

9 – Months' Report 2007/2008

=====

July 01st, 2007 – 31st March, 2008

Content

- **Management Report**
- **Consolidated Balance Sheet**
- **Consolidated Income Statement**
- **Cash Flow Statement**
- **Statement of Capital Changes**

FORTEC Elektronik AG

Ph: +49(0)8191-91172-13 Fax: +49(0)8191-21770 Email: aktie@fortecag.de

9 – Months' Report 2007/2008

July 01st, 2007 – 31st March, 2008

The economic situation continued to remain sturdy and contrary to expectations shows no noticeable weakness as concerns the field of investments important to us.

During first 9 months of FY 2007/08, the turnover of 31.9 million EUR again was at same level as last year amounting to 31.3 million EUR. The business result before interest and tax once again improved to 1.96 million EUR compared to the good result of previous year of 1.90 million EUR.

The profit after tax of 1.314 million EUR could be increased again compared to previous year's figure of 1.045 million EUR which is due to the better financial results and a lower tax rate. The profit per share raised from 38 to 44 Cent during these 9 months.

Strategy and risks – as referred to in detail in "Half-Year- Report 2007/08" - still exist to full extent.

Since the stress situation of the financial markets did not yet show any strain to the real economy and FORTEC actually benefits from the weak dollar, we again expect a successful result in operative business for the 4th quarter.

Annexe.

The balancing and evaluation methods of fiscal year 2006/07 according to IAS/IFRS remain unchanged. The number of full-time employees amounts to 108 (prev. year 74). The product folio is marketed under the segment Embedded Solutions; therefore a segment report divided into product groups is not necessary. In view of the 31 million EUR turnover in general, 32 million EUR were achieved nationally and 7 million EUR within Europe.

CONSOLIDATED BALANCE SHEET (uncertified) according to IAS/IFRS
31.03.2008 (last year's figures 30.06.2007)

TOTAL ASSETS	€ 31.03.2008	€ 30.06.2007	TOTAL EQUITY AND LIABILITIES	€ 31.03.2008	€ 30.06.2007
A. Non-current assets			A. Shareholders equity		
I. Goodwill	4.485.709	4.485.709	I. Subscribed capital	2.954.943	2.954.943
II. Intangible assets	56.580	51.046	II. Capital reserve	8.689.363	8.689.363
III. Tangible assets		690.826	III. Other compreh. income	5.986.085	5.300.683
IV. Financial assets	864.144	1.262.777	IV. Net income	1.314.571	1.571.885
	2.217.796				
	7.624.229	6.490.358		18.944.962	18.516.874
B. Current assets			B. Long-term liabilities		
I. Inventories	7.843.105	7.136.976	I. Deferred taxes	374.815	398.910
II. Accounts receivables	4.525.253	4.565.183			
III. Other assets	786.166	705.721	C. Short-term liabilities		
IV. Cash-on-hand, bank balance	4.623.167	5.153.407	I. Bank liabilities	68.193	0
	17.777.691	17.561.288	II. Trade payables	3.175.149	2.747.304
			III. Accruals for other taxes	684.681	551.073
			IV. Other accruals	1.057.965	670.673
			V. Other liabilities	1.105.155	1.166.812
				6.091.149	5.135.862
Total Assets	25.410.920	24.051.646	Total Equity and Liabilities	25.410.920	24.051.646

Consolidated Income Statement
(uncertified) according to IAS/IFRS

01.07.07 – 31.03.2008 (last year's figures 01.07.06 - 31.03.07)

<u>Income Statement</u>	GJ 2007/08	BY 2006/07
Sales revenues	31.887.249 €	31.261.974€
Other operating income	368.855 €	579.213 €
Cost of material	23.235.426 €	23.968.083 €
Personnel expenses	4.306.788 €	3.637.256 €
Depreciation	242.417 €	231.811 €
Other operating expenses	2.510.510 €	2.099.158 €
Operating income (EBIT)	1.960.963 €	1.904.879 €
Other interests and similar income	129.478 €	52.913 €
Taxes on income and profit	775.870 €	912.331
Net income	1.314.571 €	1.045.461 €
Earning per share/ 9-months	0,44 €	0,38 €
Shares outstanding	2.954.943	2.728.327

Consolidated Income Statement (uncertified) according to IAS/IFRS

01.01. – 31.03.2008 (last year's figures 01.01. - 31.03.2007)

<u>Income Statement</u>	Q3 (1.01.-31.03.08)	Q3 (1.01.-31.03.07)
Sales revenues	11.716.498 €	11.217.141€
Other operating income	90.124 €	35.643 €
Cost of material	8.551.010 €	8.530.977€
Personnel expenses	1.578.488 €	1.259.791 €
Depreciation	96.139 €	83.937 €
Other operating expenses	860.775 €	706.516 €
Operating income (EBIT)	720.210 €	671.563 €
Other interests and similar income	44.271 €	22.723€
Taxes on income and profit	293.424 €	404.332 €
Net income	471.057 €	289.954 €
Earning per share/3rd Quarter	0,16	0,10 €
Shares outstanding	2.954.943	2.728.327

Consolidated Cash Flow Statement

(uncertified) according to IAS/IFRS
01.07.07 - 31.03.2008 (last year's figures 01.07.06 - 31.03.07)

I. Operative Business	<u>BY 2007/08</u>	<u>BY 2006/07</u>
Net income	€ 1.314.571	€ 1.045.461
Depreciation of tangible and intangible assets	€ 242.417	€ 231.811
Change of inventories	€ - 706.129	€ - 445.625
Change in accounts receivable	€ 39.930	€ 3.033.471
Change of liabilities	€ 543.894	€ - 271.852
Change of accruals	€ 387.292	€ - 341.657
Change of other assets	<u>€ - 80.445</u>	<u>€ - 6.111</u>
Cash flow from operating business	€ 1.741.530	€ 3.245.498
 II. Investment Activities		
Cash flow from investment activities	€ - 1.385.287	€ -1.167.874
 III. Financing Activities		
Increase of capital stock	€ 0	€ 254.943
Increase of capital reserve	€ 0	€ 2.940.502
Profit distribution	€ - 886.483	€ - 810.000
 VI. Cash flow in total	€ - 530.240	€ 4.463.069
 V. Change in Liquid Funds Mittel		
Cash at the beginning of period	€ 5.153.407	€ 901.463
Cash at the end of period	€ 4.623.167	€ 5.364.532

Company Capital. (uncertified) according to IAS/IFRS

01.07.2007 - 31.03.2008 (last year's figures 01.07.2006 - 31.03.2007)

Fiscal Year 2007 / 08	Capital stock Euro	Capital reserve Euro	Development of reserves and accumulated profit Euro	TOTAL Euro
Balance 01.07.2008	2.954.943	8.689.363	6.872.568	18.516.874
Payout dividends			-886.483	-886.483
Period earnings			1.314.571	1.314.571
Balance 31.03.2008	2.954.943	8.689.363	7.300.656	18.944.962
Not transferable according to § 150 AktG according to § 47 AktG	2.954.943	8.689.363		

Fiscal Year 2006 / 07	Capital stock Euro	Capital Reserves Euro	Development of reserves and accumulated profit Euro	TOTAL Euro
Balance 01.07.2006	2.700.000	5.654.522	6.311.822	14.666.344
Capital increase	254.943	2.738.002		2.992.945
Share option program		202.500	0	202.500
Payout dividends			-810.000	-810.000
Period earning			1.045.461	1.045.461
Balance 31.03.2007	2.954.943	8.595.024	6.547.283	18.097.250
Not transferable according to § 150 AktG according to § 47 AktG	2.954.943	8.595.024		