Technology
with Vision

CONSOLIDATED FINANCIAL STATEMENT / GROUP STATUS REPORT 2013/2014

HELLA
KEY PERFORMANCE INDICATORS

in € million	**2013/2014**	adjusted 2012/2013*	adjusted 2011/2012*
Sales	**5.343**	4.835	4.637
Change compared to last year	*11 %*	*4 %*	–
Earnings before interest, tax and depreciation (EBITDA)	**650**	551	594
Change compared to last year	*18 %*	*-7 %*	–
Earnings before interest and tax (EBIT)	**341**	291	339
Change compared to last year	*17 %*	*-14 %*	–
Consolidated profit	**230**	206	231
Change compared to last year	*12 %*	*-11 %*	–
Cash flow from operating activities	**535**	442	596
Change compared to last year	*21 %*	*-26 %*	–
Net capital expenditures	**368**	427	297
Change compared to last year	*-14 %*	*44 %*	–
Expenditures for research and development (R&D)	**514**	444	366
Change compared to last year	*16 %*	*21 %*	–

	May 31, 2014	adjusted May 31, 2013*	adjusted May 31, 2012*
R&D expenses in relation to sales	**9.6 %**	9.2 %	7.9 %
EBITDA margin	**12.2 %**	11.4 %	12.8 %
EBIT margin	**6.4 %**	6.0 %	7.3 %
Net debt (in € million)	**425**	415	299
Net debt / EBITDA (share)	**0.7x**	0.8x	0.5x
Equity ratio	**30.1 %**	31.3 %	32.8 %
Return on equity	**19.0 %**	19.3 %	25.1 %
Employees	**30,692**	28,319	26,654

All fiscal years in this report marked with * have been adjusted. For additional explanations see also Note 5.

** Settlements for capital expenditures balanced with cash inflows from customer refunds.

A long-term comparison has been omitted due to amendments to the accounting standard for consolidating joint ventures (IFRS 11) and the associated limited comparability. Additional information about previous fiscal years can be found in the respective annual reports.

Please note that where sums and percentages in this report have been rounded, differences may arise as a result of commercial rounding.

HELLA
CONSOLIDATED FINANCIAL STATEMENT / GROUP STATUS REPORT 2013/2014

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GROUP STATUS REPORT FOR FISCAL YEAR 2013/2014

General Information on the HELLA Group

Business Model

HELLA KGaA Hueck & Co. is one of the top 50 international automotive suppliers and among the 100 largest German industrial companies. In the Automotive business segment, HELLA expedites automotive trends with innovative solutions in lighting technologies and electronics. Furthermore, in the Aftermarket business segment, HELLA is one of the most important partners for spare parts distributors and for independent garages for products, diagnostics and services in Europe. The high degree of technological expertise, innovative ability and operational performance is applied to industrial applications and special vehicles in the Special Applications business segment. In the recently concluded fiscal year 2013/2014, HELLA had approximately 30,700 employees in over 35 countries at more than 100 locations and attained € 5.3 billion in sales.

HELLA Corporate Structure

HELLA business activities are divided into three segments: Automotive, Aftermarket and Special Applications.

The Automotive segment includes the HELLA business activities in original equipment and corresponding original replacement part business. In the areas of lighting technology and vehicle electronics, HELLA develops, produces and markets vehicle-specific solutions worldwide for automotive manufacturers and other automotive suppliers. Furthermore, technological innovations aligned with global megatrends are developed and brought to a marketable condition.

In the Aftermarket business segment, HELLA concentrates on trading vehicle parts and accessories as well as workshop equipment in the independent replacement parts market. HELLA distributes vehicle parts throughout a global sales network and is a service partner for wholesalers and garages. Moreover, the company itself operates as a wholesaler in Northern and Eastern Europe. The activities in the Aftermarket are complemented by the range of high-grade garage equipment, such as professional diagnostic tools, vehicle data and garage devices, which enable proper repair and maintenance of vehicles in the garage.

In the Special Applications business segment, HELLA develops, manufactures and markets products both for special vehicles such as buses, caravans, construction equipment and agricultural machinery (Special OE) as well as applications which are separate from automotive products, such as street and industrial lighting (Industries). Its technology competence is closely linked to the Automotive business, which means that the application range in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

BUSINESS SEGMENTS			
	Automotive	Lighting	• **Headlamps** • **Rear Combination Lamps** • **Small Lamps** • **Interior Lamps** • **Lighting Electronics**
		Electronics	• **Body Electronics** • **Energy Management** • **Driver Assistance Systems** • **Sensor Technology** • **Actuator Technology** • **Steering Systems**
	Aftermarket	Independent Aftermarket	• **Parts** Wear Parts, Spare Parts, Accessories • **Tools** • **Services** Technical Service, Sales Support
		Wholesale	• **Full Range** Parts,Tools • **Garage Concepts** Services, Information • **Local Branch Network** • **Logistics**
		Workshop Equipment	• **Vehicle Diagnostics & Vehicle Data** • **Air Conditioning Service** • **Lighting Service** • **Battery Service** • **Tools**
	Special Applications	Special Original Equipment	• **Original equipment for special vehicles, such as** buses, trailers, agricultural and construction machinery with lighting and electronics
		Industries	• **Street Lighting** • **Airport Lighting** • **Interior Lighting** • **Industry Lighting**

The HELLA Group's Business Structure

Goals and Strategies

The HELLA Group pursues a strategy of profitable and mostly organic growth based on a solid financial policy. Technological leadership, operational excellence and a global presence are success factors for profitable business development. HELLA pursues this strategic logic both at the Group level as well as in the three business segments of Automotive, Aftermarket and Special Applications.

In the individual segments, HELLA takes different approaches for the respective business activities. While in the Lighting business division of the Automotive segment, all relevant lighting technology products for a vehicle are provided globally, the Electronics business division takes a focused segment/product line approach aligned with the HELLA core competencies and regional/global focal points. In the Aftermarket segment, HELLA is active at all relevant value chain levels in the areas of replacement part distribution, wholesale, garage equipment and, particularly, diagnostics and uses customer approaches tailored specifically to the target group. Here, the activities focus on the strategically important core market in Europe. International business in Asia and in North and South America supplements this approach. In the Special Applications segment, the technical designs and innovations are taken over from the Automotive segment and applied to the needs of the respective target group markets in a custom-tailored manner. Europe is the core market for these activities, but business is also in Asia and North and South America.

For the Group and the segments, HELLA focuses its strategic objective on market leadership, which, depending on the segment, product line or region, can be achieved in the short, medium or long-term. Thus, in the Automotive segment, HELLA pursues the goal of taking market leading positions (top 1 to 3), globally or in certain regions, in the respective market segments relevant for the company's competitiveness. Furthermore, HELLA also strives to attain a market-leading role in the Aftermarket and Special Applications segments in each of the relevant target group markets and sales regions.

Alignment with important megatrends within the automotive industry, i.e. environment and energy efficiency, safety, styling (LED) and comfort, is the basis for HELLA's strategic approach and is a global driver of growth for market-oriented HELLA technologies and product designs. The transition from conventional illumination systems to LED applications in lighting technology, high demand for driver assistance systems to increase safety and high demand for technologies that save energy and reduce CO_2 emissions open a strategic growth potential that HELLA addresses with the appropriate investment and development strategy.

At the Group level, the two segments of Aftermarket and Special Applications are of particular importance for the long-term stability of the HELLA business model since they provide a balance to the more cyclical automotive business. While the Aftermarket segment, compared to the Automotive business, is more anti-cyclical (when demand for new vehicles is lower, the need for repair and replacement parts increases), the target segments are subject to fundamentally different demand cycles in the Special Applications segment. In this way, a balanced and stable business trend is possible for the HELLA Group, particularly in difficult economic conditions.

In addition to the HELLA core business, the network strategy is used to take a cooperation approach in which partnerships are entered into with other companies as part of joint ventures. In particular, this is done to gain access to complementary technologies, develop new markets or customer groups and benefit from economies of scale.

Control System and Control Indicators

The organization of the HELLA Group is governed via a multidimensional matrix. It includes the three segments of Automotive, Aftermarket and Special Applications with business divisions and strategic business fields, the regions with North and South America, Asia/China and Europe as well as the central functions. While the segments and regions are organized as profit centers, the central functions are managed as cost centers, among others in shared service centers (HELLA Corporate Center). The segments have chief responsibility for the strategic and operational business development. The central functions fulfill a governance and control function for the Group and the segments. In the global network, the German locations assume a leadership role in technological development and the industrialization of the international locations.

The Group Management Board consists of Dr. Jürgen Behrend as Managing General Partner and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH under the leadership of its chairperson, Dr. Rolf Breidenbach. The segments and business divisions, in turn, also have Executive Boards that support the responsible Management Board in operational and strategic management. Entrepreneurial self-responsibility is the basic principle for managing the business at all levels. For important business transactions, the Group Management Board requires the approval of the HELLA KGaA Hueck & Co. shareholder committee, which, through this process, codetermines the significant guidelines for the development of the business. As a central representative body of the shareholders, the shareholder committee is involved on an ongoing basis with monitoring and providing advice to the Group Management Board. Besides this, the shareholder committee has responsibility for personnel matters involving the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH. Along with the shareholder committee, monitoring tasks are also performed by the supervisory board, which primarily deals with auditing and approving the yearly and consolidated financial statements. Certain tasks in this context are delegated to the audit committee deployed by the supervisory board. The audit committee primarily audits the financial reports and functional capability of the internal control system and the risk and compliance management system.

The strategic planning and operational budget planning are significant internal control instruments for the company. Each month, a detailed result meeting takes place with the entire Management Board and the Executive Boards regarding the budget and development compared to the previous year; the shareholder committee is informed about this. Quarterly and half-year reports are also created.

Financial Performance Indicators

Significant financial key indicators are essential for managing and controlling the company. For the Group, this includes sales growth, the operating result (EBIT) respectively the operating result margin (EBIT margin) and the operating free cash flow. The management figure of the operating free cash flow is defined as a net cash flow from the operating activities, minus the settlements for procuring tangible assets and intangible assets, balanced with the cash inflows from selling these types of assets, adjusted by substantial one-time special items that cannot be assigned to the operating business, such as structural expenditures. Additionally, the criteria for an investment grade rating from the Moody's agency also apply as a relevant measured variable for the financial stability of the company. Sales growth and the operating result (EBIT) respectively the operating result margin (EBIT margin) are essential for the segments and business divisions. The target values for the Group are guided by multiple comparative indicators, for example, the development of the market and competition, internal performance standards and allocation of resources. For sales trends, above-average growth is sought in comparison to the comparable industry sector or market segment. The operating result margin (EBIT margin) is to reach a level that is above average in the relevant competitive environment. The operating free cash flow should be sufficiently positive over time to be able to finance growth internally and guarantee dividends to the shareholders. For financial policy, an investment-grade rating (Baa) is the clear target figure since the stability of the financial situation for the company over the cycle is indicated by the rating and thus enabling capital market access. Based on Moody's methodology, the net debt/EBITDA measured variable applies as a relevant benchmark for the 1 is used to ensure a solid financial structure.

A suitable range of financial instruments is intended as an objective to ensure a balanced financial strategy that also provides room to maneuver in case of a crisis. Loan financing with a core group of banks (primarily as a syndicated loan), capital market instruments (e.g. bonds and debt instruments), and additional vehicles (e.g. grant financing or factoring) all play a role in this context. Furthermore, a long-term and diversified maturity profile of the individual instruments is also an important objective for the company in order to prevent cluster risks and maintain sufficient autonomy toward the important financing entities. Another essential objective for the financial policy is a sufficient liquidity position, primarily to be able to make suitable capital expenditures in business development independently of developments in the financial markets or short-term external factors beyond the cycle of the automotive industry. During this process, a negative balance from debited interest and reinvestment earnings is knowingly accepted in order to increase the degree of entrepreneurial freedom.

To further optimize the efficiency of the invested capital and for improved control, the Management Board decided, from now on, to also implement the return on invested capital (RoIC) in the HELLA Group as a strategic control parameter and anchor it in the management system accordingly. The key figure is defined as operating earnings before interest and after tax (return) related to the invested capital. For determining the return, the operating result (EBIT) of the last twelve months is reduced at the Group unit level by the respective country-specific standard earnings tax rate. The invested capital is the average of the opening and closing balance sheet value from the balanced assets without cash and cash equivalents and short-term assets minus the balanced liabilities without current and non-current financial liabilities for the reporting period. Based on the calculation method used at HELLA, the return on invested capital was 15.6 % in the reporting year (return € 264 million; invested capital € 1.695 billion). The comparable previous year value was at 15.5 % (return € 231 million; invested capital € 1.493 billion).

Non-Financial Performance Indicators

The HELLA Group utilizes key non-financial performance indicators, primarily in the area of quality. Durability and reliability with a high degree of user comfort are important characteristics of the HELLA quality standards. Ensuring market-driven standards is the goal of active quality management, which is continuously being further developed. An important indicator of quality measurement is the defect rate, which is measured as the number of defects identified after delivery per one million parts ("parts per million" - ppm). The ppm rate in the recently concluded fiscal year was in the lower two-digit range, which corresponds to the level of the previous year.

Research and Development

Along with the operational performance, the exceptional research and development culture at the company forms the foundation of HELLA's ability to compete in the market. In this position, HELLA uses its leadership in technology to drive the central megatrends of the automotive industry: environmental awareness, energy efficiency, safety, styling (LED) and comfort. HELLA also supports manufacturers in implementing systems for autonomous driving.

The international network of employees in research and development has grown by 8.6 % to 5,880 employees worldwide in the fiscal year 2013/2014. The expenses for research and development, which include both long-term and one-time effects for establishing the global network, amounted to 9.6 % of the consolidated sales at € 514 million and, therefore, are significantly higher than the values of the previous year. This reflects the strategy oriented toward global technological leadership and innovation in the relevant business fields and structural expenses as part of the globalization initiatives started to strengthen the worldwide HELLA network.

In the Automotive business segment, HELLA sustainably secures its own innovative strength via high-performance pre-development. Following the central strategy of the company, HELLA leads worldwide development from Germany, where the global trends and technologies of the automotive industry are expedited. In contrast, there are local development centers in the large growth regions, which both support regionally specific product development and advance independent developments. In this way, HELLA implements a market-driven customization of technologies and product designs to meet customer needs.

In the Aftermarket and Special Applications business segments, HELLA primarily benefits from the transfer of knowledge from the Automotive segment in order to develop and apply new products and services for the relevant target groups in a customized manner by using existing basic technologies and product concepts.

Along with the company's in-house research and development employees, HELLA also commissions third-party service providers to carry out development tasks in the Automotive and Special Applications segments.

RESEARCH AND DEVELOPMENT

	2013/2014	+/-	2012/2013*	2011/2012*
R+D employees	**5,880**	9 %	5,414	4,640

EXPENSES IN € MILLION				
Automotive	**478**	17 %	408	346
Aftermarket and Special Applications	**36**	1 %	35	21
Total	**514**	**16 %**	**444**	**366**
% of sales	**9.6**		9.2	7.9

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

Automotive Business Segment

In fiscal year 2013/2014, the development activities in lighting technology concentrated, among other areas, on designs that make it possible to use LED technology in all vehicle segments. Testing and optimization of the relatively new OLED and laser light sources was also advanced. OLED technology is particularly appealing as a design medium in automotive interiors. The flat light source offers completely new approaches to design, which lends itself well to further customization of interiors. In long-term studies, HELLA has proven OLED's suitability for series production – even under extreme conditions in the automobile. In cooperation with BMW and LG Chem, HELLA also created the prototype for a rear combination lamp, in which OLED modules, curved in various ways, were used for the first time and created three-dimensional, uniformly illuminating structures. Alongside, HELLA developed two additional rear combination lamp prototypes in the reporting period, which realize the function of a rear fog lamp using a laser.

Along with its own strong pre-development process, HELLA research and development also works in partnerships in the Lighting business division. For example, HELLA maintains the L-Lab research institute together with the University of Paderborn. There, solution approaches for current questions in headlamp technology are developed and application-oriented basic research is conducted. HELLA also introduces its own expertise in research consortia with other companies and institutes to work together to develop efficient and safe automotive lighting for the future. As part of the German government-sponsored VoLiFa 2020 research project, HELLA is working together with other partners on a lighting system that enables smart lighting that can be adapted to various driving situations in a target-oriented manner smoothly and almost in real-time. This allows a wide variety of road conditions to be illuminated in an individual and targeted manner, which allows dangerous situations to be detected even faster.

Another example is the eFA 2014, a research project completed in June 2014. As part of this project, HELLA developed lighting strategies for driving in electric mode.

In electronics, various milestones were reached for the future basis and market position of HELLA in fiscal year 2013/2014. The pre-development structure re-organized throughout this period is primarily aligned toward trends in the automotive industry and pursues the goal of both advancing research in the respective areas and promoting developments across product fields. The building of a new development center in Lippstadt, Germany, was part of this new organizational set-up in the reporting period. In addition, the development network was also expanded at the international level. With two new development centers in Guadalajara, Mexico and Ho Chi Minh City, Vietnam, HELLA expanded its footprint in important growth regions.

The initiative for generating ideas, ‚Driving e-nnovation', was also started for designing this structure. The international online competition, gave a total of approximately 3,000 employees the chance to develop their ideas into business models. These ideas included the subjects of autonomous driving and safety, ease of use, car-to-X-communication and data management as well as increased car efficiency. The 750 participants submitted a total of over 150 ideas. HELLA is currently pursuing ten of these further in the pre-development process.

In fiscal year 2013/2014, HELLA conceptually advanced, among other things, the development of a sensor that monitors the level and quality of the fuel and functions without the use of any moving parts. Additionally, new electric wastegate actuators have been transferred into series production. Due to their innovative plastic construction, these actuators are also well-suited for use under high temperatures, and save fuel and CO_2 emissions at the same time.

In the area of energy management, HELLA took important steps in this reporting period to develop further from a component supplier for battery sensors to a provider of complete systems. The first contracts for developing battery management systems are evidence of this. These systems monitor the status of the battery and control it, for instance, to prevent the cells from overheating. HELLA is also currently developing 48V-DC/DC converters and energy storage modules for the next vehicle electric system generation for vehicles with a conventional drive. These current developments support functions including “coasting”. This function switches the engine off as soon as the driver releases the gas pedal. The vehicle then continues to “coast” with the engine switched off. This allows vehicles to save up to 0.5 liters of fuel and around 12 grams of CO_2 every 100 kilometers.

Furthermore, HELLA also developed the 24-GHz radar technology for rear end applications. Other important areas of focus included the decision to implement hardware and software platforms for electric power steering and body electronics while taking into account functional safety requirements up to ASIL D (currently the highest safety requirement level).

Special Applications Business Segment

HELLA actively transfers the expertise and experience from the automotive original equipment sector into the Special Applications segment. In light of the increasing demand for design-oriented lighting products for agricultural machines, buses and trailers, HELLA is developing front lighting for tractors with light transmission technology. The development of full-LED rear combination lamps for commercial vehicles also started in this reporting period. These lamps use three-dimensional structures to create a unique appearance for day and night. Along with this, numerous applications from automotive electronics, when applied accordingly, are also well-suited for use in special vehicles such as buses and agricultural and construction machines. After the Intelligent Battery Sensor, HELLA is now working toward implementing additional electronic products for these customer groups.

In the Industries area, HELLA primarily develops, produces and markets lighting for municipalities and industrial customers. In the reporting period, the company introduced new products that met the increasing demand for integral street lighting. For example, a new generation of the well-established Eco-Module was introduced with a luminous flux of 2,500 lumen. The Eco-Module is the centerpiece of HELLA’s modular Eco StreetLine street lighting design. A newly developed cubic lamp with a decorative approach has also been added to the lamp family. The innovative Eco Circle module is HELLA’s efficient solution approach for retrofitting existing, decorative street lighting with conventional light sources to LED technology.

Sustainability at the Product and Process Level

The HELLA Group works to constantly improve resource consumption and decrease exhaust emissions at both the process and product levels. The gradual expansion of the HELLA environmental network and its continuous improvement in the reporting period were important steps in this context. The HELLA company in Auckland, New Zealand adapted its environmental management system to the HELLA standard, which allowed it to be included in the international HELLA Group certification in accordance with ISO 14001. Furthermore, the implementation of globally standardized environmental processes, management system documents and key figures was continued. To optimally integrate the new locations into this network as well, regional workshops are carried out annually in the growth markets, particularly in Mexico and China. Cross-functional internal audits promote the networking of the locations with one another and support "Good Practice Transfer".

The new HELLA standard on energy efficiency was drafted as part of international workshops on the topic. This standard identifies energy standards and global Good Practice solutions. In this context, it was decided that the locations also include energy goals into their environmental programs for the fiscal year 2014/2015 to further reduce energy consumption and CO_2 emissions and improve energy efficiency.

An example of a measure for reaching these goals is equipping the plants with in-house, energy-efficient and durable HELLA LED lighting. The modularly structured street and industrial lighting concepts provide an array of possible applications and have already been implemented at the locations newly established during the fiscal year in Irapuato, Mexico and Jiaxing, China.

Furthermore, the continuous optimization of existing products and the development of new products effectively contribute to reducing energy consumption and vehicle emissions in order to comply with the ambitious exhaust regulations in the European Union. Therefore, HELLA is currently working intensively on sophisticated electrical system solutions in the vehicle, which enable emission-reducing functions such as stop-start function, energy recovery, coasting and the creeping forward function. The gradual conversion of conventional lighting products to LED technology also ensures substantial potential energy savings for both private and commercial vehicles.

Previously, the plants in Lippstadt were the only HELLA locations subject to EU-wide trading in greenhouse gas emission certificates ("CO_2 certificates"). The second trading period ended with a surplus of 30,083 certificates at a value of approximately € 82,000. For the third trading period (from 2013 to 2020), Plant 1 in Lippstadt was able to be exempted from the certificate trading after technical building alterations were made to the combustion plant. For this period, Plant 2 in Lippstadt has received an allotment notice for a term of eight years and an allotment of 95,747 certificates at no charge. In the 2013 calendar year, 20,172 tons of CO_2 were emitted at this plant by the combustion plant. It was possible to settle the fee from the allocation of surplus certificates in the second trading period and the free allotment from the third period. Due to the general reduction of the free allotment and other factors, these certificates will no longer suffice in the future. Instead, an additional 35,000 certificates are required, which will have to be bought at auction throughout the third trading period.

Human Resources

As of the balance sheet date on May 31, 2014, HELLA employed 30,692 employees worldwide. This equates to an increase of 8.4 % compared to the previous year. The most significant was the increase of personnel in the regions of Asia and North and South America, where HELLA hired 1,639 new employees within the reporting period. The number of employees in Germany decreased by 4 % to 9,814. This decline was affected in particular by the voluntary partial retirement and severance program that started in Summer of 2013 for ensuring the ability to compete at the location in Lippstadt, Germany. With this program, regional capacity adjustments foreseeably required were already taken into account at an early stage. Functionally, HELLA noted the largest growth in the area of production, which can be traced back to opening multiple new plants in China and Mexico.

For Hella, the efficient use of human resources and systematic networking of functions for achieving synergies in the Group are significant foundations for economic success. Thus, in the last fiscal year, the global development network continued to be expanded and the concentration of administrative functions continued to be pushed forward in the Group-internal shared service centers (HELLA Corporate Centers), for example, by founding a new financial shared service center in China. This caused the number of development employees located outside of Germany to increase from 47 % in the previous year to 52 % in the reporting year.

Recruiting

In the reporting period, HELLA continued to professionalize the entry and support programs for external employees. A significant building block here is the close contact to leading colleges and universities in the vicinity of each location. Along with a scholarship program for full-time master's students in various disciplines, HELLA, in cooperation with the University of Paderborn, also offers a mechanical engineering master's program with a focus on Chinese language, culture, economy and technology. At Fudan University in Shanghai, China, HELLA experts also regularly give application-related lectures. Also, at the Hamm-Lippstadt University of Applied Sciences, the material design program with focal areas in bionics and photonics has been taught since the 2013 winter semester. HELLA supports students in this discipline not only with scholarships but also with internship positions and the opportunity to write theses in the company.

Furthermore, graduates have the option to get on board in various areas of the company at HELLA as part of a trainee program. Since its beginning in 2010, 52 trainees have graduated from the program. Of these, 47 still work at the company. In the future, this 18-month program established in Germany will be supplemented by the HELLA International Graduate program (HIG) for the remaining locations. Due to

HELLA GROUP EMPLOYEES (MAY 31, EACH YEAR)

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

the reduced duration of only twelve months, the HIG gives the international HELLA companies the ability to incorporate employees quickly and efficiently into the processes on site. After the conceptual phase in the reporting period, the HIG will be implemented in HELLA's significant growth regions in the fiscal year 2014/2015.

HR Development

An important pillar of the company's success is the continuous qualification of employees across all areas. This includes an open feedback culture at all levels of the company. To support this concept, HELLA already started a pilot project for a 360° feedback process for management in the fiscal year 2012/2013. This has been implemented in the reporting period up to the third management level as a result of the positive experiences. By now, over 500 employees have received the corresponding 360° feedback.

Training academies have also been created for various disciplines for the systematic qualification of employees worldwide. In these academies, requirements profiles are stored for the respective position. The profiles directly identify an employee's current need for training. Specific seminars are carried out by third-party instructors or HELLA experts, depending on the orientation of the content. The number of in-house trainers has been expanded in the reporting period following the good response to this program. Post-training tests have been established to ensure the success of the training sessions and an optimal quality management of the event.

In this reporting period, the standardization of the international talent management process has also been advanced, which marks an important milestone on the way to more transparency. This allows both systematic succession planning and the specific development of employees that have been identified as potential managers. In the fiscal year 2013/2014, HELLA carried out the internationally established top management program, LEAD, as well as the region-specific LEAD Summer School, both of which received positive feedback.

HELLA also helps employees who would like to gain more qualifications in addition to their careers. The company supports extra-occupational bachelor's and master's programs financially as well as with additional educational training leave and the option to write research papers or theses that relate to the company at HELLA. With the objective of supporting staffing within the HELLA network and promoting international careers, during this reporting period, HELLA also began designing an expatriate portal, where employees will be able to learn about open positions and be able to discuss life as an expatriate with other colleagues.

HELLA GROUP EMPLOYEES BY REGIONS

	May 31, 2014	+/-	Share
Germany	**9,814**	-4 %	32 %
Rest of Europe	**11,079**	12 %	36 %
North and South America	**3,980**	17 %	13 %
Asia/Pacific/RoW	**5,819**	22 %	19 %
Permanent employees worldwide	**30,692**	**8 %**	**100 %**

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

Employee Retention

The long-term retention of employees is a significant goal of the company. HELLA further developed measures that support this. For example, at the Lippstadt location, HELLA was re-certified in 2014 as a "Family-friendly company" in the district of Soest, North Rhine-Westphalia. The seal considers various factors, such as the opportunity for childcare facilities near the workplace, provisions for parental leave or flexibly scheduled workdays, sometimes even independent of the workplace. During summer break, the company now also offers a "Kids Camp". As part of this, the children of employees can participate in various activities in the region to ensure childcare during vacation as well.

The opening of the HELLA sports center, which includes a fitness center with a wide array of sport and health courses and team sports, allows HELLA to provide employees at the Lippstadt location with a healthy balance of work and recreation. Employees can take advantage of this offer before or after work to actively promote health and wellness.

Economic Report

Gerneral Economic Conditions

The HELLA fiscal year 2013/2014 (June 2013 until May 2014) was characterized by a lasting recovery phase of the international economy. According to information from the International Monetary Fund, the global economy finished the 2013 calendar year with growth of approximately 3 %. The positive development sustained itself in the first half of 2014, even if there were regional differences. Impulses for growth originated from both established industrial countries, such as the USA and Germany, and emerging markets, like China, India and Brazil. Here, the latter continued to develop at a level significantly higher than the advanced economies, but mostly remained below the high growth rates of the previous years.

Similar to the recovery of the global economy, the economic situation in Europe also stabilized to an increasing extent. The economic climate in the Eurozone, measured by the ifo institute, also continuously increased in the reporting period and, at the end of the HELLA fiscal year, was at its highest level since late 2007. Despite this, economic disparities between Northern and Southern Europe continued to get worse. Particularly in Greece, Italy, Portugal and Spain and increasingly in France, continuously high unemployment rates, budget deficits and lack of demand continued to have negative effects on economic activities. The primary driver of the economic upturn within the Eurozone was the German economy. It benefited from a solid domestic demand that can be traced back to a good development of the job market and a moderate increase of consumer prices. A positive economic outlook and an increasing volume of incoming orders from abroad also led to the increased amount of new investments in German companies.

In the USA, the closing of the government agencies in October 2013 due to a disagreement about the budget and the very cold winter months at the beginning of 2014 had a temporary adverse effect, but did not negatively affect consumer confidence over the long term. The economic development, which was positive overall, has been primarily carried by a strong demand from private households and decreasing unemployment rates. At the same time, the raising of the debt ceiling and the cautious reduction of the bond purchasing program of the US Federal Reserve had a positive effect.

The increase in gross domestic product in China was still high at 7.7 % in 2013 and continued to make a major contribution to global economic growth. The economic development of numerous additional emerging markets, for example, Brazil, Russia, India and Mexico, was positive, but remained considerably behind the growth rates of the previous years.

Current political crises, such as the fighting in parts of Ukraine, conflicts between China and its adjacent states in the East and South China Sea and the protests of government opponents in Thailand, had an adverse effect on the local economic growth of the respective region.

International Economic Growth in the Automotive Sector
According to the German Association of the Automobile Industry (VDA - Verband der Automobilindustrie), around 72.2 million automobiles were purchased globally in the 2013 calendar year. This not only made automobile sales 6 % above the previous year value of 68 million units sold in 2012, but also around 3 percentage points above the expected growth. In addition to the continued strong growth of the two largest vehicle markets, China and the USA, the Western European market also experienced a gradual upward trend in the second half of 2013. On the other hand, the sales remained below the previous year's values, particularly in Russia, India and Brazil.

Throughout the year in 2013, the Western European automotive market still fell short at around 2 % less than the previous year. In the second half of the year, a slow but steady recovery began to show. Beginning in September, each month's sales were above those of the previous year. In December 2013, automobile sales in Western Europe increased by a double-digit figure for the first time in just under four years. In addition to the incipient recovery in Germany and France, higher demand in many countries that have been severely hit by the Euro debt crisis, e.g. Spain, Ireland and Portugal, and in smaller EU states was a key factor in this improvement. This development also continued in the beginning of 2014. In particular, catch-up effects for replacing older vehicles led to a growth of around 6 % in the first five months of 2014.

Throughout the entire year in 2013, the registration of new cars in Germany remained around 4 % less than the previous year. However, demand since December was positive and there have been clear signs of stabilization. The brighter economic climate in Western Europe and continuing growth in vehicle markets in China and the USA, where German manufacturers have a good market position, especially in the premium segment, also contributed to a positive trend for German vehicle production. In China, German automakers further reinforced their position in May 2014 by increasing market share by 2 percent to the current level of 23 %.

Light vehicle sales (automobiles and light commercial vehicles) in the USA grew by 8 % to over 15.5 million units in the calendar year 2013. This allowed sales to increase by around 50 % or 5 million vehicles since the crisis year in 2009. Overall in 2013, German manufacturers increased sales of light vehicles to the US market by 5 % to around 1.3 million units. At the beginning of the year in 2014, two particularly cold winter months had a short-term dampening effect, but did not affect demand adversely in the long-term. Already in March, the manufacturers were able to benefit from higher employment and the high consumer confidence. As a result, despite the difficult situation at the beginning of the year, the sales in the first five months already exceeded the value of the previous year by around 5 %.

HELLA GROUP SALES (IN € MILLION)

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

In the large Chinese automobile market, 16.3 million new vehicles were sold throughout the entire year in 2013. The Chinese market is of critical importance for global automobile production. This marks a significant surplus of 23 % compared to the previous year. Therefore, more vehicles were sold in China than in the USA. In the first five months of the year in 2014, the demand continued to develop very dynamically and was almost 15 % higher than the previous year. Significantly fewer vehicles were registered in India in 2013 than in the previous year (-8 %). A cause of this was the overall weaker economic environment and rising fuel prices. This trend also continued in the first months of the year in 2014. In 2013, the Japanese vehicle market was able to maintain the high level of the previous year, which was strengthened by government incentives, and it grew by around 13 % in the first five months of 2014.

Business Development and Situation of the HELLA Group

In the fiscal year 2013/2014, consolidated sales increased, on a comparable basis, by € 508 million or 11 % to € 5.3 billion. Therefore, the sales, primarily due to the considerably higher demand of the international automotive industry, were above the forecast in the preliminary report, in which the HELLA management board assumed a growth in the middle single-digit range. The previous year's figures have been adapted accordingly due to the initial application of the new IFRS 11 accounting standard ("Joint Arrangements"). This omitted the external sales of two previously proportionately consolidated companies in the amount of € 164 million. Further explanations are contained in the Notes of the Consolidated Financial Statement under Note 5.

Overall, the growth trend of the previous years continued to gain momentum. Along with the favorable development of the market in the automotive sector, the start of new projects in the Automotive business segment ensured a positive jump in sales. Thus, the demand for vehicles developed more strongly than expected, primarily in Europe. The high growth speed continued in the NAFTA and China sales regions, which are of importance for HELLA.

The Group's growth was founded in particular on strong demand for complex LED headlamps, electronic components in the fields of energy management and driver assistance as well as wholesaling activities for the Aftermarket business segment. The Group's strong presence among German automotive customers and expanding business activities in China and North and South America, particularly in the NAFTA region, also had a positive impact.

Measured by the regional market coverage by end customers, as in previous years, the increase in sales turned out the strongest in the entire Asia/Pacific/RoW region with a growth of 23 %. The share of the region in consolidated sales increased from 26 % to 29 %. For the future, HELLA sees great opportunities for growth in China and India and will continue to invest into the expansion of the local development and production capacities. In December, a new plant for light products was opened in the Chinese industrial city of Jiaxing after approximately one year of construction with an area of 87,000 square meters. The Chinese electronics plants in Shanghai and Xiamen have also been expanded very recently. Thus, the Automotive business segment has seven of its own production plants in China. Furthermore, two additional plants are being operated as part of joint ventures.

HELLA GROUP EARNINGS BEFORE INTEREST AND TAX ON INCOME (EBIT; IN € MILLION)

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

The North and South America region also contributed to the sales growth of the company with a sales increase of 1 %. In Mexico, a new lighting plant was opened in Irapuato. Overall, this region now also has eight production facilities with plants in Mexico, the USA and a “shop-in-shop” production facility in Brazil. The share of the region in consolidated sales changed from 21 % to 20 %.

Overall, the sales share earned outside of Europe was 48 % of consolidated sales. In relation to the Automotive business segment, the sales share outside of Europe was at 57 %.

After four years, the demand in Europe initially developed positively across the fiscal year and was, therefore, above expectations. This primarily applied to the previously weak regions of Southern and Eastern Europe. HELLA was able to benefit from this favorable market environment considerably. The sales in the region grew by 8 %. The share of consolidated sales was 52 %, compared to 53 % in the previous year.

Overall, the Automotive business segment grew in the fiscal year 2013/2014 at 13 %; this is considerably stronger than the Aftermarket and Special Applications segments, which were at around 1 % each. Along with general economic development, this is primarily the result of the globalization initiative started in the past. Major investments in development and production capacities and expertise have resulted in continuous improvements to the general competitiveness and the appeal of the product portfolio. This initiative has also led to additional order acquisitions that now support the sales trends of the Group.

The Aftermarket business segment primarily expanded its position in wholesale in Northern and Eastern Europe. Also the appealing product portfolio for garage products developed positively. With an increase of 1 %, the Aftermarket business made significantly fewer gains than the Automotive segment, but, for example, was able to be substantially further developed strategically in terms of the position of the European sales companies, the diagnostics business and the management of the wholesale business.

In the Special Applications segment, which includes the business with new LED solutions both in the area of special original equipment and in vehicle-independent products, such as street lamps or industrial lamps, the sales volume increased slightly by 1 % in comparison to the previous year.

Earnings

The earnings before interest and tax (EBIT), adjusted for one-time special expenses for restructuring measures, increased by 35 % to € 393 million, a considerable improvement from the previous year. This is the HELLA Group’s highest operating earnings figure to date. Economies of scale from the higher business volume, a favorable product mix, the increase of the operational performance from better productivity, the improvement of the material quota and the optimization of the global footprint have been the main reasons for the significant increase in the Group’s profitability. The adjusted EBIT margin as the ratio of the adjusted EBIT to sales increased by 1.4 percentage points to 7.4 %, compared to 6.0 % in the previous year. In the prognosis for the result (EBIT), despite the targeted sales growth, the company management had assumed a slightly regressive result due

REGIONAL MARKET COVERAGE BY END CUSTOMERS – HELLA GROUP

	FY 2013/2014		FY 2012/2013*		FY 2011/2012*	
	Absolute (in € Million)	Relative	Absolute (in € Million)	Relative	Absolute (in € Million)	Relative
Germany	783	15 %	670	14 %	780	17 %
Rest of Europe	1,983	37 %	1,887	39 %	1,933	42 %
North and South America	1,047	20 %	1,033	21 %	858	19 %
Asia/Pacific/RoW	1,531	29 %	1,246	26 %	1,065	23 %
Consolidated Sales	**5,343**	**100 %**	**4,835**	**100 %**	**4,637**	**100 %**

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

to increased expenses for structural improvements and investments in the expansion of the global capacities for development and production, and expenses from the voluntary partial retirement and severance program. Additional margin improvements due to operational control levers and a considerably stronger international demand for the HELLA product portfolio, however, allowed the earnings to increase.

In conjunction with a voluntary partial retirement and severance program at the location in Lippstadt, Germany, which was initiated over the course of the fiscal year and completed in January, one-time expenses, primarily in the form of provisions, have been incurred in the amount of € 52 million. These were entered at the Group level and not assigned to the business segments due to their comprehensive and non-operational character. The agreements reached will lead to 760 employees leaving the company in Germany in coming years. This allows HELLA to respond at an early stage to the competitive situation at the production location in Germany, which continues to become tougher. The continuous increase of the technological production expertise in countries with significant labor cost advantages, particularly in Eastern Europe, exercises significant competitive pressure in Western European production locations, particularly in the Automotive segment. HELLA is already in a good position in this competitive environment with a wide variety of production locations; of the 14 European locations, eight are located in best-cost countries. The adaptability to continuously changing competitive conditions, however, remains essential. Including the special expenses, the achieved EBIT was € 341 million; this corresponds to an EBIT margin of 6.4 %.

After subtracting the negative interest result of € 32 million and the expenses for income taxes of € 79 million, the net income of the fiscal year was € 230 million, compared to € 206 million in the previous year. This represents a 12 % increase and a net sales return of 4.3 %.

The operating earnings before depreciations and amortizations (EBITDA) adjusted for special effects reached a new high value of € 703 million or 13.1 % of sales, after 11.4 % in the previous year.

Compared to last year, the gross margin on sales again significantly increased by 1.2 percentage points to 27.6 %. Consequently, it was possible to further improve productivity and the rate for material costs, as in previous years. HELLA is compensating the price reductions as regards sales in part through increasing localization of purchasing sources in best-cost countries with corresponding cost advantages, continuous Design-to-Cost and Redesign-to-Cost analyses, and the corresponding implementation of cost-effectiveness potential that has been identified for product design and production processes. As part of an active purchasing management approach and due to a beneficial product mix, the material usage quota was reduced in the fiscal year 2013/2014 from 52.2 % to 51.8 %. In addition, it was possible to reduce the production costs, among others, by additional shifting of customer projects to locations with improved competitiveness.

The sustainably improved gross margin on sales opens up financial room to maneuver for a special focus on research and development as the foundation for sustainably dynamic and organic growth. With a value of € 514 million, the expenses for research and development in the past fiscal year corresponded to 9.6 % of sales. A particular priority here was strengthening competitiveness by expanding the international development network with even greater proximity to the customers. Thus the development capacities, particularly in China but also in other locations, were significantly expanded. Technological leadership with strong local expertise remains a strategic success factor and foundation for further growth for HELLA. This involves deliberately spending more on development for a time, until structural one-time expenses and capital expenditures are amortized through higher efficiency in the development process and business growth.

The percentage of distribution costs of sales decreased from 8.5 % in the previous year to 8.2 %. The distribution costs, which also include the outbound freight costs that develop in proportion to the sales, in particular include the costs of the sales network in the Aftermarket. This network is essential for the success of the Aftermarket business. The quota for administration costs decreased by 0.1 percentage points to 3.7 %. Synergy effects from the further bundling of administrative processes in the Group, productivity improvements and economies of scale from business growth are essential levers for further optimization.

The other result as a balance of other expenses and earnings decreased by € 6 million prior to special expenses. Minus the expenses in connection with the restructuring program amounting to € 52 million, the other result was € -24 million.

At € 38 million, the equity-accounted investments contributed to the result significantly more than in the previous year when the contribution was € 29 million. Along with the general economic conditions for the established joint ventures, which were also good, and the associated strengthening of the earnings, the transition from the start-up phase to the growth phase in some new joint ventures was the main contributor to the increase in earnings. In total, the equity-accounted investments reported external sales of € 2.5 billion and an EBIT of € 145 million in fiscal year 2013/2014.

The other financial result improved in fiscal year 2013/2014 by € 6 million to € -13 million. In the previous year, this still included € 11 million in expenses for the early repayment of portions of a bond issued in 2009. The net interest expenses were € 32 million as in the previous year.

Earnings of the Segments

The largest business field in the HELLA Group is the Automotive segment, which supplies automotive manufacturers around the world with products in lighting technology and vehicle electronics. The segment sales reached a volume of € 4.2 billion for the first time, which corresponds to a growth of 13.2 % compared to the previous year. Despite expenses for the start-up of new products, the operating result (EBIT) improved by € 78 million to € 291 million compared with the previous year. This corresponds to an EBIT margin of 6.9 %, compared to 5.7 % in the previous year.

The main sales drivers in the Lighting business division were Germany and Eastern Europe; HELLA saw a strong demand for premium products in both of these regions. This profitable market environment had positive effects on the earnings trend. In the regions of China and Mexico, the focus during this reporting period was on completing the new production facilities and successfully starting the first customer projects.

REGIONAL MARKET COVERAGE BY END CUSTOMERS – AUTOMOTIVE

	FY 2013/2014	FY 2012/2013*	FY 2011/2012*
Germany	**14 %**	12 %	15 %
Rest of Europe	**29 %**	32 %	37 %
North and South America	**24 %**	26 %	22 %
Asia/Pacific/RoW	**34 %**	29 %	26 %

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

The major product-side impulse primarily consisted of headlamps with complex LED technology, for which the global relevance is continuously increasing. The LED light solutions developed by HELLA for front and rear applications correspond, in particular, to customer demands for differentiation from the competition and also support branding. In particular, products such as full-LED headlamps with light-based driver assistance systems also contribute to making driving at night safer. Along with this, there is also a growing interest in individual LED lighting solutions in the interior, for example, in the floor area or on the doors. Color-adjustable lighting concepts ensure increased comfort and an improved sense of space in the vehicle.

The Electronics business division also saw sales growth in a very positive market environment. An optimized cost structure and increased productivity also contributed to the sales growth of this area. On the product side, HELLA primarily grew with products that increase efficiency and safety. Along with the very positive development of the business with products for electric power steering, other products that contributed to sales growth included driver assistance systems based on radar, which monitor the road space behind the car and detect potential hazards when changing lanes or maneuvering out of a parking space backwards, as well as products from the energy management area, such as the Intelligent Battery Sensor.

In the Aftermarket segment (including commercial and service business, wholesale activities in Northern and Eastern Europe and business with workshop equipment [particularly diagnostic equipment]), sales to third parties increased by 1.3 % to € 1.1 billion. The operating result (EBIT) was about € 78 million, which corresponds to an increase of € 3 million compared to the previous year. The EBIT margin was 6.8 %, compared to 6.6 % in the previous year.

The growth in this segment was primarily supported by the positive development of wholesale in Poland and Denmark. Particularly in Poland, the expansions and pre-investments implemented in the past made an impact. In Germany and a few other European countries, the business with diagnostic tools for garages developed in a very positive way and will be further expanded in coming years. The goal here is primarily ensuring a stronger rollout in other European markets.

In the Special Applications segment with business activities of Special Original Equipment and Industrial applications, the segment sales increased by 0.5 % to € 346 million. The operating earnings (EBIT) improved significantly compared to the previous year by € 15 million to € 28 million, whereas the previous year was still negatively influenced by one-time restructuring expenses. The EBIT margin increased accordingly by 3.7 % compared to the previous year to 8.1 %.

REGIONAL MARKET COVERAGE BY END CUSTOMERS – AFTERMARKET AND SPECIAL APPLICATIONS

	FY 2013/2014	FY 2012/2013*	FY 2011/2012*
Germany	**17 %**	17 %	21 %
Rest of Europe	**59 %**	56 %	55 %
North and South America	**9 %**	10 %	9 %
Asia/Pacific/RoW	**14 %**	17 %	16 %

* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

High demand was generated particularly by high-grade lighting products, for example, for agricultural vehicles, industrial lighting and street lighting. The decisive driver of growth in this segment includes the high demand for products with LED technology that are increasingly replacing conventional lighting solutions. HELLA is very experienced and has a strong customer position in these product fields. Technologically high-performance, high-quality lighting products, which are low-maintenance and can also be used optimally under demanding conditions such as on construction vehicles or in regions with extreme temperatures, create features that distinguish HELLA products from the competition. Furthermore, customer interest is increasing in the aesthetic and brand-differentiating design of the new LED products.

Financial Position

In the fiscal year 2013/2014, the development of the financial and asset position was characterized by a significant increase in the earned operating free cash flow compared to the previous year with a sustained high investment level. The company issued a bond in the amount of € 300 million, providing an additional safeguard of the long-term financing of the company.

Capital Structure

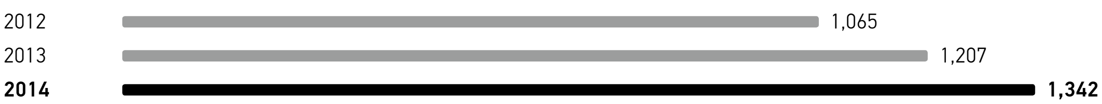
Net financial debts increased in the recently concluded fiscal year by € 11 million to € 425 million. As a result of the continued high capital expenditures as part of the initiated globalization activities, the cash flow – as planned – was not completely sufficient for covering the regular dividends, a smaller acquisition and settlements in conjunction with special expenses. However, before the aforementioned settlements, a positive operating free cash flow of € 51 million was earned, compared to a negative operating free cash flow of € -61 million in the previous year.

The net debt at the end of the fiscal year corresponded to 0.65x of the EBITDA and an indebtedness ratio proportional to equity of 0.32. A new bond was issued, increasing the liquid assets and short-term financial assets as of the reporting date to € 992 million, compared to € 663 million in the previous year. In October 2014, € 200 million of this will be used to repay a mature bond.

In addition to the financial liabilities recognized on the balance sheet, there are also, to a limited extent, liabilities from operating leasing agreements. The present value of the minimum lease payments at the balance sheet date was € 47 million. On the balance sheet date, cash flow from debts sold under a factoring program remained unchanged over the previous year at € 100 million. The sale of receivables was final without right of recourse.

In March 2014, HELLA again took advantage of the preferable capital market environment for companies and issued a bond on the capital market with a volume of € 300 million at a coupon rate of 1.25 % and an effective interest rate of 1.4 % with a three-and-a-half-year term. The liquid assets generated from this are being used to repay a bond that is coming due in October 2014. Along with this, the bond is being used to further diversify the maturity profile in the Group and, therefore, to ensure the long-term stability of the Group financing.

HELLA GROUP EQUITY (IN € MILLION; MAY 31, EACH YEAR)



* Fiscal years 2011/2012 and 2012/2013 were adjusted.
See also Note 5 of the Consolidated Financial Statement for further explanations.

Along with the bonds issued, HELLA primarily uses three other financing instruments in the long-term area:

→ **Private Placement**

A total of 22 billion Japanese Yen with a term of 30 years was raised in 2002 and 2003. The foreign currency liability is completely protected against rate fluctuations throughout the entire term. The due date value of the liability was € 160 million on May 31, 2014.

→ **Development Funding**

In 2010, the European Investment Bank granted a low-interest loan of € 150 million with a term of five years for financing pioneering development projects in the areas of energy efficiency and driving safety.

→ **Syndicated Credit Facility**

A syndicated credit facility with a volume of € 550 million and a term of five years was agreed in June 2011 with a consortium of international banks. This credit line is a pure backup and has not been drawn on.

In a recent step as part of the bond issue in March 2014, the rating agency, Moody's, confirmed the investment grade rating for the Group with the credit rating of Baa2 with a stable outlook and assigned the bond with the same rating.

Liquidity Analysis

The cash flow from operating activities increased by € 93 million in comparison to the previous year to € 535 million. Along with the adjusted earnings before interest and tax, which increased by € 103 million, higher tax payments, among other variables, reduced the operating cash flow due to the excellent result of the previous year. The increase of inventories as part of the growth ended up € 21 million higher than in the previous year. Although the settlements for other provisions were reduced by € 8 million compared to the previous year, the non-cash expenses included in the earnings from the net supplies to the provisions increased by approximately € 77 million. The other non-cash expenses included in the earnings, for example from investment evaluations, increased by € 13 million. On the other hand, the cash dividends received ended up € 9 million lower. € 15 million in settlements for partial retirement and severance programs are included in the cash flow from operating activities. After a negative balance of € 61 million in the previous year and despite the continuously high investment and development cost quota, the operating free cash flow of € 51 million was considerably higher than expected due to the stronger company status and additional efforts in working capital and investment management.

The cash capital expenditures, not including settlements for the acquisition of company shares or capital increases, decreased by € 7 million to € 499 million. They predominately included investments to replace and expand buildings, machinery, plants and other equipment. New facilities were built and put into operation in China and Mexico. Capacities of existing facilities in Romania and China were also expanded considerably. HELLA is also continuously investing a significant amount in customer-specific resources that are counted on the assets side as economic property in the fixed assets of the Group due to the opportunity/risk structure. As a result of the considerable pre-investments in these types of resources, HELLA receives reimbursement payments – sometimes in advance of parts delivery – from customers that are marked off as advance payments on sales on the liabilities side. These advance payments were € 131 million in the recently concluded fiscal year.

In the cash flow statement, the settlements for resource procurements are assigned to the investing activities while the cash inflows from the customer reimbursements are assigned economically as advance payments on sales to the operating activity.

Regardless of the economic approach in the annual financial statement the cash flows from equipment procurements and customer reimbursements in the internal HELLA investment calculation are compiled into the net investment key figure with the remaining cash inflows and settlements for tangible and intangible assets. The reason is that the advanced payment method of the customer reimbursements eases the need for investments in a closely related time frame and, therefore, is a significant factor in the investment decision. The net investments decreased to € 368 million in this last year (6.9 % of sales), compared to € 427 million in the previous year (8.8 % of sales).

After dividends of € 55 million were paid, the overall free cash flow before investments in financial assets or investments was € -4 million. The negative cash flow development in the fiscal year 2012/2013 can mainly be traced to the significant increase in investments as part of the several-year strategic globalization initiative. The risk presented by this negative trend in liquidity, which continued in the completed fiscal year 2013/2014, has been hedged by the existing financing instruments for the long term and with a clear analysis of the risk viewpoints, which are structured to withstand even considerably worse market scenarios. This hedge does not jeopardize the stability of the company.

The expanded production capacities are mostly being fully utilized for the coming years due to customer orders already received and, therefore, considerably strengthen the Group's global profitability and ability to earn for the future. Initial returns from the implemented globalization initiative are expected starting in the fiscal year 2014/2015.

Financial Position

The balance sheet total grew another € 606 million to € 4.5 billion in the recently concluded fiscal year. This increase is based both on the temporary further expansion of the liquidity position (cash and cash equivalents and short-term financial assets) facilitated by the bond issued in March as well as on the growth of the business operations and high investments in tangible assets. The liquid funds will be reduced again in October as a result of the repayment of € 200 million for the mature bond. The investments and the further build-up of the working capital in conjunction with the attained growth have the purpose of long-term sustainable strengthening of the business.

The equity of the Group increased by € 135 million to the current figure of € 1.3 billion. The equity ratio is determined by the balance sheet extension, which resulted, among other things, from the increase of the liquid funds. During this fiscal year, it is at 30.1 % (previous year 31.3 %). Adjusted to the short-term financial assets and cash and cash equivalents, at 38.7 %, the equity ratio was 0.9 percentage points higher than the level of the previous year.

Overall Statement
From the management's perspective, the fiscal year 2013/2014 progressed positively for the HELLA Group and consistently with the initiated globalization initiative. The business volume developed in a particularly encouraging manner with a growth of 11 %, on a comparable basis, to now € 5.3 billion. Along with the increased number of customer projects starting, the high demand from the international automotive industry was also an important driving force behind business development. Business in the European vehicle market, which tended to be weaker, was able to be significantly overcompensated by this. The Automotive business segment developed positively primarily due to the further market penetration with full-LED headlamps and the high demand for innovative electronics components from the energy management and driver assistance areas. In the Aftermarket, the expansion of wholesale business in Poland was a notable development. In the Special Applications segment, the business with lighting products for buses and electric vehicles and street lighting developed in a particularly encouraging manner.

In the fiscal year 2013/2014, the Group EBIT (earnings before interest and tax) amounted to approximately € 341 million, which was an increase of 17 % compared to the previous year. This includes expenses in the amount of approximately € 52 million for a voluntary partial retirement and severance program in Germany used by the management to proactively address future structurally required shifts in the European production volume. Adjusted by this special expense, the EBIT was approximately € 393 million and, therefore, increased by 35 % compared to the previous year. The EBIT margin as a ratio of EBIT to sales increased from 6.0 % to 7.4 % on an adjusted basis.

After taxes, the consolidated income was € 230 million (€ 206 million in the previous year). Corresponding to the current dividend policy of paying a quarter of the consolidated profit to shareholders, the management will propose to the general assembly to pay a dividend of € 1.11 per share for fiscal year 2013/2014 (previous year € 1.01).

The financial situation and assets of the HELLA Group also remained stable in the fiscal year 2013/2014. Despite the continuously high investment and development cost quota, the operating free cash flow of € 51 million was positive due to the better result and the additional efforts in working capital and investment management and, therefore, was considerably higher than expected. After paying dividends, the net financial liabilities slightly increased from € 415 million to € 425 million. The ratio of net financial liabilities to EBITDA improved from 0.75x to 0.65x.

The excellent business development continued at the beginning of the new fiscal year 2014/2015. The management also evaluated the asset, finance and earnings position as positive overall at the time the status report was created.

Internal Control in Group Accounting
The Group-wide internal control system for accounting is an important component and includes organization, review and monitoring structures that ensure that business transactions are properly recorded, evaluated and applied to the financial reporting. To identify influencing factors on accounting and reporting early and to enable suitable measures for proper recording, various analyses and evaluations are carried out as part of risk management. Regulations that are applicable Group-wide and, together with the annual financial state-

ment planning, that determine the process for preparing the financial statements are codified in an accounting handbook. If there are changes to legal regulations and accounting standards, they are analyzed promptly in terms of their impact on financial reporting and, where necessary, directly included in the consolidated reporting.

The local companies are supported and monitored by the Group's central accounting department when creating their single-entity financial statements, which they are responsible for creating themselves. Finally, the consistency of the reported and verified financial statement data is ensured through the relevant IT systems. The consolidation of the single-entity financial statements is largely carried out centrally. In justified individual cases, for joint ventures for instance, the financial statements of sub-groups are also included in the Consolidated Financial Statements. The effectiveness of the internal accounting controls is reviewed on a continuous basis by the Internal Audit department.

The employees responsible for financial reporting receive regular training. Where necessary, support is provided by external experts for the measurement of complex items, such as pension liabilities. Moreover, the control system incorporates further risk avoidance measures and measures to improve transparency, such as comprehensive plausibility checks, segregation of duties, and the four eyes principle. Furthermore, the analyses carried out as part of risk management contribute to identifying risks which influence financial reporting and to enabling introduction of measures to mitigate these risks. The effectiveness of this internal control system is assessed by the responsible Group companies and departments using an IT-based system and audited on a test basis by the Internal Audit department. The management and supervisory boards are regularly informed of the results.

Opportunity and Risk Report

As an international company in the automotive supplier industry, HELLA is presented with many opportunities, but also subject to various kinds of risks. Following a sustainable corporate policy with long-term goals, HELLA identifies these early on, in order to responsibly take advantage of opportunities and manage risks with foresight.

Risk Management

Risk management is an essential element of our corporate governance and strategy development. The HELLA Group seeks to achieve an appropriate balance between business risks and benefits, and to continue building and enhancing the risk management capabilities that assist in implementing our strategy.

The overall risk position is determined and managed Group-wide through the risk management system, which is steered by the Risk Management Board. The Risk Management Board is composed of the assigned Group Risk Manager, the Group Compliance Manager and the management member of each business division who is responsible for handling risks. Responsibility and accountability for risk management reside within the Group at all organizational levels, from the Management Board all the way to the corporate functions, business segments and individual companies. Risk management is an integral part of the business planning and auditing cycle.

HELLA understands risk as the potential for internal or external events to occur that might have a negative effect on the achievement of our strategic and operational goals. The risk management system is intended to systematically identify, assess, control, monitor and document material risks, as well to provide the measures to reduce them or keep them at an acceptable level. These are risks in the sense of the ERM risk categories of COSO (Committee of Sponsoring Organizations of the Treadway Commission): strategic, operational, compliance and finance risks. All relevant risks are assessed and prioritized based on the probability of occurrence and possible impact, regardless of the related countermeasures, and taking into account quantitative and/or qualitative aspects. HELLA regularly updates its own risk management processes to raise awareness and understanding of risk throughout the Group.

Consistent methodologies are used to routinely perform risk assessments and create a Group Risk Report that lists all material risks and is discussed quarterly with the Management Board. Additional communication and reporting structures ensure that the Management Board is immediately informed should any substantial changes to the risk position occur. This enables the Management Board to effectively exercise its supervisory duty and react to new developments in a timely manner. Furthermore, the risk management system and general development of the Group are regularly agreed upon in close cooperation with the Supervisory Board and Shareholder Committee.

Risks are weighted by management's estimation of the probability of occurrence and the subsequent damage potential for the company. Multiplying the probability of occurrence by the damage potential yields a risk indicator, which is used to classify the risk as high, medium, or low. Since corporate risks are often influenced by various factors which cannot be specifically measured, the risk assessment cannot be based on any stochastic analysis. However, the calculated risk indicator is appropriate for arranging identified risks in a practical manner.

In the HELLA Group, a risk is classified as high if it involves a damage potential that is greater than € 100 million, or greater than € 30 million with a probability of occurrence greater than 20 %, or greater than € 20 million with a probability of occurrence greater than 50 %. Risks are considered low if the damage potential is less than € 20 million and the probability of occurrence is less than 5 %, or if they are below a risk threshold of € 5 million and the probability of occurrence does not exceed 20 %. All other risks are classified as medium.

Opportunity Management

The identification, perception and exploitation of opportunities are controlled for the HELLA Group decentrally and are part of operations management. The target agreement process and strategy process from corporate management form the foundation for this. Opportunity management also depends on external predictions and market analyses. It is integrated within the strategy and controlling process at the respective business division levels. For more information on this, refer to the explanations of the strategic objectives of the Group in this status report. New opportunities are systematically identified through a continuous process for detailing the long-term strategy in the medium-term corporate planning; they are evaluated as needed and, if feasible, provided with a plan for implementation.

In this regard, opportunities can arise particularly from changes in the global or regional situation of the market or competition, from technological trends and customer developments.

Presentation of Material Risks and Summary of Risk Position

The sequence in which these risks are presented below does not reflect any order of significance, probability or impact. For their classification, refer to the risk class information in the respective categories. Additionally, risks and uncertainties that are currently unknown or deemed immaterial could in the future have an adverse influence on the Group's operations, cash flows, financial performance or assets.

→ Strategic Risks

Macroeconomic developments, particularly the consequences of the debt crisis in Europe, volatile financial markets and a persistently unstable political situation in the Ukraine, North Africa and the Middle East, as well as potential territorial conflicts in East Asia, can contribute in greater measure to uncertainty on international markets and, accordingly, can have a negative impact on the development of energy and raw material prices and on important global markets. These risks also affect the HELLA Group which, as an international company, is subject to the developments in individual countries as well as to fluctuations in individual regions through the Group's global networks for production, development, suppliers and customers. On the other hand, regional diversification can also contribute to an offset for particular risks, and therefore suitably act as a risk management mechanism.

The HELLA Group is meeting the growing pressure of internationalization and further differentiation of the steps for value creation by expanding its international production and development network and by adapting suitable product designs to the respective market demands and requested specifications. Here there is a special focus on technologies for reducing fuel consumption and CO_2 emissions, which effectively make vehicles more efficient and more sustainable. In addition, the Group's international customer portfolio and global presence in all relevant growth markets safeguard it against regional market fluctuations.

HELLA is experiencing industry-related and competition-related risks resulting mainly from the increasing shift in demand for passenger cars from Western Europe to America and Asia, specifically China. The rapidly rising sales figures of the Chinese automotive market offer HELLA enormous potential for growth, provided, however, that substantial parts of the value creation chain, such as production and development, are extensively localized to avoid high import duties, longer transport routes and competitive disadvantages. Car sales are also being influenced by rising fuel prices, statutory regulations on CO_2 emissions and fuel consumption, as well as growing ecological awareness, thus posing a risk for the HELLA Group in terms of a decline in demand for vehicles. However, the positioning of the Automotive segment along the megatrend of energy efficiency and the attractive product portfolio particularly in the area of electronics also opens up a high potential for opportunities.

The balanced business structure of the company has a stabilizing effect on its economic situation, particularly in the context of the weak demand in the European home market. While the Automotive business segment with its business divisions for Lighting and Electronics depends directly on the sales of the automotive industry, the Aftermarket business segment benefits from selling spare parts, accessories and workshop equipment above all during economically difficult times, when customers are more likely to have their vehicles repaired than to buy new ones. With its industrial customers and specialist vehicle manufacturers, the Special Applications business segment is largely independent of developments in automotive sales. This risk-optimized business model means that HELLA has a balanced position even in the event of unexpected changes in the market or industry. This was demonstrated during the 2008/2009 economic crisis, when HELLA was able to achieve positive earnings despite a clear decline in sales of almost 20 %.

Strategic risks are found primarily in the areas of business portfolio, cooperations and global footprint; currently they are classified as low to medium risk.

→ Operational Risks

The HELLA Group's competitiveness depends on effectively managing development and production processes, since any weaknesses in these could lead to product launch delays or delivery interruptions. These, in turn, could lead to significant economic losses for the customer. In addition to customer complaints and commercial demands, this could also result in reduction or even loss of customer acceptance, possibly with considerable consequences for the chances of succeeding in acquiring new vehicle projects.

The entire internal development process for new products is subject to comprehensive standards with clearly defined milestones designed to ensure that quality and safety requirements are implemented. Extensive quality management also reduces risks connected with the production or delivery of faulty parts. In addition, there are insurance policies to provide appropriate coverage of warranty obligations from serial claims. In compliance with statutory requirements, provisions for dealing with such discernible profit-related burdens are established in the annual financial statement and in corporate planning.

The operational and logistical performance of the HELLA Group also depends on a strong worldwide supplier base. A break in the supply chain due to problems with quality, timing of deliveries or sufficient availability of necessary volumes may significantly impair the Group's operations. Although efforts are made to ensure that a number of different suppliers are available for most production materials and components, single-source suppliers cannot be completely avoided due to the highly specialized nature of some applications and processes in the automotive industry. New and existing suppliers are regularly subjected to quality inspections. If necessary, their performance and capacities are further developed to meet technical requirements and efficiency standards.

The increased complexity of products and production processes leads to an increased reliance on more and more sophisticated IT systems and networks. Problems such as a temporary system failure, data losses or data corruption can lead to significant interruptions in operations. For this reason, the Group continuously monitors and optimizes its systems in line with state-of-the-art technologies on the market and with corporate requirements.

Furthermore, the ability to attract and retain qualified executives and skilled personnel in key positions is crucial to the success of the HELLA Group and its international network. To minimize risks associated with a lack of the expertise or personnel necessary to sustain operations and achieve the corporate objectives, as well as to counteract risks associated with the loss of expertise and competencies, HELLA systematically pursues internationally oriented programs for recruiting and educating personnel, operates performance-based remuneration systems and offers various career paths and development perspectives.

Operational risks are seen in the areas of IT, quality, processes and human resources management. These are predominantly classified as medium in the Automotive and Special Applications segments and as low in the Aftermarket segment.

→ Compliance Risks

Compliance with regulatory standards and social norms is fundamental to sustained business success. At the HELLA Group, these rules and standards are set down in a Code of Conduct that is binding for all employees. In light of the increasingly complex legal and regulatory requirements, assuring compliance is an ever-increasing challenge and opens up new risk areas for the company. That is why regular training and instruction, if necessary with the involvement of external experts, represent a key element of continuous compliance management.

HELLA is implementing various measures, such as regular internal compliance trainings and the introduction of a Code of Conduct that is binding for all employees. Notwithstanding this, it cannot be excluded that employees may not act in compliance with statutory provisions, such as antitrust regulations and anti-corruption legislation, and the Group faces the risk that penalties or liabilities may be imposed on the Group. As already reported in fiscal year 2012/2013, European and US antitrust authorities have initiated antitrust investigations regarding HELLA and some other companies in the lighting sector for motor vehicles, the outcome of which is still open. According to EU regulations, a fine of up to 10 % of HELLA Group's turnover for the fiscal year preceding the decision on imposing fines can be imposed for infringements of antitrust law. Fines and penalties imposed by the US authorities may be up to 20 % of the US sales affected by the cartel agreements. Moreover, third parties harmed by infringements of antitrust laws may assert claims for damages in both Europe and the US.

HELLA protects the technologies it has developed at great expense and effort by means of patents and other property rights, provided this makes strategic sense for the company. Compliance with these rights by competitors is constantly monitored and possible infringements are prosecuted accordingly. Apart from this, there is also the risk that HELLA itself might inadvertently infringe on the rights of third parties, since competitors, suppliers and customers also apply for a large number of property rights. The existence of effective property rights cannot always be clearly determined for certain processes, methods and applications. Consequently, HELLA might be subject to claims based on alleged infringement of property rights, which could result in the Group being liable to pay compensations, being forced to purchase additional licenses or even being required to suspend production or use of relevant technologies in certain countries. In order to avoid violating existing third-party property rights, HELLA systematically monitors new releases and lines these up with its own technology portfolio.

Despite the measures that have been taken, compliance risks are classified as high due to the high regulatory complexity with very dynamic changes.

→ Financial Risks

Financial risks arising from currency and interest fluctuations are managed within the framework of the Treasury corporate function in consultation with the Management Board. Selective use is made of derivative financial instruments in hedging transactions arising from operational business. HELLA uses derivative interest rate deals only for hedging purposes.

Exposure to currency fluctuations is limited first by sourcing materials locally within the respective currency and sales region. Currency risks are consolidated, assessed and managed centrally in order to optimize risk control and to achieve further hedging cost savings due to the counter movement of many positions. Hedging is done mainly through forward exchange contracts, matched to the currency flows expected on the basis of the corporate plan. HELLA uses the same strategy for hedging fluctuations in commodity prices.

The Group's liquidity position is adequately secured by long-term loans, euro bonds and long-term yen bonds. In March 2014 HELLA successfully placed a new three-and-a-half-year corporate bond of € 300 million, which adds to the seven-year bond of € 500 million placed in January 2013. Part of these amounts will be used for refinancing the remaining € 200 million of a bond from 2009 which will be reaching maturity in October 2014. Additionally, an unused syndicated credit line amounting to € 550 million, which matures in 2016, is available to the Group. All commitments in the financing agreements, which, in event of violation, could lead to extraordinary termination rights for the lender with potentially accelerated payment obligations, are continuously monitored. The corresponding financial figures form an integral part of Management Board reporting. The existing agreements provide enough tolerance even in the event of a sharp economic downturn.

Currently, financial risks are predominately classified as low. The influence of currency fluctuations is in the medium risk area.

→ Summary of Risk Position

The overall risk position has not changed significantly compared to the previous period. More than half of the risks addressed fall into the low category in terms of probability of occurrence and impact, approximately one third are classed as low impact but higher probability, and only few risks have a potentially high impact should they materialize. Therefore, the Group Management Board assumes that the overall risk position corresponds to its willingness to assume risks with the realization of its goals.

HELLA's Group Management Board is therefore unaware of any actual or potential developments that could threaten the functional capability of the company for the foreseeable future.

Forecast Report

Overall Economic and Industry-Specific Outlook

The world economic condition is expected to improve in 2014 and 2015 and, according to the forecast of the International Monetary Fund, should grow by around 3.6 % in 2014 and 3.9 % in 2015. This is based on the gradual recovery of advanced national economies in industrial countries and growing consumer confidence in the markets relevant to the global economy. Positive impulses are primarily expected in the USA and gradually for the Eurozone as well, even if the development there is expected to continue to progress in a heterogeneous manner. While a gradual recovery should begin, particularly in Central and Northern Europe, lack of ability to compete and absence of private consumption in many crisis countries in the Eurozone have an adverse effect. In Germany, the stimulation of the global economy should ensure an increase in exports and more investments by companies. Domestic demand should also continue to develop positively due to the good income growth. Deutsche Bundesbank expects a relatively strong economic growth in Germany of 1.9 % in 2014 and 2.0 % in 2015.

Growth should also continue in China, despite existing uncertainty. In various other emerging markets, the increasing demand from the revitalizing national economies will ensure growth. However, a lasting weak domestic demand is assumed in many cases due to the lack of basic structural reforms. These countries also remain subject to the risk of currency rate fluctuations and outflow of capital.

The global automotive market, according to an estimate from the German Association of the Automotive Industry (VDA - Verband der Automobilindustrie), is expected to increase by 4 % to approximately 76 million vehicles sold. Growth is expected for all the relevant markets, with the exception of Japan. China and the USA will continue to take the role as growth drivers in this regard. The USA will increase its share in the global automotive market to approximately 21 % with 16 million light vehicles. In China, approximately 19 million vehicles are expected to be sold in 2014, which corresponds to a growth of approximately 15 %. This will increase China's share in the global market to around 25 %. In 2014, the Western European market should record an increase in passenger car sales of around 4 % to around 12 million units after four years of decline. The first five months of the calendar year seem to reinforce the expectations accordingly. In China und Europe, the growth rates are even slightly higher than expected in the 2012/2013 Annual Report. India, Russia and Brazil are also projected to grow slightly in 2014. Using information from sources and its own estimates, the HELLA Management Board is assuming an additional increase in global automotive sales in 2015 in the middle single-digit percent range.

Company-Specific Outlook

Taking into account these basic conditions and expectations, we assume that the business activities of the HELLA Group will also continue to develop positively in the coming fiscal year 2014/2015. Three approaches of the HELLA strategy are to support this development. First, the continued expansion of the market position through technological leadership pursued by HELLA in line with the central megatrends of environment and energy efficiency, safety, style (LED) and comfort. Second, taking advantage of additional growth opportunities through global expansion, particularly in the growth markets of China and Mexico or NAFTA. Third, the continued increase of operating excellence in creating value in the global HELLA network. Furthermore, the balanced business model provides stability with the other two segments, Aftermarket and Special Applications, which do not follow the automotive cycle with high volatility even under economically difficult conditions.

Provided that there are no serious economic upheavals, including those due to political crises such as in Eastern Europe, the Middle East or in East Asia, the HELLA Group is aiming for growth in sales in the middle one-digit percent range in the fiscal year 2014/2015. This growth is to be achieved in all three business segments. The company is aiming toward continued growth for the fiscal year 2015/2016. This organic growth aimed for is based on high innovative strength, the high-performance product portfolio, the increased international location network and the resulting appeal of the HELLA company for customers. HELLA is also aiming to grow in the middle one-digit percent range for the operating result (EBIT) in the fiscal year 2014/2015. This increase being aimed for, along with the results in sales, is based on the continuation of operating improvements in all of the Group's business segments. For the fiscal year 2015/2016, the company is aiming toward the continued positive development of the operating result (EBIT) based on a positive development of sales. For the operating free cash flow, HELLA is aiming toward significant growth in the fiscal year 2014/2015. Here, along with the increased adjusted net income for the period, the reduction of investments in the expansion of the global network should also lead to improvement.

This development with additional profitable growth at a reduced cash intensity should be achieved while simultaneously continuing the Group's financial policy. Accordingly, for the coming fiscal years, the company is also continuing to aim for a solid rating evaluation in the investment grade area.

In view of the quality situation in the Group, HELLA is aiming toward continuous improvement and the associated reduction of the defect rate (ppm).

The forward-looking statements in this report are based on current assessments by HELLA's management. They are subject to risks and uncertainties which HELLA is not able to control or assess precisely, such as the future market environment and general economic conditions, actions by other market players and government measures. If one of these or any other uncertainty factors or vagaries should occur, or if the assumptions on which these statements are based turn out to be incorrect, the actual results may differ materially from the results explicitly specified or implicitly contained in these statements. HELLA does not intend to update any forward-looking statements to reflect events, developments or circumstances that become known after the date of publication of this report, nor in any way acknowledges any obligation to do so.

Events after the Balance Sheet Date

No events of special relevance other than those mentioned have taken place since the close of the fiscal year 2013/2014. In the first months of the new fiscal year, the Group's assets, financial position, and earnings have continued to develop positively.

Lippstadt, July 25, 2014

Dr. Jürgen Behrend Dr. Rolf Breidenbach

HELLA
CONSOLIDATED FINANCIAL STATEMENT 2013/2014

CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE INCOME STATEMENT

NOTES TO THE STATEMENT OF FINANCIAL POSITION

OTHER NOTES

CONSOLIDATED INCOME STATEMENT

of HELLA KGaA Hueck & Co.; June 1 to May 31, each

T€	Note	**2013/2014**	adjusted 2012/2013*	as reported 2012/2013
Sales	9	**5,343,327**	4,835,478	4,999,078
Cost of sales	10	**-3,866,380**	-3,557,638	-3,654,455
Gross profit		**1,476,947**	**1,277,840**	**1,344,623**
Research and development costs	11	**-513,545**	-443,803	-468,177
Distribution costs	12	**-435,361**	-412,370	-422,217
Administrative costs	13	**-197,421**	-182,707	-194,701
Other income and expenses	14	**-24,072**	33,946	35,621
Share of profit and-or loss of associates	28	**37,836**	29,186	15,078
Other income from investments		**2,131**	4,371	4,371
Income from securities and other loans		**7,395**	3,203	3,205
Other financial result	15	**-12,846**	-19,143	-19,181
Earnings before interest and tax on income (EBIT)		**341,064**	**290,523**	**298,622**
Interest income		**10,894**	8,032	8,222
Interest expenses	15	**-43,200**	-39,891	-40,605
Interest result		**-32,306**	**-31,859**	**-32,383**
Earnings before tax on income (EBT)		**308,758**	**258,664**	**266,239**
Taxes on income	16	**-79,176**	-53,111	-59,647
Earnings for the period		**229,582**	**205,553**	**206,592**
of which attributable:				
to the owners of the company		**222,888**	200,424	201,463
to the minority interests		**6,694**	5,129	5,129

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AND EXPENSES

(consideration after taxes)
of HELLA KGaA Hueck & Co.; June 1 to May 31, each

T€	2013/2014	adjusted 2012/2013*	as reported 2012/2013
Earnings for the period	**229,582**	**205,553**	**206,592**
Foreign currency translation differences for foreign operations	**-43,742**	963	963
Financial instruments on cash flow hedges	**4,909**	4,253	4,253
Realized changes in equity	**455**	-3,001	-3,001
Losses recognized in profit and loss	**4,454**	7,254	7,254
Change in fair value of financial instruments held for sale	**421**	3,195	3,195
Realized changes in equity	**13**	3,113	3,113
Losses recognized in profit and loss	**408**	82	82
Share of other comprehensive income attributable to associated companies and joint ventures	**-1,840**	42	-1,174
Items transferred into gain or loss	**-38,412**	**8,411**	**8,411**
Defined benefit plan actuarials gains and losses	**-975**	-6,050	-7,046
Share of other comprehensive income attributable to associated companies and joint ventures	**188**	-669	-548
Items never transferred into gain or loss	**-975**	**-6,050**	**-7,046**
Other comprehensive income for the period	**-39,387**	**2,361**	**1,365**
Total income for the period	**190,195**	**207,914**	**207,957**
of which attributable:			
to the owners of the company	**183,741**	202,819	202,862
to the minority interests	**6,454**	5,095	5,095

See also Note 29 for further information regarding the effects of taxes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of HELLA KGaA Hueck & Co.; as of May 31, each

T€	Note	May 31, 2014	adjusted May 31, 2013*	as reported May 31, 2013
Cash and cash equivalents	20	**637,226**	456,098	476,603
Financial assets	21	**354,982**	207,030	207,998
Trade receivables	22	**692,097**	645,972	657,063
Other receivables and non-financial assets	23	**117,630**	99,988	102,348
Inventories	24	**577,923**	554,375	580,178
Tax assets		**26,537**	23,032	23,290
Non-current assets held for sale	25	**5,942**	11,232	11,232
Current assets		**2,412,337**	**1,997,727**	**2,058,712**
Intangible assets	26	**189,928**	175,386	241,731
Tangible assets	27	**1,429,608**	1,289,082	1,323,612
Financial assets	21	**19,677**	19,759	20,141
Equity accounted investments	28	**239,516**	210,655	115,993
Deferred tax assets	29	**126,523**	122,633	123,912
Other non-current assets		**40,948**	37,175	37,435
Non-current assets		**2,046,200**	**1,854,690**	**1,862,824**
Assets		**4,458,537**	**3,852,417**	**3,921,536**
Financial liabilities	33	**296,412**	39,961	41,966
Trade payables	30	**573,533**	552,197	562,425
Tax liabilities		**45,943**	31,587	33,135
Other liabilities	31	**420,940**	405,181	429,105
Provisions	32	**108,733**	82,473	84,347
Current liabilities		**1,445,561**	**1,111,399**	**1,150,978**
Financial liabilities	33	**1,121,252**	1,037,843	1,057,914
Deferred tax liabilities	29	**69,006**	61,699	63,314
Other liabilities	31	**219,091**	179,593	184,701
Provisions	32	**261,566**	254,692	257,395
Non-current liabilities		**1,670,915**	**1,533,827**	**1,563,324**
Subscribed capital		**200,000**	200,000	200,000
Reserves and balance sheet results		**1,112,182**	978,941	978,984
Equity before minorities		**1,312,182**	1,178,941	1,178,984
Minority interests	3b	**29,879**	28,250	28,250
Equity	34	**1,342,061**	**1,207,191**	**1,207,234**
Equity and liabilities		**4,458,537**	**3,852,417**	**3,921,536**

CONSOLIDATED CASH FLOW STATEMENT

of HELLA KGaA Hueck & Co.; June 1 to May 31, each

	T€	Note	2013/2014	adjusted 2012/2013*	as reported 2012/2013
	Earnings before income tax		**308,758**	**258,664**	**266,239**
+	Depreciation		**309,073**	260,950	277,709
+/-	Change in provisions		**29,861**	-38,764	-40,954
+	Payments received for serial production		**130,949**	79,817	85,801
-	Non-cash sales from prior periods		**-79,336**	-57,215	-62,112
+/-	Other non-cash income/expenses		**-50,830**	-37,561	-17,179
+/-	Profit/Loss on sale of fixed assets		**-821**	79	95
+/-	Interest income		**32,306**	31,857	32,383
+/-	Change in trade receivables and other assets not attributable to investment or financing activities		**-65,053**	10,931	12,339
+/-	Decrease/Increase in inventories		**-59,144**	-37,694	-37,308
+/-	Change in trade payables and other liabilities not attributable to investment or financing activities		**52,877**	47,810	50,828
+	Interest received		**11,109**	7,692	7,860
-	Interest paid		**-43,943**	-39,445	-40,112
-	Taxes paid		**-80,097**	-92,686	-100,040
+	Tax refunds received		**14,626**	14,011	14,497
+	Dividends received		**24,634**	33,151	13,139
=	**Net cash flow from operating activities**		**534,969**	**441,597**	**463,185**
+	Payments received from sales of tangible assets		**12,097**	3,022	3,163
-	Payments made for the purchase of tangible assets		**-463,207**	-477,874	-488,700
+	Payments received from sales of intangible assets		**4,623**	2,397	7,004
-	Payments made for the purchase of intangible assets		**-52,554**	-33,956	-52,212
+	Payments received from settling loans given to associated or not consolidated companies		**220**	5,230	4,919
-	Payments for loans given to associated or not consolidated companies		**-5,475**	-4,442	-1,952
+	Payments received from the sale of investments		**0**	1,706	1,706
-	Payments made for the purchase of affiliates		**-125**	0	0
-	Change of capital in associated companies		**-640**	-13,375	-13,375
=	**Net cash flow from investment activities**		**-505,061**	**-517,292**	**-539,447**
-	Payments made for the repayment of financial liabilities		**-13,354**	-39,144	-61,876
+	Payments received from borrowing		**68,990**	5,644	33,356
-	Payments made for acquiring shares from non-controlling interests		**0**	-5,464	-5,464
+	Payments received from selling shares of not consolidated companies		**0**	885	885
+	Payments received from issuing a new bond		**298,398**	495,865	495,865
-	Payments made for re-purchasing parts of the bond emitted in 2009		**0**	-110,760	-110,760
+	Payments received from the sale of securities		**344,087**	0	0
-	Payments made for the purchase of securities		**-486,071**	-165,079	-165,079
-	Dividends paid	35	**-55,325**	-61,375	-61,375
=	**Cash flow from financing activities**		**156,725**	**120,572**	**125,552**
=	**Net change in cash**		**186,633**	**44,877**	**49,290**
+	Cash and cash equivalents at June 1		**456,098**	413,163	429,338
+/-	Effects of changes to the exchange rate on cash		**-5,505**	-1,942	-2,025
=	**Cash and cash equivalents at May 31**		**637,226**	**456,098**	**476,603**

See also Note 35 for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of HELLA KGaA Hueck & Co.; June 1 to May 31, each

as reported T€	Share capital	Capital Reserve	Reserve for exchange rate differences	Cash flow hedge reserve
At May 31, 2012	**200,000**	**0**	**8,925**	**-73,000**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	1,207	4,253
Total result for the period	**0**	**0**	**1,207**	**4,253**
Acquisition of non-controlling interests	0	0	-26	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**-26**	**0**
At May 31, 2013	**200,000**	**0**	**10,106**	**-68,747**

adjusted* T€	Share capital	Capital Reserve	Reserve for exchange rate differences	Cash flow hedge reserve
At May 31, 2012	**200,000**	**0**	**8,925**	**-73,000**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	1,207	4,253
Total result for the period	**0**	**0**	**1,207**	**4,253**
Acquisition of non-controlling interests	0	0	-26	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**-26**	**0**
At May 31, 2013	**200,000**	**0**	**10,106**	**-68,747**
Earnings for the period	0	0	0	0
Other comprehensive income for the period	0	0	-43,503	4,909
Total result for the period	**0**	**0**	**-43,503**	**4,909**
Acquisition of non-controlling interests	0	0	0	0
Equity addition and allocation and distribution to shareholders	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**
At May 31, 2014	**200,000**	**0**	**-33,397**	**-63,838**

See also Note 34 for further information.

Reserve for financial instruments held for sale	Actuarial gains and losses	Other retained earnings/profit carried forward	**Equity before minorities**	Minority interests	**Total equity**
846	**-41,059**	**931,103**	**1,026,815**	**38,422**	**1,065,237**
0	0	201,463	**201,463**	5,129	**206,592**
3,180	-7,241	0	**1,399**	-34	**1,365**
3,180	**-7,241**	**201,463**	**202,862**	**5,095**	**207,957**
0	2	4,831	**4,807**	-10,271	**-5,464**
0	0	-55,500	**-55,500**	-4,996	**-60,496**
0	**2**	**-50,669**	**-50,693**	**-15,267**	**-65,960**
4,026	**-48,298**	**1,081,897**	**1,178,984**	**28,250**	**1,207,234**

Reserve for financial instruments held for sale	Actuarial gains and losses	Other retained earnings/profit carried forward	**Equity before minorities**	Minority interests	**Total equity**
846	**-41,059**	**931,103**	**1,026,815**	**38,422**	**1,065,237**
0	0	200,424	**200,424**	5,129	**205,553**
3,180	-6,245	0	**2,395**	-34	**2,361**
3,180	**-6,245**	**200,424**	**202,819**	**5,095**	**207,914**
0	2	4,831	**4,807**	-10,271	**-5,464**
0	0	-55,500	**-55,500**	-4,996	**-60,496**
0	**2**	**-50,669**	**-50,693**	**-15,267**	**-65,960**
4,026	**-47,302**	**1,080,858**	**1,178,941**	**28,250**	**1,207,191**
0	0	222,888	**222,888**	6,694	**229,582**
421	-974	0	**-39,147**	-240	**-39,387**
421	**-974**	**222,888**	**183,741**	**6,454**	**190,195**
0	0	0	**0**	0	**0**
0	0	-50,500	**-50,500**	-4,825	**-55,325**
0	**0**	**-50,500**	**-50,500**	**-4,825**	**-55,325**
4,447	**-48,276**	**1,253,246**	**1,312,182**	**29,879**	**1,342,061**

1. BASIC INFORMATION

HELLA KGaA Hueck & Co. (“HELLA KGaA”) and its subsidiaries (collectively referred to as the “Group”) develop and manufacture lighting technology and electronics components and systems for the automotive industry. The Group also produces complete vehicle modules and air conditioning systems in joint venture undertakings. The Group’s production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA, and Asia, particularly Korea and China. In addition, HELLA has its own international sales network for vehicle accessories of all kinds.

The company is a Kapitalgesellschaft (stock corporation), which was founded and is based in Lippstadt, Germany. The address of the company’s registered office is Rixbecker Str. 75, Lippstadt.

The Consolidated Financial Statement of HELLA KGaA for fiscal year 2013/2014 (June 1, 2013 to May 31, 2014) was prepared in compliance with all binding IFRS and IAS standards for the period as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), as applicable in the EU. The Consolidated Financial Statement was supplemented by a Group status report and the additional explanations required by Section 315a of the German Commercial Code (HGB). The comparative values of the prior year were determined according to the same principles. The Consolidated Financial Statement is presented in euros (€). Amounts are stated in thousands of euros (T€).

The Consolidated Financial Statement was prepared using accounting and measurement methods that are applied consistently within the Group, based on amortized original purchase and production costs. Exceptions are assets that are held for sale and derivative financial instruments, and these are measured at fair value. The consolidated income statement was prepared according to the cost of sales method. The consolidated statement of financial position is broken down into current and non-current items. The amounts stated under current assets and liabilities mainly have a maturity of up to twelve months. Accordingly, non-current items mainly have a maturity of more than twelve months. In order to improve presentation clarity, items of the consolidated statement of financial position and consolidated income statement have been grouped together as far as appropriate and possible. These items are itemized and explained in the Notes to the Consolidated Financial Statement. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The Management Board approved the Consolidated Financial Statement for submission to the Supervisory Board on July 25, 2014. It is the responsibility of the Supervisory Board to review the Consolidated Financial Statement and state whether it approves it. The approval of the Consolidated Financial Statement by the Supervisory Board is scheduled for the regular Supervisory Board meeting to be held on August 27, 2014.

2. SCOPE OF CONSOLIDATION

In addition to HELLA KGaA Hueck & Co., the scope of consolidation covers all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA. Principal joint ventures are included in the consolidated financial statement according to the equity method.

Numbers	**May 31, 2014**	May 31, 2013
Fully consolidated companies	**102**	102
Proportionately consolidated companies	**0**	12[1]
Equity accounted companies	**48**	36

There were no significant new company foundations, acquisitions of shares in companies or sales of shares in fiscal year 2013/2014.

The main subsidiaries are presented in the following:

			equity share in %	
Company	**Site**	**City**	**2013/2014**	2012/2013
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	**100**	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	**100**	100
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	**100**	100
FTZ Autodele & Værktøj A/S	Denmark	Odense	**71.05**	71.05
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	**100**	100
HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kocovce	**100**	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	**100**	100
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	**100**	100
Changchun HELLA Automotive Lighting Ltd.	China	Changchun	**100**	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	**100**	100
HELLA Innenleuchten-Systeme GmbH	Germany	Wembach	**100**	100
INTER-TEAM Sp. z o.o.	Poland	Warschau	**50**	50
HELLA Electronics Corporation	USA	Plymouth	**100**	100
HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	**100**	100

A complete listing of ownership shares held by the Group can be found as an attachment to the Notes.

[1] As of fiscal year 2013/2014, companies that used to be proportionately consolidated are included in the consolidated financial statement at equity in accordance with IFRS 11. See Note 5c for explanations on IFRS 11.

3. PRINCIPLES OF CONSOLIDATION

If the balance sheet date of a subsidiary is not the same as that of HELLA KGaA, interim financial statements are prepared on May 31.

(a) Business combinations
Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued, and the liabilities arising or assumed on the transaction date. They also incorporate the fair values of recognized assets and liabilities arising from a contingent consideration. Costs relating to acquisition are recognized as expenses when they are incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value on the date of acquisition. Goodwill is recognized as the amount by which the cost of acquisition, the amount of the non-controlling shares in the acquired company already held on the acquisition date, and the equity components, measured at fair value, exceed the net assets measured at fair value. If this figure is negative, the difference is recognized immediately in the income statement after reassessment.

(b) Minority interests
In each case of company acquisition, the Group decides whether the non-controlling interest in the acquired company is to be measured at fair value or based on the shares in the net assets of the acquired company at the time of acquisition. Transactions from the purchase or sale of non-controlling interests that do not result in a loss of control are recorded as equity transactions. Any difference between the figure applied to adjust the book value of non-controlling interests to the current percentage interest and the paid or received consideration is recognized directly in equity.
Insofar as any binding purchase options for minority interests exist, these are recognized under financial liabilities on the basis of the agreed-upon price at the fair value, in each case. If the purchase option exists in conjunction with the purchase of a majority holding in the company concerned, the value of the purchase option will be recognized as part of the cost of acquisition.

(c) Subsidiaries
Subsidiaries are companies that are controlled by the Group. The Group controls a company if it is exposed to fluctuating returns from its participation in the company or has rights to returns and has the ability to influence these returns by means of its power of control over the company. The financial statements of subsidiaries are included in the consolidated financial statement as of when control over them commences and until control over them ends.

(d) Equity accounted investments
Equity accounted investments comprise shares in joint ventures and associated companies.

Joint ventures are joint arrangements whereby HELLA exercises joint control together with other partners and also has rights to the arrangement's equity. Associated companies are companies over which the Group exercises considerable influence, but no control, usually holding 20 % to 50 % of the voting rights. Shares in joint ventures and associated companies are accounted for by the equity method and are recorded at acquisition cost upon initial recognition.
The Group's share also includes the goodwill arising on acquisition (taking into account cumulative impairments). The Group's share in the profits and losses is recognized in the income statement from the acquisition date. The cumulative changes following acquisition are charged or credited to the book value of the investment. If losses have reduced the Group share to zero, additional losses are taken into account within this scope and considered debt to the extent that HELLA has entered into legal or actual obligations to settle these losses. Gains at a later period are taken into account only if the portion of gains covers the unrecognized loss.

Unrealized gains from transactions between Group companies and equity accounted investments are eliminated in accordance with the Group's share. Unrealized losses are also eliminated, unless the transaction indicates an impairment of the transferred asset. The accounting and measurement methods applied by joint ventures and associated companies have been modified where necessary, in order to ensure accounts are prepared consistently within the Group. Intra-Group transactions, balances, and unrealized profits or losses from intra-Group transactions are eliminated. However, unrealized losses are viewed as an indication that the transferred asset needs to be tested for impairment. The accounting and measurement methods applied by subsidiaries have been modified where necessary, in order to ensure accounts are prepared consistently within the Group.

4. CURRENCY TRANSLATION

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The items included in the financial statements of each of the Group companies are measured based on the currency of the main economic environment in which the company operates (functional currency). The Consolidated Financial Statement is prepared in euros, the functional and reporting currency of HELLA KGaA Hueck & Co.

TRANSACTIONS AND OUTSTANDING BALANCES

Foreign currency transactions are converted into the functional currency at the spot exchange rate applicable on the transaction date. Gains and losses from the settlement of such transactions, as well as from the conversion of monetary assets and liabilities held in foreign currencies at the spot exchange rate, are recognized in the income statement, unless they are to be recognized in equity as qualified cash flow hedges.

Changes in the fair value of monetary securities denominated in a foreign currency that are classified as available for sale are broken down into currency translation differences arising from changes in the amortized costs, which are recognized through profit and loss, and other changes in the book value, which are recognized with no impact on profit and loss.

Currency translation differences for non-monetary items of which the changes are recognized at fair value through profit and loss (e.g. equity instruments at fair value through profit and loss) are stated as part of the gain or loss from the measurement at fair value in the income statement. However, currency translation differences for non-monetary assets of which the changes are recognized at fair value in equity (e.g. equity instruments classified as available for sale) are stated in the revaluation surplus as part of the other reserves.

GROUP COMPANIES

The results and balance sheet items of all Group companies that have a functional currency other than the euro are treated as follows:

1. Assets and liabilities are converted into euros for each balance sheet date using the spot exchange rate.
2. Income and expenses are converted for each income statement using the average exchange rate (unless the use of the average rate does not give an appropriate approximation of the cumulative effect that would have been given by conversion at the exchange rates applicable on the transaction dates, in which case the actual exchange rate must be used).
3. All currency translation differences are recognized in equity as separate items within reserves for foreign exchange differences.

Upon consolidation, exchange differences resulting from the translation of net investments in economically autonomous foreign operations, financial liabilities, and other foreign currency instruments designated as hedges of such investments, are recognized in equity without effect on profit or loss. If a foreign business is sold, foreign exchange differences formerly recognized in equity with no impact on profit or loss are recognized in the income statement as part of the capital gains or losses. Goodwill arising from company acquisitions, and disclosed hidden reserves and liabilities that are recognized as adjustments to the book value of the assets and liabilities of the company concerned, are translated using the spot exchange rate on the reporting date, in the same way as assets and liabilities.

The exchange rates used to translate the main currencies for HELLA changed as follows:

	Average		Reporting date	
	2013/2014	2012/2013	**May 31, 2014**	May 31, 2013
€ 1 = US dollar	**1.3533**	1.2878	**1.3607**	1.3006
€ 1 = Pound sterling	**0.8386**	0.8210	**0.8131**	0.8537
€ 1 = Czech koruna	**26.7133**	25.3971	**27.4710**	25.7110
€ 1 = Japanese yen	**136.2803**	111.1073	**138.3600**	130.4700
€ 1 = Australian dollar	**1.4739**	1.2485	**1.4635**	1.3540
€ 1 = Chinese renminbi	**8.2952**	8.0654	**8.5025**	7.9789

5. CHANGES IN ACCOUNTING METHODS

With the exception of the following changes, the Group has consistently applied the accounting methods presented in Note 7 to all periods covered by this consolidated financial statement.

The Group has voluntarily applied or taken into account the following new or revised standards that have been adopted by the EU into European law, but are not yet binding, in fiscal year 2013/2014.

a. IFRS 10 – Consolidated Financial Statement
b. IAS 27 – "Separate Financial Statements"
c. IFRS 11 – Joint Arrangements
d. IAS 28 – Investments in Associates and Joint Ventures
e. IFRS 12 – Disclosure of Interests in Other Entities
f. IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance

The Group has applied or taken into account the following new or revised standards that have been adopted by the EU into European law and are mandatory for the first time.

g. IAS 1 – Presentation of items of other income
h. IAS 12 – Accounting of deferred taxes from real estate that is held as a financial investment and assessed at fair value
i. IAS 19 – Employee Benefits (revised in 2011)
j. IFRS 13 – Fair Value Measurement
k. IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
l. IFRIC 21 – Levies
m. Improvements to IFRS 2009 - 2011
n. Amendments to IFRS 1 – Government loans for first-time adopters
o. Amendments to IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters
p. IFRS 7 – Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
q. Summary of the quantitative effects

The nature and impact of the changes are explained in the following.

(a) IFRS 10 – Consolidated Financial Statements
IFRS 10 supersedes the control principles laid out in IAS 27 "Consolidated and Separate Financial Statements" and in SIC-12 "Consolidation – Special Purpose Entities". The term is comprehensively redefined. If one company controls another, the parent company has to consolidate the subsidiary. According to the new concept, control exists when the potential parent company has the power of decision based on voting rights or other rights over the potential subsidiary, participates in positive or negative variable return flows from the subsidiary, and can influence these return flows through its power of decision. This does not result in an impact of this standard on HELLA's consolidated financial statement

(b) Amendments to IAS 27 – "Separate Financial Statements"
As part of the passing of IFRS 10 – "Consolidated Financial Statements", the regulations for the control principle and the requirements for creating consolidated financial statements are removed from IAS 27 and then treated in IFRS 10 (see the remarks on IFRS 10). As a result, in the future IAS 27 includes only the regulations for the accounting of subsidiaries, joint ventures and associated companies in IFRS separate financial statements. This does not result in an impact of this standard on HELLA's consolidated financial statement.

(c) IFRS 11 – Joint Arrangements
IFRS 11 contains new principles for classifying and accounting for joint arrangements. The new standard stipulates that a distinction must be made between joint operations and joint ventures. The central criterion is the question of whether the partners have direct rights and obligations with respect to the assets and liabilities (joint operation) or only with respect to equity (joint venture). If these companies are run as a separate legal entity, they should in future as a rule be

classified as joint ventures, provided there are no contractual agreements which result in a different assignment of rights and obligations to assets and liabilities. One substantial effect of the new standard is the elimination of the option of proportionate consolidation for joint ventures. Proportionate consolidation only remains acceptable for what are called "joint operations". First-time adoption of the standard means that the Group's joint ventures, BHS and BHTC, which used to be proportionately consolidated, have been included at equity since fiscal year 2013/2014. Detailed comments can be found in Note 28. The quantitative effects on the Group are presented in (q).

(d) Amendments to IAS 28 – Investments in Associates and Joint Ventures

As part of passing IFRS 11 Joint Arrangements, adaptations were also made to IAS 28. This continues to regulate the application of the equity method. However, the scope has been considerably broadened by passing IFRS 11, since both ownership interests in associated companies and joint ventures (see IFRS 11) have to be assessed according to the equity method in the future.

Another change concerns accounting according to IFRS 5 if only part of a share in an associated company or a joint venture has been allotted for sale. IFRS 5 is to be used in part if only a share or part of a share in an associated company (or a joint venture) fulfills the criterion "Held for Sale".

(e) IFRS 12 – Disclosure of Interests in Other Entities

This standard regulates the disclosure obligations with respect to shares in other entities, which are accounted for in agreement with the two new standards IFRS 10, "Consolidated Financial Statements", and IFRS 11, "Joint Arrangements". The required disclosures are significantly more extensive compared to the disclosures that had to be made previously according to IAS 27, IAS 28 and IAS 31. The Group has accordingly extended its disclosures pursuant to IFRS 12 (see Note 2).

(f) Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance

The amendments contain a clarification and additional easements for the transition to IFRS 10, IFRS 11 and IFRS 12. Thus adapted comparative information is required only for the preceding comparative period. Beyond this, the obligation to disclose comparative information for periods prior to the first application of IFRS 12 is no longer required in connection with the disclosures for entities with a non-consolidated structure (structured entities). The Group has utilized the transition guidance, but has added comparative disclosures over 3 years in q).

(g) Amendments to IAS 1 – Presentation of items of other income

This revision changes the presentation of other income in the statement of recognized income and expenses. In the future, the items of other income which are reclassified later in the income statement ("recycling") are to be presented separately from the items of other income which are never reclassified. Insofar as the items are accounted for as gross, that is, without balancing with effects from deferred taxes, the deferred taxes are no longer to be accounted for in a sum, but instead are to be allocated to the two groups of items. The Group has classified the items in the statement of recognized income and expenses to reflect the change.

(h) IAS 12 – Accounting of deferred taxes from real estate that is held as a financial investment and assessed at fair value

The amendment to IAS 12 clarifies how existing temporary tax differences for real estate held as a financial investment are to be assessed. The deferred taxes are now to be assessed on the basis of the rebuttable presumption that the reversal occurs by sale. We do not anticipate any effect on the consolidated financial statement. The change does not have any impact on the Group.

(i) IAS 19 (revised in 2011) – Employee Benefits
To date IAS 19 has offered the right to choose the representation of the unanticipated fluctuations of the pension liabilities due to actuarial gains and losses in the financial statements. These can be accounted for either as (a) affecting net income in the income statement, (b) in other income (OCI), or (c) time-delayed according to what is called the corridor method. With the revision of IAS 19, this right to choose a more transparent and comparable representation has been eliminated, so that the only option permitted in the future is a direct and comprehensive recognition in other income. Moreover, past service cost is now to be recognized immediately in the gains and losses in the year in which they are incurred.

In addition, the anticipated income of the plan assets has been determined up to now at the beginning of the accounting period based on what the management anticipates concerning changes in values of the investment portfolio. The application of IAS 19 (revised 2011) means that only a defined return on plan assets to the amount of the current discount rate of pension liabilities is allowed at the beginning of the period.

Under the existing regulations, the anticipated administration costs for the plan assets have been included in calculating the expected and actual income from plan assets. Pursuant to the new regulations, the administration costs for the plan assets are to be recognized as part of the revaluation component in the other income, while the other administration costs are to be allocated to the operating gain at the time they are incurred. In this regard, there are no changes compared with the previous approach.

Since HELLA recognizes the actuarial gains and losses in the other income, there are no significant effects as a result of the new regulations under IAS 19 (revised in 2011).

Since, pursuant to the introduction of the net interest method, the anticipated interest income from the plan assets is to be calculated in a standardized way using the discount rate of the pension liabilities, transition to IAS 19 (revised in 2011) has an impact on profit and loss, as presented in (q). Since there are no significant effects on the opening statement of financial position for the comparative period, HELLA has dispensed with disclosing this.

(j) IFRS 13 – Fair Value Measurement
This standard regulates the measurement of the fair value to be attached. In the future, all fair value measurements required according to other standards have to follow the uniform specifications of IFRS 13. Only business transactions within the scope of IAS 17 “Leases”, IFRS 2 “Share-based Payment”, or other standards with sizes that are similar, yet are not congruent (for example, IAS 36 “Impairment of Assets”), do not find application in IFRS 13.

The fair value according to IFRS 13 is defined as the price that would be attained by selling an asset or the price that would have to be paid to transfer a liability (“exit price”). As is currently familiar from measurement of financial assets at fair value, a 3-level hierarchical system graded according to the degree to which market prices can be observed has been introduced. The new fair value measurement can lead to deviating values in relation to the regulations to date.

In compliance with the transitional regulations in IFRS 13, the Group has applied the new regulations on fair value measurement prospectively and has not disclosed a comparison with the previous year. Regardless of that, the change did not have any significant impact on measurement of the Group’s assets and liabilities.

(k) IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

This interpretation is intended to standardize accounting for stripping costs in surface mining. This has no impact on the Group.

(l) IFRIC 21 – Levies

This interpretation provides guidance on when to recognize a liability for payment of a public levy that does not constitute income tax. The interpretation also clarifies that the "obligating event" for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. Application of the interpretation does not have a significant impact on these or future consolidated financial statements.

(m) Improvements to IFRS 2009 - 2011

Amendments have been made to five standards as part of the annual improvement project. Adjustments to the wording of individual IFRSs have the purpose of clarifying the existing regulations. Furthermore, there are amendments that involve accounting changes with regard to presentation, recognition, measurement and information in notes. The IAS 1, IAS 16, IAS 32, IAS 34 and IFRS1 standards are affected. These amendments are first applicable for fiscal years starting on or after January 1, 2013. This does not result in an impact of this standard on HELLA's consolidated financial statements.

(n) Amendments to IFRS 1 – Government loans for first-time adopters

The amendment affects accounting for an IFRS first-time adopter for a government loan at an interest rate below the market rate. This has no impact on the consolidated financial statement.

(o) Amendments to IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters

This amendment replaces references to the date of "January 1, 2004" as a fixed conversion point used to date with "Point of transition to IFRS" and applies regulations for companies temporarily unable to comply with IFRS regulations due to their functional currency being subjected to hyperinflation. This has no impact on the Group.

(p) Amendments to IFRS 7 – Financial instruments: Disclosures – Offsetting financial assets and financial liabilities

The amendments to IFRS 7 concern additional disclosure obligations relating to the transfer of financial assets. This is intended to make the relationships between financial assets that do not require complete derecognizing and the corresponding financial liabilities more comprehensible. Furthermore, the intention is to enable the type and, in particular, the risks of continuing involvement to be evaluated better for derecognized financial assets. The amendments also require additional information if a disproportionately large number of transfers with continuing involvement occur, such as around the end of the reporting period. HELLA has accordingly expanded the disclosures on financial instruments.

(q) Summary of the quantitative effects

The table below summarizes the impact of first-time application of the new accounting regulations on the comparative period or comparative reporting dates:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T€	as reported May 31, 2013	IFRS 11	IAS 19	adjusted May 31, 2013*
Cash and cash equivalents	684,601	-21,473	0	663,128
Trade receivables	657,063	-11,091	0	645,972
Other receivables and non-financial assets	136,870	-2,618	0	134,252
Inventories	580,178	-25,803	0	554,375
Property, plant and equipment and intangible assets	1,565,343	-100,876	0	1,464,467
Equity accounted investments	115,993	94,662	0	210,655
Other non-current financial assets	181,488	-1,507	-413	179,568
Total assets	**3,921,536**	**-68,706**	**-413**	**3,852,417**
Current financial liabilities	41,966	-2,005	0	39,961
Trade payables	562,425	-10,228	0	552,197
Other current liabilities and accrued liabilities	462,240	-25,472	0	436,768
Financial debts (non-current)	1,057,914	-20,071	0	1,037,843
Other non-current liabilities	248,015	-6,734	11	241,292
Provisions	341,742	-4,620	43	337,165
Equity	1,207,234	424	-467	1,207,191
Equity & liabilities	**3,921,536**	**-68,706**	**-413**	**3,852,417**

CONSOLIDATED INCOME STATEMENT

T€	as reported 2012/2013	IFRS 11	IAS 19	adjusted 2012/2013*
Gross sales	4,999,078	-163,600	0	4,835,478
Cost of sales	-3,654,455	98,279	-1,462	-3,557,638
Gross profit	**1,344,623**	**-65,321**	**-1,462**	**1,277,840**
Research and development costs	-468,177	24,374	0	-443,803
Distribution costs	-422,217	9,847	0	-412,370
Administrative costs	-194,701	11,994	0	-182,707
Other income and expenses	35,621	-1,675	0	33,946
Result from equity-accounted investments	15,078	14,108	0	29,186
Other income from investments	4,371	0	0	4,371
Income from securities and other loans	3,205	-2	0	3,203
Other financial result	-19,181	38	0	-19,143
Earnings before interest and taxes	**298,622**	**-6,637**	**-1,462**	**290,523**
Interest income	8,222	-190	0	8,032
Interest expenses	-40,605	714	0	-39,891
Interest result	**-32,383**	**524**	**0**	**-31,859**
EBT	**266,239**	**-6,113**	**-1,462**	**258,664**
Tax expenses	-59,647	6,113	423	-53,111
Net result	**206,592**	**0**	**-1,039**	**205,553**

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

T€	as reported 2012/2013	IFRS 11	IAS 19	adjusted 2012/2013*
Earnings for the period	**206,592**	**0**	**-1,039**	**205,553**
Foreign currency translation differences for foreign operations	963	0	0	963
of which equity accounted investments				
Financial instruments on cash flow hedges	4,253	0	0	4,253
Realized changes in equity	-3,001	0	0	-3,001
Losses recognized in profit and loss	7,254	0	0	7,254
Change in fair value of financial instruments held for sale	3,195	0	0	3,195
Realized changes in equity	3,113	0	0	3,113
Losses recognized in profit and loss	82	0	0	82
Share of other comprehensive income attributable to associated companies and joint ventures	-1,174	0	0	42
Items transferred into gain or loss	**8,411**	**0**	**0**	**8,411**
Defined benefit plan actuarials gains and losses	-7,046	0	996	-6,050
Share of other comprehensive income attributable to associated companies and joint ventures	-548	0	0	-669
Items never transferred into gain or loss	**-7,046**	**0**	**996**	**-6,050**
Other comprehensive income for the period	**1,365**	**0**	**996**	**2,361**
Total income for the period	**207,957**	**0**	**-43**	**207,914**
of which attributable ...				
to the owners of the company	202,862	0	-43	202,819
to the minority interests	5,095	0	0	5,095

CONSOLIDATED CASH FLOW STATEMENT

	T€	as reported 2012/2013	IFRS 11	IAS 19	adjusted 2012/2013*
	Profit before tax	**266,239**	**-6,113**	**-1,462**	**258,664**
+	Depreciation	277,709	-16,759	0	260,950
+/-	Change in provisions	-40,954	2,190	0	-38,764
+/-	Other non-cash income/expenses	6,510	-22,931	1,462	-14,959
+/-	Profit/loss on sale of fixed assets	95	-16	0	79
+/-	Interest result	32,383	-526	0	31,857
+/-	Change in trade receivables and other assets not attributable to investment or financing activities	12,339	-1,408	0	10,931
+/-	Decrease/Increase in inventories	-37,308	-386	0	-37,694
+/-	Change in trade payables and other liabilities not attributable to investment or financing activities	50,828	-3,018	0	47,810
+	Interest received	7,860	-168	0	7,692
-	Interest paid	-40,112	667	0	-39,445
-	Taxes paid	-100,040	7,354	0	-92,686
+	Tax refunds	14,497	-486	0	14,011
+	Dividends received	13,139	20,012	0	33,151
=	**Total operating cash flows**	**463,185**	**-21,588**	**0**	**441,597**
+	Payments received from sales of tangible assets	3,163	-141	0	3,022
-	Payments made to purchase tangible assets	-488,700	10,826	0	-477,874
+	Payments received from sales of intangible assets	7,004	-4,607	0	2,397
-	Payments made to purchase intangible assets	-52,212	18,256	0	-33,956
+	Payments made to purchase of financial assets	4,919	311	0	5,230
-	Payments received from sale of financial assets	-1,952	-2,490	0	-4,442
+	Payments received from sales of subsidiaries	1,706	0	0	1,706
-	Change of capital in associated companies	-13,375	0	0	-13,375
=	**Total investing cash flows**	**-539,447**	**22,155**	**0**	**-517,292**
-	Payments made for the repayment of financial liabilities	-61,876	22,732	0	-39,144
+	Payments received from borrowing	33,356	-27,712	0	5,644
-	Payments made for acquiring shares from non-controlling interests	-5,464	0	0	-5,464
+	Payments received from selling shares of not consolidated companies	885	0	0	885
-	Payments made for the purchase of securities	-165,079	0	0	-165,079
+	Payments received from issuing a new bond	495,865	0	0	495,865
-	Payments made for re-purchasing parts of the bond emitted in 2009	-110,760	0	0	-110,760
-	Dividend paid	-61,375	0	0	-61,375
=	**Total financing cash flows**	**125,552**	**-4,980**	**0**	**120,572**
=	**Net increase (decrease) in cash and cash equivalents**	**49,290**	**-4,413**	**0**	**44,877**
+	Cash and cash equivalents at beginning of period	429,338	-16,175	0	413,163
+/-	Exchange rate effetcs on cash	-2,025	83	0	-1,942
=	**Cash and cash equivalents at end of period**	**476,603**	**-20,505**	**0**	**456,098**

The following presents the consolidated statement of financial position, the consolidated income statement and the consolidated cash flow statement that would have resulted if the new accounting standards had been applied in the preceding reporting periods or at the preceding reporting dates.

Due to the immaterial effects of the initial application of IAS 19R, only adjustments on the basis of IFRS 11 have been shown as of May 31st, 2012 and for the fiscal year 2011/2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T€	adjusted May 31, 2012*	adjusted May 31, 2013*	May 31, 2014
Cash and cash equivalents	413,164	456,098	637,226
Financial assets	43,672	207,030	354,982
Trade receivables	622,369	645,972	692,097
Other receivables and non-financial assets	99,510	99,988	117,630
Inventories	517,306	554,375	577,923
Tax assets	19,072	23,032	26,537
Non-current assets held for sale	0	11,232	5,942
Current assets	**1,715,093**	**1,997,727**	**2,412,337**
Intangible assets	172,716	175,386	189,928
Tangible assets	1,059,483	1,289,082	1,429,608
Financial assets	28,009	19,759	19,677
Equity accounted investments	188,620	210,655	239,516
Deferred tax assets	80,474	122,633	126,523
Other non-current assets	7,021	37,175	40,948
Non-current assets	**1,536,323**	**1,854,690**	**2,046,200**
Assets	**3,251,415**	**3,852,417**	**4,458,537**
Financial liabilities	77,430	39,961	296,412
Trade payables	499,279	552,197	573,533
Tax liabilities	50,575	31,587	45,943
Other liabilities	432,222	405,181	420,940
Provisions	121,430	82,473	108,733
Current liabilities	**1,180,936**	**1,111,399**	**1,445,561**
Financial liabilities	678,131	1,037,843	1,121,252
Deferred tax liabilities	23,909	61,699	69,006
Other liabilities	60,133	179,593	219,091
Provisions	243,069	254,692	261,566
Non-current liabilities	**1,005,242**	**1,533,827**	**1,670,915**
Subscribed capital	200,000	200,000	200,000
Reserves and balance sheet results	826,815	978,941	1,112,182
Equity before minorities	1,026,815	1,178,941	1,312,182
Minority interests	38,422	28,250	29,879
Equity	**1,065,237**	**1,207,191**	**1,342,061**
Equity and liabilities	**3,251,415**	**3,852,417**	**4,458,537**

CONSOLIDATED INCOME STATEMENT

T€	adjusted 2011/2012*	adjusted 2012/2013*	2013/2014
Gross sales	4,637,163	4,835,478	5,343,327
Cost of sales	-3,448,009	-3,557,638	-3,866,380
Gross profit	**1,189,154**	**1,277,840**	**1,476,947**
Research and development costs	-366,445	-443,803	-513,545
Distribution costs	-382,025	-412,370	-435,361
Administrative costs	-167,467	-182,707	-197,421
Other income and expenses	36,403	33,946	-24,072
Result from equity-accounted investments	37,286	29,186	37,836
Remaining income from investments	2,712	4,371	2,131
Earnings from securities and other loans	3,386	3,203	7,395
Other financial result	-13,991	-19,143	-12,846
Earnings before interest and taxes	**339,013**	**290,523**	**341,064**
Interest income	7,981	8,032	10,894
Interest expenses	-45,635	-39,891	-43,200
Interest result	**-37,654**	**-31,859**	**-32,306**
EBT	**301,359**	**258,664**	**308,758**
Tax expenses	-70,259	**-53,111**	-79,176
Earnings for the period	**231,100**	**205,553**	**229,582**

CONSOLIDATED CASH FLOW STATEMENT

	T€	adjusted 2011/2012*	adjusted 2012/2013*	2013/2014
	Profit before tax	**301,359**	**258,664**	**308,758**
+	Depreciation	254,496	260,950	309,073
+/-	Change in provisions	9,637	-38,764	29,861
+	Payments received for series production	69,412	79,817	130,949
-	Non-cash revenues received in previous periods	-45,230	-57,215	-79,336
+/-	Other non-cash income/expenses	-22,412	-37,561	-50,830
+/-	Profit/loss on sale of fixed assets	-7,241	79	-821
+/-	Interest result	37,649	31,857	32,306
+/-	Change in trade receivables and other assets not attributable to investment or financing activities	-23,293	10,931	-65,053
+/-	Decrease/Increase in inventories	-7,014	-37,694	-59,144
+/-	Change in trade payables and other liabilities not attributable to investment or financing activities	86,610	47,810	52,877
+	Interest received	3,155	7,692	11,109
-	Interest paid	-38,919	-39,445	-43,943
-	Taxes paid	-35,770	-92,686	-80,097
+	Tax refunds received	1,858	14,011	14,626
+	Dividends received	11,348	33,151	24,634
=	**Total operating cash flows**	**595,646**	**441,597**	**534,969**
+	Payments received from sales of tangible assets	36,989	3,022	12,097
-	Payments made to purchase tangible assets	-369,324	-477,874	-463,207
+	Payments received from sales of intangible assets	-3,766	2,397	4,623
-	Payments made to purchase intangible assets	-30,126	-33,956	-52,554
+	Repayment of loans from associates or unconsolidated companies	2,098	5,230	220
-	Payments received from sale of financial assets	-6,515	-4,442	-5,475
+	Payments received from sales of subsidiaries	2,458	1,706	0
-	Payments made for the acquisition of subsidiaries	-19,670	0	-125
-	Change of capital in associated companies	-13,910	-13,375	-640
=	**Total investing cash flows**	**-401,764**	**-517,292**	**-505,061**

	T€	adjusted 2011/2012*	adjusted 2012/2013*	2013/2014
-	Payments made for the repayment of financial liabilities	-64,077	-39,144	-13,354
+	Payments received from borrowing	24,030	5,644	68,990
-	Payments made for acquiring shares from non-controlling interests	-8,759	-5,464	0
+	Payments received from selling shares of not consolidated companies	0	885	0
+	Payments received from the sale of securities	20,168	0	344,087
-	Payments made for the purchase of securities	0	-165,079	-486,072
+	Payments received from issuing a new bond	0	495,865	298,398
-	Payments made for re-purchasing parts of the bond emitted in 2009	0	-110,760	0
-	Repayments of participation certificates	-1,077	0	0
-	Dividend paid	-40,018	-61,375	-55,324
=	**Total financing cash flows**	**-69,733**	**120,572**	**156,725**
=	**Net increase (decrease) in cash and cash equivalents**	**124,148**	**44,877**	**186,633**
+	Cash and cash equivalents at beginning of period	279,183	413,163	456,098
+/-	Exchange rate effetcs on cash	9,832	-1,942	-5,505
=	**Cash and cash equivalents at end of period**	**413,163**	**456,098**	**637,226**

6. NEW ACCOUNTING STANDARDS NOT YET APPLIED

Application of the following standards announced by the IASB up to May 31, 2014 and adopted by the European Union was not mandatory in HELLA's consolidated financial statement. HELLA intends to apply the standards in the consolidated financial statement for the fiscal year in which they are mandatory in accordance with the stipulations in the European Union. We currently do not anticipate any significant effects on the consolidated financial statement and its presentation when the standards are adopted for the first time.

a. IFRS 32 – Financial instruments: Presentation – Offsetting financial assets and financial liabilities
b. Improvements to IFRS 10 and 12 and IAS 27
c. Improvement to IAS 36 – Impairment of Assets
d. Improvement to IAS 39 – Financial Instruments: Recognition and Measurement

(a) Amendment to IAS 32 – Financial instruments: Presentation – Offsetting financial assets and financial liabilities
This supplement to IAS 32 clarifies the requirements for offsetting financial instruments. The supplement explains the meaning of the current legal right to offset and clarifies which methods with gross settlement can be viewed as net settlement within the scope of the standard. Along with these clarifications, the regulations for the notes in IFRS 7 have been expanded as well. This amendment is first applicable for fiscal years starting on or after January 1, 2014.

(b) Improvements to IFRS 10 and 12 and IAS 27
The changes include a definition of investment entities and exclude such entities from the scope of application of IFRS 10 – Consolidated Financial Statements.

According to the changes, investment entities do not consolidate the companies they control in their IFRS consolidated financial statement. This exception from the general principles should not be regarded as an option. Instead of full consolidation, they measure the investments held at fair value and recognize periodic fluctuations in value in profit or loss. The changes do not have effects on consolidated financial statements that comprise investment entities, unless the group's parent is itself an investment entity. The amendments are to be applied for the first time in fiscal years commencing on or after January 1, 2014.

(c) Improvement to IAS 36 – Impairment of Assets
Pursuant to a subsequent change under IFRS 13 – Fair Value Measurement, a new mandatory disclosure on the goodwill impairment test in accordance with IAS 36 has been introduced: It is necessary to state the recoverable amount of the cashgenerating units, irrespective of whether a value impairment has actually been recognized. Since this disclosure in the Notes was introduced inadvertently, it is repealed again with this amendment from May 2013.

However, this amendment specifies additional disclosures if a value impairment has been recognized and the recoverable amount has been calculated on the basis of a fair value. The amendments are to be applied for the first time in fiscal years commencing on or after January 1, 2014.

(d) Improvement to IAS 39 – Financial Instruments: Recognition and Measurement
As a result of this amendment, a derivative maintains its designation as a hedging instrument under hedge accounting even if it is novated to a central counterparty as the result of legal requirements, provided certain criteria are met.The amendments are to be applied for the first time in fiscal years commencing on or after January 1, 2014.

7. FINANCIAL REPORTING AND ACCOUNTING POLICIES

EARNINGS RECOGNITION

Sales include the fair value of the consideration received or to be received for the sale of goods and services in the normal course of business. Sales are stated excluding sales tax, returns, and after elimination of internal Group sales, but less discounts.

The Group recognizes sales when the amount of revenue can be reliably determined, it is sufficiently probable that the company will derive economic benefits, and the specific criteria set out below for each type of activity have been met. Revenues from the sale of goods are determined as soon as the material opportunities and risks relating to ownership of the goods, based on the rules of the respective contract, have been transferred to the customer. Where the sale of goods is concerned, this generally applies when the goods have been delivered. If, as part of series deliveries, advance payments are made for the series deliveries in addition to the unit price, these payments are reported as other liabilities, amortized over the duration of series production and recognized in sales.

Income from the provision of services is recognized in accordance with the contractual terms, provided the service has been rendered and expenses have arisen.
Interest income is recognized on a pro rata basis using the effective interest method.

Dividend income is recognized when the right to payment arises.

If the Group acts as the agent in a transaction rather than the principal, the recognized sales are the net amount for the commission earned by the Group.

TANGIBLE ASSETS

Tangible assets are valued at their original purchase/production cost less accumulated depreciation and accumulated impairment. Purchase/production cost comprises the expenses directly attributable to the acquisition.

Subsequent purchase/production cost, e.g. as a result of expansion or replacement investments, are only recognized as part of the purchase/production cost of the asset or – if applicable – as a separate asset if it is probable that the Group will derive future economic benefits from them and the costs of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent a material reinvestment are recognized as an expense in the income statement in the fiscal year in which they arise.

Tools manufactured by the Group for production purposes are capitalized at their manufacturing cost in accordance with IAS 16 and separately recorded in the statement of fixed assets as production equipment. Each part of a tangible asset with a purchase cost that represents a significant portion of the total value of the item is recognized and depreciated separately.
Land is not depreciated. All other assets are depreciated on a straightline basis, with the purchase/production cost or the fair value in each case depreciated to the net book value over the expected average useful life of the asset, as follows:

Buildings	25 years
Equipment and machines	8 years
Production equipment	3-5 years
Operating and office equipment	8 years

The net book values and useful economic lives are reviewed on each balance sheet date and adjusted as appropriate.

If the book value of a tangible asset exceeds its estimated recoverable amount, it is immediately written down to the estimated recoverable amount.

GOVERNMENT GRANTS

Government grants are recognized if it is reasonably certain that the associated conditions will be satisfied and the grants will actually be forthcoming. Grants for the purchase or production of fixed assets (assetrelated grants) are basically recognized as a reduction in the purchase or production cost of the assets in question, and lower future depreciation. Grants that are not awarded for non-current assets (success-related grants) are accounted for in the income statement, in the same functional area as the related expense items. They are recognized as profit or loss pro rata over the periods in which the expenses intended to be offset by the grants are incurred. Government grants awarded for future expenditure are reported as deferred income.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the amount by which the cost of acquiring a company exceeds the fair value of the Group's shares in the net assets of the acquired company and the sum of all minority interests at the time of acquisition. The goodwill arising from the acquisition of a company is recognized as an intangible asset. The goodwill resulting from the acquisition of an associated company is included in the book value of the investments in associated companies and is therefore not tested for impairment separately, but as part of the total book value. The stated goodwill is tested for impairment on an annual basis and valued at its original purchase cost less cumulative impairment. Reversals of impairment losses are not permitted. Gains and losses from the sale of a company include the book value of the goodwill allocated to the company being sold.

The goodwill is divided into cash-generating units for the purpose of the impairment test. The goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the merger giving rise to the goodwill.

Capitalized development costs

Costs related to development projects are recognized as intangible assets in accordance with IAS 38 if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined. Otherwise, the research and development costs are recognized through profit and loss. Advances or reimbursements from customers are recognized as reductions in the recorded development costs after collection; advances collected in the follow-up periods after the start of use are listed as "Disposal" in the consolidated fixed assets. Capitalized development costs are amortized on a straightline basis over their expected useful life starting when the product goes into commercial production. The assets are amortized on a straightline basis over an estimated useful life of 3 to 5 years.

Acquired intangible assets

Acquired intangible assets are recorded at acquisition costs. Intangible assets with a limited useful life are amortized on a straightline basis over their useful life of three to eight years.

IMPAIRMENT OF NON-MONETARY ASSETS

Assets with an indefinite useful life - primarily goodwill within the Group - are not depreciated or amortized, but are tested for impairment on an annual basis. Assets that are subject to depreciation or amortization are tested for impairment when a relevant event or change in circumstances indicates that the book value may no longer be recoverable.

An impairment loss is recognized in the amount by which the book value exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less sales costs or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest level for which cash flows are separately identifiable (so-called cash-generating units). The impairments and write-ups are recognized in the cost of sales. The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board planning covering a period of 3 years. With the exception of goodwill, non-monetary assets for which an impairment loss has been recognized in prior periods are reviewed at each reporting date to test whether the write-up needs to be reversed.

INVENTORIES

Inventories are recognized at the purchase/production cost or the net realizable value, which-ever is lower. The purchase costs are determined using the moving average method. The production costs of finished and unfinished goods include the costs of product development, raw materials and supplies, direct personnel costs, other direct costs, and the overheads attributable to production (based on normal plant capacity). The net realizable value is the estimated sales revenue achievable in the normal course of business less the required variable distribution costs and the expected cost up to completion.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, sight deposits, and other short-term highly liquid financial assets with an original maximum maturity of 3 months.

EQUITY

Limited partner shares are classified as equity. The various issuances of profit participation rights are recognized as liabilities.

Costs directly attributable to the issuance of new shares are recognized in equity after tax as a deduction from the issue proceeds.

TRADE PAYABLES

Trade payables are measured at their fair value when they first arise. They are subsequently measured at their amortized cost using the effective interest method.

CURRENT AND DEFERRED TAXES

The current tax expense is calculated according to the tax regulations applicable in the countries in which the subsidiaries and associated companies operate. In accordance with IAS 12, deferred taxes are recognized for any temporary differences between the tax basis of the assets/liabilities and their book values in the financial statements prepared in accordance with IFRS (temporary concept). Deferred taxes are also recognized for unused tax losses. Deferred taxes are measured on the basis of the tax rates (and tax regulations) that apply on the reporting date or have essentially been adopted in law and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are only recognized to the extent to which it is likely that a taxable profit will be available to offset the temporary differences in assets or unused losses. Deferred tax assets and deferred tax liabilities are netted out only if offsetting is legally permissible. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

EMPLOYEE BENEFITS

Pension liabilities

Pension provisions are calculated actuarially using the projected unit credit method, in accordance with IAS 19 (revised in 2011). Pension liabilities are, in principle, measured using the mortality tables valid as at May 31 of the relevant reporting year; in Germany, the calculations are based on the 2005 G mortality tables produced by Heubeck.

For funded pension plans, the pension liabilities calculated using the projected unit credit method are reduced by the amount of the fund assets. If the fund assets exceed the liabilities, the recognition of the assets is limited to the present value of future refunds from the plan or the reduction in future contributions.

Actuarial gains and losses arise from increases or decreases either in the present value of the defined benefit liabilities of the plan or in the fair value of the plan assets. Causes for this could include changes in the calculation parameters, differences between the estimated and actual risk exposure of the pension liabilities and returns from the fund assets, excluding amounts included in the net interest income and expenses. Actuarial gains and losses are recognized directly in equity (other income for the period) in the period in which they arise. The actuarial gains and losses in the period are presented in the statement of recognized income and expenses.

The service cost for pensions and similar liabilities is recognized as an expense in the operating result. The interest expense resulting from multiplication of the net provision by the discount rate is likewise recognized in the operating result within the respective functions.

Redundancy payments

Benefits arising from the termination of employment are paid if an employee is laid off by a Group company before normal retirement age. The Group pays severance if it is demonstrably obliged to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked, or if it is demonstrably obliged to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that become due more than 12 months after the balance sheet date are discounted to their present value.

Profit sharing and other bonuses

Liabilities and provisions are generated for bonus payments and profit sharing and recognized as an expense with the expected costs based on a valuation method. A provision is made in the Consolidated Financial Statement in cases where there is a contractual obligation or a de facto obligation based on past business practice.

PROVISIONS

Provisions are created if the Group has a present legal or constructive obligation resulting from a past event, and it is probable that the settlement of the obligation will result in an outflow of resources, and the amount of the provision could be reliably estimated.

If there are a large number of similar liabilities (as is the case for statutory guarantees), the likelihood of an outflow of resources is determined based on this group of liabilities. A provision is then recognized as a liability if there is a low probability of an outflow of resources related to a single liability within this group.

Provisions are measured at the present value of the expected expense, using a pretax rate that reflects the current market expectations regarding the time value of money and the risks specific to the liability. The increase in provisions resulting from the accrual is recognized in the income statement as an interest expense.

CONTINGENT LIABILITIES

Contingent liabilities are potential or existing liabilities toward third parties, for which an outflow of resources is unlikely or cannot be reliably determined. If no contingent liabilities were assumed as part of a company merger, these are not recognized in the statement of financial position. For sureties, the amount of the contingent liabilities stated in the notes corresponds to the extent of the liabilities existing on the balance sheet date.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset for one company and, at the same time, a financial liability or equity instrument for another. Financial instruments include financial assets and liabilities, and contractual entitlements and obligations relating to the exchange or transfer of financial assets. A differentiation is made between original and derivative financial instruments. Financial assets and liabilities are assigned to measurement categories, in accordance with IAS 39.

Financial assets
Financial assets are entered in the statement of financial position if the company is party to a contract concerning these assets. The purchase or sale of financial assets carried out under normal market conditions is recognized at the value as at the settlement date.

Financial assets with a residual term of more than one year are classified as long term. A write-off takes place as soon as the contractual right to payments from the financial assets expires or the financial assets are transferred, with all the significant risks and opportunities.

Financial instruments are assigned to the following four financial asset categories:

1. Financial assets at fair value through profit or loss (or “held for trading”)
2. Held-to-maturity investments
3. Loans and receivables
4. Available-for-sale financial assets

Financial assets at fair value through profit or loss
A financial asset measured at fair value through profit or loss is, in principle, recognized at its fair value initially and at fair value each time it is measured subsequently. The fair value option is not used.

Within the HELLA Group, this applies to financial instruments traded by Group companies and embedded derivatives. Contracts concluded for the purpose of receiving or supplying non-financial items for the Group's own business needs are not treated as derivatives, but as executory contracts. If such contracts include embedded derivatives that are required to be separated, these are accounted for separately from the executory contracts. The changes in the fair values of the embedded derivatives are recognized in the income statement.

Held-to-maturity investments
Financial assets held to maturity are, in principle, initially recognized at their fair value plus the transaction costs directly attributable to the acquisition. They are subsequently measured at their amortized cost using the effective interest method.

At the balance sheet date, the Group did not have any financial assets in the "held-to-maturity" category.

Loans and receivables
Loans and receivables are initially recognized at fair value plus the transaction costs directly attributable to the acquisition. They are subsequently measured at their amortized cost using the effective interest method.

If there are objective indications of the impairment of an asset's value, and the book value is greater than the value determined in the impairment test, the asset is written down through profit or loss. Objective indications for the impairment of an asset could be the deterioration of the credit quality of a debtor and the associated payment delays or imminent total inability to pay, for example. All value adjustments are carried out indirectly through an adjustment account. Within the HELLA Group, this measurement category largely consists of trade receivables and certain assets entered under other assets.

The accounting and measurement methods for the derivatives with a positive fair value entered under other assets are described separately in the section "Derivative financial instruments".

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that were designated as "available for sale" on first recognition and cannot be classified under one of the above categories. However, these assets were not acquired for the purpose of sale in the near future.

Non-current or current assets available for sale are recognized at their market value on the balance sheet date. The market price is used to determine the fair value of publicly traded financial assets. If there is no active market, the fair value is determined based on the most recent market transactions or using a valuation method, such as the discounted cash flow method.
First-time recognition is on the settlement date. Unrealized gains and losses are recognized in equity, taking into account deferred taxes, with no impact on profit or loss, and are only recognized in profit and loss when the assets are sold. If there are objective indications of the impairment of an asset's value, and the book value is greater than the value determined in the impairment test, the asset is written down through profit or loss.

Write-downs are made using adjustment accounts. In these cases, the receivables are grouped into portfolios, within which the reason for the write-down is identical in all cases, and clearly separated from other receivables.

Specific valuation allowances are recognized if and as soon as receivables are irrecoverable or it is probable that they cannot be recovered, and only if the amount of the value adjustment can be reliably determined. A value adjustment is required if objective indications of the imperilment of the value of the asset (receivable) exist, such as when a debtor is in the dunning process (long-term default of payment, application for legal debt recovery action, impending or actual insolvency and/or over-indebtedness). Receivables that do not bear interest or bear below-market interest rates and have an expected residual term of more than one year are discounted, and the discount subsequently amortized to interest income over the term.

The other investments included in the financial assets belong to the “available-for-sale” category without exception and are measured at cost, since their market value cannot be reliably determined. The shares and bonds stated under securities are recognized at their market value.

FINANCIAL LIABILITIES

During the fiscal year under review, the HELLA Group had no original financial liabilities measured at fair value through profit and loss or categorized as such. The accounting and measurement methods for the derivative financial liabilities measured at market value entered under other liabilities are described separately in the section “Derivative financial instruments”.

All other original financial liabilities in the HELLA Group are allocated to the “other liabilities at amortized cost” measurement category. On first recognition, original financial liabilities are measured at fair value taking into account transaction costs. They are subsequently measured at their amortized cost using the effective interest method.
If an outflow of resources is expected after more than one year, these liabilities are classified as long term. Liabilities are written off if the contractual obligations are settled, reversed, or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The HELLA Group uses derivative financial instruments to hedge financial risks. Derivative financial instruments are recognized on the date of contract conclusion, irrespective of their purpose, and measured at fair value both initially and subsequently. The derivatives are measured based on current market data that can be observed using appropriate valuation methods. Forward exchange deals and commodity futures transactions are measured on a case-by-case basis at the respective forward rate or price on the balance sheet date. The forward rates or prices are based on the spot rates and prices, allowing for forward premiums and discounts. The fair values of instruments to hedge against interest rate risks are obtained by discounting the future cash inflows and outflows. Market interest rates are used for discounting and applied over the residual term of the instruments. The present value is calculated at the balance sheet date for each single interest rate, currency and interest rate/currency swap transaction. The counterparty’s creditworthiness is usually included in the assessment on the basis of market data that can be observed.

Depending on whether the derivatives have a positive or negative market value, they are entered under other financial assets or other financial liabilities.

The recognition of changes in fair value depends on the accounting treatment applied. In principle, all derivative financial instruments are allocated to the “held for trading” measurement category. Changes in the fair value of assets held in this category are recognized immediately through profit and loss.

In individual cases, selected hedging positions are presented as cash flow hedges in the statement of financial position, in accordance with hedge accounting regulations. This means that the effective part of the value adjustment is recognized in equity with no impact on profit or loss, while the ineffective part is recognized in the income statement. The part of the adjustment initially recognized in equity is booked to profit and loss as soon as the hedged transaction is recognized in the income statement.

BORROWING COSTS

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction, or manufacture of a so-called qualifying asset and can therefore be considered part of the purchase/production cost of the asset concerned. All other borrowing costs are recognized as expenses in the income statement of the period in which they arise.

In fiscal year 2013/2014, as in the previous year, borrowing costs that were directly attributable to the acquisition, construction or manufacture of a qualifying asset did not arise. For this reason, borrowing costs were recognized directly as expenditure within the period.

LEASING AGREEMENTS

A lease is an agreement in which the lessor grants the lessee the right to use an asset for a specified period in return for a payment or series of payments. HELLA does not act as a lessor.

Operating leasing agreements
Leases where the lessor retains a significant proportion of the risks and opportunities associated with ownership of the leased asset are classified as operating leases. Payments made in connection with an operating lease are recognized in the income statement on a straightline basis over the duration of the lease.

Finance leasing agreements
Leases for tangible assets under which the Group bears the significant risks and enjoys the benefits associated with ownership of the leased item are classified as finance leases. Assets under finance leases are capitalized at the start of the lease arrangement at the lower of the fair value of the leased item and the present value of the minimum lease payment. A lease liability in the same amount is recognized under liabilities.

Each lease installment is split into an interest component and a redemption payment component, so that interest is applied consistently to the lease liability. The interest component of the lease installment is recognized as an expense in the income statement. The tangible asset held under a finance lease is depreciated over the shorter of the two following periods: the asset’s economic useful life or the term of the lease.

Dividend distributions
Shareholder claims to dividend distributions are recognized as a liability in the period in which the corresponding resolution is adopted.

8. DISCRETIONARY DECISIONS AND MANAGEMENT ESTIMATES

The preparation of the consolidated financial statement in accordance with IFRS requires estimates and assumptions to be made. In addition, the application of company-wide accounting and measurement methods requires the management to make judgments.

All estimates and assessments are reviewed on a continual basis and are based on past experience and other factors, including expectations concerning future events that appear reasonable given the circumstances.

DISCRETIONARY DECISIONS AND CRITICAL ESTIMATES IN THE ACCOUNTS

The Group makes assessments and assumptions concerning the future. Naturally, the resulting estimates only very rarely correspond exactly to the actual, subsequent circumstances. The estimates and assumptions that engender a significant risk in the form of a material adjustment to the book value of assets and liabilities in the following fiscal year are discussed below.

ESTIMATED GOODWILL IMPAIRMENT

In accordance with the described accounting and measurement principles, the Group tests goodwill for impairment on an annual basis. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. Assumptions need to be made for these calculations to be carried out (see also Note 26).

ESTIMATED IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group tests intangible and tangible assets for impairment as soon as an indication of impairment arises in a specific case (triggering event). An impairment loss is recognized by comparing the book value with the estimated recoverable value. The most important estimates concern the definition of the useful lives of the individual tangible and intangible assets, the recoverability of fixed assets, and particularly the cash flow forecasts and discount rates used in this context (see also Note 27). The underlying planning is based on experience, as well as expectations regarding future market developments, particularly the recognized sales volume.

INCOME TAXES

The Group is required to pay income tax in a number of countries. Significant assumptions therefore need to be made to determine the global income tax provision. There are many transactions and calculations for which the final tax amount cannot be definitively determined during the normal course of business. The Group measures the amount of the provisions for the expected tax inspections based on estimates of whether and to what extent income taxes will be payable. If the final tax amount for these transactions differs from the amount initially assumed, this is recognized in the actual and deferred taxes in the period when the tax amount is definitively determined (see Note 16).

FAIR VALUE OF DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments not traded on an active market (e.g. derivatives traded over-the-counter) is determined using appropriate measurement techniques selected from a large number of methods. The assumptions used for this are predominantly based on the prevailing market conditions on the balance sheet date. In order to determine the fair value of the many assets available for sale that are not traded on an active market, the Group uses present value methods (see Note 37).

CRITICAL ASSESSMENTS CONCERNING THE USE OF ACCOUNTING AND MEASUREMENT METHODS

The Group complies with the provisions of IAS 39 to determine the impairment of assets available for sale. This decision requires an extensive assessment to be made. As part of this assessment, among other factors, the Group appraises the duration and extent of the difference between the fair value of an investment and its acquisition cost, as well as the financial position and shortterm business prospects of the company in which the investment was made, taking into account factors such as industry and sector developments (see Note 27).

9. SALES

Sales in the 2013/2014 fiscal year amounted to T€ 5,343,327 (previous year: T€ 4,835,478). The sales are fully attributable to the sale of goods and services.

The sales can be classified as follows:

T€	**2013/2014**	adjusted 2012/2013*
Income from the sale of goods	**5,220,705**	4,717,156
Income from the provision of services	**122,622**	118,322
Sales total	**5,343,327**	**4,835,478**

Sales shown by direct regional markets:

T€	**2013/2014**	adjusted 2012/2013*
Germany	**2,125,042**	1,788,333
Eastern Europe	**409,401**	358,301
Rest of Europe	**1,182,752**	1,129,779
North and South America	**745,126**	731,660
Asia/Pacific	**848,574**	796,681
Other	**32,432**	30,724
Consolidated sales	**5,343,327**	**4,835,478**

See also Note 29 for further information on sales.

10. COST OF SALES

In the fiscal year T€ 3,866,380 (previous year: T€ 3,557,638) was recognized as expense under the cost of sales.

Apart from directly attributable material and production costs, the costs of sales also comprise foreign exchange gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets.

Foreign exchange gains in the period under review amounted to T€ 71,289 (previous year: T€ 100,284), foreign exchange losses to T€ 75,149 (previous year: T€ 96,245). Gains from the disposal of fixed assets amounted to T€ 2,557 (previous year: T€ 399), losses from the disposal of fixed assets to T€ 1,736 (previous year T€ 478).

T€	**2013/2014**	adjusted 2012/2013*
Cost of sales	**-3,866,380**	**-3,557,638**
Cost of materials	**-2,768,189**	-2,522,692
Personnel expenses	**-617,752**	-601,640
Depreciation and amortization	**-133,605**	-113,751
Other	**-346,834**	-319,554

11. RESEARCH AND DEVELOPMENT COSTS

The research and development costs include expenses for future sales and mainly consist of personnel and material costs. The reported expenditure in the fiscal year was T€ 513,545 (previous year: T€ 443,803).

12. DISTRIBUTION COSTS

The distribution costs include all costs arising after production that are nonetheless directly attributable to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. The classification as distribution costs is carried out at Group level as well as within individual companies.

T€	2013/2014	adjusted 2012/2013*
Distribution costs	**-435,361**	**-412,370**
Cost of materials	**-5,118**	-5,816
Personnel expenses	**-205,309**	-201,170
Depreciation and amortization	**-10,350**	-9,109
Other	**-214,584**	-196,275

13. ADMINISTRATIVE COSTS

The administrative costs recognized cover all central functions that are not directly related to production, research and development, or distribution. These essentially consist of the financial, personnel, IT, and similar departments.

14. OTHER INCOME AND EXPENSES

Other income amounted to T€ 30,440 in fiscal year 2013/2014 (previous year: T€ 41,007). This also includes government grants amounting to T€ 3,970 (previous year: T€ 5,999), release of provisions of T€ 2,837 (previous year: T€ 14,580) and insurance reimbursements of T€ 424 (T€ 1,398).

The other expenses totaling T€ 54,511 (previous year: T€ 7,061) comprise goodwill impairments of T€ 591 (previous year: T€ 1,758) (see Note 26).

The voluntary severance and partial retirement program launched in June 2013 resulted in total costs of T€ 52,403 in the reporting period. This cost is reported in the other expenses outside the functional areas; in addition, this item is not allocated to any segment.

15. FINANCIAL RESULT

The other financial result comprises income of T€ 18,738 (previous year: T€ 18,513) and expenses of T€ 31,585 (previous year: T€ 37,656). Foreign exchange gains of T€ 18,522 (previous year: T€ 17,885) and corresponding losses of T€ 24,102 (previous year: T€ 18,238) resulting from financial transactions are reported in the other financial result.

The sum total of the financing expenses (interest expenses plus other financial expenses) is as follows:

T€	**2013/2014**	adjusted 2012/2013*
Interest expense	**43,200**	39,891
Other financial expenses	**31,585**	37,656
Financial expenses	**74,785**	**77,547**

16. INCOME TAXES

T€	2013/2014	adjusted 2012/2013*
Actual income taxes	-78,731	-55,690
Deferred taxes	-445	2,579
Total income taxes	**-79,176**	**-53,111**

Of actual income taxes, T€ -3,832 was attributable to previous years (previous year: T€ -113).

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal position, in the individual countries at the probable time of realization. For German companies, the prevailing corporate income tax rate of 15 % plus municipal trade tax and the solidarity surcharge results in a tax rate of 30 %. The tax rates outside Germany range from 10 % to 39.94 %.

The difference between the actual income tax expense and the expected tax expense is shown below. A tax rate of 30 % (prior year 30 %) is taken as a basis.

T€	2013/2014	adjusted 2012/2013*
Earnings before income tax	**308,758**	258,664
Expected tax expense	**-92,627**	**-78,038**
Utilization of previously uncapitalized loss-carryforwards	**2,522**	0
Reversal of previously unrecognized temporary differences	**675**	877
Unrealizable deferred taxes	**-18,099**	-6,583
Subsequent recognition of deferred taxes	**18,407**	9,556
Deferred tax from outside basis differences	**-6,202**	-700
Tax effect of changes in tax rates and laws	**-925**	939
Tax-free income effects	**5,981**	5,859
Equity-accounted associated companies	**13,801**	8,981
Tax effect of non-deductible operating expenses	**-7,246**	-9,062
Tax effect for prior years	**-3,832**	3,834
Non-deductible foreign withholding tax	**-1,691**	-5,735
Change in tax rate	**7,661**	14,665
Other	**2,399**	2,294
Effective tax expense	**-79,176**	**-53,111**

Of the subsequently deferred tax assets, T€ 7,499 is attributable to loss carryforwards in the USA. A better positioning in this region and successful restructuring measures brought about an improvement in the earnings of the companies there, meaning that this item is likely to be used.

17. PERSONNEL EXPENSES

The average number of employees in the HELLA Group in fiscal year 2013/2014 was 29,560 (previous year: 27,697). The staff numbers are stated in terms of the number of individual employees.

Number	2013/2014	adjusted 2012/2013*	adjusted 2011/2012*
Direct employees	**8,085**	7,760	18,011
Indirect employees	**21,475**	19,937	7,877
Total	**29,560**	**27,697**	**25,888**

Direct employees are directly involved in the manufacturing process, while indirect employees are mainly employed in the areas of quality, research and development, and administration and distribution. There were 430 apprentices during the fiscal year (previous year: 457).

In addition to the above employees, an average of 1,760 (previous year: 1,601) employees out of the average of 2,732 (previous year: 2,592) employees of the non-consolidated sub-sidiary avitea GmbH work and more, Lippstadt, were deployed as temporary workers at the HELLA Group in fiscal 2013/2014.

Average number of HELLA Group employees by region.

T€	2013/2014	adjusted 2012/2013*	adjusted 2011/2012*
Germany	**9,989**	10,237	9,973
Rest of Europe	**10,641**	9,624	8,948
North and South America	**3,490**	3,177	2,767
Asia/Pacific/RoW	**5,440**	4,659	4,200
Permanent employees worldwide	**29,560**	**27,697**	**25,888**

The personnel expenditure breaks down as follows:

T€	2013/2014	2012/2013	2011/2012
Wages and salaries	**1,030,127**	929,575	879,647
Social security and pension contributions	**256,305**	229,833	202,520
Total	**1,286,432**	**1,159,408**	**1,082,167**

18. APPROPRIATION OF EARNINGS

The Management Board will propose to the Annual General Meeting of HELLA KGaA Hueck & Co. that a dividend of € 1,11 per share be distributed from the net profit for fiscal year 2013/2014, with the remainder of the net profit carried forward.

The proposed dividend represents a distribution of T€ 55,500.

19. SEGMENT REPORTING

External segment reporting is based on internal reporting (management approach). Segment reporting solely presents the financial information used by the company's decision makers for the internal management of the company and to make decisions regarding the allocation of resources and measurement of profitability.

The Lighting and Electronics business divisions are reported together in the Automotive segment. These two business divisions have the same management and serve a similar customer base worldwide. Consequently, both segments are subject to broadly similar economic cycles and market developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automobile manufacturers and other tier 1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, signal lamps, interior lamps, and lighting electronics. The Electronics business division focuses on the segments body electronics, energy management, and driver assistance systems and components (e.g. sensors and actuators). The Automotive segment develops, produces and sells vehicle solutions, and develops and brings to market technological innovations. The margins achieved by the segment are largely dependent on the technology used, and to a lesser extent on customers, regions, and products.

The Aftermarket business segment is responsible for the trade in automotive parts and accessories, and the wholesale business. The trade product portfolio includes service parts for the lighting, electrics, electronics, and thermal management segments. In addition, the automotive parts and accessories businesses and garages receive sales support through a modern, rapid information and ordering system, as well as the highly skilled technical department. The Aftermarket segment only makes limited use of the Automotive segment's resources, and largely produces its independently developed items in its own plants.

The Special Applications segment includes the Special OE and Industries business divisions. This includes original equipment for special vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles, and trailers, as well as completely vehicle-independent applications such as lighting technology in public and commercial infrastructure. Its technological competence is closely linked to Automotive business, which means that the application range in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

The Aftermarket and Automotive segments together generated sales of T€ 745,640 (previous year: T€ 791,606) with just one customer in the reporting year, constituting over 10 % of consolidated sales.

All other Group segments are currently of lower significance in economic terms and are therefore not segmented further. Functions for Group financing are the important aspect here. Operating earnings before interest and taxes (EBIT) is the key measure used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement methods as the Consolidated Financial Statement. Special items that cannot be included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation tables.

The segment information for fiscal years 2013/2014, 2012/2013 and 2011/2012 is as follows:

	Automotive			Aftermarket			Special Applications		
T€	**2013/2014**	adjusted 2012/2013*	adjusted 2011/2012*	**2013/2014**	adjusted 2012/2013*	adjusted 2011/2012*	**2013/2014**	adjusted 2012/2013*	adjusted 2011/2012*
Gross sales	**3,924,386**	3,436,353	3,316,579	**1,076,211**	1,059,081	1,007,781	**342,730**	340,044	312,803
Inter-segment sales	**314,288**	306,539	336,974	**67,380**	69,613	102,948	**3,318**	4,197	9,877
Cost of sales	**-3,267,606**	-2,951,149	-2,899,166	**-760,905**	-758,670	-755,463	**-222,855**	-234,100	-229,494
Gross profit	**971,068**	**791,743**	**754,386**	**382,686**	**370,024**	**355,266**	**123,193**	**110,141**	**93,186**
Research and development costs	**-477,924**	-408,406	-345,854	**-15,712**	-12,236	-13,220	**-19,909**	-23,160	-7,370
Distribution costs	**-86,406**	-80,391	-70,542	**-284,356**	-275,623	-256,913	**-64,599**	-57,046	-54,567
Administrative costs	**-153,402**	-139,772	-127,965	**-27,928**	-25,361	-23,737	**-16,091**	-18,013	-14,994
Other income and expenses	**-5,166**	25,129	8,306	**17,620**	13,412	7,988	**5,466**	755	5,616
Result from equity-accounted investments	**32,270**	24,715	30,417	**5,562**	4,467	6,870	**0**	0	0
Earnings before interest and taxes	**290,772**	**213,018**	**248,749**	**77,872**	**74,683**	**76,254**	**28,060**	**12,677**	**21,871**
Additions to non-current assets	**385,905**	385,977	313,521	**25,558**	29,974	38,350	**18,507**	21,314	4,092

Due to the fact that first-time adoption of IAS 19R had no significant impact, only the adjustments pursuant to application of IFRS 11 have been presented for fiscal year 2011/2012.

The sales for the 2013/2014 fiscal year are as follows:

T€	Automotive	Aftermarket	Special Applications
Income from the sale of goods	3,810,950	1,073,935	335,820
Income from the provision of services	113,436	2,276	6,910

Sales reconciliation:

T€	2013/2014	adjusted 2012/2013*	adjusted 2011/2012*
Total sales of the reporting segments	**5,728,313**	**5,215,827**	**5,086,962**
Elimination of intercompany sales	**-384,986**	-380,349	-449,799
Consolidated sales	**5,343,327**	**4,835,478**	**4,637,163**

Reconciliation of the segment results and the consolidated result:

T€	2013/2014	adjusted 2012/2013*	adjusted 2011/2012*
EBIT of the reporting segments	**396,704**	**300,378**	**346,874**
EBIT other divisions	**-3,237**	-4,460	-7,861
Net unallocated income	**-52,403**	-5,395	0
Consolidated EBIT	**341,064**	**290,523**	**339,013**
Net interest income	**-32,306**	-31,859	-37,654
Consolidated EBT	**308,758**	**258,664**	**301,359**

Non-current assets by region

T€	**2013/2014**	adjusted 2012/2013*	adjusted 2011/2012*
Germany	**932,301**	917,607	807,155
Eastern Europe	**509,210**	434,471	344,961
Rest of Europe	**83,686**	80,871	84,563
North and South America	**169,454**	125,900	72,543
Asia/Pacific	**348,670**	292,941	224,252
Other	**2,879**	2,900	2,848
Consolidated non-current assets	**2,046,200**	**1,854,690**	**1,536,323**

20. CASH AND CASH EQUIVALENTS

The cash and cash equivalent items consist of cash and bank balances and checks.

21. FINANCIAL ASSETS

		May 31, 2014		adjusted May 31, 2013*
T€	**Non-current**	**Current**	Non-current	Current
Securities	**479**	**287,445**	390	205,505
Other investments	**11,067**	**0**	11,648	0
Loans	**8,115**	**5,867**	7,650	1,030
Other financial assets	**16**	**61,670**	71	495
Total	**19,677**	**354,982**	**19,759**	**207,030**

22. TRADE RECEIVABLES

On the balance sheet date there were receivables due from associated, non-consolidated affiliated companies and companies with distribution of ownership amounting to T€ 40,470 (previous year: T€ 44,399). Non-current receivables amounting to T€ 34,200 (previous year: T€ 33,480) are included in the other non-current assets.

T€	2013/2014	adjusted 2012/2013*
Trade receivables	**40,470**	**44,399**
with associated companies	**3,384**	12,821
with investments	**33,669**	30,971
with affiliated companies not included in the Consolidated Financial Statements	**3,417**	607

23. OTHER RECEIVABLES AND CURRENT NON-FINANCIAL ASSETS

T€	May 31, 2014	adjusted May 31, 2013*
Other current assets	**21,673**	34,412
Positive fair value of interest hedges	**0**	94
Insurance receivables	**4,277**	8,616
Positive fair value of currency hedges	**4,789**	2,304
Subtotal other financial assets	**30,739**	**45,426**
Advance payments	**10,355**	4,867
Accrued items	**22,148**	15,321
Receivables for partial retirement	**2,809**	2,248
Advance payments to employees	**1,652**	842
Other tax receivables	**49,927**	31,284
Total	**117,630**	**99,988**

24. INVENTORIES

Inventories break down as follows:

T€	**May 31, 2014**	adjusted May 31, 2013*
Raw materials and supplies	**163,976**	170,428
Unfinished goods	**179,239**	148,274
Finished goods	**82,627**	75,881
Merchandise	**174,242**	159,491
Other	**2,159**	2,933
Gross inventories	**602,242**	**557,006**
Payments received	**-24,319**	-2,631
Total inventories	**577,923**	**554,375**

The book values of the inventories recognized at fair value less cost of sales amounted to T€ 112,835 (previous year: T€ 111,136).

Impairments amounting to T€ 12,898 were reversed in the past fiscal year (previous year: T€ 10,143) as the value adjusted inventories were sold at higher values. Impairments and write-ups on inventory assets are recognized in the cost of sales.

T€ 10,259 (previous year: T€ 29,710 thousand) were recognized in the income statement in the reporting year.

The following total inventory impairments were recognized:

T€	**2013/2014**	adjusted 2012/2013*
Raw materials and supplies	**16,193**	16,493
Unfinished goods	**3,735**	5,648
Finished goods	**3,055**	3,942
Merchandise	**9,644**	9,183
Total	**32,626**	**35,266**

Inventory purchase/production costs amounting to T€ 2,539,262 (previous year: T€ 2,612,334) were recognized as expenses in the reporting period, as well as changes in inventory of T€ 24,789 (previous year: T€ 7,317).

25. NON-CURRENT ASSETS HELD FOR SALE

This item primarily lists properties and buildings for shut down production sites assigned to the Automotive segment. Hella expects these properties and buildings to be sold within one year. No additional impairments affecting profit and loss took place during the fiscal year.

26. INTANGIBLE ASSETS

T€	Capitalized development costs	Goodwill	Acquired intangible assets	Total
Acquisition or manufacturing costs				
At June 1, 2012	**239,062**	**83,701**	**130,049**	**452,812**
Currency translation	-538	-243	330	-451
Additions	22,417	0	11,540	33,957
Disposals	-2,358	0	-2,489	-4,847
Transfers	0	0	0	0
At May 31, 2013	**258,583**	**83,458**	**139,430**	**481,471**
Accumulated depreciation				
At June 1, 2012	**152,282**	**17,071**	**110,744**	**280,097**
Change in consolidated group	0	0	0	0
Currency translation	-476	-44	-143	-663
Additions	16,223	0	8,985	25,208
Disposals	-499	0	-2,435	-2,934
Impairment	2,619	1,758	0	4,377
Reversals	0	0	0	0
Transfers	0	0	0	0
At May 31, 2013	**170,149**	**18,785**	**117,151**	**306,085**
Carrying amounts May 31, 2013	**88,434**	**64,673**	**22,279**	**175,386**

T€	Capitalized development costs	Goodwill	Acquired intangible assets	Total
Acquisition or manufacturing costs				
At June 1, 2013	**258,583**	**83,458**	**139,430**	**481,471**
Change in consolidated group	0	0	0	0
Currency translation	-2,455	-1,250	-638	-4,343
Additions	35,457	0	14,569	50,026
Disposals	-4,549	0	-2,075	-6,624
Transfers	-2	0	2	0
At May 31, 2014	**287,034**	**82,208**	**151,288**	**520,530**
Accumulated depreciation				
At June 1, 2013	**170,149**	**18,785**	**117,151**	**306,085**
Change in consolidated group	0	0	0	0
Currency translation	-1,863	-166	-286	-2,315
Additions	19,508	0	9,076	28,586
Disposals	-298	0	-2,045	-2,343
Impairment	0	591	0	591
Reversals	0	0	0	0
Transfers	0	0	0	0
At May 31, 2014	**187,496**	**19,210**	**123,896**	**330,602**
Carrying amounts May 31, 2014	**99,538**	**62,998**	**27,392**	**189,928**

The amortization charged on capitalized development costs is recognized in the research and development expenditure and is applied in the Automotive segment. All capitalized development costs were incurred by internal developments.

Intangible assets include book values of T€ 389 (previous year: T€ 587) relating to finance leases. These act as security for the liabilities under finance leases.

Goodwill

Goodwill breaks down into business segments as follows:

T€	**May 31, 2014**	adjusted May 31, 2013*
Automotive	**15,534**	16,476
Aftermarket	**47,185**	47,918
Special Applications	**279**	279
Total	**62,998**	**64,673**

Goodwill impairment testing in the HELLA Group is based on the CGUs in the operative segments. A cash generating unit does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flows, and are, hence, the smallest reporting units. A CGU can either be a legal entity or - insofar as a legal entity operates in different segments - a segmented business division of this legal entity or a subgroup.

If it is determined that the recoverable amount of a cash-generating unit is lower than the book value, an impairment loss is recognized. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board planning covering a period of 3 years. This planning is based on experience, as well as expectations regarding future market developments.

The discount rates applied in the measurement are determined on the basis of market data. As in the previous year, consistent growth rates were used to extrapolate cash flows after the detailed planning phase. The growth rates were calculated by an external specialist and do not exceed the non-current growth rates for the sector or the region where the CGUs are active.

	Discount rates		Discount rates	
	May 31, 2014	May 31, 2013	**May 31, 2014**	May 31, 2013
Automotive	**7.23 % bis 16.81 %**	8.73 % bis 20.33 %	**bis 3 %**	bis 3 %
Aftermarket	**7.23 % bis 16.37 %**	8.73 % bis 17.27 %	**bis 3 %**	bis 3 %

The risk-free rate applied is 1.57 % (previous year: 1.31 %) and the market risk premium (incl. country risk) ranges between 4.50 % and 7.80 % (previous year: between 5.50 % and 9.10 %). The inflation spread applied ranged between 0.0 % and 5.35 % (previous year: between 0.0 % and 7.50 %).

The goodwill impairment tests conducted by HELLA KGaA on May 31, 2014 indicated an impairment loss of T€ 591. This was recognized in the other income and expenses of the Aftermarket segment (see Note 14).

In addition to impairment testing, two sensitivity analyses were carried out for each group of cash-generating units. The most significant sensitivity indicators for the impairment test are the discount rate and long-term growth rates. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Aftermarket and Automotive segments.

The following impairments (-) and write-ups (+) would result:

Automotive segment	Change in T€	Change in T€
Change	WACC	long-term growth rate
-1 %-point	0	0
+1 %-point	-1,040	0

Segment Aftermarket	Change in T€	Change in T€
Change	WACC	long-term growth rate
-1 %-point	0	-1,244
+1 %-point	-6,852	0

27. TANGIBLE ASSETS

T€	Land and buildings	Technical equipment and machines	Product-linked operating equipment	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
At June 1, 2012	**557,846**	**1,548,556**	**801,215**	**363,458**	**175,658**	**3,446,733**
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-916	-887	-76	-1,136	143	-2,872
Additions	35,986	110,066	38,095	37,351	256,503	478,001
Disposals	-5,114	-34,108	-10,313	-17,798	-1,239	-68,572
Transfers	12,958	44,420	96,877	9,730	-163,985	0
Reclassification as assets held for sales	-20,229	-1,773		-224		-22,226
At May 31, 2013	**580,531**	**1,666,274**	**925,798**	**391,381**	**267,080**	**3,831,064**
Accumulated depreciation						
At June 1, 2012	**288,262**	**1,127,495**	**696,062**	**274,905**	**526**	**2,387,250**
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-904	-944	520	-1,040	10	-2,358
Additions	16,960	129,833	52,740	28,617	59	228,209
Disposals	-4,594	-32,608	-9,546	-17,014	0	-63,762
Impairments	0	3,637	0	0	0	3,637
Transfers	260	-48,861	47,343	1,342	-84	0
Reclassification as assets held for sales	-9,512	-1,284		-198		-10,994
At May 31, 2013	**290,472**	**1,177,268**	**787,119**	**286,612**	**511**	**2,541,981**
Carrying amounts May 31, 2013	**290,059**	**489,006**	**138,679**	**104,769**	**266,569**	**1,289,082**

T€	Land and buildings	Technical equipment and machines	Product-linked operating equipment	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
At June 1, 2013	**580,531**	**1,666,274**	**925,798**	**391,381**	**267,080**	**3,831,064**
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-9,412	-28,466	0	-5,810	-6,983	-50,671
Additions	34,161	117,248	44,933	40,056	209,113	445,511
Disposals	-5,394	-37,296	-20,060	-16,614	-890	-80,253
Transfers	72,607	98,928	60,809	12,786	-245,130	0
Reclassification as assets held for sales	0	-81	-27	-182	0	-291
At May 31, 2014	**672,493**	**1,816,607**	**1,011,453**	**421,618**	**223,190**	**4,145,358**
Accumulated depreciation						
At June 1, 2013	**290,472**	**1,177,268**	**787,119**	**286,612**	**511**	**2,541,982**
Changes in consolidated group	0	0	0	0	0	0
Currency translation	-3,146	-17,036	0	-3,854	-3	-24,039
Additions	20,103	150,925	67,720	33,278	0	272,026
Disposals	-4,236	-34,583	-19,797	-15,476	-53	-74,145
Impairments	0	0	0	0	0	0
Reversals	0	0	0	0	0	0
Transfers	-3	166	-126	-28	-9	0
Reclassification as assets held for sales	0	-10	-14	-48	0	-72
At May 31, 2014	**303,190**	**1,276,730**	**834,902**	**300,484**	**446**	**2,715,752**
Carrying amounts May 31, 2014	**369,303**	**539,877**	**176,551**	**121,134**	**222,745**	**1,429,609**

Restrictions on the powers of disposition over tangible assets exist in the form of mortgages, liens and assignments to the amount of T€ 3,266 (previous year: T€ 5,572).

Tangible assets include carrying amounts of T€ 7,744 (previous year: T€ 13,289) relating to finance leases.

Impairments are recognized in the cost of sales.

28. EQUITY ACCOUNTED INVESTMENTS

The following table presents the assets and liabilities that were grouped at their at-equity book value as of June 1, 2012:

T€	June 1, 2012
Bookvalue associated companies as reported	**86,578**
Cash and cash equivalents	14,644
Trade receivables	24,673
Other receivables and non-financial assets	2,897
Inventories	26,087
Property, plant and equipment and intangible assets	94,260
Other non-current assets	3,515
Current financial liabilities	-14,270
Trade payables	-13,042
Other current liabilities and accrued liabilities	-20,349
Non-current financial liabilities	-1,081
Other non current liabilities	-8,618
Provisions	-6,673
Net assets from formerly quoted companies	**102,043**
Bookvalue associated companies adjusted	**188,621**

See Note 3d for more information on the equity accounted companies.

The following presents the Group's main joint ventures. The summarized financial information represents the IFRS financial statements of the joint ventures that were the basis for the at-equity measurement in the Group.

BHTC

Behr-Hella Thermocontrol Gruppe (BHTC), which consists of six companies which are controlled and reported together by Behr-Hella Thermocontrol GmbH in Germany, develops, pro-duces and distributes air-conditioning control devices for the automotive industry. BHTC focuses on assembling of printed circuit boards and the assembly of operating units, blower regulators and electronic control units for electric heater boosters.

	May 31, 2014	May 31, 2013
Equity capital share in %	**50**	**50**
T€		
Cash	**38.775**	37.050
Other short term assets	**80.906**	72.275
Long term assets	**178.284**	152.708
Total assets	**297.965**	**262.033**
Short term financial liabilities	**0**	256
Other short term liabilities	**96.172**	88.162
Long term financial liabilities	**57.637**	39.801
Other long term liabilites	**27.044**	23.237
Total liabilities	**180.853**	**151.456**
Net assets (100 %)	**117.112**	**110.577**
Share of HELLA	**58.556**	**55.288**
Sales	**329.960**	314.564
Depreciation and amortisation	**-30.748**	-32.924
Interest income	**312**	285
Interest expenses	**-1.580**	-1.339
Income tax expenses	**-9.849**	-5.584
Earnings before interest and tax on income (EBIT)	**26.650**	**18.480**
Earnings for the period	**15.533**	12.896
Other comprehensive income for the period	**-1.997**	-1.585
Total comprehensive income	**13.536**	**11.311**
Share of profit for the reporting period	**6.768**	**5.655**
Dividends received	**3.500**	**4.000**

BHS

Behr Hella Service (BHS), which consists of five companies which are controlled and reported together by Behr Hella Service GmbH in Germany, trades worldwide in spare parts and accessories in the fields of the air-conditioning and cooling of vehicles in the independent aftermarket.

	May 31, 2014	May 31, 2013
Equity capital share in %	**50**	**50**
T€		
Cash	**35,243**	3,960
Other short term assets	**54,293**	51,115
Long term assets	**42,473**	43,222
Total assets	**132,009**	**98,297**
Short term financial liabilities	**110**	3,587
Other short term liabilities	**12,852**	29,785
Long term financial liabilities	**40,000**	0
Other long term liabilites	**351**	169
Total liabilities	**53,313**	**33,541**
Net assets (100 %)	**78,696**	**64,756**
Share of HELLA	**39,348**	**32,378**
Sales	**127,070**	125,634
Depreciation and amortisation	**-569**	-589
Interest income	**126**	95
Interest expenses	**-259**	-167
Income tax expenses	**-5,402**	-6,593
Earnings before interest and tax on income (EBIT)	**20,070**	**21,986**
Earnings for the period	**14,535**	15,320
Other comprehensive income for the period	**-595**	-1,107
Total comprehensive income	**13,940**	**14,213**
Share of profit for the reporting period	**6,970**	7,107
Dividends received	**7,953**	**4,559**

HBPO

HBPO, which consists of 21 companies which are controlled and reported together by HBPO Beteiligungsgesellschaft mbH in Germany, operates worldwide in the fields of development, production planning, quality management, assembly and distribution of frontend modules.

	May 31, 2014	May 31, 2013
Equity capital share in %	**33**	**33**
T€		
Cash	**68,608**	61,220
Other short term assets	**177,064**	166,102
Long term assets	**74,945**	64,261
Total assets	**320,617**	**291,583**
Short term financial liabilities	**0**	0
Other short term liabilities	**230,590**	227,452
Long term financial liabilities	**0**	0
Other long term liabilites	**6,784**	8,542
Total liabilities	**237,374**	**235,994**
Net assets (100 %)	**83,243**	**55,589**
Share of HELLA	**27,747**	**18,529**
Sales	**1,306,856**	1,202,401
Depreciation and amortisation	**-13,294**	-14,223
Interest income	**237**	1,014
Interest expenses	**-26**	-687
Income tax expenses	**-14,211**	-11,195
Earnings before interest and tax on income (EBIT)	**40,519**	**33,466**
Earnings for the period	**28,267**	24,237
Other comprehensive income for the period	**-612**	-9
Total comprehensive income	**27,655**	**24,228**
Share of profit for the reporting period	**9,217**	8,075
Dividends received	**7,000**	**0**

The Group also has shares in further joint ventures and associated companies which are also accounted for by the equity method.

The financial information for these joint ventures and the other associated companies is as follows:

T€	**May 31, 2014**	May 31, 2013
Amounts of these joint ventures and other associated companies on a 100 % basis		
Net assets	**93,701**	90,096
Sales	**719,041**	503,894
Earnings before interest and tax on income (EBIT)	**57,527**	35,940
Group's total share of:		
Sales	**357,425**	250,489
Earnings before interest and tax on income (EBIT)	**28,581**	**17,261**
Income of the period	**21,310**	6,999
Other comprehensive income	**-2,852**	-767
Total comprehensive income	**18,458**	**6,232**

The share of losses not recognized for the above associated companies is T€ 825 (previous year: T€ 0).

The financial information for all joint ventures and all associated companies is as follows:

T€	**May 31, 2014**	May 31, 2013
Amounts of all joint ventures and all other associated companies on a 100 % basis	**372,752**	321,019
Net assets		
Sales	**2,482,927**	2,146,493
Earnings before interest and tax on income (EBIT)	**144,766**	109,871
Group's total share of:		
Sales	**1,021,554**	871,384
Earnings before interest and tax on income (EBIT)	**65,447**	**48,649**
Income of the period	**45,766**	29,186
Other comprehensive income	**-4,352**	-2,116
Total comprehensive income	**41,414**	**27,070**

29. DEFERRED TAX ASSETS/LIABILITIES

The deferred tax assets amounting to T€ 126,523 (previous year: T€ 122,633) and deferred tax liabilities amounting to T€ 69,006 (previous year: T€ 61,699) mainly relate to differences compared to the tax accounting. Before offsetting and valuation adjustments, the current portion of the deferred tax assets and liabilities amounts to T€ 85,653 and T€ -48,931, respectively (previous year: T€ 90,307 and T€ -47,189).

The deferred tax assets and liabilities break down as follows:

		May 31, 2014		adjusted May 31, 2013*
T€	Assets	Liabilities	Assets	Liabilities
Intangible assets	**5,011**	**25,403**	1,771	22,564
Tangible assets	**47,724**	**56,743**	40,428	53,299
Financial assets	**948**	**100**	2,586	107
Other non-current assets	**17**	**9,810**	93	9,198
Receivables	**7,954**	**824**	15,987	7,773
Inventories	**13,566**	**10,191**	8,089	607
Other current assets	**7,824**	**7,301**	5,815	5,516
Financial liabilities (non-current)	**15**	**3,683**	17	2,197
Provisions for pensions and similar obligations	**45,194**	**116**	40,592	879
Other provisions (non-current)	**7,082**	**877**	11,201	746
Other non-current liabilities	**2,352**	**1,653**	4,931	3,408
Trade payables	**1,020**	**5,464**	600	11,418
Other liabilities and deferred debts	**44,450**	**24,273**	51,727	16,088
Other current liabilities	**10,839**	**878**	8,089	5,788
Subtotal	**193,997**	**147,316**	**191,928**	**139,587**
Valuation allowance on deferred tax from temporary differences	**-10,628**	**0**	-7,335	0
Total	**183,369**	**147,316**	**184,593**	**139,587**
Loss carryforwards	**95,712**	**0**	93,022	0
Valuation allowance on deferred tax from loss carryforwards	**-74,248**	**0**	-77,094	0
Netting	**-78,310**	**-78,310**	-77,888	-77,888
Total	**126,523**	**69,006**	**122,633**	**61,699**

It is sufficiently certain that the loss carry-forwards for which deferred tax assets are recognized will be realized. The amount of the loss carry-forwards for which no deferred tax assets are recognized was T€ 247,995 as at May 31, 2014 (previous year: T€ 236,467). Future offsetting against taxable profits is unlikely. Of this amount, T€ 64,702 will mature in the next 5 years, and T€ 183,293 subsequently. Tax assets arising from temporary differences for which no deferred tax assets were recognized amounted to T€ 10,628 at May 31, 2014.

Deferred taxes that were recognized in the other income in the period:

	Before taxes	Tax yield/ (Tax expenses)	after taxes
Financial instruments for cash flow hedging	**6,459**	-1,550	4,909
Available for sale financial instruments	**488**	-68	421
Actuarial gains and losses	**-1,295**	321	-975
Amendment of the current value to be attached	**5,652**	**-1,297**	**4,355**

30. TRADE PAYABLES

In the past fiscal year, there were liabilities to associated, non-consolidated affiliated companies and companies with distribution of ownership amounting to T€ 33,915 (previous year: T€ 31,203).

T€	2013/2014	adjusted 2012/2013*
Trade payables	**33,915**	**31,203**
with associated companies	**3,475**	8,225
with investments	**25,958**	16,228
with affiliated companies not included in the Consolidated Financial Statements	**4,482**	6,750

31. OTHER LIABILITIES

	May 31, 2014		adjusted May 31, 2013*	
T€	**Non-current**	**Current**	Non-current	Current
Derivatives	**112,849**	**277**	110,428	0
Other financial liabilities	**316**	**118,741**	1,117	130,551
Subtotal other financial liabilities	**113,165**	**119,018**	**111,545**	**130,551**
Other taxes	**0**	**32,368**	0	30,566
Accrued personnel	**0**	**127,531**	0	99,964
Payments received	**3,186**	**59,417**	3,248	52,362
Deferred revenue	**102,740**	**82,606**	64,800	91,738
Total	**219,091**	**420,940**	**179,593**	**405,181**

The stated down payments received largely relate to services not yet rendered in full. The other financial liabilities primarily include liabilities from outstanding invoices or credits (T€ 80,262).

32. PROVISIONS

The main components of provisions are presented below:

				adjusted
		May 31, 2014		May 31, 2013*
T€	**Non-current**	**Current**	Non-current	Current
Provisions for pensions	**196,859**	**158**	179,931	155
Other provisions	**64,707**	**108,575**	74,761	82,318
Total	**261,566**	**108,733**	**254,692**	**82,473**

PENSION PROVISIONS

The HELLA Group provides pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability, and survivors' pensions. In addition, one company has a pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through deferred compensation.

The companies remain liable for fulfillment of the pension entitlements assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and trust assets will be included on a net basis in the consolidated statement of financial position.

In Great Britain and Ireland there exists a defined benefit pension scheme that is closed to newcomers to the company. The same is true for the old-age pension provision in the Dutch company, which also has a defined benefit arrangement. The benefits of both of these schemes are calculated based on length of service and salary and are paid out when retirement age is reached or in the event of disability or death. The Dutch scheme also allows for employee contributions. The various plans offered by the Norwegian company also provide pension payments. However, the benefits under the employer-funded plan are calculated taking into account statutory pension provision. The old-age pension is supplemented by an additional employee-funded plan.

In addition to these systems, whose benefits are paid on an annuity basis, employees of the companies in Mexico, Korea, India and the Philippines receive benefits in the form of a single outright payment. The amount of the respective defined benefit promises is determined based on salary and number of years' service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Bosnia, Slovenia, and France receive a one-off lump sum on retirement based on their salary. In Italy and Turkey, a lump sum is paid out at the end of the working relationship, irrespective of the reason for the relationship ending.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia, and Mexico, as well as many European and Asian companies, employees receive company pension benefits in the form of defined contribution plans. In the USA there are also liabilities for healthcare benefits for active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the transition to the balance sheet amounts are presented below:

T€	May 31, 2014	adjusted May 31, 2013*
Defined Benefit Obligation (DBO) at fiscal year-end	**334,222**	320,062
Fair value of plan assets at fiscal year-end	**-138,933**	-141,362
Amount not recognized in assets due to asset ceiling	**1,528**	1,340
Recognized amount	**196,817**	**180,040**

The amounts carried are composed of the following balance sheet items:

T€	May 31, 2014	adjusted May 31, 2013*
Assets from covered pension plans	**-200**	-45
Pension provisions	**197.017**	180.085
Sum of the individual amounts	**196.817**	**180.040**

Asset cover for the pension liability was as follows:

	May 31, 2014		adjusted May 31, 2013*	
T€	**Defined benefit obligation**	**Plan assets**	Defined benefit obligation	Plan assets
Without asset coverage	**191,276**	**0**	173,037	0
At least partial asset coverage	**142,946**	**138,933**	147,025	141,362
Total	**334,222**	**138,933**	**320,062**	**141,362**

Change in present value of defined benefits:

T€	May 31, 2014	adjusted May 31, 2013*
Defined Benefit Obligation (DBO) at start of fiscal year	**320,062**	**296,678**
Current service costs	**7,532**	7,009
Past service cost	**5,794**	0
Expense (+) / income (-) plan settlements	**-164**	-13
Interest expense	**8,908**	9,731
Actuarial gains (-) / losses (+) due to changes in demographical assumptions	**273**	0
Actuarial gains (-) / losses (+) due to changes in financial assumptions	**2,919**	16,692
Actuarial gains (-) / losses (+) due to changes in experience-based assumptions	**543**	272
Pension payments	**-11,322**	-10,621
Payments for plan settlements	**-242**	-207
Tax payments	**-100**	-88
Co-payments from beneficiaries from the plan	**574**	677
Amendment to the scope of consolidation	**-93**	0
Currency effects	**-463**	-297
Reclassification of pensions	**0**	229
DBO at year-end	**334,222**	**320,062**

Development of the plan assets:

T€	May 31, 2014	adjusted May 31, 2013*
Fair value of plan assets at start of fiscal year	**141,362**	**136,172**
Expected income from plan assets	**3,937**	4,456
Actuarial gains (+)/losses (-) from plan assets	**2,383**	8,525
Employer contributions	**1,461**	1,555
Beneficiary contributions	**574**	677
Pension payments from plan assets	**-10,270**	-9,416
Payments for plan settlements	**-179**	-88
Administrative costs	**-66**	-104
Amendment to the scope of consolidation	**-99**	0
Currency effects	**-170**	-514
Reclassification of pensions	**0**	99
Fair value of plan assets at fiscal year-end	**138,933**	**141,362**

Development of the asset's ceiling:

T€	May 31, 2014	adjusted May 31, 2013*
Limitation of asset at start of fiscal year	**1,340**	1,221
Interest expense	**49**	49
Actuarial gains (+) / losses (-)	**75**	155
Currency effects	**-6**	0
Reclassification of pensions	**70**	-85
Limitation of asset at fiscal year-end	**1,528**	**1,340**

The pension cost of the pension plans breaks down as follows:

T€	May 31, 2014	adjusted May 31, 2013*
Current service cost	**7,532**	7,009
Past service cost	**5,247**	0
Expenses (+) / earnings (-) plan settlements	**-164**	-13
Administrative costs	**66**	104
Net interest expense	**5,020**	5,324
Expense recorded in the consolidated result for performance-based pension plans	**17,701**	**12,424**
Actuarial gains (+)/losses (-) from scope of obligations	**3,735**	16,964
Actuarial gains (+)/losses (-) from the plan assets	**-2,383**	-8,525
Actuarial gains (+)/losses (-) from the asset limit	**75**	155
Expenses recorded in other earnings from revaluation	**1,427**	**8,594**
Expense recorded in the total earnings for performance-based pension plans	**19,128**	**21,018**

Development of the balance sheet amounts:

T€	May 31, 2014	adjusted May 31, 2013*
Balance sheet amount at start of fiscal year	**180,040**	**161,727**
Service costs	**12,681**	7,100
Net income expenses	**5,020**	5,324
Expense from revaluation recognized in other comprehensive income	**1,427**	8,594
Pension payments	**-1,052**	-1,205
Payments for plan settlements	**-63**	-119
Employer contributions	**-1,461**	-1,555
Tax payments	**-100**	-88
Transfers	**548**	0
Currency effects	**-223**	132
Reclassification of pensions	**0**	130
Balance sheet amount at fiscal year-end	**196,817**	**180,040**

Actuarial gains/losses recognized in equity:

T€	May 31, 2014	adjusted May 31, 2013*
Actuarial gains (+) / losses (-) at start of fiscal year	**-65,474**	**-56,995**
Actuarial gains (+) / losses (-) in the fiscal year	**-1,427**	-8,594
Currency effects	**-157**	115
Actuarial gains (+) / losses (-) at fiscal year-end	**-67,058**	**-65,474**

The present value of the pension obligations was measured on the basis of the following assumptions:

Weighted average	Germany		International	
	May 31, 2014	May 31, 2013	**May 31, 2014**	May 31, 2013
DBO (in T€)	**299,639**	286,193	**34,584**	33,869
Discount rate (in %)	**2.71**	2.77	**3.66**	3.43
Wage and salary trend (in %)	**3.00**	3.00	**2.88**	2.96
Pension trend (in %)	**2.00**	2.00	**1.20**	1.71

The cost of the pension plans was measured on the basis of the following assumptions:

Weighted average in %	Germany		International	
	2013/2014	2012/2013	**2013/2014**	2012/2013
Discount rate	**2.77**	3.25	**3.41**	3.77
Wage and salary trend	**3.00**	4.00	**2.93**	2.88
Pension trend	**2.00**	2.00	**0.97**	1.68

The discount rate was determined in 2014 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the present value of the defined benefit obligation would have changed at the balance sheet date if individual important assumptions vary.

T€		**May 31, 2014**
Discount rate	+ 0.5 %-points	**-8.0 %**
	- 0.5 %-points	**9.2 %**
Pension dynamic	+ 0.5 %-points	**4.9 %**
	- 0.5 %-points	**-6.1 %**
Salary dynamic	+ 0.5 %-points	**0.4 %**
	- 0.5 %-points	**-0.4 %**
Death rate	+10 %-points	**-3.5 %**
	-10 %-points	**+3.5 %**

The average duration of the defined benefit obligations, weighted on the basis of the present values, is 18 years (previous year: 18 years).

Breakdown of plan assets:

	May 31, 2014	adjusted May 31, 2013*
Shares	**8.86 %**	8.60 %
Fixed-income securities	**54.39 %**	53.62 %
thereof: no price quotation in an active market	**1.66 %**	1.62 %
Real estate	**0.66 %**	0.77 %
thereof: no price quotation in an active market	**0.66 %**	0.77 %
Insurance	**33.44 %**	32.70 %
thereof: no price quotation in an active market	**33.44 %**	32.70 %
Cash	**2.36 %**	3.81 %
Other investments	**0.29 %**	0.50 %
Total all investment types	**100.00 %**	**100.00 %**

The domestic plan assets are largely managed by a pension fund. Proper management and use of the trust assets is supervised by trustees outside the company. The pension fund is also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any financial instruments of the Group's own or any assets used by the Group itself.

Current income from the plan assets amounted to T€ 6,318 in the past fiscal year (previous year: T€ 12,981).

The probable expense for defined benefit pension plans for 2014/2015 is T€ 1,468 (previous year: T€ 1,579).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

T€	
2014/2015	11.809
2015/2016	11.355
2016/2017	11.716
2017/2018	12.189
2018/2019	12.510
Total of the years 2019/2020 to 2024/2025	**74.720**

Group liabilities arising from defined contribution pension plans were recognized in profit and loss in the operating result. The expenses amounted to T€ 77,873 in the fiscal year (previous year: T€ 81,699). These expenses also include contributions to public pension insurance funds outside HKGaA, amounting to a total of T€ 71,070 (previous year: T€ 74,603).

OTHER PROVISIONS

T€	June 1, 2013	Addition	Reversal	Com-pounding	Other	Utilization	**May 31, 2014**
Redundancies	11,526	39,531	-411	0	508	-11,094	**40,060**
Partial retirement program	18,868	10,458	-1,816	389	-81	-13,318	**14,500**
Profit-sharing and other bonuses	26,901	9,057	-3,082	2,522	-707	-9,675	**25,016**
Guarantee obligations	51,067	27,360	-7,039	3,082	-772	-16,548	**57,150**
Losses on trade receivables	25,840	13,053	-6,232	2,062	-582	-8,777	**25,364**
Other provisions	22,877	6,434	-4,101	500	-911	-13,608	**11,192**
Total	**157,079**	**105,893**	**-22,681**	**8,555**	**-2,546**	**-73,020**	**173,282**

HELLA makes provisions for redundancy payments likely to be paid if it is liable for the early termination of employment contracts and it cannot withdraw from this liability.

The provision for partial retirement programs is the present value of the liability on the reporting date less the fair value of plan assets on the reporting date. A discount rate of 1.24 % was applied (previous year: 1.18 %).

T€	**May 31, 2014**	adjusted May 31, 2013*
Present value of liability	**37,326**	45,232
Fair value of plan assets	**-22,825**	-26,364
Provision for partial retirement program	**14,501**	**18,868**

The deducted plan assets are securities. The change in the fair value of the plan asset is recognized under "Other" in the provisions table.

Should there be warranty obligations arising from contractual or statutory warranty obligations, HELLA creates provisions for these obligations. Specific warranty provisions are made for individual warranty claims that have arisen or been asserted. When carrying out the measurement, the parts concerned are identified based on the established total supplied products and a failure rate estimated for these products. Failure rates are appropriately estimated using historical failure rates and all other available data for individual warranty cases. Measurement is based on the estimated average costs (material and replacement costs). Provided it meets the capitalization requirements, the compensation expected in connection with guarantee cases is accounted for under other assets (T€ 4,277, prior year: T€ 8,616).

Provisions for supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The Management uses historical figures from similar transactions to estimate the amount of the provisions, taking into account details of any events arising up until the Consolidated Financial Statement is drawn up.

33. FINANCIAL LIABILITIES

Current financial liabilities maturing within a year amounted to T€ 296,412 (previous year: T€ 39,961). This includes T€ 199,695 (previous year: T€ 199,244) which is attributable to a 7.25 % bond from 2009 with a nominal volume of T€ 200,002 maturing in October 2014.

Non-current financial liabilities amounted to T€ 1,121,252 (previous year: T€ 1,037,843) including T€ 298,554 (previous year: T€ 0) attributable to a 1.25 % bond maturing in September 2017 with a nominal volume of T€ 300,000 and T€ 496,576 attributable to a bond at 2.375 % (previous year: T€ 496,023) maturing in 2020 and a nominal volume of T€ 500,000.

The item also includes T€ 86,730 (previous year: T€ 91,075) attributable to yen-denominated notes certificates issued in 2002 and 2003 with a 30-year maturity, and T€ 73,078 (previous year: T€ 76,656) attributable to a loan granted in yen with a maturity of 30 years, both of which are currency-hedged to a value totaling T€ 175,177 (previous year: 175,177), and a loan from the European Investment Bank of T€ 150,466 (previous year: T€ 150,448) which matures in two installments in October 2015 and December 2015.

Profit participation rights of T€ 5,434 (previous year: T€ 5,416), and liabilities under finance leases amounting to T€ 7,724 (previous year: T€ 13,300) are also recognized.

34. EQUITY

On the liabilities side, share capital is recognized at its nominal value under the “Subscribed capital” item. The share capital is € 200 million (in 50 million shares without a par value). The limited partner shares are registered. All issued shares are fully paid up.

Under “Other retained earnings/profit carried forward”, other retained earnings of the parent company and past earnings of consolidated companies are also included, unless they have been distributed. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German Stock Corporation Act (Aktiengesetz).

Goodwill and negative goodwill arising from the capital consolidation of subsidiaries consolidated before June 1, 2006, and the adjustments recognized directly in equity for the first-time adoption of IFRS are also included in this item. Actuarial gains and losses recognized directly in equity, the differences arising from the currency translation of the annual financial statements of foreign subsidiaries not recognized in profit or loss, the impact arising from the measurement of available-for-sale derivative financial instruments and financial assets not recognized in profit or loss, as well as from cash flow hedging, are also recognized in this item. A detailed overview of the components and changes in the results recognized directly in equity is presented in the statement of changes in equity.

Dividends amounting to T€ 50,500 were distributed to Group shareholders in September 2013. This represents a dividend of € 1.01 per share, over the total volume of 50 million shares.

The Group aims to maintain a strong capital base. The Group strives to achieve a balance between the higher return on equity which it is possible to achieve through greater leverage, and the advantages and security offered by a solid equity position. The Group aims to maintain a ratio of financial liabilities to EBITDA of below 1.0.

At May 31, 2014, the financial liabilities calculated as the sum of cash and cash equivalents, current financial assets, and current and non-current financial liabilities amounted to € 425 million (previous year: € 415 million). EBITDA amounted to € 650 million during the 2013/2014 fiscal year compared with € 551 million in the previous year. The ratio of financial liabilities to EBITDA was 0.7 for the fiscal year under review (previous year: 0.8).

The minority interest in equity at May 31, 2014 was T€ 29,879 (previous year: T€ 28,250).

The table below summarizes the financial information for subsidiaries with significant, non-controlling shares:

Affiliated company Country	FTZ Autodele & Værktøj A/S Denmark		INTER-TEAM Sp, z o,o, Poland	
T€				
	May 31, 2014	May 31, 2013	**May 31, 2014**	May 31, 2013
Minority interests	**29 %**	29 %	**50 %**	50 %
Current assets	**101,735**	99,160	**39,701**	30,013
Non-current assets	**13,726**	15,069	**6,770**	6,413
Total assets	**115,461**	**114,229**	**46,471**	**36,426**
Current liabilities	**-42,277**	-41,545	**-27,675**	-20,114
Non-current liabilities	**-1,535**	-1,887	**-9,685**	-10,743
Total liabilities	**-43,812**	**-43,432**	**-37,360**	**-30,857**
Net assets	**71,649**	70,797	**9,111**	5,569
Book value of minority interests	**20,986**	20,739	**4,556**	2,785
Sales	**254,255**	**238,178**	**129,195**	**99,079**
Earnings for the period	**14,198**	12,993	**3,774**	957
Other comprehensive income for the period	**-71**	-226	**439**	272
Total income for the period	**14,127**	**12,767**	**4,213**	**1,229**
Share of income attributable to minority interests	**4,111**	3,762	**1,887**	478
Paid dividend to minority interests	**3,841**	5,604	**236**	91
Cash flows from operating activities	**16,862**	12,621	**1,141**	1,476
Cash flows from investing activities	**-4,422**	8,768	**-2,053**	3,326
Cash flows from financing activities	**-13,275**	-19,928	**1,786**	-4,238
Net (decrease)/increse in cash and cash equivalents	**-835**	**1,462**	**873**	**564**
Cash and cash equivalents at the beginning of the period	**2,662**	1,200	**1,315**	751
Cash and cash equivalents at end of year	**1,826**	2,662	**2,188**	1,315

The data represent the amounts before elimination within the Group.

35. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

The dividends paid include payments to the owners of the parent company amounting to T€ 50,500 and payments to minority interests of T€ 4,825.

HELLA makes considerable investments in customer-specific operating equipment, which is capitalized as economic property in the Group's fixed assets. Due to the considerable up-front investments in such operating equipment, HELLA sometimes receives from customers - as an advance on delivery of parts - reimbursement payments, which are reported as deferred income as prepayment on sales.

In accordance with IAS 7, payments for procuring operating equipment must be allocated to investing activities in the cash flow statement, whereas reimbursements received from customers as a prepayment on sales must be economically assigned to operating activity.

Regardless of the means of presentation in accordance with the accounting standard, the cash flows from procurement of operating equipment and customer reimbursements are grouped in internal reporting together with the other payments for and proceeds from tangible assets and intangible assets to give the key measure "net investment", since advance payment of the customer reimbursements reduces the need for funding for investments close to the time when they are needed and so is a major factor in investment decisions.

36. INFORMATION ON RELATED PARTY RELATIONSHIPS

HELLA KGaA Hueck & Co. and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal business activities. In addition to the business relationships with fully consolidated companies, relationships exist with joint ventures, associated companies and companies in which an interest is held that are classified as related parties under IAS 24.

There are supply and service relationships between companies within the consolidated Group and related parties, particularly with associated companies and non-consolidated affiliates. The outstanding items from the purchase and sale of goods and services between consolidated companies and associated companies, as well as non-consolidated affiliates, are presented under the relevant item.

The following transactions were made with related parties:

T€	2013/2014	adjusted 2012/2013*
Income from the sale of goods and services	**175,679**	**139,418**
with associated companies	**167,642**	134,900
with joint ventures	**7,748**	4,254
with investments	**0**	0
with affiliated companies not included in the Consolidated Financial Statements	**289**	264
Expenses from the purchase of goods and services	**177,145**	**138,301**
with associated companies	**51,168**	26,297
with joint ventures	**34,637**	35,386
with investments	**15,955**	12,348
with affiliated companies not included in the Consolidated Financial Statements	**75,385**	64,269

The business relationships with related parties operate under usual market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals.

Of the T€ 75,385 in expenses incurred with affiliates not included in the consolidated financial statement, T€ 71,329 (previous year: T€ 60,520) related to the non-consolidated subsidiary avitea GmbH work and more.

For assuming personal liability in their role as personally liable partners, HELLA Geschäftsführungsgesellschaft mbH and HELLA Beteiligungs GmbH & Co. KG (up to March 31, 2014) receive a fee of T€ 3 (previous year: T€ 4).

In addition, these companies are entitled to claim compensation from HELLA KGaA Hueck & Co. for all of the expenses arising in connection with the management of the company's business activities, including the remuneration of the management bodies.

Remuneration for management in key positions:

T€	2013/2014	2012/2013
Short-term benefits	**14,824**	12,099
Post-employment benefits	**5,706**	347
Total	**20,530**	**12,446**

Members of the management in key positions at HELLA KGaA Hueck & Co. are the Management Board (the managing, personally liable partner Dr. Jürgen Behrend and the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH), as well as members of the Shareholder Committee and the Supervisory Board.

Total remuneration paid to the management bodies:

T€	**2013/2014**	2012/2013
Total remuneration paid to the active institution members	**14,198**	**11,504**
Management Board	**13,241**	10,919
Supervisory Board	**180**	180
Shareholder Committee	**777**	405
Total remuneration paid to the former institution members and their surviving dependents	**348**	**339**
Management Board	**348**	339

T€ 8,921 (previous year: T€ 8,895) was appropriated for the pension obligations to former members of the Management Board of HELLA KGaA Hueck & Co. and the former managing directors of the predecessor company and their surviving dependents. This was partially born by Allianz Pensionsfonds AG. The plan assets absorbed by the liabilities for this group of people amounted to T€ 4,424 (previous year: T€ 4,493).

The members of the Management Board, the Supervisory Board and the Shareholder Committee were not granted any advances or loans.

37. FINANCIAL INSTRUMENT REPORTING

GENERAL INFORMATION ON FINANCIAL INSTRUMENTS

Below is a presentation of the book values and fair values by class of financial instrument and the book values by IAS 39 valuation category as at May 31, 2014 and the previous year.

T€	Category under IAS 39	**Book value May 31, 2014**	**Current value May 31, 2014**	Book value adjusted May 31, 2013*	Current value adjusted May 31, 2013*
Cash	LaR	**637,226**	**637,226**	456,098	456,098
Trade receivables	LaR	**692,097**	**692,097**	645,972	645,972
Loans	LaR	**5,867**	**5,867**	896	896
Other financial assets					
Derivatives used for hedging	n. a.	**3,028**	**3,028**	1,492	1,492
Derivatives not used for hedging	HfT	**1,761**	**1,761**	906	906
Available for sale financial assets	AfS	**287,445**	**287,445**	205,505	205,505
Other receivables associated with financing activities	LaR	**87,620**	**87,620**	37,574	37,574
Financial assets (current)		**1,715,044**	**1,715,044**	**1,348,443**	**1,348,443**
Trade receibables	LaR	**34,200**	**35,173**	33,480	33,345
Loans	LaR	**8,115**	**8,387**	7,784	8,041
Other financial assets					
Available for sale financial assets	AfS	**11,067**	**11,067**	11,886	11,886
Other receivables associated with financing activities	LaR	**16**	**16**	71	71
Financial assets (non-current)		**53,398**	**54,643**	**53,221**	**53,343**
Financial assets		**1,768,442**	**1,769,686**	**1,401,664**	**1,401,786**
Financial liabilities	FLAC	**296,004**	**296,004**	39,387	39,387
Trade payables	FLAC	**573,533**	**573,533**	552,224	552,224
Other financial liabilities					
Derivatives used for hedging	n. a.	**3,199**	**3,199**	1,020	1,020
Derivative not used for hedging	HfT	**888**	**888**	1,851	1,851
Financial lease liabilites	n. a.	**408**	**408**	574	574
Other financial liabilities	FLAC	**118,741**	**118,741**	121,815	121,815
Financial liabilities (current)		**992,772**	**992,772**	**716,871**	**716,871**
Financial liabilities	FLAC	**1,113,528**	**1,136,581**	1,024,543	1,077,778
Other financial liabilities					
Derivatives used for hedging	n. a.	**91,190**	**91,190**	107,482	107,482
Derivatives not used for hedging	HfT	**17,850**	**17,850**	75	75
Financial lease liabilites	n. a.	**7,724**	**7,724**	13,300	13,300
Other financial liabilities	FLAC	**316**	**316**	1,117	1,117
Financial liabilities (non-current)		**1,230,608**	**1,253,661**	**1,146,517**	**1,199,752**
Financial liabilities		**2,223,380**	**2,246,433**	**1,863,388**	**1,916,623**
Of which aggregated under iAS 39 measurement categories:					
Financial assets HfT		**1,761**	**1,761**	906	906
LaR		**1,465,141**	**1,466,386**	1,181,875	1,181,997
AfS		**298,512**	**298,512**	217,390	217,390
Financial liabilities HfT		**18,738**	**18,738**	1,926	1,926
FLAC		**2,102,122**	**2,125,175**	1,739,086	1,792,321
Financial assets used for hedging		**3,028**	**3,028**	1,492	1,492
Financial liabilities used for hedging		**94,389**	**94,389**	108,502	108,502

Financial assets and liabilities measured at fair value are categorized in the following measurement hierarchies:

Categorization on May 31, 2014

T€	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available for sale financial assets	287,445	0	0	287,445
Derivatives used for hedging	0	3,028	0	3,028
Derivatives not used for hedging	0	1,761	0	1,761
Total	**287,445**	**4,789**	**0**	**292,234**
Financial liabilities measured at fair value				
Derivatives used for hedging	0	94,389	0	94,389
Derivatives not used for hedging	0	18,738	0	18,738
Total	**0**	**113,127**	**0**	**113,127**

Level 1: Measurement of market value based on listed, unadjusted prices on active markets.

Level 2: Measurement of market value based on criteria for assets and financial liabilities that can be either directly or indirectly derived from prices on active markets.

Level 3: Measurement of market value based on criteria that cannot be derived from active markets.

The book values of short-term financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognized at market value.

The book values of non-current financial liabilities also largely correspond to the market values owing to the mostly variable interest rates. Long-term financial instruments on the assets side are mainly determined by the other investments and loans. The fair value of these equity components measured at purchase costs could not be determined, as no stock exchange or market prices were available. As the market value cannot be reliably determined, the other investments and non-consolidated affiliated companies reported here are carried at purchase cost to the amount of T€ 11,067 (previous year: T€ 11,996). The change in value compared with the previous year is due to a permanent impairment.

At the reporting date, there were no plans to sell the other investments and non-consolidated affiliates measured at purchase cost.

PLEDGED COLLATERAL

As at May 31, 2014, collateral of T€ 26,450 was deposited with a trustee as statutory insolvency protection for partial retirement fund assets. In isolated cases, and only to a limited extent, collateral is pledged as a security for a bank loan, for example, to offset receivables.

NET PROFIT/LOSS PER MEASUREMENT CATEGORY

The following table shows the net result from financial instruments for each IAS 39 measurement category:

T€	**2013/2014**	adjusted 2012/2013*
Loans and receivables	**-9,136**	-7,274
Available for sale	**10,808**	2,208
Liabilities measured at amortized cost	**352**	-1,177
Derivatives held for trading (net)	**-22,478**	-9,541
Total	**-20,454**	**-15,784**

When determining the net result from financial instruments, goodwill impairments/write-ups, gains or losses based on the use of the effective interest method, foreign exchange gains and losses, gains or losses on disposals, and other changes in the fair value of financial instruments recognized in profit and loss are taken into account.

Interest income/expense on financial instruments recognized at fair value in equity

In 2013/2014, interest expenses of T€ 8,270 (previous year: T€ 3,776) were incurred for financial instruments recognized at fair value in equity - notably derivatives classified as cash flow hedges.

Impairment losses

In addition, impairment losses of T€ 10,930 (previous year: T€ 8,398) were charged on financial assets in fiscal year 2013/2014. T€ 1,409 (previous year: T€ 687) of the impairments related to non-current investments in financial instruments of the "available-for-sale" category. Loans and receivables, primarily trade receivables, were written down by T€ 9,521 (previous year: T€ 7,711).

Dividends

Dividend income of T€ 7,779 (previous year: T€ 1,476) was generated by financial instruments classified as "available for sale" in fiscal year 2013/2014.

FINANCIAL RISK MANAGEMENT

The HELLA Group is exposed to various financial risks in the course of its business activities. In particular, these include liquidity, foreign exchange, and interest rate risk. Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the status report.

On the procurement side, commodity price risks and supply guarantee risks exist, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to finance transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risk can arise from a significant decline in the operative business performance as well as from the risk categories mentioned above.

Management of liquidity risk

HELLA mainly works with centralized liquidity structures in order to pool liquidity across the Group. The centralized liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages its loan portfolio based on the liquidity planning.

The following tables show the maximum settlements. The presentation shows the worst-case scenario for HELLA, i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency positions are always converted at the spot rate applicable on the balance sheet date. Interest payments for positions with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to original financial instruments, derivative financial instruments (e.g. foreign exchange forwards and interest rate swaps) are taken into account. For derivatives where payments are settled between the parties involved before tax, only the outgoing settlements are presented in line with the worstcase scenario. These settlements are offset by cash inflows, which are also presented. In addition, loans granted but not yet fully drawn and financial guarantees issued are included in the settlements.

Maximum future settlements as of May 31, 2014

T€	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,262,884	760,442	754,898	2,778,224
Derivative financial instruments	416,900	55,573	368,463	840,936
Loan commitments/Financial guarantees	1,175	0	0	1,175
Total	**1,680,959**	**816,015**	**1,123,361**	**3,620,335**
Incoming payments from gross derivatives	410,025	22,132	236,203	668,360

Maximum future settlements as at May 31, 2013

T€	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	698,482	641,785	868,405	2,208,672
Derivative financial instruments	299,121	55,627	382,327	737,075
Loan commitments/Financial guarantees	4,500	0	0	4,500
Total	**1,002,103**	**697,412**	**1,250,732**	**2,950,247**
Incoming payments from gross derivatives	290,987	23,328	255,803	570,118

The Group's liquidity supply is also sufficiently assured through the available cash and bank balances, available-for-sale short-term securities, and the available unused bank lines of credit. The following table shows the significant liquidity instruments:

T€	**May 31, 2014**	May 31, 2013
Cash and bank balances on hand	**697,763**	456,098
Marketable securities	**287,445**	205,505
Cash line of credit	**635,720**	627,710
Total	**1,620,928**	**1,289,313**

The total of the bank lines of credit available to the HELLA Group amounts to roughly T€ 635,720 (previous year: T€ 627,710). These consist of a syndicated cash loan to the amount of T€ 550,000 (matures in 2016, utilization as at May 31, 2014: 0 %) and short-term money market lines of credit amounting to T€ 85,720 (utilization as at May 31, 2014: 11 %). Standard creditor cancellation rights apply to various lines of credit (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the refinancing risk is considered very low.

Management of foreign exchange risks

Foreign exchange risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities, and executory contracts in a currency other than the functional currency of the relevant Group company. Currency derivatives, primarily foreign currency forwards, are used to hedge against foreign exchange fluctuations impacting these payments and positions. The foreign exchange risk of the HELLA Group is continuously monitored and managed on the basis of the agreed Group net exposures.

At May 31, 2014, there were significant net exposures in the HELLA Group in USD (79 million long, previous year: 117 million long), MXN (103 million short, previous year: 558 million short), CNY (1,312 million long, previous year: 804 million long) and CZK (447 million short, previous year: 2,133 million short).

Currency risks in the HELLA Group are aggregated based on planned cash flows from foreign currency transactions.

Currency derivatives are only used to hedge the currency risk arising from underlying transactions. Speculative transactions are not permitted.

In principle, the present value of currency derivatives is recognized. If cash flow hedge accounting within the meaning of IAS 39 is used, the unrealized gains and losses from the hedging transaction are initially recognized in the statement of changes in equity, with no impact on profit or loss. The gains and losses are only realized when the hedged underlying transaction is also recognized in profit and loss. The Group tends to enter currency derivatives used to hedge foreign currency cash flows from AFLAC financing maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

In fiscal year 2013/2014, changes in the market value of the above-mentioned derivatives used for cash flow hedge accounting amounting to T€ 7,118 (previous year: T€ -34,985) were recognized in equity. All in all, effects of currency derivatives used for hedging purposes amounting to T€ -91,131 (previous year: T€ -98,249) were recognized in equity at the reporting date. Equity gains of T€ 4,455 were recognized in profit and loss in 2013/2014 (previous year: T€ -9,279). Changes in the market value of currency derivatives recognized through profit and loss, where the currency derivatives were not presented in accordance with hedge accounting, amounted to T€ -6,814 (previous year: T€ -8,299) at the reporting date.

The following sensitivity analyses show the effects that a ten percent change in each foreign currency would have on equity and the annual result (before tax). The analysis is based on the relevant risk position on the balance sheet date and only takes into account the significant currencies in the HELLA Group.

T€		May 31, 2014		May 31, 2013	
			Foreign currency		Foreign currency
Exchange rate		**10 % rise**	**10 % decline**	10 % rise	10 % decline
Change in equity capital owing to fluctuations in the present value of foreign exchange derivatives used for hedging purposes (cash flow hedge accounting) and fluctuations in the present value of non-derivative debt instruments measured at fair value	CNY	**0**	**0**	0	0
	CZK	**-10,204**	**12,472**	-5,520	6,747
	DKK	**0**	**0**	0	0
	MXN	**-7,032**	**8,594**	-3,467	4,238
	PLN	**0**	**0**	0	0
	USD	**6,829**	**-8,347**	-9,131	11,161
Change in annual result owing to unhedged foreign exchange exposures in the case of non-derivative financial instruments and fluctuations in the present value of derivative financial instrument	CNY	**-14,028**	**17,146**	-9,156	11,191
	CZK	**1,482**	**-1,811**	2,022	-2,472
	DKK	**-5,178**	**6,328**	-5,022	6,138
	MXN	**537**	**-656**	-441	539
	PLN	**-3,772**	**4,611**	-4,390	5,366
	USD	**-5,337**	**6,523**	-926	1,132

The relatively high sensitivity of the annual result is largely attributable to market fluctuations of derivatives that are not used as a hedge within the meaning of IAS 39 on hedge accounting. However, these instruments were also used for hedging purposes. Consequently, these derivatives also relate to underlying transactions in the form of planned transactions that will only be recognized in profit and loss at a later date. In view of these asyet unrealized underlying transactions, the net effect on the result will be significantly less.

Management of interest rate risks

Interest rate risks in the HELLA Group arise from financial balance sheet assets and liabilities as a result of market-driven fluctuations in interest rates. These may affect the amount of the interest income and expenses in the fiscal year, and the market value of the derivatives used and other financial assets measured at fair value. As at May 31, 2014, interest rate-sensitive net financial debt stood at € 484 million (previous year: € 344 million).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of current interest rate risks from original financial instruments on the assets and liabilities sides, and through the targeted use of interest rate derivatives. The derivative financial instruments used are usually interest rate swaps and interest rate caps. Interest rate derivatives are generally used to mitigate cash flow risks.

As with currency derivatives, interest rate derivatives are settled solely by HELLA KGaA Hueck & Co. The use of interest rate derivatives is also always associated with underlying transactions. Interest rate derivatives used to hedge interest rate risks from original financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show the effects that a one percentage point movement in the respective market interest rate would have on equity and the annual result (before tax). The analysis is based on the respective risk position on the balance sheet date.

T€	May 31, 2014		May 31, 2013	
Market interest rate	**Rises by 1 %-point**	**Declines by 1 %-point**	Rises by 1 %-point	Declines by 1 %-point
Change in equity capital owing to fluctuations in the present value of interest rate derivatives used for hedging (cash flow hedge accounting) and fluctuations in the present value of fixed-income securities recognized directly in equity at fair value	**-7.138**	**7.138**	-7.145	7.145
Change in annual result owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the present value of derivative financial instruments	**4.842**	**-4.842**	3.440	-3.440

Management of commodity price risks

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of current commodity price risks from purchasing and sales, and through the targeted use of derivatives. The derivatives in use are commodity swaps. As at May 31, 2014, there were no commodity derivatives (market value in the previous year: T€ 0).

Commodity exposure for 2014/2015 is expected to amount to € 6 million (previous year: € 7 million). As at May 31, 2014, 0 % of this exposure was hedged by commodity derivatives. The following sensitivity analysis shows what effects fluctuations of ten percent in the market prices of underlying commodities would have had on profit or loss for the year (before tax).

T€	May 31, 2014		May 31, 2013	
Commodity prices	**Rises by 10 %**	**Declines by 10 %**	Rises by 10 %	Declines by 10 %
Change in annual result owing to fluctuations in the present value of commodity derivatives used	**-596**	**596**	-684	684

Management of other price risks

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as “available for sale” and therefore measured at fair value in equity. In addition, price risks arise from other investments that belong to the “available-for-sale” category, provided they are measured at fair value. These items are shown in the following table. Investments measured at purchase cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not included in the presentation.

T€	May 31, 2014	May 31, 2013
Price risk exposure of non-derivative assets	**76.734**	80.232

HELLA actively manages the price risks. By continuously observing and analyzing the markets, it is possible to manage investments in real time. This means that negative developments on the capital markets can be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of ten percent in the market values of original and derivative financial instruments would have had on equity or on profit or loss for the year (before tax). The analysis is based on the relevant volumes on the balance sheet date.

T€	**May 31, 2014**		May 31, 2013	
Securities prices	**Rises by 10 %**	**Declines by 10 %**	Rises by 10 %	Declines by 10 %
Change in equity capital owing to changes in price of unimpaired securities and investments in public funds	**7.605**	**-7.605**	7.996	-7.996
Change in annual result owing to changes in price of impaired securities	**68**	**-68**	28	-28

Management of default risks

Default risks arise for the HELLA Group from its business operations and from capital expenditure and financial derivatives with positive fair values.

The maximum default risk for the financial assets corresponds to the book value. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Derivate transactions are concluded by HELLA KGaA Hueck & Co. solely on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). This does not meet the requirements for netting off, since offsetting of outstanding amounts would be legally enforceable only subject to future events, such as the insolvency of a contractual partner. The table below shows the potential for offsetting the financial instruments that are recognized by HELLA KGaA Hueck & Co. and are subject to the stated agreements.

					May 31, 2014
T€	**Gross**	**IAS 32,42**	**Net before offsetting MNA**	**Offsetting MNA**	**Net**
Assets – Derivatives	**4,841**	**0**	**4,841**	**2,401**	**2,440**
Liabilities – Derivatives	**-122,567**	**0**	**-122,567**	**2,401**	**-120,166**

					adjusted May 31, 2013*
T€	**Gross**	**IAS 32,42**	**Net before offsetting MNA**	**Offsetting MNA**	**Net**
Assets – Derivatives	2,293	0	2,293	1,423	870
Liabilities – Derivatives	-117,761	0	-117,761	1,423	-116,338

Financial derivatives and financial investments are only entered into with banks with good credit ratings.

Operational risk is mainly managed by continuously monitoring receivables. If a definite default risk is identified, this risk is taken into account by making appropriate bad debt provisions.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees, and advance securities. HELLA has guidelines regarding the acceptance of securities. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Furthermore, many supplies to customers are subject to the retention of title rights. The maximum default risk for the financial assets corresponds to the book values in the statement of financial position. However, these are to be offset against the collateral accepted by the HELLA Group, so the actual default risk is lower.

Lending commitments to companies that are not fully consolidated or to third parties are only made by HELLA Group companies in a few isolated cases. The default risk here is limited to the loan amount. As at May 31, 2014, lending commitments to companies that are not fully consolidated and external third parties came to T€ 1,175 (previous year: T€ 4,500).

Trade receivables are essentially related to major customers from the automotive and automotive supply industry. The recoverability of all the receivables, which do not include overdue or impaired financial assets, is considered very high. This assessment is based primarily on the fact that the HELLA Group has a long-standing business relationship with most customers. The historical default rate for trade receivables is extremely low.

Financial assets that are overdue but not impaired are shown below:

T€	May 31, 2014 up to 30 days	May 31, 2014 31 days to 60 days	May 31, 2014 61 days to 90 days	May 31, 2014 more than 90 days	adjusted May 31, 2013* up to 30 days	adjusted May 31, 2013* 31 days to 60 days	adjusted May 31, 2013* 61 days to 90 days	adjusted May 31, 2013* more than 90 days
Trade receivables	**22,763**	**4,604**	**2,949**	**8,854**	19,345	4,419	1,726	1,219
Financial receivables	**0**	**0**	**0**	**0**	0	0	0	0
Other financial assets	**0**	**0**	**0**	**0**	92	0	0	0
Total	**22,763**	**4,604**	**2,949**	**8,854**	**19,437**	**4,419**	**1,726**	**1,219**

An analysis of the individual impaired financial assets is shown below:

T€	May 31, 2014 Gross book value	May 31, 2014 Impairment	May 31, 2014 Net book value	adjusted May 31, 2013* Gross book value	adjusted May 31, 2013* Impairment	adjusted May 31, 2013* Net book value
Trade receivables	**741,180**	**14,883**	**726,297**	688,628	9,176	679,452
Financial receivables	**652,168**	**960**	**651,208**	465,054	276	464,778
Other financial assets	**392,689**	**1,752**	**390,937**	259,451	2,017	257,434
Total	**1,786,037**	**17,595**	**1,768,442**	**1,413,133**	**11,469**	**1,401,664**

The following table shows the development of loss provisions in respect of financial assets in fiscal year 2013/2014 and the previous year:

T€	Trade receivables	Financial receivables	Other financial assets	Total
At May 31, 2012	**11,229**	**0**	**1,957**	**13,186**
Consolidation effects	-3,780	0	62	-3,718
Additions	7,620	276	0	7,896
Utilization	-2,275	0	0	-2,275
Reduction	-3,647	0	-2	-3,649
Other effects	29	0	0	29
At May 31, 2013	**9,176**	**276**	**2,017**	**11,469**
Additions	9,257	684	51	9,992
Utilization	-1,686	0	0	-1,686
Reduction	-2,354	0	0	-2,354
Other effects	490	0	-316	174
At May 31, 2014	**14,883**	**960**	**1,752**	**17,595**

With regard to the financial assets that are neither overdue nor impaired, there is currently no indication that further valuation adjustments will be needed due to defaults.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue to operate as going concerns. By optimizing the debt-equity ratio, capital costs are kept as low as possible. These measures help to maximize shareholder returns.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The risk management panel assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment. The overall capital risk management strategy has not changed against the previous year.

38. CONTRACTUAL OBLIGATIONS

There were contractual obligations to purchase or use tangible assets amounting to T€ 11,036 as at the balance sheet date (previous year: T€ 21,454). In addition, there were contractual obligations to purchase intangible assets amounting to T€ 4,623 (previous year: T€ 43).

39. CONTINGENT LIABILITIES

HELLA reports contingent liabilities of T€ 33 (previous year: T€ 486) from issued guarantees. These are not expected to give rise to significant actual liabilities for which no provision has been made. There are no potential cases of compensation.

As reported in fiscal year 2012/2013, European and US cartel authorities have simultaneously opened anti-trust investigations into HELLA and some other companies in the lighting sector for vehicles. Their outcome is still not foreseeable at present.

According to EU regulations, a fine of up to 10 % of consolidated sales in the fiscal year before the decision to impose the fine can be imposed for violations of anti-trust law. Fines and penal-ties imposed by the U.S. authorities may amount to up to 20 % of the sales in the U.S. affected by the cartel agreements. In addition, third parties who suffer loss as a result of violations of anti-trust law can claim damages both in Europe and the USA.

The investigations HELLA has itself conducted with the assistance of external law firms revealed a number of incidents that constitute conduct in violation of anti-trust law in accordance with existing practice. With regard to the EU proceedings, however, the fact that these proceedings are at any early stage, and in particular the fact that access to the records has not yet been possible, means that it is not possible to judge at present how the European Commission will assess the scope and gravity of possible violations. There were no changes as regards the U.S. proceedings in the past fiscal year. Consequently, it is at the moment not possible to put a reliable figure on the possible financial charges in connection with the proceedings in Europe and the USA. No provisions have therefore been set aside.

40. INFORMATION ON LEASES

HELLA KGaA regularly acts as lessee. This concerns both operating and finance leases.

OPERATING LEASING AGREEMENTS

The expenses under operating leases recognized in profit or loss amounted to T€ 21,701 in the fiscal year (previous year: T€ 19,249). Some leases include extension options. HELLA's liability from operating leases largely relates to leases for passenger vehicles, office equipment, and smaller machinery.

Distribution of the present value of minimum lease payments:

T€	**May 31, 2014**	adjusted May 31, 2013*
Up to 1 year	**12,511**	17,857
More than 1 year up to 5 years	**25,312**	18,757
More than 5 years	**8,877**	6,061
Total	**46,700**	**42,675**

FINANCE LEASING AGREEMENTS

The leased items contained in the statement of financial position in the context of finance leases largely relate to development services and machine leasing. The lease terms generally range from 3 to 6 years. Some leases contain extension or purchase options.

Distribution of minimum lease payments (not discounted)

T€	May 31, 2014	adjusted May 31, 2013*
Up to 1 year	**4,655**	604
More than 1 year up to 5 years	**3,488**	13,308
More than 5 years	**0**	0
Future finance costs under finance leases	**-11**	-37
Total	**8,132**	**13,875**

Distribution of the present values of minimum lease payments

T€	May 31, 2014	adjusted May 31, 2013*
Up to 1 year	**4,646**	574
More than 1 year up to 5 years	**3,486**	13,301
More than 5 years	**0**	0
Total	**8,132**	**13,875**

41. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date which required reporting.

42. AUDIT FEES

The total fee for the services of the auditor KPMG AG Wirtschaftsprüfungsgesellschaft invoiced for fiscal year 2013/2014 amounts to T€ 926 (previous year: T€ 925) and includes the fees and expenses for the audit. An additional T€ 52 (previous year: T€ 141) for other audit services, T€ 177 (previous year: T€ 202) for tax consulting services and T€ 68 (previous year: T€ 0) for other services were recognized as expenses.

Lippstadt, July 25, 2014

The Managing Partners of HELLA KGaA Hueck & Co.

Dr. Jürgen Behrend

HELLA Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach (CEO)

Carsten Albrecht

Markus Bannert

Jörg Buchheim

Dr. Wolfgang Ollig

Stefan Osterhage

Dr. Matthias Schöllmann

SCOPE OF CONSOLIDATION FISCAL YEAR 2013/2014

Affiliated companies included in the Consolidated Financial Statement

No.	Company	Country	City	Investment in %	Investment in
1	HELLA KGaA Hueck & Co.	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH[1]	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava. s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH[1]	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Engineering North GmbH[1]	Germany	Schortens	100.0	1
7	HELLA Electronics Engineering GmbH[1]	Germany	Regensburg	100.0	1
8	HELLA Aglaia Mobile Vision GmbH[1]	Germany	Berlin	100.0	1
9	HELLA Leuchten-Systeme GmbH[1]	Germany	Paderborn	100.0	1
10	HELLA Distribution GmbH[1]	Germany	Erwitte	100.0	1
11	RP Finanz GmbH	Germany	Lippstadt	100.0	1
12	HELLA Finance Nederland	Netherlands	Nieuwegein	100.0	11
13	Docter Optics SE	Germany	Neustadt an der Orla	95.8	1
14	Docter Optics Inc. Gilbert. Arizona	USA	Arizona	100.0	13
15	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	13
16	Docter Optics s.r.o. Skalice u Ceské Lípy	Czech Republic	Skalice u Ceske Lipy	100.0	13
17	HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt/Orla KG	Germany	Düsseldorf	94.0	13
18	HH dejavonst holdingov d.o.o.	Slovenia	Ljubljana	100.0	1
19	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	18
20	HELLA Werkzeug Technologiezentrum GmbH[1]	Germany	Lippstadt	100.0	1
21	HELLA Corporate Center GmbH[1]	Germany	Lippstadt	100.0	1
22	Hella Gutmann Holding GmbH	Germany	Ihringen	93.8	1
23	HELLA Gutmann Solutions GmbH	Germany	Ihringen	100.0	22
24	HELLA Gutmann Anlagenvermietung GmbH	Germany	Breisach	100.0	22
25	HELLA Gutmann Solutions International AG	Switzerland	Hergiswil	100.0	22
26	Gutmann Messtechnik France SARL	France	Dinsheim	100.0	25
27	Tolerance A/S	Denmark	Viborg	100.0	22
28	Forlaget Tolerance Norge AS	Norway	Porsgrunn	100.0	27
29	HGS-LITO Kft.	Hungary	Budapest	74.0	22
30	HELLA OOO	Russia	Moscow	100.0	1
31	HELLA Holding International GmbH[1]	Germany	Lippstadt	100.0	1
32	HELLA Shanghai Electronics Co.. Ltd.	China	Shanghai	100.0	31
33	HELLA (Xiamen) Electronic Device Co. Ltd	China	Xiamen	100.0	32
34	Jiaxing HELLA Lighting Co. Ltd.	China	Jiaxing	100.0	32
35	HELLA Changchun Tooling Co.. Ltd.	China	Changchun	100.0	31
36	HELLA Corporate Center (China) Co.. Ltd.	China	Shanghai	100.0	31
37	HELLA Vietnam Company Limited	Vietnam	Ho-Chi-Minh-City	100.0	36

[1] The company exercises the exemption provided by Section 264 (3) of the German Commercial Code (HGB)

No.	Company	Country	City	Investment in %	in
38	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	31
39	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	31
40	HELLA (Xiamen) Automotive Electronics Co. Ltd.	China	Xiamen	100.0	31
41	HELLA Asia Pacific Pty Ltd.	Australia	Mentone	100.0	31
42	HELLA Australia Pty Ltd.	Australia	Mentone	100.0	41
43	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	41
44	Hella-Phil.. Inc.	Philippines	Dasmarinas	90.0	41
45	HELLA Asia Pacific Holdings Pty Ltd.	Australia	Mentone	100.0	41
46	HELLA Korea Inc.	South Korea	Seoul	100.0	45
47	HELLA India Automotive Private Limited	India	Gurgaon	100.0	45
48	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	31
49	HELLA Property Investments Ltd.	Great Britain	Banbury	100.0	48
50	HELLA Limited	Great Britain	Banbury	100.0	48
51	HELLA Ireland Limited	Ireland	Dublin	100.0	50
52	HELLA Corporate Center USA. Inc.	USA	Plymouth	100.0	31
53	HELLA Electronics Corporation	USA	Plymouth	100.0	52
54	HELLA Inc.	USA	Peachtree	100.0	52
55	Hella Mining LLC	USA	Elko	60.0	54
56	HELLA España Holdings S. L.	Spain	Madrid	100.0	31
57	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	56
58	HELLA S.A.	Spain	Madrid	100.0	56
59	HELLA Handel Austria GmbH	Austria	Vienna	100.0	31
60	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	59
61	HELLA Shared Services Austria GmbH	Austria	Großpetersdorf	100.0	31
62	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	31
63	HELLA Engineering France S.A.S.	France	Toulouse	100.0	62
64	HELLA B.V.	Netherlands	Nieuwegein	100.0	31
65	HELLA N.V.	Belgium	Aartselaar	100.0	64
66	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	31
67	Nordic Forum Holding A/S	Denmark	Odense	100.0	31
68	INTER-TEAM Sp. z o.o.	Poland	Warsaw	50.0	67
69	FTZ Autodele & Værktøj A/S	Denmark	Odense	71.1	67
70	P/f FTZ Faroerne	Faroe Islands	Tórshavn	70.0	69
71	HELLAnor A/S	Norway	Skytta	100.0	67
72	Automester A/S	Norway	Skytta	100.0	71
73	AS Auto Materiell Bygg	Norway	Sandvika	100.0	71
74	WG Bilutstyr AS	Norway	Namsos	100.0	71
75	HELLA Lighting Finland Oy	Finland	Salo	100.0	31
76	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	31
77	HELLA CZ. s.r.o.	Czech Republic	Zruc nad Sazavou	100.0	31
78	HELLA Hungária Kft.	Hungary	Budapest	100.0	31
79	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	31
80	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	31
81	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	31
82	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	81
83	Grupo Administracion Tecnica S.A. de C.V.	Mexico	Tlalnepantla	100.0	81

No.	Company	Country	City	Investment in %	in
84	Petosa S.A. de C.V.	Mexico	Tlalnepantla	100,0	81
85	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100,0	81
86	Sistemas Iluminacion S.A. de C.V.	Mexico	Tlalnepantla	100,0	31
87	HELLA A/S	Denmark	Aabenraa	100,0	31
88	Hella India Lighting Ltd.	India	New Dehli	81,9	31
89	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100,0	31
90	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100,0	89
91	HELLA Auto Service Center Ltd.	China	Shanghai	100,0	90
92	Changchun Hella Shouxin LED Lighting Co. Ltd.	China	Changchun	51,0	89
93	HELLA Slovakia Holding s.r.o.	Slovakia	Kocovce	100,0	31
94	HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100,0	93
95	HELLA Slovakia Front-Lighting s.r.o.	Slovakia	Kocovce	100,0	93
96	HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100,0	31
97	HELLA do Brazil Automotive Ltda.	Brazil	São Paulo	100,0	31
98	HELLA Automotive South Africa Pty. Ltd.	South Africa	Uitenhage	100,0	31
99	HELLA Middle East FZE	United Arab Emirates	Dubai	100,0	31
100	HELLA Induperm A/S	Denmark	Nykobing	100,0	31
101	Hella-Bekto Industries d.o.o.	Bosnia and Herzegovina	Gorazde	70,0	31
102	HELLA China Holding Co., Ltd.	China	Shanghai	100	31

Associated companies:

No.	Company	Country	City	Investment in %	in
103	Behr-Hella Thermocontrol GmbH	Germany	Lippstadt	50.0	1
104	Behr-Hella Thermocontrol (Shanghai) Co.. Ltd.	China	Shanghai	100.0	103
105	Behr-Hella Thermocontrol Inc.	USA	Wixom	100.0	103
106	Behr-Hella Thermocontrol India Private Limited	India	Pune	100.0	103
107	Behr-Hella Thermocontrol Japan K.K.	Japan	Tokio	100.0	103
108	Behr-Hella Thermocontrol EOOD	Bulgaria	Sofia	100.0	103
109	Behr Hella Service GmbH	Germany	Schwäbisch Hall	50.0	1
110	Behr Hella Service South Africa Pty Ltd.	South Africa	Johannesburg	100.0	109
111	Behr Hella Comércio de Peças Automotivas S.A.	Brazil	Arujá	100.0	109
112	Behr Service IAM USA Inc.	USA	Georgia	100.0	109
113	Behr Hella Service North America. LLC	USA	Peachtree City	100.0	109

No.	Company	Country	City	Investment in %	in
114	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	49.0	45
115	Beijing Haohua Special Lighting Ltd.	China	Beijing	49.0	114
116	HSL Electronics Corporation	South Korea	Daegu	50.0	45
117	Mando Hella Electronics Corp.	South Korea	Incheon	50.0	31
118	Mando-Hella Electronics (Suzhou) Co. Ltd.	China	Suzhou	100.0	117
119	Merca Trading Oy Ab	Finland	Espoo	50.0	69
120	OOO Orum Merca	Russia	Saint Petersburg	100.0	119
121	Hella Behr IT Services GmbH	Germany	Lippstadt	50.0	1
122	Asia Aftermarket Holding GmbH	Germany	Poing	50.0	31
123	HBPO Beteiligungsgesellschaft mbH	Germany	Lippstadt	33.3	1
124	HBPO GmbH	Germany	Lippstadt	100.0	123
125	HBPO Germany GmbH	Germany	Meerane	100.0	124
126	HBPO Slovakia s.r.o.	Slowakei	Lozorno	100.0	124
127	HBPO Iberia S.L.	Spanien	Vitoria-Gasteiz	100.0	124
128	HBPO Automotive Spain S.L.	Spanien	Arazuri	100.0	127
129	HBPO Mexico S.A. de C.V.	Mexiko	Cuautlancingo	100.0	124
130	HBPO Czech s.r.o.	Tschechien	Mnichovo Hradiste	100.0	124
131	HBPO North America Inc.	USA	Troy	100.0	124
132	HBPO UK Limited	Großbritannien	Banbury	100.0	124
133	HBPO Canada Inc.	Kanada	Windsor	100.0	124
134	HBPO Korea Ltd.	Südkorea	Busan	100.0	124
135	HBPO Rastatt GmbH	Deutschland	Rastatt	100.0	124
136	HBPO Ingolstadt GmbH	Deutschland	Ingolstadt	100.0	124
137	HBPO China Ltd.	China	Shanghai	100.0	124
138	HBPO Manufacturing Hungary Kft	Ungarn	Kecskemét	100.0	124
139	SHB Automotive Module Company Ltd.	Südkorea	Gyeongbuk	50.0	124
140	HBPO Automotive Hungaria Kft.	Ungarn	Györ	100.0	124
141	HBPO Regensburg GmbH	Deutschland	Regensburg	100.0	124
142	HBPO Pyeongtaek Ltd.	Südkorea	Pyeongtaek	100.0	124
143	HBPO Beijing Ltd.	China	Beijing	100.0	124
144	ARTEC Advanced Reman Technology	Deutschland	Illingen	50.0	1
145	MD Hungaria Kereskedelmi	Ungarn	Hernad	100.0	144
146	Changchun HELLA Faway Automotive Lighting Co.. Ltd.	China	Changchun	49.0	32
147	Chengdu HELLA Faway Automotive Lighting Co.. Ltd.	China	Chengdu	100.0	146
148	InnoSenT GmbH	Deutschland	Donnersdorf	50.0	1
149	Hella Nussbaum Solutions GmbH	Deutschland	Kehl	50.0	22
150	Hella Pagid GmbH	Deutschland	Essen	50.0	1

The subsidiaries listed below are not consolidated as they have little impact on the Group's assets, financial position, and earnings. For this reason, the other disclosures under Section 313 (2) (4) of the HGB could also be foregone.

Affiliated companies not included in the Consolidated Financial Statements:

No.	Company	Country	City	Investment in %	Investment in
151	HELLA Geschäftsführungsgesellschaft mbH	Germany	Lippstadt	100.0	1
152	hitzing & paetzold Elektronische Motormanagement Systeme GmbH	Germany	Gladbeck	50.0	1
153	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
154	avitea GmbH work and more	Germany	Lippstadt	100.0	1
155	Electra Hella's S.A.	Greece	Athens	73.0	31
156	HELLA Brazil Holdings Ltda	Brazil	São Paulo	100.0	31
157	HELLA Japan Inc.	Japan	Tokyo	100.0	31
158	AutoMester Danmark ApS	Denmark	Odense	100.0	69
159	Din Bilpartner Aps	Denmark	Odense	100.0	69
160	CMD Industries Pty Ltd.	Australia	Mentone	100.0	45
161	Tec-Tool S.A. de C.V.	Mexico	EL Salto Jalisco	100.0	81

Significant influences is not exercised over the following companies, so they are treated as investments:

Investments:

No.	Company	Country	City	Investment in %	Investment in
162	Astra-Phil., Inc.	Philippines	Manila	30.0	41
163	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
164	TecAlliance GmbH	Germany	Ismaning	7.0	1
165	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
166	CarTec Technologie- und EntwicklungsCentrum GmbH	Germany	Lippstadt	16.7	1
167	Hella-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
168	H+S Invest GmbH & Co. KG	Germany	Pirmasens	50.0	1
169	FWB Kunststofftechnik GmbH	Germany	Pirmasens	20.1	168
170	H+S Verwaltungs GmbH	Germany	Pirmasens	50.0	1
171	INTEDIS GmbH & Co. KG	Germany	Würzburg	50.0	1
172	Intedis Inc.	USA	Plymouth	100.0	171
173	INTEDIS Verwaltungs- GmbH	Germany	Würzburg	50.0	1
174	SL - Hella Slovakia s.r.o.	Slovakia	Nové Mesto	49.0	93
175	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1

AUDITOR'S REPORT

We have audited the Consolidated Financial Statement prepared by the HELLA KGaA Hueck & Co., comprising the Consolidated Income Statement, the Consolidated Statement of Recognized Income and Expenses, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statement together with the group status report for the business year from June 1, 2013 to May 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statement and on the group status report based on our audit.

We conducted our audit of the Consolidated Financial Statement in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statement and the group status report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statement and group status report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Consolidated Financial Statement complies with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) and gives a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group status report is consistent with the Consolidated Financial Statement and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bielefeld, August 12, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rehnen	Droste
Wirtschaftsprüfer	Wirtschaftsprüfer
[Certified Public Accountant]	[Certified Public Accountant]

GLOSSARY

AFLAC (American Family Life Assurance Company)	US American insurance company specialized in health and life insurances
Associated companies	Associated companies are companies over which the Group exercises considerable influence but no control.
At equity	Inclusion in the consolidated financial statements according to the equity capital method with the proportional equity capital.
CGU	Cash Generating Unit
Compliance	Compliance with regulations and social norms
DBO (Defined Benefit Obligation)	Value of an obligation from a company old-age pension scheme based on the projected unit credit method
EBIT	Earnings before interest and tax
EBIT margin	Ratio of profit to sales (ratio of EBIT to sales)
EBITDA	Earnings before interest, tax and depreciation
EBITDA margin	Ratio of EBITDA to sales
EBT	Earnings before tax
R&D	Research and development
Joint ventures	Joint ventures are joint arrangements in which HELLA shares the leadership role with other partners, together with rights to the equity capital of the agreement.
IFRS (International Financial Reporting Standards)	International Financial Reporting Standards for company financial statements to guarantee international comparability with regard to annual and consolidated financial statements.
KGaA	Abbreviation for “partnership limited by shares.” The KGaA combines the elements of a stock corporation with those of a limited partnership.
NAFTA (North American Free Trade Agreement)	The North American Free Trade Agreement is a trade association between Canada, the USA and Mexico, and forms a free trade zone in North America.
Rating	In terms of financial accounting, a rating is a method for classifying the creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis.
Segment sales	Sales with third-party companies and other business segments
Segment sales of the business division	Sales with third-party companies, other business segments and other business divisions of the same business segment
SOE, Special OE (Special Original Equipment)	Designation of “Special Original Equipment” at HELLA. HELLA is systematically finding new customer target groups outside of original automotive equipment in this area, such as manufacturers of caravans/motorhomes, agricultural machinery and construction machinery as well as municipalities.
Tier 1 supplier	First level supplier

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