

# **Annual Report 2009/2010**

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**Business Year July 01, 2009 – June 30, 2010**

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# Management Report 2009/2010

## **Business and Results**

During first quarter of BY 2009/10, the slide of the sudden missing order income of 2<sup>nd</sup> quarter 2008/09 in the electronic industry ended and we managed to overcome the bottom cycle of remaining BY. In fact, this year was one of the most difficult in the entire 25 years of the company.

Yet in BY 2009/10 – as in all these years since the company's foundation – the results were successful.

The company's result amounting to 36 million EUR in BY 2009/10 was - due to the recession in the electronic industry - 15% below the prev. year's result of 42 million EUR. During this period, the company's total result simultaneously reduced to 1.3 million EUR compared to 1.5 million EUR in previous year. In view of the changed company capital, this result is based on the results of BY 2009/10. However, as concerns the change of company capital, the result of 0.5 million EUR is mainly due to the currently strong Swiss-Franc of our Swiss subsidiary. Compared to our competitors, we thus managed to eliminate considerably losses during the period of this slide.

The result of usual business before interest and tax (EBIT) of 0.9 million EUR in BY 2009/10 was definitely below that of BY 2008/09 of 2.1 million EUR. Therefore, the year's result reduced accordingly from 1.6 million EUR to 0.7 million EUR and is in accordance with the expectations and forecast given for BY 2009/10.

As to balancing 2009/10, we took all necessary steps again for any risks involved and carefully evaluated the total assets in view of the so-called slow moving recovery in the industrial field.

## **Financial Situation**

The financial situation is considered comfortable without exceptions. As concerns total assets, the long-term assets amounted to 5.4 million EUR (prev. year 4.9 million EUR) according to IFRS. The stock-value of short-terms assets was again reduced to 6.7 million EUR as per 30.06.2010 (prev. year 7.3 million EUR) and thus being considered to be healthy without noticeable risks. Receivables from deliveries and service are now 4.3 million EUR (prev. year 3.9 million EUR) right at balancing was completed – thus not creating any loss or risk.

The company only works on own capital without any bank liabilities. Having a capital quota of 80 % at a balance volume of 23 million EUR, the company possesses sufficient own capital. Due to the actual cash-on-hand of more than 6 million EUR, it may be possible to make major acquisitions in order to enlarge business.

Cash-flow of operative business in BY 2009/10 was definitively positive by more than 2.8 million EUR (prev. year 2.1 million EUR) and clearly reveals the financial strength of the company.

#### **Further Information according to § 289 Par. 4 HGB**

The number of shares is 2.954.943 at a nominal value of 1 EUR. At present, there is no limited or proved capital, nor any program for repurchase of stock.

The signed capital is exclusively common stock drawn to bondholders who are entitled to vote. There are neither limitations as concerns the right to vote nor the purchase. The AK Industriebeteiligungen GmbH, Norderfriedrichskog possesses 10% of the company's capital since 02.09.2003 and owns 513.336 shares as per 20.01.2007.

Appointment and dismissal of the board is in accordance with legal regulations (§§ 84, 85 AktG). The compensation of the supervisory board breaks down to a fix, a variable and a share-based part.

On 13.12.2006, the general shareholders board decided, that the required statements in the financial report can be omitted as per § 314 No. 6 Art. 5-9 HGB. It is not agreed that there are any refunds to be made in case of change of control and/or any takeover offer. If change of control based on a takeover offer takes place, it is agreed that the suppliers' contracts essential for the company may be cancelled by the latter. Especially, when there is a potential risk that a competitor will take over. Alterations of articles of the association, especially dismissal of the supervisory board requires a majority of board votes of 75%. The regular mandate of the current board ends as per day of the annual board's meeting, which reports on BY 2013/14.

#### **Analysis und Strategy**

FORTEC's focus is the distribution of standard components. Due to vast and always available information via internet, there is a continuous reduction of the margins in industrial business. FORTEC's goal is to compensate this development by own added-value.

When connecting the product segments of powersupplies, display technology (industrial displays incl. controls) and embedded computer technology (single-board computer) to create an Embedded Solution System, FORTEC possesses for a long time now a very attractive rare domain.

Marketing starts with delivery of system-proved and tested standard kits, accompanied by customers' service in hard- and software with the sale of standard units and ends in specific customer development e.g. base-board design. In the field of power supplies, FORTEC domains completely open-frame boards and DC/DC convertors produced in standard in the Far East or modified units from Germany ranging to tailor-made and user-specific developments to be manufactured in our Czech subsidiary.

Target customers are mainly manufacturers in the field of industry automation, medicine technology as well as providers for railway and security instruments. With this portfolio, FORTEC thus covers the fields of health, information, security and mobility as well as build-up of industrial manufacture, which at present are the big trends of worldwide dynamic increase of demand.

Our big competence is to provide technology know-how in combination with sales at site. Years of business relations to thousands of customers are the basis of our success. Our core countries namely Germany, Austria and Switzerland still offer considerable potential. We manufacture in our sites in Germany and the Czech Republic. Moreover, we are represented in the Benelux by a 25% participation to an electronic production as well as distribution company.

Due to our product portfolio, our strategy is to continuously achieve profitable margins by own added-value, which, after cost deduction, still allows a reasonable interest rate of the company capital.

### **Risk Management Report.**

The risks mentioned below could influence our entire company, our financial situation and our results and we have to face these risks continuously. These risks are not definite, however others may occur which at present, we do not know nor do consider as important.

Risks that could endanger the company at present are not reported.

Balance risks, if any, at balance day have been considered by appropriate accruals. The company has taken care of all possibilities to deal with any possible risks. At balancing day, the evaluation of these risks was made to our best knowledge, yet could not be sufficient in total.

Elementary risks are covered by considerable insurances and are thoroughly checked each year; in special cases it may not be sufficient.

Potential risks which have to be taken into consideration to exist within the market are the risks of distribution, products and marketing as well as the dependency from other suppliers.

Another enormous risk - yet not to be underestimated - is the system-related risk of the close co-operation with only few strategic partners in the same product portfolio. Already a change in personnel could lead to the loss of an existent and successful business co-operation and this mainly in view of suppliers in the Far East with whom there are often relationships for many years and of private matter.

A considerable risk is disposition of stock. Wrong planning could result in considerable losses because there is a continuous trend to local suppliers. The risk to have unsellable merchandise on stock, is not only the result of false material planning, but also depends on the different quality standards set by customers and producers. Mainly, the important fact is that of the configuration of the merchandise with origin Far East as well as the political EU requirements as to its contents and its usage.

Compared to a few years ago, the product liability is an increasing risk to the company which is controlled and noted by choice of suppliers and their ratings. However, as concerns different quality standards, frauds and/or criminal actions of suppliers, we - as importer/supplier - are liable towards our customers.

A yet steady growing risk is the customer's requirements as concerns a prolonged time of warranty and the usual terms of a suppliers' contract. During these past years, the customers started to develop a certain aggressiveness for claims which is obviously against and at expenses of the supplier. Claims resulting of a supplier's contract may accelerate considerably the delivered value of the product; resulting in more legal proceedings including corresponding risk.

Another main topic of the risk management is the often bad credit worthiness of some middle-sized companies. Here, careful examination of its solvency is made, yet observing mainly the requirements of the insurance company. In view of the economic recovery and its consequences of the financial needs of middle-size companies, we will expect considerable problems within the next years.

Our success also strongly depends on the vast and years of experience of our personnel. A big change in staff yet especially of key-persons would definitely endanger our current success.

A big question would endanger our business model as importer of technical high-quality products i.e. the change in customers' behaviour to no longer produce in Middle Europe and turn to local suppliers. In the future, the same effect would have the behaviour of our suppliers to sell directly to industrial customers and not any more within their distribution channels. Another negative aspect could be a concentration process expected from the supplier's side which could result – in worst case – to a contract cancellation towards the supplier. In addition, similar effects could arise if the costs decrease because of the reduction of margins due to competitor's information available to all customers via internet. This basically influences the personnel costs applied in the German speaking area.

Due to the EDP – networking of the entire group, a break-down or a serious interference in the computer system could cause enormous damage to the company. A abuse by externals or internals, especially theft of information, business interruptions or IT – system breakouts or insufficient means for data security could extremely endanger the company.

Foreign currency risks are excluded, if possible, in case of larger project by invoicing directly in the relevant currency. However, there could be negative impulses on our company in normal business especially due to a further change of the dollar parity.

The existing growth strategy of the group does not only involve organic increase but also company acquisitions. Here, the figure above the net asset value is balanced as goodwill and checked each year as to its recoverability. If the expectations of the purchased company are not met and/or – as a consequence of economic unstableness – the expected cash-flow result cannot be achieved, then depreciations in the group's balance as per IFRS have to be done. In spite of the economic setback and the carefully made income planning for the next two to three years, an additional need for depreciation may not be eliminated if economic recovery fails.

## **Internal Control and Risk Management System in View of Balancing Process**

The control and risk management is an integral part of all processes of the FORTEC group and is based on a global system of risk identification, its evaluation as well as its controlling. The board of directors holds sole responsibility of control and risk management. Active monitoring are to support its identification, evaluation and processing within the specific business sectors of the AG and its subsidiaries.

Monthly statements of the AG and its subsidiaries help to recognize in time any changes as concerns order income, order book, stock as well as turnover and consequently take necessary steps as to the raw margin and costs. The value of receivables, especially those of the debtors is controlled on a regular basis. The value of share holdings is controlled once a year by a so-called impairment test and corrected if necessary.

The measures of the internal control system assure the correctness and reliability of the group's balance, which, in accordance with legal regulations, is covered completely and in time; furthermore, inventory is made correctly and group's assets and depths are listed and evaluated appropriately. It is guaranteed that balancing documents provide reliable and understandable information.

The balancing regulations are in accordance with the International Financial Reporting Standards (IFRS) and are basis for FORTEC's balancing and evaluation standards also applying to its German and foreign subsidiaries.

The group's auditor and others e.g. the tax auditor use process independent controlling. Especially as regards the group's final balancing process, a specific autonomous monitoring is applied at issue of the group's year balance.

## **Expectations**

Since begin of 2010, the current situation of the economy in Central Europe improved considerably. Nobody could have expected these economic data during first and particularly second quarter of BY 2010 – especially as concerns the enormous increase in order income. In Germany, an rising improvement of export business is obvious. When investments will be involved again, then recession can considered to end. Therefore, in late summer 2010, again we realized a slow-down of the economic development. Worries about world-wide economic programs arise. People do not only watch the “weakening” economy in the US but also the high level of depths within the EU which considerably endanger the financial stability.

Due to the rapid increase in stock in the electronic industry during these first months of 2010, all suppliers' stocks especially those of components like semiconductors, capacitors and reels are more than empty; however the manufacturers not yet adapted their production capacity to the (sudden) increased demand. Delivery times of more than half a year are common. Although the economic situation is more than positive, however there will not be a considerable impulse in sales during first half year of BY 2010/11, mainly because of the insufficient deliveries of our sub-suppliers. Therefore, cost management will have priority besides other plans during this period.

In view of an increasing business in the long run, we try to keep our main staff by means of the instrument of short-time work. Cost's reductions in other fields have already been made. Additional savings – especially as to promotion and advertising – would endanger our continuous positive development.

BY 2010/11 is a temporary year with same sales as before, which are expected to increase again however in BY 2011/12.

Since 26 years now, we have had generated year after year extraordinary income during several cycles of our proved business concept – without even having one year of loss.

Even if we cannot guarantee this development for the future, yet for these next years, we rely on our business concept which is healthy and stable.

Landsberg, September 27, 2010  
FORTEC Elektronik AG  
Dieter Fischer  
CEO

### **Assurance of Legal Representative**

I herewith assure to my best knowledge that in accordance with the regulations of balancing, the group's result reveals the actual conditions of its situation of assets, finance and balance. In the group's report, the course of business incl. the results represents the actual situation as well as the considerable chances and risks of its expected development.

Landsberg, September 27, 2010  
FORTEC Elektronik AG  
Dieter Fischer  
CEO



**CONSOLIDATED BALANCE SHEET FORTEC Elektronik AG**  
**per 30.06.2010 (previous year 30.06.2009)**

<b>AKTIVA / TOTAL ASSETS</b>		<b>Consolidated balance sheet 30.06.2009</b>	<b>Consolidated balance sheet 30.06.2010</b>	<b>PASSIVA / TOTAL EQUITY AND LIABILITIES</b>		<b>Consolidated balance sheet 30.06.2009</b>	<b>Consolidated balance sheet 30.06.2010</b>
<b>A. Langfristige Vermögenswerte Non-current ass.</b>				<b>A. Eigenkapital</b>	<b>Shareholders' equity</b>		
I. Goodwill	Goodwill	2.335.459	2.645.044	I. Gezeichnetes Kapital	Subscribed capital	2.954.943	2.954.943
II. Immaterielle Vermögenswerte	Intangible assets	178.797	159.802	II. Kapitalrücklage	Capital reserve	8.689.364	8.689.364
III. Sachanlagen	Tangible assets	1.330.519	1.319.875	III. Umrechnungsdifferenz	Exchange differences	139.399	687.536
IV. Finanzielle Vermögenswerte	Financial assets	953.233	1.060.321	IV. Sonstige Rücklagen	Other compreh. Income	4.735.680	5.453.639
V. Langfristige Forderungen	Accounts receiv.	130.097	127.692	V. Jahresüberschuss	Net income	1.568.393	734.999
VI. Latente Steuern	Deferred Taxes	0	105.000			<b>18.087.779</b>	<b>18.520.480</b>
		<b>4.928.106</b>	<b>5.417.734</b>				
<b>B. Kurzfristige Vermögenswerte Current assets</b>				<b>B. Langfrist. Verbindlichkeiten</b>	<b>Long-term liabilities</b>		
I. Vorräte	Inventories	7.327.416	6.667.175	I. Langfrist.Rückstellungen	Other provisions	56.160	54.202
II. Forderungen aus Lieferungen und Leistungen	Accounts receiv und Leistungen	3.871.707	4.294.450	II. Latente Steuerverbindlichk.	Deferred Taxes	209.869	271.867
						<b>266.029</b>	<b>326.069</b>
III. Steuerforderungen	Tax receivables	172.188	60.245	<b>C. Kurzfristige Verbindlichkeiten</b>	<b>Short-term liabilities</b>		
IV. Sonst. Vermögenswerte	Other assets	240.626	241.004	I. Verbindl. Lief./Leistungen	Trade payables	1.376.970	1.698.831
V. Liquide Mittel	Cash on hand, balances banks	5.146.225	6.355.459	II. Steuerverbindlichkeiten	Accruals other taxes	443.862	248.204
		<b>16.758.161</b>	<b>17.618.334</b>	III. Sonstige Rückstellungen	Other provisions	514.543	1.122.696
				IV. Sonst. Verbindlichkeiten	Other liability./accruals	997.083	1.119.788
						<b>3.332.459</b>	<b>4.189.519</b>
<b>Summe Aktiva</b>	<b>Total Assets</b>	<b>21.686.267</b>	<b>23.036.068</b>	<b>Summe Passiva</b>	<b>Total Equity/Liabilities</b>	<b>21.686.267</b>	<b>23.036.068</b>

# Consolidated Income-Statement 01.07.2009 - 30.06.2010

## FORTEC Elektronik AG

		Anhang Notes	Consolidated income- statement 01.07.2008 - 30.06.2009	Consolidated income- statement 01.07.2009 - 30.06.2010
1. Umsatzerlöse	Sales revenues	20	42.220.704	36.027.857
2. Erhöhung Bestand unfertige Erzeugnisse	Increase in finished goods/work in process	21	314.453	- 186.257
3. sonstige betriebliche Erträge	Other operating income	22	1.149.615	947.075
4. Materialaufwand	Cost of material	23	31.702.047	26.949.894
5. Personalaufwand	Personnel expenses	24	5.553.848	4.816.029
6. Abschreibungen	Depreciation	25	217.469	312.764
7. Sonstige betriebliche Aufwendungen	Other operating expenses	26	<u>4.118.429</u>	<u>3.828.887</u>
8. Betriebsergebnis (EBIT)	Operating result		2.092.979	881.101
9. Sonstige Zinsen u. ähnliche Erträge	Other interest and similar income	27	96.661	54.163
10. Zinsen u. ähnliche Aufwendungen	Other interest and similar expenses	27	<u>6.972</u>	<u>4.713</u>
11. Ergebnis vor Ertragssteuer	Results from ordinary activities		2.182.668	930.551
12. Ertragssteueraufwand	Taxes on income	28	614.275	195.552
13. Jahresüberschuss	Net income		1.568.393	734.999
14. Ergebnis je Aktie	Earnings per Share			
unverwässert	Basic		0,53	0,25
verwässert	Diluted		0,53	0,25

## Consolidated Statement of Comprehensive Income

**01.07.2009 - 30.06.2010**

**FORTEC Elektronik AG**

		<b>Anhang Notes</b>	<b>Consolidated Statement of Compreh.Income 01.07.2008 - 30.06.2009</b>	<b>Consolidated Statement of Compreh.Income 01.07.2009 - 30.06.2010</b>
1. Konzernjahresüberschuss	Group's annual income		1.568.393	734.999
2. Erträge /Aufwendungen Neubewertung von Sachanlagen /Immaterielle Vermögenswerte	Increase/Expenses re-evaluation of tangible and intangible assets		0	0
3. Marktwertänderungen von zur Veräußerungen verfügbaren Vermögenswerten	Changed market value of assets „ Available for Sale“		-303.202	107.088
4. Währungsumrechnungsdifferenzen	Differences in exchange rate	30	191.262	548.137
5. Ertragssteuern	Income taxes	28	71.040	-71.040
6. Sonstiges Ergebnis	Other result		-40.900	584.185
7 Gesamtergebnis	T O T A L result		1.527.493	1.319.184

## Consolidated Statement of Changes in Equity 2009/2010

	Subscribed capital	Capital reserves	Exchange rate differences	Other compreh. Income Market elevation reserves	Profit reserves/ Profit carried forward	T O T A L
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as per 30.06.2008</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>-51.863</b>	<b>-9.888</b>	<b>5.864.214</b>	<b>17.446.769</b>
Group's result 2008/09					1.568.393	<b>1.568.393</b>
Changes other result			191.262	-232.162		<b>-40.900</b>
Dividend payments					-886.483	<b>-886.483</b>
	<b>0</b>	<b>0</b>	<b>191.262</b>	<b>-232.162</b>	<b>681.910</b>	<b>641.010</b>
<b>Balance as per 30.06.2009</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>139.399</b>	<b>-242.050</b>	<b>6.546.124</b>	<b>18.087.779</b>
Group's result 2008/09					734.999	<b>734.999</b>
Changes other result			548.137	36.048		<b>584.185</b>
Dividend payments					-886.483	<b>-886.483</b>
	<b>0</b>	<b>0</b>	<b>548.137</b>	<b>36.048</b>	<b>-151.484</b>	<b>432.701</b>
<b>Balance as per 30.06.2010</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>687.536</b>	<b>-206.002</b>	<b>6.394.640</b>	<b>18.520.480</b>

# Consolidated Cash-flow Statement 01.07.2009 – 30.06.2010

		Annex	2008/2009	2009/2010
I. OPERATIVER BEREICH	1. Jahresüberschuss		1.568.393	734.999
	2. Abschreibungen auf Sachanlagen und immaterielle Anlagegegenstände inkl. Goodwill		217.469	312.764
	3. Korrektur andere zahlungsunwirks. Transaktionen		144.527	567.763
	4. Abnahme (VJ Zunahme) der Vorräte		1.236.619	660.241
	5. Zunahme (VJ Abnahme) Forderungen aus Lieferungen, Leistungen u. sonstigen Forderungen		356.709	-298.288
	6. Zunahme (VJ Abnahme) Verbindlichkeiten aus Lieferungen und Leistungen		-444.331	321.861
	7. Zunahme (VJ Zunahme) kurzfrist. Verbindlichkeiten		-897.625	535.200
	8. Zunahme (VJ Zunahme) langfrist. Forderungen		-1.133	-10.486
	9. Abnahme (VJ Abnahme) langfrist. Verbindlichkeiten		-56.110	-1.957
	<u>Cash flow aus dem operativen Bereich</u>	31	<u>2.124.518</u>	<u>2.822.096</u>
II. INVESTITIONSBEREICH	1. Invest. Sachanlagen /immaterielle Anlagegegenstände		-885.883	-726.380
	2. Investitionen in Finanzanlagen		-48.183	0
	3. Erlöse aus Abgängen Sachanlagevermögen		11.088	0
	4. Erlöse aus den Abgängen von Finanzanlagen		0	0
	<u>Cash flow aus dem Investitionsbereich</u>	31	<u>-922.978</u>	<u>-726.380</u>
III. FINANZIERUNGSBEREICH	1. Gewinnausschüttung		-886.483	-886.483
	<u>Cash flow aus dem Finanzierungsbereich</u>		<u>-886.483</u>	<u>-886.483</u>
IV. CASH FLOW INSGESAMT	TOTAL CASH FLOW	30	315.057	1.209.234
V. VERÄNDERUNG DER LIQUIDEN MITTEL	CHANGE IN LIQUID FUNDS	12		
	Kasse, Bankguthaben 30.06.2010 (VJ 30.06.2009)		5.146.225	6.355.459
	Kasse, Bankguthaben 01.07.2009 (VJ 01.07.2008)		4.831.168	5.146.225
	<u>Veränderung der liquiden Mittel</u>		<u>315.057</u>	<u>1.209.234</u>
Zusammensetzung des Finanzmittelfonds	Composition of liquid funds			
	Kasse, Scheck		16.952	15.004
	Bankguthaben		5.129.273	6.340.455
Finanzmittel am Ende der Periode	Liquid funds at end of period	12	5.146.225	6.355.459

# **Annex FORTEC Elektronik AG for Business Year 2009/10**

## **1) General Information**

FORTEC Elektronik AG issues a group's final report according to § 315 a of HGB and according to the current valid regulations of International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as recommended in the EU taking into consideration all standards at balancing day. Basis thereof is the obligation to fulfil § 315a Art. 1 HGB and Art. 4 of regulation (EG) Nr. 1606/2002 of the European Parliament and Council dated July 19, 2002 re: use of the international balancing standards. All standards to report as per balancing day have been observed. Besides all information compulsory according to IFRS, also all statements and explanations will be made as per § 315a Art. 1 HGB, which German Trade Law requires for a group's report according to IFRS.

## **Revised or new IFRS and Relevant Changes of Information and/or Evaluation.**

Compared to group's final report as per 30.06.2009, the following standards and interpretations were amended and are to be reported obligatory due to EU law or the coming-into-effect of the regulation.

- Changes to IAS 1 "Interpretation of Annual Report"

Changes are to be done for BY's, that start at or after 01.01.2009. The changes to IAS 1 are relevant to changes in capital because of no difference of transactions with share owners and non-share owners. This does not influence this report. Furthermore, this standard includes for the first time the "Statement of Comprehensive Income". As the changes to IAS 1 are only statement regulations, they will not influence the situation of assets, finance and profit resp. the "Consolidated Cash-Flow Statement".

- Changes to IFRS 7 "Improved Statement of Financial Instruments"

Changes to IFRS 7 come into effect for BY's that start at or after 01.01.2009. In general, these regulations are important to the group as they state detailed information as concerns the evaluation of the relevant time value and liquid risks.

The following standards and interpretations were published by the IASB and confirmed by the EU. They are obligatory to reporting, however with no influence as to the group's result resp. its annex.

- Changes to IAS 23 "Bonded Capital Costs"
- Changes to IAS 32 and IAS 1 "Finance Instruments"
- IFRIC 12 "Service Concession Agreements"

- Changes to IFRS 3 “Company Fusions” and changes to IAS 27 “Group and separate Reports” were published in January 2008 and are obligatory for BY’s that start at 01.07.2009. IFRS 3 includes some alterations for company fusions after date mentioned before. As per IAS 27, changes of company capital transactions as to investments of a subsidiary have to be reported, also after date mentioned before.

- Changes to IFRS 2 “Reimbursements”

- IFRIC 15 “Real Estate Agreements”

IFRIC 15 was published in July 2008 for BY’s that start at 01.01.2009.

- Changes to IFRS 1 and IAS 27 “Group and Single Reports”

These changes were published by EU law on 23.01.2009 and are obligatory for BY’s that start at or after 01.01.2009.

- IFRIC 16 “Protection of a net investment in a foreign subsidiary”

IFRIC 16 was published by EU law on 04.06.2009 and is obligatory for BY’s that start after 30.06.2009.

- Changes to IAS 39 “Finance Instruments: Approach and Evaluation - Hedge Business”

These changes were published by EU law on 31.07.2008 and are obligatory for BY’s that start at or after 01.07.2009.

- Changes to IFRIC 9 and IAS 39 “embedded Derivatives”

The changes to IFRIC 9 were published by EU law on 30.03.2009 and are obligatory for BY’s that start at or after 01.07.2009.

- IFRIC 18 “Transaction of Customer Assets”

In January 2009, IFRIC 18 was published for transactions of customer assets made after 01.07.2009. Yet not relevant for the group.

- IAS 32 “Finance Instruments: Statement – Classification of Purchase Rights”

The following IFRS resp. IFRIC were published by IASB at balance day, however obligatory for later report periods resp. were not yet confirmed by EU law.

- IFRIC 17 “Asset Pay-outs”  
Not relevant for the group.

- Improvements of IFRS as 2<sup>nd</sup> statement of IASB in “Annual Improvement Project”.  
These include changes to twelve existing standards or interpretations that – if not stated otherwise in the standards – are obligatory for BY’s that start at or after 01.01.2010. The group states that these changes have no considerable influence as to its statement of assets, finance and profit resp. consolidated cash-flow statement.

- Changes to IFRS 2 “Group’s reimbursements for cash payout”  
Not relevant for the group.
- Revised text of IAS 24 “Relationship to other companies and persons”

The revised standard was published in November 2009 and is obligatory for BY’s that start at or after 01.01.2011. In fact, this standard is relevant for the group. However, the group states that these changes have no considerable influence as to its statement of assets, finance and profit resp. consolidated cash-flow statement.

- IFRS “Finance Instruments”

The revised standard was published in November 2009 and is obligatory for BY’s that start at or after 01.01.2013. In fact, this standard is relevant for the group. However, the group examines its influence as to the group’s report.

- IFRS 1 “Further Exceptions”  
Published in July 2009; however not relevant for the group.
- Changes of IFRIC 14 “Optional advance payments as to minimum finance standards”  
Published in November 2009, however not relevant for the group.
- IFRIC 19 “Amortization of financial obligations by company capital instruments”  
Published in November 2009, however not relevant for the group.

For this business year, FORTEC Elektronik AG did not use the new resp. revised IFRS standards which are not compulsory per 30.06.2010 except IFRS 8.

Following the future application of the aforementioned standards and interpretations, no considerable influence is relevant on the groups’ situation as to assets, financial and earnings (revenue/income) – except an upgraded group’s annexe.

Besides the parent company, this group report includes the German subsidiaries of Blum Stromversorgungen GmbH, Thannhausen, Emtron electronics GmbH, Nauheim, Rotec technology GmbH, Rastatt and Autronic Steuer- und Regeltechnik GmbH, Sachsenheim as well as the Swiss Altrac AG, Dietikon. The reports of each subsidiary are dated at the day of issue of the group’s report, being examined and certified by independent financial auditors with unlimited comments.

The year’s report of the FORTEC AG as well as of the group was issued in EUR.

The consolidated balance sheet as well as the income statement is issued according to the total cost procedure.

In order to improve clear understanding, some items in the consolidated balance sheet and in the income statement as well as in the balance are summarized; they are explained in detail in the annex.



The issue of the group's report in accordance with the International Financial Reporting Standards requires a variety of evaluations, estimations from the management, which have direct influence for the balance and evaluation methods as well as to values of assets and debts, statements of receivables and liabilities at balance day as well as turnover and expenses during BY. Although the board of directors gives all information to its best knowledge, there may be differences to the actual results.

## **2) Balancing and Evaluation Principles.**

Intangible assets (without goodwill) as well as tangible assets are calculated according to purchase cost minimized by the accumulated depreciation and being depreciated according to plan for the period of use.

This period is said to be 3-5 years for software, 10 years for company building, for vehicles 3-6 years, for tools and equipment 4 years, for office equipment 3-5 years and for other company and business equipment 4 -10 years. Costs for repair are calculated according to FORTEC Elektronik AG's expenses.

At balance day, the achieved proceeds from the equipment assets were not below the book value. As depreciation method, only linear depreciation is used. Incomes are depreciated according to "pro rata temporis"; minor cost merchandise is depreciated for 5 years.

At each balance day, the book values are examined as to possible depreciation in value.

The long-term financial asset is evaluated "fair- value" at the group's balance day. Changes in value compared to previous year are taken into consideration at own capital. Assets of financial investments are classified as "available-for-sale".

The stocks asset is evaluated to purchase costs plus additional costs and minus discount. As concerns price alterations, only mixed prices are changed accordingly. Therefore, the average method was used; the lowest value principle was observed. If the net sales value was below purchase cost, the lower net sales value was used. Financing costs are not activated.

Obligations from deliveries, services and others are evaluated as to their nominal amount. Necessary value corrections were done right away. Individual debtors risks were evaluated separately.

The evaluation of fluids and payment equivalents is done by their net value.

Taken into consideration the necessary caution, reserves which the company might have to deal with were not made. It was not required to calculate interests.

Pension reserves were not made.

Obligations with return payment were made. As per balance day, there were no obligations with a remaining period of more than 5 years.

Deferred taxes are made considering temporary differences of the balance report and the financial values.

The future average tax (KSt, SolZ and GewSt) amounts to 29 % (prev.year 29%). Balancing of deferred tax return claims and tax debts was made of TEUR 1 (prev.year EUR 72). Latent taxes from the loss of Autronic GmbH of TEUR 105 were not depreciated.

**Currency exchange rates** of any transactions, obligations, liabilities and monetary assets and debts per balance day were made at daily EUR rate. Exchange rate differences are stated.

The report of the Swiss company Altrac AG is calculated according to IAS 21 of functional currency into EUR. The valid currency for Altrac AG is the country's currency, as the company is considered independent financially, economically and logistically.

At groups' balance all considerable balance data – based on exchange rates – were calculated at daily rate of the balance day; investments and earnings at average annual rate as well as company capital at average yearly rate (modified day method).

At group's balance, **expense reserves** according to IFRS were not made.

**Earnings/Returns** – whenever payment date was – were recorded when service rendered. They will be evaluated according to date for payment; taxes will be calculated proportionally at time.

**Other capital costs** made during business year were recorded as expenses.

**Regulations in structure** remain same as previous year. Short-term mean assets and obligations if due within one year. Accounts receivables from deliveries, service and stock are in general considered short-term. Deferred claims on tax and/or obligations are considered long-term according to IAS 1.56.

### **3) Consolidation**

The group's balance is made by FORTEC Elektronik AG together with four active national and one foreign company having the majority of votes. Thus all subsidiaries were consolidated. As FORTEC Elektronik AG holds the entire capital of all subsidiaries, there are no minority shares. The most important figures according to IFRS of the relevant companies (before consolidation) are shown in the following chart as per 30.06.2010:

	FORTEC AG	Blum SV GmbH	Emtron GmbH	Rotec GmbH	Autronic GmbH	Altrac AG
	TEUR					
<b>Turnover</b>	19.011	705	8.096	1.356	3.975	4.502
<i>previous year</i>	26.545	733	7.333	1.573	4.045	4.060
<b>Company result (EBIT)</b>	148	14	811	124	-132	124
<i>previous year</i>	1.395	57	740	167	-231	-35
<b>Financial result</b>	99	-4	43	-37	-52	1
<i>previous year</i>	119	-2	46	-34	-44	4
<b>Taxes</b>	8	3	242	-1	-94	38
<i>previous year</i>	411	15	224	-1	-31	-3
<b>Year's earning (per IFRS)</b>	239	7	612	88	-90	87
<i>previous year</i>	1.103	41	562	133	-243	-27

Participation figures of the results of all group members are to be seen in the following:

	<b>Blum SV GmbH at Thannhausen</b>	<b>Emtron electronic GmbH at Nauheim</b>	<b>ROTEC GmbH at Rastatt</b>	<b>Autronic at Sachsenheim</b>	<b>Altrac AG at Dietikon (CH)</b>
<b>Goodwill (IFRS) (€)</b>	69.339	167.146	0	0	2.408.559
<i>previous year</i>	69.339	167.146	0	0	2.099.396
<b>Nominal value of participation (€)</b>	250.000	250.000	250.000	250.000	160.000
<i>previous year</i>	250.000	250.000	250.000	250.000	160.000
<b>Economic equity capital (€)</b>	433.209	3.258.547	5.094	187.043	1.956.568
<i>previous year</i>	426.198	2.646.351	-82.726	277.407	1.621.043
<b>Capital-/Shareholders (%)</b>	100,00%	100,00%	100,00%	100,00%	100,00%
<i>previous year</i>	100,00%	100,00%	100,00%	100,00%	100,00%
<b>Acquisition</b>	17.12.1992	17.12.1998	02.07.2003*	01.01.2004	30.08.2000

\*Note: Rotec technology GmbH was founded by FORTEC AG on 2.7.03.

The day of issue of all reports of all group members/subsidiaries is date of the group's report (30.06.2010).

Altrac AG made its annual report in Swiss Francs. The year's result as per 30.06.2010 is converted in EUR according to IAS 21 and the concept of functional currency.

At balance day (same as previous year), FORTEC holds 25% of the capital stock of Advantec Electronics B.V. Oudenbosch (NL) as well as 25% of Advantec B.V., Oudenbosch (NL). The companies are no subsidiaries in terms of IAS 27.13, as there is no command/control function. Besides Advantec Electronics B.V. and Advantec B.V. are non-associated companies according to IAS 28.2 i.V.m. IAS 28.6, as the indication catalogue of IAS 28.5 not being relevant.

For companies with shares of 20 to 50 %, it is foreseen in general that these are non-associated companies, unless it is assumed that there is considerable influence. We assume the latter, because there is no affiliation, nor important decisions made, nor important business between us and these companies, no exchange of management personnel and no important technical information/data to be provided. Therefore, consolidation of both companies is omitted.

#### **4) Consolidation Basics**

According to law and regulations, the reports of each company were issued for completion of the group's report in accordance with the valid balancing and evaluation methods of FORTEC Elektronik AG and/or appropriately adapted for consolidation. Similar positions were added together.

Accounts receivables and liabilities within the group were eliminated; hand in hand with successful consolidation, all internal sales and revenues/returns were set against costs and purchases.

## **5) Capital Consolidation**

The capital consolidation was made according to IFRS 3 and the benchmark method. Settlement of “fair values” was done with own capital of each subsidiary of the group’s financial statement at date of purchase.

The difference of Blum Stromversorgungen GmbH (formerly Microscan Vertriebs GmbH and Powertrade GmbH) accumulates completely towards goodwill because the time values of the acquired values and debts are in conformity with the relevant book values. At Emtron electronic GmbH, the difference accumulates to “quiet” reserves at capital assets – namely on corporate income tax and goodwill. At Altrac AG and Autronic GmbH (former nbn GmbH) there are “quiet” reserves in acquired values and in goodwill.

The differences from capital consolidation – if not applicable to “quiet” reserves – are defined as goodwill in the acquired assets. Goodwill is noted as assets and checked yearly by impairment test. Each reduction in value is immediately and successfully noted.

## **Detailed Information as to “Balancing”**

According to IAS 1, the group’s balance is listed into long- and short-term assets. Assets and liabilities are considered short-term if they are due within one year. According to IAS 1.56, deferred taxes are long-term assets and liabilities.

## **6) Goodwill**

The listed goodwill results from the acquisition of the subsidiaries Altrac AG, Blum Stromversorgungen GmbH and Emtron electronic GmbH (company value).

As payment generating units and same as last year, the segments “data visualisation” and “power supplies” were identified as individually generating payment units for business year 2009/10.

In spite of the planed depreciation of goodwill resulting from capital consolidation, a lower value based on impairment test according to IAS 36 i.V.m. IFRS 3 was determined. Here, the net bookings of the company’s values expected on intermediate term are opposed to the discounted payments; discount rate is 8%.

As per 30.06.2010, book value of goodwill amounts to EUR 2.645.044 (prev.year EUR 2.335.459).

The goodwill difference to previous year amounts to TEUR 310 (prev.year TEUR 107) and is based on the exchange rate reduction of the Swiss Franc compared to last year and in view of the participation rate of Altrac AG. The difference in exchange rate is added to own capital.

## **7) Intangible and Tangible Assets**

The development of asset at historical purchase costs and depreciation in business year are to be seen in the “consolidated gross fixed assets movement”.

Intangible and tangible assets are reduced to purchase costs for in-time depreciation. Exclusively linear depreciations were made; low value industrial goods are depreciated linear over 5 years.

Depreciations on intangible and tangible assets are considered in the “consolidated income statement” under no. 6 *depreciations*.

In the “consolidated gross fixed assets movement” an additional column “differences in currency exchange rates” was added. Here, the differences in assets of Altrac AG are listed based on exchange differences at balance day of this independent foreign company at various exchange rate.

## **8) Financial Assets**

The financial assets as per 30.06.2010 are as follows:

	<b>Group 30.06.2009</b>	<b>Group 30.06.2010</b>
<b>Participations €</b>	56.371	56.371
<b>Stock /shares €</b>	896.862	1.003.950
<b>TOTAL Financial Assets in €</b>	<b>953.233</b>	<b>1.060.321</b>

The participation noted is a 25% on Advantec Electronics B.V., Oudenbosch (NL) amounting to nominal TEUR 8 as well as of nominal TEUR 46 (26%) of Advantec B.B., Oudenbosch (NL). Based on the actual economic figures of Advantec Electronics B.V., there is no change compared to previous year. The evaluation was made at original acquisition costs which correspond to the current value at balance day.

In BY 2009/10, the Advantec B.V., Oudenbosch (NL) amounting to nominal TEUR 46 (25%) was depreciated to TEUR 0 because of eventual reduction in value.

At balance day and same as last year, the subsidiary Autronic Steuer- und Regeltechnik GmbH acquired a 99 % share of Alltronic elektronické stavebni skupiny a komponenty spol. s.r.o., Dýšina, Czech Republic (TEUR 48). Current value at balance day is considered approx. purchase price. There was no partial company's report made as per 30.06.2010 by Autronic GmbH (IAS 27.10). The statement of shares of Alltronic is recorded in the group as financial asset according to IAS 39, as the company is of minor economic importance according to IAS 1.9 and 1.15.

The bonds are shares traded at the stock market; value is made in accordance with stock rate at balance day.

The financial assets are classified “financial assets available-for-sale” as per IAS 39. Changes in value compared to previous year are listed success-neutral in market value reserve as per IAS 39.55b. At balance day, a value increase of the shares of TEUR 107 (previous year: TEUR 303) can successfully be reported as the market evaluation reserve was omitted. Until documentation of group’s report, the share’s market rate continued to reduce by 1 %.

## **9) Long-term Liabilities**

These are the unpaid security deposits for the rented offices in Landsberg, Vienna and Meissen. Also, these are liabilities from assurances of pension-part-time contracts, tax liabilities from reduced value of corporate income tax of TEUR 108 (prev.year TEUR 120) with a remaining duration of more than 1 year. It has to be mentioned that in year’s report 2008/09, these tax liabilities were stated to full amount under short-term tax liabilities.

## **10) Stocks/Inventories**

The stocks/inventories (in €) as per 30.06.2010 are as follows:

	<b>Group 30.06.2009</b>	<b>Group 30.06.2010</b>
<b>Goods/raw material/operating supplies</b>	6.004.479	5.935.310
<b>Finished/Unfinished products</b>	1.302.543	656.255
<b>Payments made</b>	20.394	75.610
<b>Total stock value</b>	<b>7.327.416</b>	<b>6.667.175</b>

The goods like raw material and others are noted together with purchase costs taken into consideration the purchase related extra costs and average prices. If necessary, depreciation was made on the lower value – which is the net sales value. All foreseen risks have been taken into consideration by relevant reductions. Inventories have been reduced to the lower net sales value of TEUR 25 (prev.year TEUR 346) by TEUR 911 (prev.year TEUR 1.057). The goods produced and/or semi-finished are calculated as per production costs not taking into consideration the direct costs (like salaries and material costs) as well as fix and variable general production costs (production and material costs) – i.e. costs as per IAS 2.16.

## **11) Accounts Receivables from Deliveries, Taxes, Service and other**

These accounts receivables (in €) as per 30.06.2010 are as follows:

	<b>Group 30.06.2009</b>	<b>Group 30.06.2010</b>
<b>Receivables re: deliveries and service</b>	3.871.707	4.294.450
<b>Tax receivables</b>	60.245	172.188
<b>other accounts receivables</b>	240.626	241.004
<b>TOTAL accounts receivables</b>	<b>4.172.578</b>	<b>4.707.642</b>

As concerns these receivables, all foreseen risks were eliminated by corrections of each value item. The value corrections of receivables from deliveries and services according to IFRS 7.16 developed as follows:

	<b>Group 2008/2009</b>	<b>Group 2009/2010</b>
<b>Date of value correction per 01.07.</b>	321.347	222.196
<b>Allocations</b>	20.600	37.535
<b>Usage/ cancellations</b>	-119.751	-122.159
<b>Date of value correction per 30.06.</b>	<b>222.196</b>	<b>137.572</b>

All accounts receivables mentioned in chart above have a remaining maturity of less than one year. All others also have a remaining term of less than one year. Accounts receivables of more than 5 years do not exist.

Besides the claim of overpaid taxes during 2009, the tax liabilities are among others the credit balance resulting from the corporate tax of TEUR 18 (prev.year TEUR 0.0), which has a remaining term of less than one year (also see remarks under no. 9).

Further and other receivables in the group are mainly due to the loan of TEUR 100 (prev.year TEUR 130) granted to the consolidated company Alltronic s.r.o., Dýšina, Czech Republic and active invoicing of TEUR 81 (prev.year TEUR 85).

Receivables from deliveries and services as well as credits are financial instruments as per IAS 39 and are classified under "credits and receivables". Evaluation is made according to purchase costs.





# Consolidated Cash-flow Statement as per 30.06.2010

		<u>Historische Anschaffungskosten</u>					<u>Abschreibungen</u>					<u>Buchwerte</u>	
		<u>Purchase costs</u>					<u>Depreciation</u>					<u>Net book value</u>	
		Stand am Balance on 01.07.2009	Zugänge Additions 2009/2010	Abgänge Retirements 2009/2010	WK-Diff. Exchange Difference	Stand am Balance on 30.06.2010	Stand am Balance on 01.07.2009	Zugänge Additions 2009/2010	Abgänge Retirements 2009/2010	WK-Diff. Exchange Difference	Stand am Balance on 30.06.2010	Stand am Balance on 01.07.2009	Stand am Balance on 30.06.2010
<b>Immaterielle Vermögenswerte</b>	<b>Intangible assets</b>												
- Software	- Software	386.696	64.679	58.880	11.729	404.225	207.899	83.694	58.869	11.699	244.423	178.797	159.802
<b>Summe Immat.Verm.werte</b>	<b>Total intangible assets</b>	386.696	64.679	58.880	11.729	404.225	207.899	83.694	58.869	11.699	244.423	178.797	159.802
<b>Sachanlagen</b>	<b>Tangible assets</b>												
- Grundstücke	- Property	253.375	0	0	0	253.375	0	0	0	0	0	253.375	253.375
- Gebäude	- Plant, Buildings	536.673	446.114	444.545	0	538.242	42.352	31.263	0	0	73.615	494.321	464.627
- Außenanlagen	- outdoor facilities	0	43.001	0	0	43.001	0	2.628	0	0	2.628	0	40.373
- Fahrzeuge	- Vehides	443.107	26.587	0	12.806	482.500	302.085	58.954	0	12.860	373.899	141.022	108.601
- Werkzeuge	- Small tools	51.765	8.159	13.966	0	45.957	33.110	5.356	13.961	0	24.505	18.655	21.453
- technische Anlagen/Mas	- plant, machinery	236.175	0	0	0	236.175	33.511	26.882	0	0	60.393	202.664	175.782
- Büroeinrichtung	- Office furnishings	546.555	100.725	1.536	44.110	689.854	452.923	63.099	1.531	42.620	557.111	93.632	132.744
- Betriebs- und Ge- schäftsausstattung	- Office and plant equipment	285.831	22.230	9.462	5.287	303.886	205.375	21.947	9.258	5.240	223.304	80.456	80.583
- GWG	- Low-value items	108.094	14.885	26.745	0	96.234	61.700	18.942	26.745	0	53.897	46.394	42.337
<b>Summe Sachanlagen</b>	<b>Total tangible assets</b>	2.461.575	661.701	496.254	62.203	2.689.224	1.131.056	229.071	51.495	60.720	1.369.352	1.330.519	1.319.875
<b>Finanzielle Vermögensw.</b>	<b>Financial assets</b>	1.315.999	0	0	0	1.315.999	362.765	0	107.088	0	255.677	953.234	1.060.321
<b>Summe Anlagevermögen</b>	<b>Total assets</b>	<b>4.164.270</b>	<b>726.380</b>	<b>555.134</b>	<b>73.932</b>	<b>4.409.448</b>	<b>1.701.720</b>	<b>312.765</b>	<b>217.452</b>	<b>72.419</b>	<b>1.869.452</b>	<b>2.462.550</b>	<b>2.539.998</b>
<u>nachrichtlich: Vorjahr 2008/2009</u>													
Immaterielle Vermö- genswert	Intangible assets	243.142	161.229	21.749	4.074	386.696	188.661	36.973	21.737	4.002	207.899	54.481	178.797
Sachanlagen	tangible assets	1.925.954	724.654	210.229	21.196	2.461.575	1.139.058	180.496	209.998	21.500	1.131.056	786.896	1.330.519
Finanzielle Vermögensw.	financial assets	1.267.816	48.183	0	0	1.315.999	59.563	303.202	0	0	362.765	1.208.253	953.234
<b>Summe Vorjahr</b>	<b>total assets</b>	<b>3.436.912</b>	<b>934.066</b>	<b>231.978</b>	<b>25.270</b>	<b>4.164.270</b>	<b>1.387.282</b>	<b>520.671</b>	<b>231.735</b>	<b>25.502</b>	<b>1.701.720</b>	<b>2.049.630</b>	<b>2.462.550</b>

## **12) Cash-on-hand / Bank Accounts**

Cash-on-hand and bank accounts (in €) per 30.06.2010 are as follows:

	<b>Group 30.06.2009</b>	<b>Group 30.06.2010</b>
<b>Cash-on-hand /postage machine</b>	16.952	15.004
<b>Bank credit and post giro</b>	5.129.273	6.340.455
<b>Total payments</b>	<b>5.146.225</b>	<b>6.355.459</b>

Credits at banks which are in US-\$ or Japanese Yen were evaluated at the middle exchange rate valid at balance day. Bank credits in other currencies do not exist.

The mentioned value of the liquid means equals market value.

All payment means can be disposed of without restriction.

## **13) Capital Stock**

The capital stock of FORTEC Elektronik AG at balance day amounts to EUR 2.954.943,00 (prev.year same amount). The companies' shares are divided into 2.954.943,00 non-value shares (No. 577410/ISIN DE 0005774103). Each share is worth EUR 1.00 of the basic capital.

## **14) Company Capital.**

The groups' capital during reported period is as follows.

	<b>Basic Capital  EUR</b>	<b>Capital- reserve  EUR</b>	<b>Differences re: currency exchange EUR</b>	<b>Market value reserves EUR</b>	<b>Profit reserve/ accumulated Profit reserve/ EUR</b>	<b>TOTAL EUR</b>
<b>Balance 01.07.2009</b>	2.954.943	8.689.364	139.399	-242.050	6.546.124	<b>18.087.780</b>
<b>Purchase</b>						
Currency exchange			548.137			<b>548.137</b>
Market evaluation				36.048		<b>36.048</b>
<b>Dividend</b>					-886.483	<b>-886.483</b>
<b>Year's earnings</b>					734.999	<b>734.999</b>
<b>Balance 30.06.2010</b>	<b>2.954.943</b>	<b>8.689.364</b>	<b>687.537</b>	<b>-206.002</b>	<b>6.394.640</b>	<b>18.520.482</b>

The enlistment into the market value reserve results from the evaluation at day of the financial instruments (bonds and shares) to be found under "available for sale" and these changes in value were included success-neutral.

Notice has to be given to the company capital statement to be obligatory as per IAS 1.10 c) which is part of this groups report.

## **15) Financial Instruments – First Statement and Evaluation**

### **a) Financial Assets**

#### *First statement and Evaluation*

According to IFRS 7 and IAS 39, financial assets are classified as

- financial assets, successfully evaluated at appropriate time value
- credits or obligations
- financial investments with expiry date
- financial assets for possible sale or
- derivatives designed and effective as security instrument.

The group states his financial assets for the first time.

For a first statement, financial assets are evaluated at time value. In case of financial investments that cannot be evaluated at time value, there will be transactions stated directly to purchase of assets.

The group's financial assets include payments and short-term invitations, account receivables from deliveries and service, others, noted and non-noted financial instruments.

#### *Further evaluation*

The group differentiates the financial assets as to their classification:

- *financial assets, successfully evaluated at appropriate time value*  
There are no financial assets evaluated at appropriate time value.
- *credits or account receivables*  
Credits and account receivables are non-derivative financial instruments at fix and noted payments, not noted in the market. At first statement and as evaluation, such instruments will be evaluated as purchase costs minus possible decrease in value. These losses are included in the "consolidated income statement" as financial expenses.
- *financial assets available for sale*  
Financial assets available for sale are considered company capital, not evaluated for trade and at no defined time value.  
After first evaluation and for further report periods, these financial assets available for sale will be evaluated at time value. Not realised profit or loss will be stated as other results in the market value statement.
- *decrease in value of financial assets*  
At each balance day, the group examines if there are signs of decrease in value of a financial asset or a group of financial assets. In the affirmative, the amount of decrease in value is the difference between book value and cash value of expected cash flow.

## b) Financial Obligations

### *First statement and Evaluation*

As per IFRS 7 and IAS 39, financial obligations are considered obligations evaluated at time value, credits and receivables, loans or others.

The group states the classification of his financial obligations for the first time and at time value.

These financial obligations include receivables from deliveries and service as well as others.

### *Further Evaluation*

The group differentiates the financial assets as to their classification:

- *financial assets, successfully evaluated at appropriate time value*  
There are no financial assets evaluated at appropriate time value.
- *credits or account receivables*  
Credits and account receivables are non-derivative financial instruments at fix and noted payments, not noted at the market. At first statement and as evaluation, such instruments will be evaluated as purchase costs minus possible decrease in value. These losses are included in the "consolidated income statement" as financial expenses.

According to IFRS 7.6. the financial instruments are as follows:

	<b>Continously stated purchase costs 30.06.2010</b>	<b>Fair value 30.06.2010</b>	<b>T O T A L 30.06.2010</b>
Financial assets	56.371	1.003.950	1.060.321
<i>Previous year</i>	56.371	896.862	953.233
Long term accounts receivables	127.692		127.692
<i>Previous year</i>	130.097		130.097
Receivables re: deliveries and service	4.294.450		4.294.450
<i>Previous year</i>	3.871.707		3.871.707
Other assets	169.004		169.004
<i>Previous year</i>	152.626		152.626
Payments and/or similars	6.355.459		6.355.459
<i>Previous year</i> VJ	5.146.225		5.146.225
<b>T o t a l</b>	<b>11.002.976</b>	<b>1.003.950</b>	<b>12.006.926</b>
<i>Previous year</i> VJ	<b>9.357.026</b>	<b>896.862</b>	<b>10.253.888</b>

Under par. „other assets“ of TEUR 241 in the balance sheet, an amount of TEUR 72 (previous year TEUR 88) is not stated as financial instrument.

As per IFRS 7.8, the fair value is stated towards book value.

	<b>Evaluation category IAS 39</b>	<b>Book value</b>	<b>Fair value 30.06.2010</b>	<b>T o t a l 30.06.2010</b>
Financial assets	available for sale	1.060.321	1.060.321	1.060.321
<i>Previous year</i>	AfS	953.233	953.233	953.233
Long-term receivables	loans & receivables	127.692	127.692	19.668
<i>Previous year</i>	LaR	130.097	130.097	9.182
Receivables re: deliveries /service	loan & receivables	4.294.450	4.294.450	4.294.450
<i>Previous year</i>	LaR	3.871.707	3.871.707	3.871.707
Other assets	loan & receivables	169.004	169.004	169.004
<i>Previous year</i>	LaR	152.626	152.626	152.626
Payments and similar	loan & receivables	6.355.459	6.355.459	6.355.459
<i>Previous year</i>	LaR	5.146.225	5.146.225	5.146.225
<b>T o t a l</b>		12.006.926	12.006.926	11.898.902
<i>Previous year</i>		10.253.888	10.253.888	10.132.973

Except bonds, all other figures are evaluated at purchase costs. Evaluation is according to IFRS 7.27 and at exchange value at balance day.

	<b>Step 1 30.06.2010</b>	<b>Step 2</b>	<b>Step 3</b>	<b>T o t a l 30.06.2010</b>
Financial assets	1.003.950			1.003.950
<i>Previous year</i>	896.862			896.862
<b>T o t a l</b>	1.003.950			1.003.950
<i>Previous year</i>	896.862			896.862

Passiva is as follows:

	<b>Continously stated Purchase costs 30.06.2010</b>	<b>Fair value 30.06.2010</b>	<b>T o t a l 30.06.2010</b>
Receivables re: deliveries /service	1.698.831	0	1.698.831
<i>Previous year</i>	1.376.970	0	1.376.970
Other receivables	445.788	0	445.788
<i>Previous year</i>	407.083	0	407.083
<b>T o t a l</b>	2.144.619	0	2.144.619
<i>Previous year</i>	1.784.053	0	1.784.053

Under par. „other assets“ of TEUR 1.119 (prev.year TEUR 997) in the balance sheet, an amount of TEUR 674 (previous year TEUR 590) payments for employees is not stated as financial instrument. All figures are evaluated at purchase costs.

There are no changes when comparing book value to fair value

	Evaluation category IAS 39	Book value 30.06.2010	Fair value 30.06.2010	T o t a l 30.06.2010
Liabilities re: deliveries/service	FLAC*	1.698.831	1.698.831	1.698.831
<i>Previous year</i>		1.376.970	1.376.970	1.376.970
Other liabilities	FLAC	445.788	445.788	445.788
<i>Previous year</i>		407.083	407.083	407.083
T o t a l		2.144.619	2.144.619	2.144.619
<i>Previous year</i>		1.784.053	1.784.053	1.784.053

\*financial liabilities and amortised costs

Influence on „income statement“ as per IFRS 7.20 is as follows:

	Addition 2010	Value correction 2010	Depreciation 2010
Financial Assets	107.098	0	0
<i>Previous year</i>	0	0	303.200
Long-term receivables	0	0	0
<i>Previous year</i>	0	0	0
Receivables re: deliveries and service		-99.151	
<i>Previous year</i>		-84.624	
Other assets	0	0	0
<i>Previous year</i>	0	0	0
Payments and similar	0	0	0
<i>Previous year</i>	0	0	0
T o t a l	107.098	-99.151	0
<i>Previous year</i>	0	-84.624	303.200

The risk for drop-out is as follows:

	T o t a l 30.06.2010	Drop-out risk 30.06.2010
Financial assets	1.060.321	1.060.321
<i>Previous year</i> 100 %	953.233	953.233
Long-term receivables	127.692	127.692
<i>Previous year</i> 100%	130.097	130.097
Receivables re: deliveries / service	4.294.450	858.890
<i>Previous year</i> 20 %	3.871.707	774.341
Other assets	169.004	169.004
<i>Previous year</i> 100 %	152.626	152.626
Payments and similar	0	0
<i>Previous year</i> 0 %	0	0
T o t a l	1.357.017	1.357.017
<i>Previous year</i>	1.235.956	1.235.956

Drop-out risk for payments and similar not relevant, as our business partners are of best reputation as concerns monetary and capital.

A liquidity risk as per IFRS 7.39 for “Liabilities re: deliveries and service” does not exit, since payments have already been made at balance day. Other liabilities are also paid in bulk at balance day.

As per IFRS 33, both the drop-out risk as well as liquidity risk could endanger operative business, yet there is no danger as to the company’s existence.

## **16) Reserves**

Reserves within the group as per 30.06.2010 are as follows:

	<b>Balance</b>	<b>Consumption</b>	<b>Dissolution</b>	<b>Addition</b>	<b>Balance</b>
	<b>01.07.2009</b>	<b>2009/2010</b>	<b>2009/2010</b>	<b>2009/2010</b>	<b>30.06.2010</b>
<b>Other Accruals</b>					
- longterm	56.160	0	1.958	0	54.202
- shortterm	514.543	20.091	195.906	824.150	1.122.696
<i>re: warranties incl.</i>	466.303	20.091	156.064	823.150	1.113.298
	<b>570.703</b>	<b>20.091</b>	<b>197.864</b>	<b>824.150</b>	<b>1.176.898</b>

Other accruals were listed according to IAS 37 in consideration of all foreseeable liabilities with their scheduled maturity. Deduction of interest was not necessary.

The long-term liabilities comprise reserves (years 2 – 10) for the legal responsibility to keep safe the company’s records; previous year was adjusted accordingly. Other liabilities are short-term (less than 1 year). Refunds are not expected.

## **17) Liabilities**

Liabilities (in €) as per 30.06.2010 are as follows:

	<b>Group</b>	<b>Group</b>
	<b>30.06.2009</b>	<b>30.06.2010</b>
<b>Liabilities from deliveries/service</b>	1.376.970	1.698.831
<b>Tax liabilities</b>	443.862	248.204
<b>Others</b>	997.083	1.119.788
<b>TOTAL liabilities</b>	<b>2.817.915</b>	<b>3.066.823</b>

Evaluation of the liabilities was made at payment amounts.

The tax liabilities amount to TEUR 248 (prev.year TEUR 444) which are splitted into tax on earnings TEUR 117 (prev.year TEUR 124), sales tax TEUR 64 (prev.year TEUR 238) and income tax TEUR 67 (prev.year TEUR 82).

Among other liabilities are so-called limited accruals amounting to TEUR 810 (prev.year TEUR 771), which according to HGB are "reserves" but according to IFRS are liabilities. In general, these are liabilities against personnel (TEUR 674, prev.year TEUR 590) as well as annual year's end costs (TEUR 167; prev.year TEUR 161).

Liabilities of more than 5 years are not listed. All liabilities have a maturity of less than 1 year.

## **18) Passive Deferred Taxes**

The defining of deferred taxes is done according to the "temporary-concept" of IAS 12 as regards balancing differences and evaluation differences as well as consolidation measures of the related balance and figures according to IFRS. For calculation of deferred tax, legal valid rates were used valid at terms of realisation at balance day.

Calculation of passive deferred taxes is based upon the average company income tax (church tax, social fee and trade income tax) of 29 % (prev.year 29%). Calculating deferred tax on profits of Altrac AG (CH), an income tax rate of 25% was taken.

Tax latences due to evaluation differences are seen as follows:

in TEuro	30.06.2009		30.06.2010	
	active deferred taxes	passive deferred taxes	active deferred taxes	passive deferred taxes
<b>Tangible assets (GWG)</b>	0	3	0	1
<b>Financial assets</b>	71	0	1	0
<b>Stocks /inventories</b>	0	112	0	64
<b>Receivables</b>	0	20	0	26
<b>Other assets</b>	0	1	0	0
<b>Reserves</b>	0	146	0	182
<b>Liabilities</b>	1	0	0	0
	<b>72</b>	<b>282</b>	<b>1</b>	<b>273</b>
<b>Netting</b>	-72	-72	-1	-1
	<b>0</b>	<b>210</b>	<b>0</b>	<b>272</b>

The discounting of active and passive deferred taxes is made according to IAS 12.71. Active deferred taxes resulting from "financial assets" are being accounted directly with the company's capital (return on market value).

As per 30.06.2010, there is a non-used taxable loss of TEUR 536 (prev.year TEUR 437) resulting from corporate tax including social fee and TEUR 683 (prev.year TEUR 603) from business tax. Losses are on behalf of subsidiaries Autronic GmbH and Rotec GmbH.

As to the financial losses of Autronic GmbH, there were latent taxes of TEUR 105 (prev.year TEUR 0.00) as per 30.06.2010 which were not accumulated. As concerns Rotec GmbH, there were no latent taxes these next years; a positive income to be taxed may not be expected. Non-active latent taxes amount to TEUR 75 (prev. year TEUR 154).



## **19) Other Financial Liabilities**

At balance day, there are rental liabilities with the following terms:

- Up to 1 year	TEUR	363	(TEUR	461)
- 1 to 5 years	TEUR	819	(TEUR	722)
- more than 5 years	TEUR	293	(TEUR	453)
T O T A L		TEUR	1.476	(TEUR 1.636)

FORTEC's share of the total liabilities is TEUR 298 (prev.year TEUR 269) as well as Autronic's GmbH of TEUR 1.093 (prev.year TEUR 1.253).

## **Explanatory information as to “Consolidated Income Statement”**

### **20) Sales Revenue**

The sales revenue is calculated minus sales diminution and price reductions such as rebates, discounts, etc as well as reimbursements and returns. In general, the group's figure is as per IAS 18 and based on executed delivery and/or service rendered, if price is agreed and determined, the realisation of the corresponding liabilities is fixed.

The group' turnover amounts to TEUR 36.028 (prev.year TEUR 42.221) and breaks down to geographical segments as follows:

<b>Sales revenue of group</b>	<b>Data Visualisation TEUR</b>	<b>Power Supplies TEUR</b>	<b>TOTAL TEUR</b>
<b>Germany</b> <i>previous year Germany</i>	<b>12.408</b> 19.129	<b>15.373</b> 15.212	<b>27.781</b> 34.341
<b>International</b> <i>previous year International</i>	<b>2.739</b> 3.449	<b>5.508</b> 4.431	<b>8.247</b> 7.880
<b>TOTAL</b> <i>previous year total</i>	<b>15.147</b> 22.578	<b>20.881</b> 19.643	<b>36.028</b> 42.221

Group internal revenues were eliminated in line with consolidation

### **21) Changes in Stock of unfinished/finished Goods**

This means, the increase in stock of unfinished/finished goods of FORTEC AG of TEUR 58 (prev.year TEUR 0), decreases of Rotec technology GmbH amounting to TEUR 25 (prev.year TEUR 76), of Autronic Steuer- und Regeltechnik GmbH of TEUR 85 (prev.year TEUR 33) and of Blum Stromversorgungen GmbH of TEUR 135 (prev.year TEUR 205).

## **22) Other Company Revenues**

Other company revenues are as follows:

	<b>Group</b>	<b>Group</b>
	<b>2008/2009</b>	<b>2009/2010</b>
Other regular revenues	11.088	0
Reduction value correction	78.791	122.159
Release of accruals	79.261	227.863
Other revenues in line with ordinary business activity	980.475	597.053
<b>TOTAL other company revenues</b>	<b>1.149.615</b>	<b>947.075</b>

In general, other regular revenues are benefits to employees amounting to TEUR 89 (prev.year TEUR 94) as well as revenues recorded from exchange rate differences of TEUR 309 (prev.year TEUR 614).

## **23) Material Purchases**

Material purchases within the group were eliminated.

## **24) Personnel**

Expenses for personnel are as follows:

	<b>2008 /2009</b>	<b>2009 /2010</b>
Salaries and wages	4.666.433	3.937.761
Social costs and contributions to retirement	887.415	878.267
<b>TOTAL Costs Personnel</b>	<b>5.553.848</b>	<b>4.816.028</b>

## **25) Depreciation**

Depreciation in business year is as follows:

	<b>Group</b> <b>2008/2009</b>	<b>Group</b> <b>2009/2010</b>
Intangible assets	36.973	83.694
Tangible assets and low-value items	180.496	229.070
<b>TOTAL depreciation</b>	<b>217.469</b>	<b>312.764</b>

## **26) Other Company Costs and Expenses**

Other company costs and expenses are as follows:

	<b>Group 2008 / 2009</b>	<b>Group 2009 / 2010</b>
Office rent	643.485	628.539
Insurances, contributions	141.917	120.886
Repairs, maintenance	67.660	92.376
Vehicles	151.531	123.718
Advertising and travel expenses	669.207	489.572
Costs of delivery of goods	294.869	1.057.905
Misc. company costs/expenses	1.166.207	820.495
Loss from asset retirements	233	225
Loss UV and value corrections	93.350	61.985
Other expenses in line with ordinary business activities	889.969	433.185
<b>TOTAL other company costs/expenses</b>	<b>4.118.428</b>	<b>3.828.887</b>

The costs of “goods sold” include warranty reserves/provisions of TEUR 823 (prev.year TEUR 91).

Under “other expenses in line with ordinary business activities” are differences in currency exchange rates amounting to TEUR 427 (prev.year TEUR 889) which are calculated based on payments made during relevant business year.

## **27) Interest Receipts**

Interest is recorded from interest receipts of TEUR 54 (prev.year TEUR 97) as well as interest expenses of TEUR 5 (prev.year TEUR 7).

## **28) Taxes on Income and Revenue**

The group's report record corporate income tax, social fee and trade income tax as well as income tax according to Swiss law of obligations taken into consideration the tax rates valid at balance day.

Tax on profit in the group is 21.1 % (prev.year 28.1%) and comprises incorporate and business/trade tax. The tax figures are as follows (in TEUR):

	<b>Group 2008/2009</b>	<b>Group 2009/2010</b>
<u>Tax paid and/or owed</u>		
Germany	603	307
Switzerland	7	34
	610	341
<u>Deferred Tax</u>		
from time differences	4	-40
from loss revenues	0	-105
	4	-145
<b>Income Tax</b>	<b>614</b>	<b>196</b>

FORTEC group's actual tax expense of TEUR 196 (prev.year TEUR 614) is by TEUR 81 under the theoretical tax expense resulting from an average tax rate to the group's result before tax.

Taken into consideration the theoretical expected tax expense compared to the actual tax expense recorded in the "consolidation income statement", the figures are: (in TEUR):

	<b>Group 2008 / 2009</b>	<b>Group 2009 / 2010</b>
Tax result before profit	2.183	931
Income tax incl. Trade tax	29,8%	29,8%
Expected income tax expense at equal tax burden	650	277
Raise/Reduction of Income tax expense by:		
low tax expense foreign countries	-1	-6
Use of non-balanced losses	-40	-26
non deductible company expenses	5	47
tax free income (amortisation profits)	0	-2
tax payments previous years	0	-11
Depreciation re: investments	0	-105
Trade tax (add-ons / deductions)	6	1
other discrepancies	-6	21
recorded income tax burden	615	197
<b>Effective tax rate percentage</b>	<b>28,2%</b>	<b>21,1%</b>

(Theoretical profit tax rate is 29.8 % with exclusive German TU).

Taxes on profit of TEUR -71 (prev.year TEUR 71) were accounted to "own capital"; thereof TEUR -71 (prev.year TEUR 71) deferred taxes.

## **29) Segment Report**

The company's range covers data visualisation and power supplies. Therefore, it is necessary to explain figures by report segments according to IFRS 8 as per 30<sup>th</sup> June 2010.

	<b>Data visualisation TEUR</b>	<b>Power supplies TEUR</b>	<b>TOTAL TEUR</b>
Turnover	15.147	20.881	36.028
<i>previous year</i>	22.578	19.643	42.221
Regular depreciation *	114	199	313
<i>previous year</i>	87	130	217
Company result (EBIT)	-139	1.020	881
<i>previous year</i>	916	1.177	2.093
Financial result*	23	27	50
<i>previous year</i>	49	41	90
Tax on profit*	12	184	196
<i>previous year</i>	279	336	615
Annual result	-128	863	735
<i>previous year</i>	686	882	1.568
Assets*	9.493	13.543	23.036
thereof national	8.753	11.473	20.226
<i>previous year</i>	9.587	10.229	19.816
thereof international	740	2.070	2.810
<i>previous year</i>	590	1.619	2.209
Debts*	1.237	3.279	4.516
<i>previous year</i>	742	2.856	3.598
Investments*	389	337	726
<i>previous year</i>	180	706	886

\* assessment after gross earning

The assessment (evaluation) principles and/or financial accounting principles for the segments conform to those of the company respectively the group.

The financial result consists of financial profit of TEUR 54 (prev. Year TEUR 97) and financial expenses of TEUR 4 (prev. Year 7). It was renounced to do a segment report on the financial assets and expenses because of reasons of essence.

## **30) Currency Exchange Rates**

A total of TEUR 548 (prev.year TEUR 191) of differences in exchange rate within the company capital is listed as follows:

Balance per 01.07.2008	-51.863
Addition 2008/2009	191.262
Balance per 01.07.2009	139.399
Addition 2009/2010	548.137
<b>Balance per 30.06.2010</b>	<b>687.536</b>

Mainly figures result from currency exchanges of goodwill and capital of Altrac AG at balance day.

### **31) Comments to “Consolidated Cash-Flow Statement”**

The consolidated cash flow statement is issued according to the indirect method and separates into cash-flow operative business, investments and financial business.

Financial means (liquid) are cash-on-hand and bank accounts - details explained under no. 12. The financial means depend on no restrictions as to their disposition; at any time during BY, these financial means could be disposed of.

Cash flow operative business amounting to TEUR 2.822 (prev. year TEUR 2.125) includes interest receipts of TEUR 54 (prev.year TEUR 97) and interest payments of TEUR 5 (prev.year TEUR 7).

Cash flow operative business also lists payments of income tax of TEUR 365 (prev.year TEUR 1.300).

### **32) Supervisory Board**

Members of the supervisory board are.

Friedrich-Wilhelm Weitholz (board director), Hildesheim, Master of Bus.Admin.  
Michael Höfer (delegate board manager), Steingarden, Portfolio Manager  
Volker Gräbner (employees' representative), Hamburg,

At annual board's meeting, the ranking of the board managers were re-elected. Director of board is no Friedrich-Wilhelm Weitholz.

In current fiscal year, the total revenues of the supervisory board members amount to 22.500,00 same as in previous year.

Besides, board director Weitholz is also member of the following committees:

Eurowings Luftverkehr AG (board director), Nuremberg  
Knauf Interfer SE (delegate board director), Essen  
SunExpress Günes Ekspress Havcilik A.S., Antalya, Turkey

Delegate board director Höfer is also member of the following committees:

Konsortium AG, Augsburg  
Value-Holdings AG, Augsburg  
Deutsche Fallen Angels AG, Gersthofen  
Karwendelbahn AG, Mittenwald

### **33) Business with other Persons**

The board manager's wife, Mrs Maria Fischer is working as lawyer for the company and representing it. Mrs Fischer balances accounts according to RVG. During BY 2009/10 TEUR 1 (prev. year TEUR 11) were paid to Mrs Fischer and recorded accordingly.

### **34) Benefits to Persons in Management Key-Positions**

For the managing director of the national subsidiaries and the board manager of FORTEC AG as well as the administration board members of Altrac AG, Switzerland, expenses are as follows:

	2008/2009	2009/2010
	in TEUR	in TEUR
Short-term payments to employees	835	771
Expenses to be paid after termination of employees' contracts	0	0
other long-term liabilities	0	0
Expenses in line with termination of employees' contracts	0	0
Benefits based on share	0	0
	<b>835</b>	<b>771</b>

An individual listing of the benefits to persons in key-positions of the management is not required according to the decision of the annual general meeting on 13.12.2006: detailed listing may be omitted as per § 314 Abs. 1 Nr. 6a) Satz 5 – 9HGB as well as § 285 S. 1 Nr. 9 a) Satz 5-9 HGB for the period of 5 years thereon (§ 314 Abs. 2 S. 2 i.V.m. § 286 Abs. 5 HGB)

### **35) Reimbursement to Auditor**

For services rendered for group's annual report by auditor, Dipl.-Kfr. Mrs Gertrud Deffner, Wirtschaftsprüferin, the following payments for BY 2009/2010 were made:

	2008/2009	2009/2010
	in TEUR	in TEUR
Audits of annual financial statement	65	65
General expenses tax consultant	0	0
other expenses	0	0
	<b>65</b>	<b>65</b>

The expenses for the annual audit includes the fees for the group's annual report as well as those of FORTEC Elektronik AG and its national subsidiaries.

### **36) Miscellaneous**

At balance day, there are group leasing obligations of only minor economic importance.

During fiscal year, development costs at the subsidiary Rotec technology GmbH were TEUR 85 (prev. year TEU 110) these costs were activated in the reserve assets under single and general costs as well as overall administrations costs surplus.

During business year FORTEC Elektronik AG employed an average of 44 persons (prev. year 51) and 1 temporary help (prev. year 4). The group employs an average of 110 persons (prev. year 125).

Exclusive board manager in business year and at balance date was Dieter Fischer, Dipl.-Ing., Dipl.oec.

There were no changes between balance day of June 30, 2010 and the day when balance was published which need to be corrected as to any values or debts.

According to § 161 AktG, the board has made the required explanation to use the Corporate Governance Codex and reported to the auctioneers (via internet under [www.fortecag.de](http://www.fortecag.de)) as per §285 No. 16 resp. 314(1) No. 8 HGB).

The board of managers suggests a dividend in the total amount of EUR 886.482,90 (prev. year EUR 886.482,90). Distribution right is given to a total of 2.954.943 shares of 0.30 EUR each.

No Ad-hoc announcement was published.

### **37) Release for Publication**

The annual business statement was issued September 27, 2010 and released by the board of directors.

Landsberg, September 27, 2010

FORTEC Elektronik AG

Dieter Fischer  
CEO



## **Auditors' Report**

Based on the group's final balancing I herewith state to have issued to the company the following confirmation as per IDW PS 400:

### **Bestätigungsvermerk**

Ich habe den von der Fortec Elektronik Aktiengesellschaft aufgestellten Konzernabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung, Eigenkapitalveränderungsrechnung, Kapitalflussrechnung und Anhang – sowie den Konzernlagebericht für das Geschäftsjahr vom 1. Juli 2009 bis 30. Juni 2010 geprüft. Die Aufstellung von Konzernabschluss und Konzernlagebericht nach den IFRS, wie sie in der EU anzuwenden sind, und den ergänzend nach § 315 a Abs.1 HGB anzuwendenden handelsrechtlichen Vorschriften liegt in der Verantwortung des Vorstandes der Gesellschaft. Meine Aufgabe ist es, auf der Grundlage der von mir durchgeführten Prüfung eine Beurteilung über den Konzernabschluss und den Konzernlagebericht abzugeben.

Ich habe meine Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Konzernabschluss unter Beachtung der anzuwendenden Rechnungslegungsvorschriften und durch den Konzernlagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben im Konzernabschluss und Konzernlagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der Jahresabschlüsse der in den Konzernabschluss einbezogenen Unternehmen, der Abgrenzung des Konsolidierungskreises, der angewandten Bilanzierungs- und Konsolidierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Konzernabschlusses und des Konzernlageberichts. Ich bin der Auffassung, dass meine Prüfung eine hinreichend sichere Grundlage für meine Beurteilung bildet.

Meine Prüfung hat zu keinen Einwendungen geführt.

Nach meiner Beurteilung auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss den IFRS, wie sie in der EU anzuwenden sind, und den ergänzend nach § 315 a Abs. 1 HGB anzuwendenden handelsrechtlichen Vorschriften und vermittelt unter Beachtung dieser Regelungen ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage. Der Konzernlagebericht steht im Einklang mit dem Konzernabschluss, vermittelt insgesamt ein zutreffendes Bild von der Lage des Konzerns und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.“

Kehl, Sept. 27, 2010

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