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z Mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe.

Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj pomembno napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanim in poštenim predstavljanjem računovodskih izkazov družbe, da bi določil okoliščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja družbe. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen posloводства kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

Verjamemo, da so pridobljeni revizijski dokazi zadostna in ustrezna podlaga za naše revizijsko mnenje.

### *Mnenje*

Po našem mnenju so računovodski izkazi v vseh pomembnih pogledih poštena predstavitev finančnega stanja družbe HELLA SATURNUS SLOVENIJA d.o.o. na dan 31. maj 2016 ter njenega poslovnega izida in denarnih tokov za tedaj končano leto v skladu s Slovenskimi računovodskimi standardi.

## TRANSLATION of the Auditor's Report:

KPMG

KPMG Slovenija, podjetje za revidiranje, d.o.o.  
Železna cesta 8a  
SI-1000 Ljubljana  
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## Independent Auditor's Report to the Shareholder of the company HELLA SATURNUS SLOVENIJA d.o.o.

### **Report on Financial Statements**

We have audited the accompanying financial statements of the company HELLA SATURNUS SLOVENIJA d.o.o. which comprise the balance sheet as at 31 May 2016, the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of the significant accounting policy and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation and fair presentation of these financial statements according to the Slovenian Accounting Standards and for internal control required in the opinion of the Management to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with the ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including an assessment of the risks of material misstatement in the financial statements due to fraud or error. When assessing these risks, the auditor examines internal control related to the preparation and fair presentation of the company's financial statements in order to determine audit procedures appropriate under the circumstances and not in order to give an opinion on the effectiveness of internal control in the company. The audit also includes an evaluation of the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the obtained audit evidence is a sufficient and adequate basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements, in all material respects, give a true and fair view of the financial position of HELLA SATURNUS SLOVENIJA d.o.o. as at 31 May 2016, and its financial performance and cash flows for the year then ended, in accordance with Slovenian Accounting Standards.

### ***Poročilo o zahtevah druge zakonodaje***

Poslovodstvo je odgovorno za pripravo letnega poročila v skladu z Zakonom o gospodarskih družbah (ZGD-1). Letno poročilo vsebuje poslovno poročilo in računovodske izkaze s pojasnili.

Naša odgovornost je prebrati poslovno poročilo in presoditi, ali so informacije v poslovnem poročilu pomembno neskladne z revidiranimi računovodskimi izkazi. Postopke v zvezi s poslovnim poročilom smo izvedli v skladu z Mednarodnim standardom revidiranja 720 in so omejeni na presojo, ali so informacije v poslovnem poročilu pomembno neskladne z revidiranimi računovodskimi izkazi in ne obsegajo pregleda drugih informacij, zajetih v poslovnem poročilu, ki izhajajo iz nerevidiranih finančnih informacij iz drugih virov. Na osnovi opravljenih postopkov v zvezi s poslovnim poročilom nismo ugotovili pomembnih neskladij med poslovnim poročilom in revidiranimi računovodskimi izkazi.

V imenu revizijske družbe

**KPMG SLOVENIJA,**  
podjetje za revidiranje, d.o.o.

  
Helena Kobal  
pooblaščená revizorka

  
Katarina Sitar Šuštar, MBA  
partner

Ljubljana, 28. november 2016

KPMG Slovenija, d.o.o.  
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### ***Report on Other Legal and Regulatory Requirements***

The management is responsible for the preparation of the annual report in accordance with the provisions of the Companies Act (ZGD-1). The annual report contains the business report and the accounting statements with notes.

It is our responsibility to read the business report and judge if the information in the business report is significantly non-compliant with the audited financial statements. We have carried out the procedures related to the business report in accordance with the International Auditing Standard 720 and they are limited to the assessment of whether the information in the business report is significantly non-compliant with the audited financial statements, and do not include a review of other information arising from unaudited financial information obtained from other sources. Based on the conducted procedures related to the business report, we found no significant discrepancies between the business report and the audited financial statements.

On behalf of the auditing company

**KPMG SLOVENIJA,**  
podjetje za revidiranje, d.o.o.

Helena Kobal (*hand-written signature*)  
Certified Auditor

Katarina Sitar Šuštar, MBA (*hand-written signature*)  
Partner

Ljubljana, 28 November 2016

(company stamp)



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