

Fiscal Report of 1st Half Year 2012/2013

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Half Year July 01 – December 31, 2012

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FORTEC Elektronik AG

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Management Report 2012/2013

Business and Result

In BY 2012/13, the company's result of 21.5 million EUR did not reach same level of previous year of 24.1 million EUR. The total weak economic development dominated these last two quarters and had an direct impact on the business results. Already mid 2011, we have realised a slow-down after the utmost and positive course of business in 2010/11. The industry within the EUR zone slowed down in view of the strict saving measures of the countries-in-debt; even Germany recorded a negative growth during last quarter.

The decrease in the company's income in first quarter 2012/13 however qualifies, when considering and comparing the figures of BY 2010/11 of 21.7 million EUR.

The change in the company's result is as follows: first, the sales decrease in the field of data visualisation of 0.8 million EUR (-8%) as well as the sales decrease in the segment power supplies of 1.8 million EUR (-13%). Thus, these segments add up to the company's total result: 9.2 million EUR data visualisation and 12.2 million EUR power supplies.

Company's Income

The result of usual business (EBIT) of 701 TEUR in first half of BY 2012/13 was below the figure of 960 TEUR of previous year, mainly because of the lower margin as regards the increased price pressures at cost structure barely changed. Yet the two-digit's decrease modifies in regard to the EBIT taken into consideration and compared to results of BY of 2010/11 of 769 TEUR. Due to the extremely strong second half of BY 2010/11, that BY is considered the most successful in FORTEC's history so far.

The group's total result amounts to 21.5 million EUR (prev.year 24.1 million EUR), whereas the costs of goods and material was 16.6 million EUR (prev.year 18.5 million EUR).

The cost of personnel of 2.8 million EUR reduced by 150 TEUR compared to same period last year due to profit-dependant shares in relation to salary; however increased slightly from 12.1 % to 12.9 % compared to turnover.

Other company expenses increased insignificantly from 8.5% to 9.0% - mainly due to the costs of 100.000 EUR for the trade fair "electronica", Munich which takes place every second year and where FORTEC was represented by two exhibition booths.

The company's EBIT is as follows: data visualisation of 0.2 million EUR (+33% compared to prev.year) and power supplies of 0.5 million EUR (-41.0%).

The period's surplus in BY 2012/13 slightly diminished by 136 TEUR to now 0.6 million EUR compared to same period last year and thus complies with the expectations given in management report of 2011/12.

Financial Situation and Assets

The company's financial situation is considered to be extraordinary and compared to companies of similar business model also persuaded by an equity capital quota higher than above-average.

As concerns total assets at a balance sum of 25.9 million EUR, the long-term assets amounted to 4.4 million EUR. Therefore, the goodwill of 2.9 million EUR (same as last year) dominates resulting from the acquisition of companies these last years – followed by assets/investments of 1.2 million EUR.

Under “value of short-terms assets” stock is the biggest balance item with 40.9 % amounting to 10.6 million EUR; followed by cash-on-hand of 7.6 million EUR and receivables from deliveries and service amount to 2.9 million EUR. Cash balance includes the intended payment of dividend for BY 2011/12 of 1.5 million EUR in February 2013.

The company works on own capital only without any bank liabilities. Having a capital quota of 80 % (after planned dividend payment of 1.5 million € in February 2013), the company possesses sufficient own capital. Due to the actual cash-on-hand, it is possible to make major acquisitions. Definite focus is to further extend the group in Europe.

Further Information according to § 315 Article 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.

On 20th July 2012, TRM Beteiligungsgesellschaft mbH published the decision – based on a free public-made offer according to § 10 Abs. 1 i.V.m §§ 29 Abs. 1, 34 “Wertpapiererwerb- und Übernahmegesetz” (WpÜG)- to buy all outstanding shares from the shareholders of FORTEC Elektronik AG.

On 20th July 2012, TRM Beteiligungsgesellschaft purchased as per share-purchase-contract 404.775 FORTEC shares of 3 current FORTEC shareholders worth EUR 8.20 each. Moreover, TRM Beteiligungsgesellschaft issued a share-purchase-contract with AK Industriebeteiligungen GmbH amounting to further 523.336 FORTEC shares to EUR 8.20 each in compliance with the requirement to publish contract fusion-controlled. This term was accepted/ approved by the “Bundeskartellamt” on 27th August 2012.

During this period until 6th September 2012, the offer was accepted for a total of 18.147 FORTEC shares of EUR 8.20 each. For the period until 25th September 2012, the offer for further 4.337 FORTEC shares of EUR 8.20 each was accepted.

In consequence, the offer for a total of 22.484 FORTEC shares was accepted including further terms; thus adding up to approx. 0.76 % of company capital and FORTEC voting rights.

The total of FORTEC shares hold by TRM Beteiligungsgesellschaft at 25th September 2012, 24.00 h MEZ was 950.595 FORTEC shares; thus adding up to approx. 32.17 % of company capital and FORTEC voting rights.

Appointment and dismissal of the board is in accordance with legal regulations (§§ 84, 85 AktG). The compensation of the management board breaks down to a fix and a variable part. On 15.12.2011, the general shareholders board decided, that the required statements in the financial report can be omitted as per § 314 Abs.1 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 principals. 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 and Strategy as well as Prospects

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

When connecting the product segments of power supplies, 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 accompanied by the development and installation of these customer-specific products.

In the field of power supplies, FORTEC domains completely open-frame boards and DC/DC convertors produced as standard in the Far East or modifies these units in Germany ranging to tailor-made and user-specific developments to be manufactured in our Czech subsidiary.

In every respect, FORTEC provides service to industrial final customers. Target customers are mainly manufacturers in the field of industry automation, medicine technology as well as providers for the railway and security instruments. With this portfolio, FORTEC thus covers the fields of health, information, security and mobility, 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 participation to an electronic 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 our 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 even 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.

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. An 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 and yen parity as well as fluctuations of the Swiss Franc towards Euro, Dollar and Yen.

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. An additional need for depreciation may not be eliminated.

Internal Control and Risk Management

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 FORTEC AG and its subsidiaries.

Monthly statements of the FORTEC 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 properly 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, customs' auditor and auditor for social insurance 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.

Resumée and Expectations

In last quarter, we believe to have overcome the rock-bottom of business recession lasting since mid 2011 and are looking forward for a positive second half of this BY.

Although the industry within the Euro-zone continues to be weak, we can see and note a considerable positive course of business in North America and above all a tremendous impulse of growth from China. As supplier to export companies, we expect that the improved economic signs will have again a positive influence as to the order bookings of our customers; thus giving another "kick" of growth for second half of BY.

For the entire BY – and already predicted at begin of this BY – we, however, expect an income and result below that of previous year. Starting with BY 2013/14, we may look at more positive results again due to an economic overall recovery. For example: as manufacturer of charging units for the DB-Pedelecs, we presume that the introduced measures published by EU commissioner Kallas for a wide-considered introduction of electric charging stations in Germany will be the "push" for a stable growth in this BY.

Based on our business policy proven during many cycles, we succeeded to make profit above average year after year for 28 years now, without having only one single year of losses. However, there is no guarantee for the future, we still are confident that our business model continues to run successfully for the years to come.

Landsberg/Germany, 15.02.2013

FORTEC Elektronik AG

Dieter Fischer
CEO

Markus Bullinger
Board Member

Jörg Traum
Board Member

CONSOLIDATED BALANCE SHEET (uncertified), according to IAS/IFRS
31.12.2012 (last year's figures 30.06.2012)

ASSETS	BY 31.12.2012 €	BY 30.06.2012 €	EQUITY AND LIABILITIES	BY 31.12.2012 €	BY 30.06.2012 €
A					
. Non-current assets			A. Shareholder Equity		
I. Goodwill	2.893.248	2.896.069	I. Subscribed capital	2.954.943	2.954.943
II. Intangible assets	85.732	80.046	II. Capital reserve	8.689.364	8.689.364
III. Tangible assets	1.218.142	1.275.093	III. Currency differences	1.139.428	1.142.249
IV. Financial assets	94.288	94.288	IV Other reserves	9.044.584	6.816.298
V. Long-term liabilities	125.783	133.283	V. Net income	573.175	2.228.286
	4.417.193	4.478.779		22.401.494	21.831.140
B			B. Long-term liabilities		
. Current assets			I. Long-term reserves	240.673	265.557
I. Inventories	10.586.504	9.632.593	II. Deferred tax liabilities	342.719	365.324
II. Accounts receivables	2.885.640	4.767.201		583.392	630.881
III. Tax receivables	135.755	58.156	C. Short-term liabilities		
IV. Other assets	287.678	109.341	I. Trade payables	1.730.158	2.437.789
V. Cash-on-hand, bank bal.	7.565.141	8.694.827	II. Tax liabilities	164.685	1.263.886
	21.460.718	23.262.118	III. Other provisions	402.669	756.581
			IV Other liabilities/accruals	595.513	820.620
				2.893.025	5.278.876
Assets total	25.877.911	27.740.897	Equity+liabilities total	25.877.911	27.740.897

Consolidated Income Statement (uncertified), according IAS/IFRS

01.07. - 31.12.2012 (last year's figures 01.07. - 31.12.2011)

Income Statement	BY 2012/13	BY 2011/12
Sales revenuesd	21.490.401 €	24.090.227 €
Change in stock of unfinished merchandise	./. 109.379 €	149.138 €
Other operating income	748.340 €	399.233 €
Cost of material	16.596.496 €	18.542.835 €
Expenses personnel	2.771.352 €	2.925.674 €
Depreciation	128.423 €	150.007 €
Other operating expenses	1.931.655 €	2.059.965 €
Operating income (EBIT)	701.436 €	960.117 €
Interests and similar income	36.131 €	40.687 €
Taxes on income and profit	164.392 €	291.412 €
Net income	573.175 €	709.392 €
Other result *	./. 2.821 €	./. 20.913 €
Total result	570.354 €	688.479 €
Earning per share/ 1st half year	0,19 €	0,24 €
Shares outstanding	2.954.943	2.954.943

* "Other result" includes only success-neutral differences from foreign currency exchange rates.

Consolidated Income Statement (uncertified), according IAS/IFRS

01.10. - 31.12.2012 (last year's figures 01.10. - 31.12.2011)

Income Statement	Q2 (1.10.-31.12.12)	Q2 (1.10.-31.12.11)
Sales revenues	10.240.762 €	11.067.936 €
Change in stock of unfinished merchandise	./. 109.379 €	149.138 €
Other operating income	595.705 €	239.852 €
Cost of material	7.952.201 €	8.491.962 €
Expenses personnel	1.364.202 €	1.468.939 €
Depreciation	64.828 €	30.255 €
Other operating expenses	1.022.659 €	1.007.842 €
Operating income (EBIT)	323.198 €	457.928 €
Interest and similar income	26.613 €	19.307 €
Taxes on income and profit	67.809 €	139.577 €
Net income	282.002 €	337.658 €
Other result *	291 €	0
Total result	282.293 €	337.658 €
Earning per share/2nd quarter	0,09 €	0,11 €
Shares outstanding	2.954.943	2.954.943

* "Other result" includes only success-neutral differences from foreign currency exchange rates.

Consolidated Statement of Changes in Equity

				Other comprehensive income		T O T A L
	Subscribed capital	Capital reserve	Exchange rate differences	Market Evaluation reserve	Profit reserve/ profit carried forward	
	EUR	EUR	EUR	EUR	EUR	EUR
Balance per 01.07.2011	2.954.943	8.689.364	1.135.052	0	8.293.770	21.073.129
Net income					709.392	709.392
Changes "other result"			- 20.913			- 20.913
Dividend payments					- 1.477.471	- 1.477.471
Balance per 31.12.2011	2.954.943	8.689.364	1.114.139	0	7.525.691	20.284.137

Balance per 01.07.2012	2.954.943	8.689.364	1.142.249	0	9.044.584	21.831.140
Net income					573.175	573.175
Changes "Other result"			- 2.821			- 2.821
Dividend payments						0
Balance per 31.12.2012	2.954.943	8.689.364	1.139.428	0	9.617.759	22.401.494

Consolidated Cash-flow Statement (uncertified), according to IAS/IFRS

01.07. -31.12.2012 (last year's figures 01.07. - 31.12.2011)

I. Operative Income	<u>GJ 2012/13</u>	<u>GJ 2011/12</u>
Net income	€ 573.175	€ 709.392
Depreciation of tangible and intangible assets	€ 128.423	€ 150.007
Change of inventories	€ - 953.911	€ - 722.876
Reduction of accounts receivables	€ 1.803.962	€ 1.898.930
Change of liabilities	€ - 2.054.544	€ - 752.556
Change of accruals	€ - 378.796	€ 164.265
Change of other accruals	€ - 178.337	€ - 124.617
Cash-flow from operative business	€ - 1.060.028	€ 1.322.545
II. Investment Activities		
Investments of financial/tangible and intangible assets	€ - 69.658	€ - 230.789
Earnings from assets	€ 0	€ 2.500
Cash-flow from investment activities	€ - 69.658	€ - 228.289
III. Financial Activities		
Dividend payments	€ 0	€ - 1.477.471
VI. Cash-flow in total	€ - 1.129.686	€ - 383.215
V. Change in liquid funds		
Cash at beginning of period	€ 8.694.827	€ 7.589.096
Cash at end of period	€ 7.565.141	€ 7.205.881

Annexe.

The current half-year report has to be read in connection with the Annual Group's Report dated 30.06.2012. The balancing and evaluation methods of fiscal year 2011/12 according to IAS/IFRS remain unchanged. The information given in this report is only valid at day of publication and cannot be written forth. The number of full-time employees was 111 (prev. year 110). The group's business comprises data visualisation and power supplies.

<u>Segment report</u>	Data visualisation T€	Power supplies T€
Umsatz	9.239	12.251
Betriebsergebnis (EBIT)	244	457
Finanzergebnis	15	21
Ertragsteuern	61	103
Periodenergebnis	198	372

Versicherung der gesetzlichen Vertreter (Assurance of Legal Representatives)

Nach bestem Wissen versichere ich, dass gemäss den anzuwendenden Rechnungslegungsgrundsätzen für die Zwischenberichterstattung der Konzern-Zwischenabschluss der FORTEC Elektronik AG zum 31. Dezember 2012 ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt und im Konzern-Zwischenlagebericht der Geschäftsverlauf einschließlich des Geschäftsergebnisses und die Lage des Konzerns so dargestellt sind, dass ein den tatsächlichen Verhältnissen entsprechendes Bild vermittelt wird, sowie die wesentlichen Chancen und Risiken der voraussichtlichen Entwicklung des Konzerns im verbleibenden Geschäftsjahr beschrieben sind.

Germany/ Landsberg, February 15th, 2013

FORTEC Elektronik AG

Dieter Fischer
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Markus Bullinger
COO Datenvisualisation

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COO Power Supplies