Annual Report 2013/2014

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Business Year July 01, 2013 – June 30, 2014

Content

FORTEC Elektronik AG
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Management Report 2013/2014

Group's Basic Principals

FORTEC is systems' supplier for manufacturers of industrial high-tech-products. Its target potentials are high-tech companies of long-term and predictable positioning, especially in the growing market segments of industrial automation, informative technologies, security, medicine and automotive.

For 30 years, FORTEC has been more than successful for years in sales and results with its proved business model without having any losses.

The group covers two very attractive segments of high-quality electronics. In fact, FORTEC belongs to the market leaders within the German-speaking countries specialised in its segments industrial power-supplies and data-visualisation.

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

When connecting the product segments of display technology and embedded computer technology to create an Embedded Solution System, FORTEC possesses for a long time 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 and its installation.

The reason of FORTEC's success is a large number of customer business relations over years. Its distribution strategy is to find partnerships with top-clientele preferable market leaders in special segment. FORTEC's competence is efficient support in application, clientele tailor-made products – and last not least complete development for customers of the large-scale industry as well as for those with smaller and/or medium order volume.

Target clientele are mainly manufacturers in the field of industry automation, medicine technology as well as providers in the field of 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 involves 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. In Germany, our various regional offices provide local customer service. In addition, there are sales offices and subsidiaries in Austria, Switzerland and The Netherlands. Within the group, a 100% support in development and production is given by our subsidiaries Rotec (Rastatt) and Autronic (Sachsenheim). Also ALTRAC in Switzerland is a 100% subsidiary; not to forget the 36.6% participation at a company in The Netherlands. The successful company of Emtron (Nauheim) – also is a 100% FORTEC's subsidiary – specialized in exclusive products of power supplies; it is represented directly and indirectly as well in the markets in Germany, Austria, Switzerland and The Netherlands.

Due to our present 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.

Business Report

After the down-hill of the electronic industry caused by the Lehman tragedy in December 2008, we reached the financial bottom of the biggest after-war recession in Germany in BY 2009/10. In BY 2010/11 there was a considerable upswing again caused by 2 factors: no. 1 – there was this catch-up effect within the investment industry in 2009 and no. 2 – deliveries boomed in spring 2011 because of the Fukushima catastrophe.

Since mid 2011, business turned to normal again. In total, the industry in the Euro-zone decelerated due to the tough saving measures of the countries-in-debt. Business in BY 2011/12 as well as in BY 2012/13 continued to develop towards a purchase-market. In second half of BY 2013/14, an economic increase in business could be seen. The overall economic conditions however indicate that this “pickup” as a cause by the financial crisis and its recession – was one of the weakest seen in the group’s history since 30 years.

Turnover in BY 2013/14 of 45.4 million EUR was slightly above that of previous BY 2012/13 of 44.5 million EUR caused by the improved economic situation in second half of the year. This upgrade is due to the increase in turnover in data-visualisation of 0.7 million EUR (+3.6%) as well as in power-supplies of 0.2 million EUR (+0.7%). These two segments add to the group’s total result: data-visualisation with 19.2 million EUR and power supplies with 26.2 million EUR.

This group’s total increase faces in percent as well as absolutely the reduction in goods and material costs of 34.2 million EUR (prev. year 34.3 million EUR). This results in a change goods and material costs from 77.1% in 2012/13 to 75.8% in 2013/14. In BY 2013/14 the profit margin raised from 22.9% last year to 24.2% caused by economy as well as a better value-added.

The costs of personnel raised from 5.4 million EUR to 5.6 million EUR due to a higher success-dependant allowance reflected on business result. Compared to the total result, the costs in personnel raised by 0.3% from 12.1 (BY 2012/13) to 12.4% (BY 2013/14).

Depreciations increased by 27% from 0.2 million EUR to 0.3 million EUR. Besides at start of BY, a software update was installed at our subsidiary Autronic.

Other company expenses of 3.4 million EUR (prev. year 3.4 million EUR) remained same amounting to 7.6% (prev. year 7.7%) compared to total result.

Important financial indicator is the EBIT-margin. The company' result (EBIT) of 2.2 million EUR in BY 2013/14 was below that of prev. year of 2.4 million EUR mainly due to lower other operating business results (minus 0.6 million EUR). The high other operating income of last year of 1.2 million EUR was a one-time figure. In BY 2013/14 – other operating income excluded – there was an increase in operating business before tax by 0.4 million EUR compared to last year. With respect to total income, the result reduced by 0.5% to 5.3 % in BY 2012/13 to now 4.8% in BY 2013/14.

The group's EBIT consists of 0.5 million EUR in the field data visualisation (-33.3% compared to prev. year) and 1.7 million EUR in power supplies (+ 2.3% compared to prev. year).

Net income of BY 2013/14 decreased by approx. 0.2 million EUR to now 1.5 million EUR compared to BY 2012/13 and thus complies with the expectations given in last year's report. The profit margin reduced by 0.5% from 3.9% (BY 2012/13) to 3.4 % (BY 2013/14).

The result per share reduced from 0.60 EUR last year to now 0.52 EUR. In view of this year's dividend payment of again 0.50 EUR per share; also this year, the payment was earned in operating business.

The group's overall efficiency was same as last year in both business fields.

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

The total assets at a balance sum are 26.0 million EUR (prev. year 26.1 million EUR), the long-term assets amount to 4.4 million EUR (prev. year 4.3 million EUR). This includes the goodwill of 2.8 million EUR (prev. year 2.9 million EUR) resulting from the acquisition of companies during past years – followed by assets/investments of 1.2 million EUR (prev. year 1.1 million EUR).

Short-terms assets are 8.4 million EUR (prev. year 9.6 million EUR); value of stock amounts to 36.4 % - representing the biggest item in balance (prev. year 36.2%); followed by cash-on-hand of 8.7 million EUR (prev. year 7.2 million EUR). Receivables from deliveries and productivity amount to 4.0 million EUR (prev. year 4.7 million EUR) at balance issue date. Cash balance increased from 27.7% to 33.3% of balance sum caused by reduction of stock as well as receivables from deliveries and productivity.

The company works on own capital only without any bank liabilities. Having a capital quota of 85 % (prev. year 84%), the company possesses sufficient own capital of 22.1 million EUR (prev. year 22.0 million EUR) . Due to the actual cash-on-hand, it is possible to plan and carry out major acquisitions.

Cash-flow in operative business of 3.3 million EUR in BY 2013/14 was considerably positive (prev. year 0.2 million EUR) – thus illustrating the financial strength of the company.

The cash-flow as regards investments of 0.4 million EUR (prev. year - 0.2 million EUR) results from investments to assets made during business year.
Cash-flow as regards financing activities of -1.5 million EUR (prev. year -1.5 million EUR) results from payment of dividends of 50 Cent per share

In total, a positive cash-flow of 1.4 million EUR (prev. year 1.4 million EUR) can be reported compared to last year.

As far as the group concerns, non-financial indicators are: the employees, long-term contact to suppliers and clientele. Also, there are employees for many years supported by us in their own-responsibility and endeavours for efficiency.

Our stable business over centuries is based on a long-term and close co-operation with selected suppliers. It assures benefit to many of our customers over all these years which again adds to our business success.

The company holds on to the ecological significance in its operative business.

Annexe Report

Any occurrances of considerable importance did not happen after final balance date.

Forecast Report

In spite of positive aspects, the economic recovery within the entire Euro-zone is still not seen. Even lately in Germany – Europe's economic 'driving force' during these past years – the BIP reduced by 0.2% in second quarter of BY 2014. Early information like ZEW economic indicator or the Ifo-business index considerably diminished during summer 2014.

Geo-political crises burden the public mood. First of all, the conflict in Ukraine but also the development in the Middle East have an unsecure influence on the strongly export orientated economy in Central Europe. We assume that die sanctions against Russia will have economic effects for the German industry.

In spite of all risks involved, many research institutes as well as the EZB predict that economy in Euro-zone continues to grow this year – yet to become additional dynamic in 2015.

In view of the latent uncertainness, we rather expect a side-swing in turnover and result for the first half of BY 2014/15 as concerns the group's development. If the political risks may be under control, we are optimistic as to our general economic expectations for late summer 2014 and hope to increase again turnover and at the same time operative income.

In the field of power supplies, we count on a moderate growth in turnover and income (on EBIT basis) for second half of this BY same as in BY 2013/14. For the segment data visualisation we are more optimistic – subject to political and economic stability – and expect positive impulses on a raise in turnover and income on EBIT basis middle and higher ranked by organic growth; last not least due to the fair “electronica 2014” held in Munich this November.

In the long run, we foresee considerable potential in the economic field – the German industry has a very special start position for the industry 4.0. FORTEC’s strength will be in the field of embedded computers.

The development of the internet did not only enormously influence the private sphere but also marketing, sales and development and last not least the administration of companies. Production is to change as concerns its system and seems to become an important part for us as well.

Although, we do not think that industry 4.0 will be a new quantum leap – it will happen, however, that the structures within the companies to industry 4.0 considerable change. It is our opinion that based on industry 4.0, there will be new types of business unlike the online-book stores resp. generally speaking: the revolution in research and knowledge by internet.

Industry 4.0 as well will be accompanied by system-dependant risks. A wrong interpretation of this new technology by FORTEC - to follow investments in false products and markets may have serious consequences. On the other hand, if this trend may be obeyed, FORTEC with its technology may very soon be non-competitive. The company would very fast lose its market importance and - at it’s best - have a minor economic existence.

In spite of all identified risks in the past and the rapid and continuous development in the electronic technology – and yet based on our business policy proven during many years’ cycles, we succeeded to make profit above average year after year for 30 years now, without having only one single year of loss. However, there is no guarantee for the future, we still are confident that our business model continues to run successfully - and we are positive that continuous long-term growth is possible.

Risk Report and Chances.

The risks mentioned in categories below could influence our entire company (total risk), our financial situation (financial risk) and our profitability (result risk). Further risks are that of personnel and technique; 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. The total risk of doom can practically not been determined at this time.

Balance risks as regards finances at balance day e.g. receivables from deliveries and productivity have been considered by appropriate depreciation and accruals. At balance 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.

For centuries, the market of the professional electronic industry is dominated by a continuous decrease of prices at same service respectively by technical service above average at constant prices. Although in the past, we managed to deal with this risk, it is not guaranteed that there may be losses in the future because of this price-related risk.

A considerable risk is disposition of stock. In spite of a multi-stage purchasing process, 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 defined 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 customers' requirements as concerns a prolonged time of warranty and the usual terms of suppliers' contract. During these past years, the clientele 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 product value; 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 in the market also strongly depends on intensive and years of experience of our personnel (personnel risk). 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 clientele's 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 via internet to industrial clientele and not any more within their distribution channels. Another negative aspect could be a concentration process expected from the supplier's side which could involve – in worst case – 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 (technical risk) 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 so far 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 future depreciation may not be eliminated.

There are no considerable changes compared last year.

Besides risks, there are new chances as well. Market chances are identified by our sales representatives and evaluated at regular meetings with marketing and management. Results will be applied to new projects.

For FORTEC as a technology company, there are product chances especially by the rapid developing industry 4.0. This industrial revolution based on rationalised manufacture will bring enormous improvement in production mainly in Central Europe. As supplier to the investment good's industry we would take profit for years.

Based on a profound evaluation of product as well as market chances, management will take measures as regards product portfolio, marketing and sales as well as concerns financial means (money, funds, etc.) and resources which may involve potential risk.

Risk Management

The risk management system of the FORTEC group assures that the daily business transactions may not be endangered by well-known and/or new risks to be made transparent and thus be controlled and/or even avoided.

The risk management is part of the management system enabling to recognise risks and limit their consequences as much as possible.

The risk management is a continuous task. Therefore, it is necessary to involve all personnel and especially the persons-in-charge to recognize any possible company risks.

Considering the statutes of risk analysis made by the directors of the individual FORTEC companies, appropriate measures were taken and responsible persons-in-charge appointed.

Controlled by quarterly risk reporting, the management is informed regularly of the actual state of risk, however being updated of a sudden risk at any time. The formal implement of the risk management system will be of help; more important however is a continuous sensitising of all personnel for any possible risks and their immediate handling.

Goal of the risk management is that any possible risk is immediately recognized by personnel and/or the persons-in-charge before any company damage may occur and to try to find an appropriate and in-time solution by the responsible personnel as well as persons-in-charge.

Internal Control and Risk Management in view of Balancing Process.

This 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 for 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.

Relevant information especially as to organisation and its process of the current BY may be referred to in the present QA-manual.

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 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.

Risk reporting as concerns application of financial instruments:

The company’s existing financial instruments are: bank giro account, assets’ account, suppliers’ credits as well as receivables, etc.

The company consists of a solvent and credit-worthiness clientele which is secured by a goods credit insurance starting at EUR 10.000 in case of merchandise deliveries below DAX 30 index fixed companies. The loss of receivables to an extent that may endanger the company are not expected.

Liabilities are to be paid within payment terms.

Goal of the finance- and risk management is to ensure the company’s success against any kind of financial risks.

Possible risks of price changes which may exist in a potential loss due to negative changes of market prices or price-relevant parameters, will be minimised by contractual agreements.

For protection of risks in liquidity, a regular survey of cash-receipt and cash-payments are made. To minimise these risks, the company possesses an appropriate debtors’ account management.

Overview of the risk and chances situation

Being a technology company, we note a majority in chances for the future development of the company comparing risk against chances. Although company risk continuous raise, requirements as concerns products permanently increase and the products’ life-cycle even diminishes, we assume that our market will change in a positive way - especially by industry 4.0 as part of internet (IoT)

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.

Appointment and dismissal of the board is in accordance with legal regulations (§§ 84, 85 AktG). The compensation scheme of the management board breaks down to a fix and a variable part which depends on achieved EBIT resp. year’s profit. On 15.12.20011, 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 agreed only with the CEO that there are any refunds to be made in case of change of control and/or any takeover offer.

In case of a change in control due to a take-over, essential suppliers' contracts may be cancelled. This risk exists when a contractual supplier may fear the interruption of a competitor.

Alterations of articles of the association require a majority of board votes of 75%.

Costs for research and development were not noted.

Statement re: company's business management according to § 289 a HGB

Responsible and long-term orientated added-value of business management are the leading tasks of FORTEC Elektronik AG. Based on this declaration, the directors' board reports about business management according to § 289 a HGB.

FORTEC's business management is by great means dominated by self-responsibility and ethnic conduct of every single employee and/or person-in-charge taken into consideration the legal requirements and internal procedure information.

The business management of FORTEC as a German AG noted at stock exchange is defined by the AG-law and its restrictions as concerns the "Deutsche Corporate Governance Kodex" at its current edition. On February 26, 2002, the German government published the "Deutsche Corporate Governance Kodex". Its edition published on May 15, 2012 defines essential regulations as concerns the management and control of German stock exchange noted companies and includes international and national standards of good and responsible business management. Goal of these standards is to inform about German regulations in order to strengthen business confidence of international and national investors, customers, employees and the public opinion as concerns business management of German companies.

The boards of FORTEC herewith declare to have done this declaration according to § 161 AktG after serious examination; this document may be referred to by a stock/share-holders of the company at its website.

Landsberg/Germany, September 04, 2014

FORTEC Elektronik AG

Dieter Fischer	Markus Bullinger	Jörg Traum
CEO	Board Member	Board Member

CONSOLIDATED BALANCE SHEET FORTEC Elektronik AG
dated 30.06.2014 (previous year 30.06.2013)

AKTIVA / ASSETS		Consolidated Balance sheet 30.06.2013	Consolidated Balance sheet 30.06.2014	PASSIVA / TOTAL EQUITY & LIABILITIES		Consolidated balance sheet 30.06.2013	Consolidated balance sheet 30.06.2014
A. Langfristige Vermögenswerte	**Non-current assets**			**A. Eigenkapital**	**Shareholders´equity**		
I. Goodwill	Goodwill	2.829.256	2.868.502	I. Gezeichnetes Kapital	Subscribed capital	2.954.943	2.954.943
II. Immaterielle Vermögenswerte	Intangible assets	156.785	200.109	II. Kapitalrücklage	Capital reserve	8.689.364	8.689.364
III. Sachanlagevermögen	Tangible assets	1.149.700	1.214.279	III. Umrechnungsdifferenzen	Exchange differences	1.011.324	1.091.320
IV. Finanzielle Vermögenswerte	Financial assets	94.288	94.288	IV. Sonstige Rücklagen	Other compreh. Income	7.567.114	7.848.012
V. Langfristige Forderungen	Accounts receivables	93.609	64.463	V. Jahresüberschuss	Net income	1.758.370	1.536.159
						21.981.114	**22.119.798**
VI. Latente Steuern	Deferred Taxes	0	0	**B. Langfristige Verbindlichkeiten**	**Long-term liabilities**		
		4.323.638	**4.441.640**				
B. Kurzfristige Vermögenswerte	**Current assets**			I. Langfr. Rückstellg./Verbindl.	Other provisions	202.939	207.666
I. Vorräte	Inventories	9.448.751	8.428.358	II. Latente Steuerverbindlichk.	Deferred Taxes	319.237	255.715
						522.176	**463.380**
II. Forderungen aus Lieferungen und Leistungen	Accounts receivables	4.675.707	4.048.003	**C. Kurzfristige Verbindlichkeiten**	**Short-term liabilites**		
III. Steuerforderungen	Tax receivables	317.957	309.340	I. Verbindl. Lief./ Leistungen	Trade payables	2.104.292	1.639.060
IV. Sonstige Vermögenswerte	Other assets	123.309	87.278	II. Steuerverbindlichkeiten	Accruals other taxes	407.382	740.302
V. Zahlungsmittel und - äquivalente	Cash on hand/ bank balances	7.236.838	8.664.527	III. Sonstige Rückstellungen	Other provisions	155.445	113.450
		21.802.561	**21.537.506**	IV. Sonstige Verbindlichkeiten	Other liabilities/accruals	955.791	903.156
						3.622.909	**3.395.968**
	Total assets	**26.126.199**	**25.979.146**		**Total Equity and Liabilities**	**26.126.199**	**25.979.146**

Consolidated statement of comprehensive income 01.07.2013 - 30.06.2014

			Anhang Notes	Consolidated income-statement 01.07.2012 - 30.06.2013	Consolidated income-statement 01.07.2013 - 30.06.2014
1.	Umsatzerlöse	Sales revenues	20	44.539.958	45.403.175
2.	Erhöhung Bestand unfertige Erzeugnisse	Increase in finished goods/work in process	21	-11.493	-282.352
3.	sonstige betriebliche Erträge	Other operating income	22	1.229.470	583.932
4.	Materialaufwand	Cost of material	23	34.339.407	34.198.171
5.	Personalaufwand	Personnel expenses	24	5.402.242	5.605.857
6.	Abschreibungen	Depreciation	25	228.741	290.360
7.	Sonstige betriebliche Aufwendungen	Other operating expenses	26	3.412.965	3.450.598
8.	Betriebsergebnis (EBIT)	Operating result		2.374.580	2.159.768
9.	Beteiligungserträge			0	7.333
10.	Sonstige Zinsen u. ähnliche Erträge	Other interest and similar income	27	57.110	26.622
11.	Zinsen u. ähnliche Aufwendungen	Other interest and similar expenses	27	6.234	1.962
12.	Ergebnis vor Ertragsteuern	Results from ordinary activities		2.425.456	2.191.761
13.	Ertragsteueraufwand	Taxes on income	28	667.086	655.602
14.	Jahresüberschuss	Net income		1.758.370	1.536.159
sonstiges Ergebnis					
15.	Marktwertänderungen von zur Veräußerung verfügbaren Vermögenswerten (erfolgsneutral)		14	0	0
16.	Währungsumrechnungsdifferenzen (erfolgsneutral)		30	-130.925	79.996
17.	Sonstiges Ergebnis			-130.925	79.996
18.	Gesamtergebnis			1.627.445	1.616.155
19.	Ergebnis je Aktie	Earnings per Share			
	unverwässert	Basic		0,60	0,52
	verwässert	Diluted		0,60	0,52

Consolidated Statement of Changes in Equity 2013/2014

				Other compreh. income		T O T A L
	Subscribed capital	Capital-reserves	Exchange Rate differences	Market-evaluation reserves	Profit reserves/ Profit carried forward	
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as per 30.06.2012	**2.954.943**	**8.689.364**	**1.142.249**	**0**	**9.044.584**	**21.831.140**
Group's result 2012/13			- 130.925		1.758.370	**1.627.446**
Dividend payments					- 1.477.472	**- 1.477.472**
	0	**0**	**-130.925**	**0**	**280.898**	**149.974**
Balance as per 30.06.2013	**2.954.943**	**8.689.364**	**1.011.324**	**0**	**9.325.483**	**21.981.114**
Group's result 2013/14			79.996		1.536.159	**1.616.155**
Dividend payments					-1.477.472	**-1.477.472**
	0	**0**	**79.996**	**0**	**58.686**	**138.684**
Balance as per 30.06.2014	**2.954.943**	**8.689.364**	**1.091.320**	**0**	**9.384.171**	**22.119.798**

Consolidated Cash-flow Statement 01.07.2013 – 30.06.2014

			2012/2013	2013/2014
I.	**OPERATIVER BEREICH**	**OPERATIVE BUSINESS**		
	1. Jahresüberschuss	1. Consolidated net income	1.758.370	1.536.159
	2. Abschreibungen auf Sachanlagen und immaterielle Anlagengegenstände inkl. Goodwill	2. Depreciation of tangible assets and intangible assets incl.goodwill	228.741	290.360
	3. Korrektur andere zahlungsunwirksame Transaktionen	3. Other cash-ineffective transactions	-97.026	-34.725
	4. Abnahme (VJ Abnahme) der Vorräte	4. Decrease (PY Decrease) in inventories	183.842	1.020.393
	5. Abnahme (VJ Zunahme) der Forderungen aus Lieferungen und Leistungen u. sonstigen Forderungen	5. Decrease (PY Increase) in accounts receivable and other debt receivable	-182.274	672.352
	6. Abnahme (VJ Abnahme) der Verbindlichkeiten aus Lieferungen und Leistungen	6. Decrease (PY Decrease) in accounts payable	-333.498	-465.232
	7. Zunahme (VJ Abnahme) der kurzfristigen Verbindlichkeiten	7. Increase (PY Decrease) in short-term liabilities	-1.322.469	239.621
	8. Abnahme (VJ Abnahme) der langfristigen Forderungen	8. Decrease (PY Decrease) in long-term receivable	39.674	29.146
	9. Zunahme (VJ Abnahme) der langfristigen Verbindlichkeiten	9. Increase (PY Decrease) in long-term liabilities	-62.618	3.397
	Cash flow aus dem operativen Bereich	**Cash flow provided from operating business**	**212.742**	**3.291.470**
II.	**INVESTITIONSBEREICH**	**INVESTMENT ACTIVITIES**		
	1. Investitionen in Sachanlagevermögen und immaterielle Anlagengegenstände	1. Investment in tangible assets and intangible assets	-188.065	-435.543
	2. Investitionen in Finanzanlagen	2. Investment in financial assets	0	0
	3. Erlöse aus den Abgängen von Sachanlagevermögen	3. Proceeds from fixed assets sales	3.950	6.246
	4. Erlöse aus den Abgängen von Finanzanlagen	4. Proceeds from financial assets sales	0	0
	Cash flow aus dem Investitionsbereich	**Cash flow from investment activities**	**-184.115**	**-429.297**
III.	**FINANZIERUNGSBEREICH**	**FINANCING ACTIVITIES**		
	1. Gewinnausschüttung	1. Distribution of profits	-1.477.472	-1.477.472
	Cash flow aus dem Finanzierungsbereich	**Cash flow from financing activities**	**-1.477.472**	**-1.477.472**
IV.	**CASH FLOW INSGESAMT**	**TOTAL CASH FLOW**	**-1.448.845**	**1.384.702**
V.	**VERÄNDERUNG DER LIQUIDEN MITTEL**	**CHANGE IN LIQUID FUNDS**		
	Wechselkursbedingte Änderungen auf Zahlungsmittel		-9.144	42.987
	Kasse, Bankguthaben 30.06.2014 (VJ 30.06.2013)	Cash on hand and in banking accounts 30.06.2014 (PY 30.06.2013)	7.236.838	8.664.527
	Kasse, Bankguthaben 01.07.2013 (VJ 01.07.2012)	Cash on hand and in banking accounts 01.07.2013 (PY 01.07.2012)	8.694.827	7.236.838
			-1.448.845	**1.384.702**
	Veränderung der liquiden Mittel	**Change in liquid funds**	**-1.448.845**	**1.384.702**
	Zusammensetzung des Finanzmittelfonds	**Composition of liquid funds**		
	Kasse	Cash on hand	7.172	11.240
	Bankguthaben	Banking accounts	7.229.666	8.653.287
	Finanzmittel am Ende der Periode	**Liquid funds at period-end**	**7.236.838**	**8.664.527**

FORTEC Elektronik AG
Annex Business Year 2013/14

1) General Information

FORTEC Elektronik AG issues its group's final report according to § 315 a of HGB and 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 balance day. Basis 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 as concerns the use of the international balancing standards. All standards to report as per balance date have been observed. Besides all compulsory information 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.

The year's report of the FORTEC AG as well as of the group was issued in EUR, e.g. that there could be slight but not considerable rounding differences.

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.

New Accounting Regulations

The IASB resp. IFRIC announced the following standards, interpretations and changes, yet not in effect for BY 2013/14. Application of these new regulations was not yet made. At present, FORTEC AG analyses the effects of these new standards as concerns its situation of assets, finance and profit as well as cash-flow.

IFRIC Interpretations

IFRIC published the following interpretations of facts however not relevant for FORTEC AG at his time:

IFRIC 21 - Fees
To be applied for BY starting 01.01.2014

IFRS and IAS Standards

IFRS 9 - "Financial Instruments" (Classification and evaluation as well as balancing of financial liabilities and write-offs), published November 2009/October 2010
To be applied for BY starting 01.01.2015.

Changes of IFRS 7 and IFRS 9 – Information: Chronological application and temporary terms published in December 2011. To be applied for BY starting 01.01.2015

IFRS 7 - “Financial instruments”; changes published in December 2011
To be applied for BY starting 01.01.2013 resp. 01.01.2014

IFRS 9 - “Financial instruments”: Safety conditions published in November 2013
To be applied for BY starting 01.01.2015

Improvement IFRS (2010-2012) published in December 2013
To be applied mainly for BY starting 01.07.2014

Improvement IFRS (2011-2013) published in December 2013
To be applied mainly for BY starting 01.07.2014

IFRS 10 - “Group results”, published in May 2011
To be applied for BY starting 01.01.2014

IFRS 11 - “Common agreements”, published in may 2011
To be applied for BY starting 01.01.2014

IFRS 12 - “Reports as to investments in other companies”, published in May 2011
To be applied for BY starting 01.01.2014

IAS 19 - “Employees’ dues”; changes published in November 2013
To be applied for BY starting 01.07.2014

IAS 27 - “Separate Transactions”, changes published in may 2011
To be applied for BY starting 01.01.2014

IAS 28 - “Participations to associated companies and Joint Ventures”, changes published in May 2011; to be applied for BY starting 01.01.2014

IAS 32 - “Balancing of financial assets and debts”
Changes published in December 2011
To be applied for BY starting 01.01.2014

IAS 36 - “Information as to expected amount of non-financial assets”
Changes published in May 2013
To be applied for BY starting 01.01.2014

IAS 39 - “Novation of derivative and continued balancing of safety business”
Changes published in June 2013
To be applied for BY starting 01.01.2014

Changes of various standards as regard to “annual improvements 2009-2011; published in May 2012; to be applied for BY starting 01.01.2014.

Changes to define transition-line period in IFRS 10 re IFRS 10 “Company’s result”, IFRS 11 “Common agreements” and IFRS 12 “Publication re take-over of other companies”, published in June 2012; to be applied for BY starting 01.01.2014.
Changes as regards consolidation – investment companies as per IFRS 10 “Company results”, IFRS 12 “Publication of investments in other companies” and IAS 27 “Separate Results” (changed 2011), published in October 2012; to be applied for BY starting 01.01.2014.

For this business year, FORTEC Elektronik AG did accept and apply the following IASB published standards:

Changes of IFRS 1 – Drastic hyperinflation and deletion of fix data for first-appliers
published in December 2010; to be applied for BY starting 01.01.2013
At present, there is no current resp. relevant situation, therefore no effects as to assets, finances and result of the group.

IFRS 7 - “Financial instruments”; changes published in December 2011
to be applied for BY starting 01.01.2013.
not relevant as to the groups’ financial statement

IFRS 13 - “Assessment of current value”; published in May 2011
to be applied for BY starting 01.01.2013.
This standard is to be applied for the group, however
no effect on its assets, finance and results.

Change as to IAS 1 -“Presentation of Company’s Report” as regards the “total other result”. Published in June 201... ;to be applied for BY starting 01.07.2013. This standard only describes the way of statement – no effect on the group’s assets, finance and result.

Change as to IAS 12 -“Deferred taxes: realisation of appropriate assets”
Published in June 2010;to be applied for BY starting 01.07.2013.
This standard has no effect on the group’s assets, finance and result.

IAS 19 - “Employees’ benefits”; changes published in June 2011
To be applied for BY starting 01.01.2013
This standard has no effect on the group’s assets, finance and result.

Changes of various standards as to “annual improvements 2009-2011;
published in May 2012; to be applied for BY starting 01.01.2013.
This standard is to be applied for the group, however
no effect on its assets, finance and results.

IFRIC 20 “Clearance costs during production of a mining Company”
Published in December 2011; to be applied first for BY starting 01.01.2013.
This standard is not relevant to the group.

2) Balancing and Evaluation Principles.

Separately bought intangible assets (without goodwill) as well as tangible assets are calculated according to purchase cost minimized by the accumulated depreciation (standard IAS 16.30 re purchase costs) 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 expense.

At each balance day, the calculated value of the tangible assets was not below book value.

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 assets are investments. If there is no active demand in market for these companies and “fair- values” could not be calculated effectively, then their respective purchase costs are listed; however low “fair-values” are taken into account. At present, it is not intended to sell these financial assets.

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 payment means and/or 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%).

Currency exchange rates of 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).

<u>Earnings/Returns</u> – whenever payment date was – were recorded when service rendered. They will be evaluated according to date for payment; taxes will be calculated proportionally and in time.

<u>Other capital costs</u> made during business year were recorded as expenses as requirements for activation are not relevant.

<u>Regulations in structure</u> remain same as previous year. “Short-term” means 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.

The issue of the group’s report in accordance with IFRS requires decisions and estimations as concerns the book value of balanced assets and liabilities, profit and obligations as well as possible accounts payable. However, if necessary these amounts may differ. Changes will be observed successfully until improved information is available.

Insecurities as to the estimations mainly relate to the amount and evaluation of assets and liabilities that may result in a incalculable risk for the coming business years.

<u>Liabilities from deliveries and services</u> are examined on estimated basis as to their realisation in view of a possible global single value correction.

The sum of <u>provisions for guarantee</u> was calculated on estimated and expected costs and their due date taking into consideration past-time values and current transactions.

3) Consolidation

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. FORTEC Elektronik AG together with four active national and one foreign company having the majority of votes.

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.

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 30.06.2014:

	FORTEC AG	Blum SV GmbH	Emtron GmbH	Rotec GmbH	Autronic GmbH	Altrac AG
	TEuro					
Turnover	21.494	277	12.652	1.985	4.541	6.273
previous year	*20.758*	*450*	*12.330*	*1615*	*4.614*	*6.504*
Company result (EBIT)	598	-2	1.225	198	135	16
previous year	*982*	*6*	*1122*	*85*	*-40*	*219*
Financial result	11	3	26	-5	-11	1
previous year	*55*	*4*	*41*	*-20*	*-29*	*0*
Taxes	177	0	388	57	27	6
previous year	*288*	*2*	*325*	*19*	*-10*	*44*
Year's earning (as per IFRS)	439	1	862	127	96	11
previous year	*749*	*8*	*838*	*46*	*-58*	*176*

Participation figures of the results of all group members/subsidiaries are as follows:

	Blum SV GmbH Krumbach	Emtron electronic GmbH Nauheim	ROTEC GmbH Rastatt	Autronic Sachsenheim	Altrac AG Dietikon (CH)
Goodwill (IFRS) (€)	69.339	167.146	0	0	2.632.016
previous year	*69.339*	*167.146*	*0*	*0*	*2.592.771*
Nominal value of participation (€)	250.000	250.000	250.000	250.000	160.000
previous year	*250.000*	*250.000*	*250.000*	*250.000*	*160.000*
Economic equity capital (€)	173.170	7.067.988	419.522	712.287	2.619.873
previous year	*473.070*	*6.205.229*	*364.929*	*615.938*	*2.570.287*
Capital-/Shareholders (%)	100,00%	100,00%	100,00%	100,00%	100,00%
previous year	*100,00%*	*100,00%*	*100,00%*	*100,00%*	*100,00%*
Organisation					
re: added value tax	yes	yes	yes	yes	no
re: trade income tax	no	no	no	no	no
re: corporate income tax	no	no	no	no	no
Acquistion	17.12.1992	17.12.1998	02.07.2003	01.01.2004	30.08.2000

The day of issue of all reports of all group members/subsidiaries equals the date of the group's report (30.06.2014).

ALTRAC AG made its annual report in Swiss Francs. The year's result as per 30.06.2014 is converted in EUR according to IAS 21 and the concept of functional currency.

At balance day, FORTEC holds 36.6% (prev.year 36.6%) of the capital stock of Advantec Electronics B.V. Oudenbosch (NL) as well as 25% of EOS Europe B.V., Oudenbosch (NL). These companies are not considered subsidiaries in terms of IAS 27.13, as there is no command/control function.

Besides Advantec Electronics B.V. and EOS Europe 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. As concerns 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/date 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 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, 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.

Details as to respective paragraphs in*“Balance Sheet”*

According to IAS 1, the group’s balance is listed in long- and short-term assets and liabilities. 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 values).

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 2013/14.

As per 30.06.2014, ALTRAC’s book value of goodwill for power supplies changed to EUR 2.632.016 (prev. year EUR 2.592.771) because of exchange-rate differences.

The goodwill difference to previous year amounts to TEUR 32 (prev. year TEUR 67) based on the exchange rate improvement of the Swiss Franc compared to EUR in view of the participation rate of ALTRAC AG. The difference in exchange rate is added to own capital.
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.

This test comprises the listing of the company’s identified value based on the discounted cash-flow procedure.

The annual impairment test was done in fourth quarter based on payments generated. The achievable figure was calculated based on fair value according to the examined prognosis of the ABT Revisionsgesellschaft, Switzerland in comparison with the 5-years’ expectations made by company management. For the period after the 5th year, a terminal value was stated in view of the up-date of last project year. These projects/plans are calculated based on gathered experiences, current business results and best possible management estimations as regards future development of specific facts in consideration of constant turnover, unchanged gross margin and reduced company expenses.

For the impairment test, a specific important capital cost rate after tax is necessary using the capital asset pricing model. Its components are risk-free interest of 2.04 %, a market risk percentage as well as a surplus as to the financial risk of 10%, an inflationary adjustment as well as a Beta-rate of 0.80. The impairment test was made according to a certain capital cost value of 8%.

The intrinsic value of the mentioned goodwill may also occur at a change of growth prognosis and/or at a discount rate of +/- 0.5 %. When impairment test during past BY and previous year was done, there were no decreases in value of either business or company value.

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 (no self-made assets) are reduced to purchase costs for in-time depreciation. Exclusively linear depreciations were made.

The depreciation standards are as follows:

Software	3 – 5 years
Vehicles	3 – 6 years
Tools	4 years
Office furniture	3 – 5 years
Operation/Business equipment	4 – 10 years

Low value industrial goods are depreciated on a linear basis within 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” is 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 30.06.2014 are as follows:

	Group (in €) 30.06.2013	Group (in €) 30.06.2014
Participations	94.288	94.288
TOTAL Financial Assets	**94.288**	**94.288**

The participations are as follows: 36.6 % (prev.year 36.6 %) for Advantec Electronics B.V., Oudenbosch (NL) amounting to nominal TEUR 46, the unchanged 25 % for EOS Europe B.V., Oudenbosch (NL) amounting to nominal TEUR 46 as well as the 99 % for Alltronic spol s.r.o. (via AUTRONIC) amounting to TEUR 48.

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 2007/08, the participation of Advantec B.V., Oudenbosch (NL) amounting to nominal TEUR 46 (25%) was depreciated to TEUR 0 because of eventual reduction in value. In BY bankruptcy has to be declared because of total insolvency.

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., Dýsina, Czech Republic (TEUR 48). Current value at balance day is considered approx. purchase price. There was no partial company’s report made as per 30.06.2014 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 1.15 and 1.30.

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, the market evaluation reserve was totally cleared.

Consolidated Statement of Financial Assets (EUR)

		Historische Anschaffungskosten Purchase costs					Abschreibungen Depreciation					Buchwerte Net book value	
		Stand am Balance on 01.07.2013	Zugänge Additions 2013/2014	Abgänge Retirements 2013/2014	WK-Diff. Exchange Difference	Stand am Balace on 30.06.2014	Stand am Balance on 01.07.2013	Zugänge Additions 2013/2014	Abgänge Retirements 2013/2014	WK-Diff. Exchange Difference	Stand am Balace on 30.06.2014	Stand am Balance on 01.07.2013	Stand am Balance on 30.06.2014
Immaterielle Vermö-gensgegenstände	**Intangible assets**												
- Software	- Software	559.083	122.340	55.615	1.735	627.544	402.298	62.449	38.905	1.593	427.435	156.785	200.109
Summe Immaterielle VGG	**Total intangible assets**	559.083	122.340	55.615	1.735	627.544	402.298	62.449	38.905	1.593	427.435	156.785	200.109
Sachanlagen	**Tangible assets**												
- Grundstücke	- Property	253.375	0	0	0	253.375	0	0	0	0	0	253.375	253.375
- Gebäude inkl. gel. AZ	- Plant, Buildings	538.383	47.846	0	0	586.229	173.743	33.376	0	0	207.119	364.640	379.110
- Außenanlagen	- outdoor facilities	43.001	0	0	0	43.001	11.229	2.867	0	0	14.096	31.772	28.905
- Fahrzeuge	- Vehicles	464.840	148.663	112.324	2.058	503.237	372.599	49.683	89.996	1.799	334.085	92.241	169.152
- Werkzeuge	- Small tools	51.327	9.258	7.796	0	52.790	42.922	5.059	7.786	0	40.196	8.405	12.594
- technische Anlagen/Maschin.	- plant, machinery	298.320	3.647	12.401	0	289.567	132.520	22.665	12.393	0	142.793	165.800	146.774
- Büroeinrichtung/EDV	- Office furnishings	793.414	60.878	115.965	6.196	744.523	691.717	69.015	115.882	4.703	649.554	101.697	94.969
- Betriebs- und Ge-schäftsausstattung	- Office and plant equipment	341.398	19.156	47.352	671	313.872	245.505	25.453	47.315	664	224.307	95.893	89.566
- GWG	- Low-value items	102.446	23.756	47.568	0	78.634	66.569	19.793	47.562	0	38.800	35.877	39.834
Summe Sachanlagen	**Total tangible assets**	2.886.504	313.203	343.405	8.925	2.865.227	1.736.804	227.912	320.933	7.166	1.650.948	1.149.700	1.214.278
Finanzanlagen	**Financial assets**	140.464	0	0	0	140.463	46.176	0	0	0	46.175	94.288	94.288
Summe Anlagevermögen	**Total assets**	3.586.051	435.543	399.020	10.660	3.633.233	2.185.278	290.360	359.838	8.758	2.124.558	1.400.773	1.508.675

9) Long-term Liabilities

These are the unpaid security deposits for the rented offices in Landsberg and Vienna. Also, these are liabilities from assurances of pension-part-time contracts, tax liabilities from reduced value of corporate income tax of TEUR 50 (prev. year TEUR 66) with a remaining duration of more than 1 year.

10) Stock/Inventories

The stock/inventories as per 30.06.2014 are as follows:

	Group (in €) 30.06.2013	Group (in €) 30.06.2014
Goods/raw material/operating supplies	8.046.251	7.385.842
Finished/Unfinished products	1.246.443	997.219
Payments made	156.057	45.297
Total stock value	**9.448.751**	**8.428.358**

The goods like raw material and others total up together with purchase costs taken into consideration the purchase related extra costs and effective 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.

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 Assets

These accounts receivables as per 30.06.2014 are as follows:

	Group (in €) 30.06.2013	Group (in €) 30.06.2014
Receivables re: deliveries and service	4.675.707	4.048.003
Tax receivables	317.957	309.340
other accounts receivables	123.309	87.278
TOTAL accounts receivables	**5.116.973**	**4.444.621**

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

	Group (in €) 2012/2013	Group (in €) 2013/14
Date of value correction per 01.07.	41.600	41.600
Allocations	0	11.700
Usage/ cancellations	-14.000	-13.900
Date of value correction as per 30.06.	**27.600**	**39.400**

All accounts receivables mentioned in chart above are of a remaining maturity of less than one year.

Besides the claim of overpaid taxes during 2013 and 2014, the tax liabilities are among others the credit balance resulting from the corporate tax of TEUR 18 (prev. year TEUR 18), with a remaining term of less than one year (also see remarks under no. 9).

Other group's assets are mainly due to active accounting of TEUR 68 (prev. year TEUR 39).

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.

12) Cash-on-hand and/or other equivalent capital

Cash-on-hand and/or other equivalent capital per 30.06.2014 are as follows:

	Group (in €) 30.06.2013	Group (in €) 30.06.2014
Cash-on-hand /postage machine	7.172	11.240
Bank credit and post giro	7.229.666	8.653.287
Total	**7.236.838**	**8.664.527**

Cash-at-bank which are in US-$, Japanese Yen or Swiss Francs were evaluated at the middle currency conversion rate valid at balance day. Cash-at-bank in other currencies do not exist.

The mentioned value of the liquid capital equals market value.

All payment capital can be disposed of without restriction.

13) Capital Deposit/ 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 (Bond No. 577410/ISIN DE 0005774103). The value of each share is EUR 1.00 of the basic capital.

14) Company Capital.

The groups' capital during reported period is as follows.

	Basic Capital EUR	Capital-reserve EUR	Differences re: currency exchange EUR	Profit reserve/ accumulated Profit reserve/ EUR	TOTAL EUR
Balance 01.07.2013	2.954.943	8.689.364	1.011.324	9.325.483	**21.981.114**
Purchase					
Currency exchange			79.996		**79.996**
Dividend				-1.477.472	**-1.477.472**
Year's earnings				1.536.159	**1.536.159**
Balance 30.06.2014	**2.954.943**	**8.689.364**	**1.091.321**	**9.384.170**	**22.119.798**

Since July 1st, 1998, the capital reserve of TEUR 256 continued to increase to TEUR 8.689 based on the additional capital surplus (Agio) in 1999 of TEUR 5.233 minus the change in capital reserve and the increase in limited capital. There are no changes during this BY.

The market value reserves consist of the changed results from the evaluation at day of financial instruments (bonds and shares) and are considered included success-neutral. No market value reserve was listed.

Since several years, the group clearly states that the expansion is build exclusively on own-capital financing while strictly aiming for balancing own-capital quota of >= 50% after dividend. The definition "own-capital" does not imply hybrid forms of company capital like in previous years.

Notice is 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
- derivates 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 is considered company capital, not evaluated for trade and at no definite 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 future 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 as concerns fix and noted payment terms, not noted at the market. At first statement and as evaluation, such instruments will be evaluated as purchase costs minus possible decrease in value.

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

	Continously stated purchase costs 30.06.2014	**Fair value 30.06.2014**	**T O T A L 30.06.2014**
Financial assets	94.288	0	94.288
Previous year	*94.288*	*0*	*94.288*
Long term accounts receivables	64.463	0	64.463*
Previous year	*93.609*	*0*	*93.609*
Receivables re: deliveries and service	4.048.003	0	4.048.003
Previous year	*4.675.707*	*0*	*4.675.707*
Other assets	19.218	0	19.218
Previous year	*83.823*	*0*	*83.823*
Payments and/or similars	8.667.527	0	8.667.527
Previous year VJ	*7.236.838*	*0*	*7.236.838*
T o t a l	12.893.499	0	12.893.499
Previous year VJ	*12.184.265*	*0*	*12.184.265*

As per par. „other assets“ of TEUR 87 (prev. year TEUR 123) in the balance sheet, the amount of TEUR 68 (prev. year TEUR 39) is not stated as financial instrument.

As per IFRS 7.8, the fair value is accounted towards book value (in €).

	Evaluation category IAS 39	**Book value 30.06.2014**	**Fair value 30.06.2014**	**T o t a l 30.06.2014**
Financial assets	available for sale	94.288	94.288	94.288
Previous year	AfS	*94.288*	*94.288*	*94.288*
Long-term receivables	loans & receivables	64.463	64.463	64.463
Previous year	LaR	*93.609*	*93.609*	*93.609*
Receivables re: deliveries /service	loan & receivables	4.048.003	4.048.00	4.048.00
Previous year	LaR	*4.675.707*	*4.675.707*	*4.675.707*
Other assets	loan & receivables	19.218	19.218	19.218
Previous year	LaR	*83.823*	*83.823*	*83.823*
Cash-on-hand and equivilents	loan & receivables	8.667.527	8.667.527	8.667.527
Previous year	LaR	*7.236.838*	*7.236.838*	*7.236.838*
T O T A L		12.893.499	12.893.499	12.893.499
Previous year		*12.184.265*	*12.184.265*	*12.184.265*

All other figures are evaluated at purchase costs. Evaluation is in accordance with IFRS 7.27 and at exchange value at balance day.

Equity and Liabilities (in €) are as follows:

	Continosly stated Purchase costs 30.06.2014	**Fair value 30.06.2014**	**T o t a l 30.06.2014**
Receivables re: deliveries /service	1.639.060	0	1.639.060
Previous year	*2.104.292*	*0*	*2.104.292*
Other receivables	443.876	0	443.876
Previous year	*532.814*	*0*	*532.814*
T o t a l	2.082.936	0	2.082.936
Previous year	*2.637.106*	*0*	*2.637.106*

In par. „other assets“ of TEUR 903 (prev. year TEUR 956) mentioned in balance sheet, an amount of TEUR 423 (prev. year TEUR 626) "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 30.06.2014**	**Fair value 30.06.2014**	**T o t a l 30.06.2014**
Liabilities re: deliveries/service	FLAC*	1.639.060	1.639.060	1.639.060
Previous year		*2.104.292*	*2.104.292*	*2.104.292*
Other liabilities	FLAC	443.876	443.876	443.876
Previous year		*532.814*	*532.814*	*532.814*
T o t a l		2.082.936	2.082.936	2.082.936
Previous year		*2.637.106*	*2.637.106*	*2.637.106*

**financial liabilities and amortised costs*

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

In €	**Addition 2013/2014**	**Value correction 2013/2014**	**Depreciation 2013/2014**
Financial Assets	0	0	0
Previous year	*0*	*0*	*0*
Long-term receivables	0	0	0
Previous year	*0*	*0*	*0*
Receivables re: deliveries and service		1.900	
Previous year		*-14.000*	
Other assets	0	0	0
Previous year	*0*	*0*	*0*
Cash-on-hand and/or equivilents	0	0	0
Previous year	*0*	*0*	*0*
T o t a l	0	1.900	0
Previous year	*0*	*-14.000*	*0*

The risk for drop-out of certain items is as follows (in €):

		T o t a l 30.06.2014	Drop-out risk 30.06.2014
Financial assets	100%	94.288	94.288
Previous year	*100%*	*94.288*	*94.288*
Long-term receivables	30%	64.463	19.339
Previous year	*30%*	*93.609*	*27.843*
Receivables re: deliveries / service….	20%	4.048.003	809.601
Previous year	*20 %*	*4.675.707*	*935.141*
Other assets …… ……………….	100%	19.218	19.218
Previous year	*100%*	*83.823*	*83.823*
Payment means and equivilents		8.664.527	0
Previous year	*0 %*	*7.236.838*	0
T o t a l		12.890.499	942.446
Previous year		*12.184.265*	*1.159.095*

Drop-out risk for payments and/or equivalent is not relevant, as our business partners are of best reputation as concerns monetary and capital aspects.

Drop-out risk of corporate tax credit amounting to EUR 65.765,69 (prev. year EUR 80.468,04) included in long-term liabilities does not exist. Therefore, drop-out risk of 30% is same as last year.

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

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 30.06.2014 are as follows:

	Balance 01.07.2013	Consumption 2013/2014	Dissolution 2013/2014	Addition 2013/2014	Balance 30.06.2014
Other Accruals					
- longterm	202.939	0	511	5.237	207.666
- shortterm	155.445	22.508	36.471	16.984	113.450
re: warranties incl.	*287.334*	*11.508*	*36.981*	*11.221*	*250.066*
	358.384	**22.508**	**36.982**	**22.221**	**321.116**

Other accruals were listed according to IAS 37 in consideration of all observable liabilities with their scheduled maturity. Deduction of interest rates was made accordingly.

The long-term liabilities comprise reserves (years 2 – 10) for the legal responsibility to keep safe the company’s records as well as the liabilities for warranty.

Other liabilities are short-term (less than 1 year). Refunds are not expected.

Short-term liabilities mainly are accruals resulting from guarantee and personnel, which are likely to be paid in amount and at due date. Basis as to evaluation of these assets are figures made from experience during past years.

17) Liabilities

Liabilities as per 30.06.2014 are as follows:

	Group (in €) 30.06.2013	Group (in €) 30.06.2014
Liabilities from deliveries/service	2.104.292	1.639.060
Tax liabilities	407.382	740.302
Others	955.791	903.156
TOTAL liabilities	**3.467.465**	**3.282.518**

Evaluation of the liabilities was made at payment amounts.

The tax liabilities of the current BY amount to TEUR 676 (prev. year TEUR 404) which break down into tax on earnings TEUR 340 (prev. year TEUR 182), sales tax TEUR 270 (prev. year TEUR 159) and income tax TEUR 66 (prev. year TEUR 63); TEUR 63 (prev. year TEUR 3) apply to profit tax payments due from previous years.

Among other liabilities are so-called limited accruals amounting to TEUR 654 (prev. year TEUR 625), which according to HGB are “reserves” but according to IFRS are liabilities. In general, these are liabilities against personnel (TEUR 454; prev. year TEUR 423) as well as year’s end costs TEUR 165 (prev. year TEUR 165).

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 into account.

Tax latency due to evaluation differences are as follows:

in TEuro	30.06.2013		30.06.2014	
	active deferred taxes	passive deferred taxes	active deferred taxes	passive deferred taxes
Tangible assets (GWG)	24	0	2	0
Financial assets	1	0	15	0
Stocks /inventories	0	133	0	99
Receivables	0	46	0	34
Other assets	0	0	0	0
Reserves	0	163	0	140
Liabilities	0	1	0	0
	25	**343**	**17**	**273**

As per 30.06.2014, there are non-active losses as concerns trade tax (prev. year TEUR 74).

19) Other Financial Liabilities

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

-	Up to 1 year	TEUR	245	(TEUR	353)
-	1 to 5 years	TEUR	200	(TEUR	493)
-	more than 5 years	TEUR	0	(TEUR	0)
	T O T A L	**TEUR**	**445**	**(TEUR**	**846)**

FORTEC's share of the total liabilities is TEUR 110 (prev.year TEUR 151) as well as Autronic's GmbH of TEUR 393 (prev.year TEUR 453).

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 45.403 (prev. year TEUR 44.540) and breaks down to geographical segments as follows:

Sales revenue of group	Data Visualisation TEUR	Power Supplies TEUR	TOTAL TEUR
Germany	**15.476**	**19.986**	**35.462**
previous year Germany	*14.290*	*19.141*	*33.431*
International	**3.761**	**6.180**	**9.941**
previous year International	*4.273*	*6.836*	*11.109*
TOTAL	**19.237**	**26.166**	**45.403**
previous year total	*18.563*	*25.977*	*44.540*

Group internal revenues were eliminated in line with consolidation

21) Changes in Stock of Unfinished/Finished Goods

These are increases in stock of unfinished/finished goods of Blum Stromversorgungen GmbH of TEUR 43 (TEUR -250) and decrease of Autronic Steuer- und Regeltechnik GmbH of TEUR -78 (prev. year TEUR 99) as well as of Rotec technology GmbH amounting to TEUR -247 (prev. year TEUR 338).

22) Other Company Revenues

Other company revenues are as follows:

	Group (in €) 2012/2013	Group (in €) 2013/2014
Other regular revenues	0	6.246
Reduction value correction	14.000	16.291
Release of accruals	534.378	36.981
Other revenues in line with ordinary business activity	681.092	524.414
TOTAL other company revenues	**1.229.470**	**583.932**

In general, other regular revenues are benefits to employees amounting to TEUR 80 (prev. year TEUR 82) as well as revenues recorded from exchange rate differences of TEUR 282 (prev. year TEUR 331).

23) Material Purchases

Material purchases of TEUR 1.820 (prev. year TEUR 1.851) within the group were eliminated.

24) Personnel

Expenses for personnel (in €) are as follows:

	2012 /2013	2013 /2014
Salaries and wages	4.601.027	4.757.498
Social costs and contributions to retirement	801.215	848.359
TOTAL Costs Personnel	**5.402.242**	**5.605.857**

25) Depreciation

Depreciation in business year is as follows:

	G r o u p (in €) 2012/2013	G r o u p (in €) 2013/2014
Intangible assets	25.545	62.448
Tangible assets and low-value items	203.196	227.912
T O T A L depreciation	**228.741**	**290.360**

26) Other Company Costs and Expenses

Other company costs and expenses (in €) are as follows:

	Group 2012/2013	Group 2013/2014
Office rentals	568.744	572.862
Insurances, contributions	145.226	149.864
Repairs, maintenance	81.483	78.123
Vehicles	125.132	131.590
Advertising/ travel expenses	946.184	776.343
Expenses for delivery	266.211	245.000
Misc. company costs/expenses	900.151	989.567
Loss re: assert retirements	3.097	16.856
Loss UV and value corrections	19.453	42.594
Other expenses in line with Normal business	357.283	447.799
Total other company costs/expenses	**3.412.965**	**3.450.598**

The costs of “goods sold” include warranty reserves/provisions of TEUR 11 (prev. year TEUR 20).

As concerns “other expenses in line with ordinary business activities” there are differences in currency exchange rates amounting to TEUR 448 (prev. year TEUR 345)
which are calculated based on payments made during relevant business year.

27) Interest

Interest is recorded from interest returns of TEUR 26 (prev. year TEUR 57) as well as interest expenses of TEUR 2 (prev. year TEUR 4).

28) Taxes on Income and Revenue

The group's report record corporate income tax, social fee and trade income tax a 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 27.5 % (prev. year 25.6%) and comprises incorporate and business/trade tax.

The tax figures are as follows (in TEUR):

	Group (in €) 2012/2013	Group (in €) 2013/2014
Tax paid and/or owed		
Germany	662	687
Switzerland	43	36
	705	723
Deferred Tax		
from time differences	-38	-67
from loss revenues	0	0
	-38	-67
Income Tax	**667**	**656**

FORTEC group's actual tax expense of TEUR 656 (prev. year TEUR 667) is TEUR 2 above 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 as follows: (in TEUR):

	Group 2012 / 2013	Group 2013 / 2014
Tax result before profit	2.425	2.192
Income tax incl. trade tax	29,8%	29,8%
Expected income tax expense at equal tax burden	723	653
Raise/Reduction of income tax expense by:		
low tax expense foreign countries	-21	30
Use of non-balanced losses	0	-8
non deductable company expenses	6	6
tax-free income (amortisation profits)	-1	-3
tax payments prev. year	0	0
Depreciation re: investments	-31	-19
Trade tax (add-ons / deductions)	0	0
other discrepancies	1	0
Effective tax rate percentage	-21	-3
	667	656
	27.5%	**29.9%**

(Notional profit tax rate is 29.8 % re: exclusive German subsidiaries).

29) Segmential 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 30th June 2014.

	Daten-visualisation	Power supplies 1)	T O T A L
	TEuro	TEuro	TEuro
Turnover	19.237	26.166	45.403
previous year	*18.563*	*25.977*	*44.540*
Regular depreciation 2)	70	220	290
previous year	*61*	*168*	*229*
Company result (EBIT)	503	1.657	2.160
previous year	*754*	*1.620*	*2.374*
Financial result	7	25	32
previous year	*18*	*33*	*51*
Tax on profit 2)	178	478	656
previous year	*217*	*450*	*667*
Annual result	333	1.203	1.536
previous year	*555*	*1.203*	*1.758*
Result not-payable		10	10
previous year			*0*
Assets 2)	9.812	16.167	25.979
national	8.898	13.578	22.476
previous year	*9.433*	*13.319*	*22.752*
international	914	2.589	3.503
previous year	*848*	*2.526*	*3.374*
Debts 2)	1.174	2.685	3.859
previous year	*1.386*	*2.759*	*4.145*
Investments 2)	147	288	435
previous year	*67*	*121*	*188*

1) EMS services of 1.7 million EUR (prev.year 1.7) included *2) assessment after gross earning*

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

The financial result consists of financial profit of TEUR 26 (prev. year TEUR 57) and financial expenses of TEUR 2 (prev. year TEUR 6). The issue of a segment report on the financial assets and expenses because of reasons of essence was omitted.

30) Currency Exchange Rates

A total of TEUR 80 (prev.year TEUR -313) of differences in exchange/conversion rate within the company capital is listed as follows:

Balance per 01.07.2012	1.142.249
Addition 2012/2013	-130.925
Balance per 01.07.2013	1.011.324
Addition 2013/2014	79.996
Balance per 30.06.2014	1.091.320

Mainly figures result from currency exchanges of goodwill and capital of Altrac AG at balance day. Income statement shows TEUR -14 (prev. year TEUR -55) as currency conversion differences.

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 see 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 amounts to TEUR 3.291 (prev. year TEUR 213) and includes interest receipts of TEUR 26 (prev. year TEUR 57) and interest payments of TEUR 2 (prev. year TEUR 6).

Cash flow operative business also lists payments of income tax of TEUR 476 (prev. year TEUR 1.676).

32) Supervisory Board

Members of the supervisory board in BY are.

Michael Höfer (debuty board manager), Steingarden, Portfolio Manager
Werner Heyer (representative), Neunkirchen-Seelscheid, Engineer
Volker Gräbner (representative employees), Hamburg

In current fiscal year, the total revenues of the supervisory board members amount to TEUR 22.5 (prev. year TEUR 22.5).

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

Value-Holdings AG, Augsburg
Deutsche Fallen Angels AG, Gersthofen

33) Business with other Persons

The board manager’s wife, Mrs Maria Fischer is working as lawyer for the company and representing it in juridical cases as well as out of court. Mrs Fischer balances her accounts according to RVG. During BY 2013/14 TEUR 1.5 (prev. year TEUR 3) were paid to Mrs Fischer and recorded accordingly in balance sheet.

34) Salaries/allowancesto 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:

	2012/2013	2013/2014
	in TEUR	in TEUR
Short-term payments to employees	890	805
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
	890	**805**

Total benefits for board members of FORTEC AG amount to TEUR 383 (prev. year TEUR 406) excluded TEUR 37 (prev. year TEUR 61) for success-dependant payments.

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 15.12.2011: 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) Auditor's Fee

For services rendered for group's annual report by Metropol Audit Wirtschaftsprüfungsgesellschaft mbH (auditing company), Mannheim, the following payments for BY 2013/2014 were made:

	2012/2013	2013/2014
	in TEUR	in TEUR
Audits of annual financial statement	52	52
General expenses tax consultant	0	0
other expenses	10	0
	62	**52**

The expenses for the annual audit include 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 BY FORTEC Elektronik AG employed an average of 111 persons (prev.year 113) including 2 temporary helps (prev.year 2).

For BY 2012/13 and at day of balance the board of managers are as follows:

Dieter Fischer	CEO and director of managers' board
Markus Bullinger	COO Data visualisation
Jörg Traum	COO Power supplies (distribution)

There were no changes between balance day of June 30, 2014 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: 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 1,477.471,50 (prev. year EUR 1,477.471,50). Distribution right is given to a total of 2.954.943 shares of 0.50 EUR each. The result per share is EUR 0.52.

In BY 2013/14 three announcements as per §15 a WpHG (reportable purchase of bonds) were published.

Company subject to report	Day of report	Voting right at deadline	Percetage of reporting/ announcement
Scherzer Co KG	20.02.2014	2,18 %	3 %

37) Release for Publication

The annual business statement was issued September 04, 2014 and released by the board of directors.

Landsberg, September 04, 2014
FORTEC Elektronik AG

Dieter Fischer	Markus Bullinger	Jörg Traum
CEO	board member	board member

Versicherung der gesetzlichen Vertreter (Assurance Legal Representatives)

Wir versichern nach bestem Wissen, dass gemäß den anzuwendenden Rechnungslegungsgrundsätzen der Konzernabschluss ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt und im Konzernlagebericht 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 der Gesellschaft beschrieben sind.

Landsberg/Germany, September 04, 2014

FORTEC Elektronik AG

Dieter Fischer	Markus Bullinger	Jörg Traum
CEO	Vorstand	Vorstand

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 des Abschlussprüfers

Wir haben den von der FORTEC Elektronik AG aufgestellten Konzernabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung, Eigenkapitalveränderungsrechnung, Kapitalflussrechnung und Anhang - sowie den Konzernlagebericht für das Geschäftsjahr vom 1. Juli 2013 bis 30. Juni 2014 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. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Konzernabschluss und den Konzernlagebericht abzugeben. Ergänzend wurden wir beauftragt zu beurteilen, ob der Konzernabschluss auch den IFRS insgesamt entspricht.

Wir haben unsere Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen 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. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet. Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer 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 sowie den IFRS insgesamt und vermittelt unter Beachtung dieser Regelungen ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns. 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.“

Mannheim, 04. September 2014

METROPOL AUDIT GmbH
Wirtschaftsprüfungsgesellschaft
Gertrud K. Deffner
WirtschaftsprüferIN