Annual Report 2015/2016

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Business Year July 01, 2015 – June 30, 2016

<u>Content</u>

FORTEC Elektronik AG

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Management Report 2015/2016

Group's Basic Principals

During these past years, FORTEC successively developed to an international-known trading company and is nowadays systems' supplier for manufacturers of industrial high-tech-products; thus part of the international added-value commercial chain. Being present at various production sites namely in the Far East as well as for European clientele, FORTEC possesses an interesting market segment – thus continuously developing its own engineering services as a supplier for customer-specific product solutions.

Its target customers 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 more than 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 is market leader within the German-speaking countries specialised in its segments industrial power-supplies and data-visualisation. Moreover, FORTEC now possesses a potential subsidiary within the Anglo-American region.

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.

As per 01.10.2014 we acquired 50% of Data Display GmbH and per 01.01.2016 the remaining 50%. Besides their German subsidiaries in Germering and Eisenach, we therefore are also indirectly represented by subsidiaries in England and the USA.

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

During course of business in BY 2015/165, we experienced a slow economic recession same as in previous year, yet now a more friendly upturn accompanied by a slight demand. The overall economic conditions show a slow, however still unsecure recovery out of the financial crisis and recession of 2008.

Due to Data Display GmbH's consolidation, turnover in BY 2015/16 was 78.2 million EUR (PY 45.9 million EUR); Data Display's part amounted to 30.1 million EUR. Because of the reasonable satisfactory economic situation last year's income could be increased by organic growth by 4.8 %.

Meeting the expectations of last year, this upgrade is due to the increase in turnover in the segment data visualisation of 32.5 million EUR with a side-movement in power-supplies (- 0.1 million EUR) These two segments add to the group's total result: data visualisation with 49.2 million EUR and power supplies with 29.0 million EUR.

The other company income from operative business mainly increased due to the first acquisition of Data Display GmbH from 1.1 to now 1.7 million EUR.

Due to the consolidation of Data Display GmbH and its higher value-added, the group's total income faces in percent as well as absolutely an increase in goods and material costs of 55 million EUR (PY 35 million EUR). This results in a change in goods and material costs from 76.2% in 2014/15 to 70.3% in 2015/16.

In BY 2015/16 the profit margin therefore raised from 23.8% last year to 29.8% caused by the continuous pressure on sales prices.

Because of Data Display's consolidation, the costs of personnel increased from 5.6 million EUR to 12.1 million EUR; thus raising the costs for personnel from 12.2% to 15.5%.

Depreciations of assets increased because of the consolidation of Data Display GmbH by 0.2 million EUR to 0.5 million EUR (PY 0.3 million EUR). Due to the depreciation of 0.5 million EUR on goodwill of the Swiss ALTRAC, the total afa raised to now 1.0 million EUR.

Other company expenses of 6.9 million EUR – PY 4.0 million EUR – increased due to the consolidation of Data Display GmbH amounting to 8.9% (PY 8.6%) compared to total result.

Important financial indicator is the EBIT-margin from operative business without income from investment. The group's EBIT consists of 3.4 million EUR in the field data visualisation (PY -0.1 million EUR) and 1.4 million EUR in power supplies (PY 2.3 million EUR).

The company's result increased from 2.2 million EUR to 4.8 million EUR; the EBIT margin improved from 4.8% to 6.2% as concerns the earnings of both segments.

The annual net income in BY 2015/16 raised from 1.9 million EUR to now 3.6 million EUR; thus meeting the expectations given last year.

The operating profit margin after tax raised from 4.1% (2014/15) to now 4.5% (2015/16).

The result per share increased from 0.63 EUR last year to now 1.20 EUR. Due to the considerable better result, a dividend payment of 0.60 EUR per share (PY 0.50EUR per share) is planned.

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 37.5 million EUR (PY 38.2 million EUR); the long-term assets amount to 5.6 million EUR (PY 6.5 million EUR).

This includes the goodwill of 2.7 million EUR (PY 3.3 million EUR) resulting from the acquisition of subsidiaries during past years.

Intangible assets, property and financial assets as well as long-term receivables decrease to now 2.6 million EUR (PY 2.9 million EUR).

Short-terms assets are 18.3 million EUR (PY 16.7 million EUR); value of stock amounts to 48.7 % - representing the biggest item in balance (PY 43.7%); followed by receivables from deliveries and productivity of 7.4 million EUR (PY 8.2 million EUR) mainly paid at balancing date as well as cash available of 4.3 million EUR (PY 5.7 million EUR) which is mainly due to the participation to Data Display GmbH.

After more than 30 years without any bank liabilities, now for the first time the company works with a bank credit. In order to be able to acquire the 2nd part of Data Display GmbH per 01.01.2016 the company took a bank credit of 5 million EUR.

However the capital structure in general is dominated by a high capital quota of 62.3% (PY 62.2% without shares of dominating shareholders/partners). The company possesses sufficient own capital of 23.4 million EUR (PY 23.8 million EUR) and therefore would be able to carry out further acquisitions without any problems.

Cash-flow in operative business of 3.3 million EUR in BY 2015/16 again was positive (PY 0.7 million EUR)and was same level as last year.

The cash-flow as regards investments of -8.2 million EUR (PY -2.3 million EUR) basically results from the acquisition of 50% of Data Display GmbH as per 01.01.2016.

Positive cash-flow as regards financing activities of 3.6 million EUR (PY -1.5 million EUR) mainly results from bank credit taken in the mount of 5 million EUR minus payment of dividend of 50 Cent per share unchanged to last year.

In total and due to the negative cash-flow in investment activities, the positive cash-flow in operative business and financial business could not be compensated and thus amounted to -1.3 million EUR (PY -3.1 million EUR).

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 add to our business success.

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

Annexe Report

Any occurrences 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 insight. Many companies in the market are still unsecure. Besides for some time, there are over-capacities in vast sections of Chinese industry. Furthermore starving emerging-markets are alarming facts not to forget the British decision of Brexit, the political queries in Turkey and a series of terroristic attacks within Europe.

Optimism quickly changes to pessimism after these negative impulses.

In view of the latent uncertainness, we continuously expect a further positive development of the group's turnover due to the good positioning of subsidiaries e.g. EMTRON and Data Display GmbH. The result in BY 2015/16 and it successful figures in turnover and profit will be benchmark for BY 2016/17.

This applies to the field of power supplies as well as data visualisation in the group. However, considering the further positive perspectives, we will employ in BY 2016/17 additional personnel in order to further strengthen our market position. Based on these long-term projects, first of all there are costs involved without any service in return; thus reducing our earnings in this segment during current BY.

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

For more than 30 years and based on our business policy proven during many years' cycles, we succeeded to make profit year by year without having one single year of loss. However, there is no guarantee for the future, yet 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 Opportunities

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. An evaluation as concerns figures is given in "group's annexe" (Tz.15). 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 EDPV – 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 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.

A considerable change compared to PY is the acquisition of the Data Display Group together with its development, production and subsidiaries in England and USA. Careful development and production involve the higher risk (item: fix costs) not being flexible any more towards market fluctuations. Due to distances and different mentality in the USA, the acquisition of Data Display GmbH with its US subsidiary involves the risk for eventual foreign losses.

Besides risks, there are new chances as well. New market chances outside the German speaking region, were realised by the purchase of Data Display Group and their companies in England and the USA.

For FORTEC as a technology company, there are product opportunities also by the acquisition of Data Display Group within the field of displays, touch-solutions according to optical bonding as well as high-quality industry monitors.

Furthermore and based on a profound evaluation of product as well as market chances, the board 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 CEO of the individual FORTEC companies, appropriate measures were taken and responsible persons-in-charge appointed.

Controlled by quarterly risk reporting, the management (CEO) 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 losses in 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

As being a technology company, we note a majority in opportunities for the future development of the company comparing risk against opportunities. 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.

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 before tax. 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 is to take-over.

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.

Further information according to § 315 Abs. 5 HGB is given in the group's annex.

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, CEO 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.

Board of managers 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 22, 2016

FORTEC Elektronik AG

Dieter Fischer	Jörg Traum
CEO	Board Member

CONSOLIDATED BALANCE SHEET FORTEC Elektronik AG
dated 30.06.2016 (previous year 30.06.2015)

AKTIVA / ASSETS		**Consolidated Balance sheet 30.06.2016**	**Consolidated Balance sheet 30.06.2015**
A. Langfristige Vermögenswerte	**Non-current assets**		
I. Goodwill	Goodwill	2.680.701	3.309.067
II. Immaterielle Vermögenswerte	Intangible assets	194.327	244.323
III. Sachanlagevermögen	Tangible assets	2.266.232	2.144.635
IV. Finanzielle Vermögenswerte	Financial assets	95.780	95.780
V. Langfristige Forderungen	Accounts receivable	63.652	463.867
VI. Latente Steuern	Deferred Taxes	327.302	282.386
		5.627.994	**6.540.059**
B. Kurzfristige Vermögenswerte	**Current assets**		
I. Vorräte	Inventories	18.289.323	16.733.440
II. Forderungen aus Lieferungen und Leistungen	Accounts receivables	7.433.006	8.168.858
III. Steuerforderungen	Tax receivables	1.281.857	725.266
IV. Sonstige Vermögenswerte	Other assets	549.944	353.859
V. Zahlungsmittel und Zahlungs. mitteläquivalente	Cash on hand bank balances	4.336.016	5.728.148
		31.890.146	**31.709.581**
Summe Aktiva	**Total assets**	**37.518.140**	**38.249.640**

PASSIVA / TOTAL EQUITY & LIABILITIES		**Consolidated balance sheet 30.06.2016**	**Consolidated balance sheet 30.06.2015**
A. Eigenkapital	**Shareholders´equity**		
I. Gezeichnetes Kapital	Subscribed capital	2.954.943	2.954.943
II. Kapitalrücklage	Capital reserve	8.689.364	8.689.364
III. Umrechnungsdifferenzen	Exchange differences	1.394.143	1.866.614
IV. Sonstige Rücklagen	Other compreh. Income	6.794.027	8.407.505
V. Jahresüberschuss	Net income	3.558.320	1.874.009
VI. Eigenkap.Mutter Unternehm.	Capital mother co.	23.390.798	23.792.436
VII. Ausgleichposten Gesellsch.	Item other shareholdr	0	5.379.302
Eigenkapital Gesamt	**Total capital**	**23.390.798**	**29.171.738**
B. Langfrist.Verb. lichkeiten	**Long-term liabilities**		
I. Langfr. Bankverbindlichkeiten	Bank obligations	4.583.332	0
II. Langfr. Rückstell./ Verbindl.	Other provisions	390.815	369.728
III. Latente Steuerverbindlichk.	Deferred Taxes	373.744	535.184
		5.93479891	**904.912**
C. Kurzfrist. Ver- bindlichk.	**Short-term liabilities**		
I. Verbindlichk. gg.Kreditinst.	Bank liabilites	1.540.777	1.000.000
II. Verbindl. Lief./ Leistungen	Trade payables	3.099.442	3.629.388
III. Steuerverbindlichkeiten	Accruals other taxes	2.123.806	1.216.674
IV. Sonstige Rückstellungen	Other provisions	243.826	140.376
V. Sonstige Verbindlichkeiten	Other Liabilities/accr.	1.771.599	2.186.553
		8.779.451	**8.172.992**
Summe Passiva	**Total Equity and Liabilities**	**37.518.140**	**38.249.640**

Consolidated statement of comprehensive income 01.07.2015 - 30.06.2016

			Anhang Notes	Consolidated income-statement 01.07.2015 - 30.06.2016	Consolidated income-statement 01.07.2014 - 30.06.2015
1.	Umsatzerlöse	Sales revenues	20	78.176.168	45.910.163
2.	Erhöhung Bestand unfertige Erzeugnisse	Increase Finished goods/work in process	21	132.622	-24.036
3.	Sonstige betriebliche Erträge	Other operating income	22	1.669.159	1.123.167
4.	Materialaufwand	Cost of material	23	54.974.756	34.970.137
5.	Personalaufwand	Personnel expenses	24	12.128.617	5.603.011
6.	Abschreibungen	Depreciation	25	1.041.202	280.936
7.	Sonstige betriebliche Aufwendungen	Other operating expenses	26	6.999.136	3.976.059
8.	Betriebsergebnis (EBIT)	Operating result		4.834.238	2.179.151
9.	Beteiligungserträge	Res. participatation		29.700	307.920
10.	Sonstige Zinsen u. ähnliche Erträge	Other interest and similar income	27	43.885	17.978
11.	Zinsen u. ähnliche Aufwendungen	Other interest and similar expenses	27	44.871	9.040
12.	Ergebnis vor Ertragsteuern	Results from ordinary activities		4.862.952	2.496.009
13.	Ertragsteueraufwand	Taxes on income	28	1.304.631	622.000
14.	Jahresüberschuss	Net income		3.558.320	1.874.009
15.	Währungsumre.differenz (erfolgsneutral)	Difference re:currency (success neutral)	30	-472.470	775.294
16.	Sonstiges Ergebnis	Other result		-472.470	775.294
17.	Gesamtergebnis	TOTAL result		3.085.850	2.649.303
18.	Zuordnung Gewinn: Eigent.Mutterges.	Profit: Shareholders mother co.		3.558.320	1.874.009
	Anteile anderer Gesellschafter	Other partners		0	0
19.	Zuordnung Ges.Ergeb.: Eigent.Mutterges.	Total Result: shareholders mother co.		3.085.850	2.288.503
	Anteile anderer Gesellschafter	Other partners		0	360.800
20.	Ergebnis je Aktie	Earnings per Share			
	unverwässert	Basic		1,20	0,63
	verwässert	Diluted		1,20	0,63

Consolidated Statement of Changes in Equity 2015/2016

	Assigned costs of owners of mother company							
	Subscribed Capital	Capital-reserve	Exchange Rate differences	Other comprehensive income		T O T A L	Non Controlled shares	Company Capital T o t a l
				Market Evaluation reserve	Profit reserve/ Profit carried forward			
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Balance as per 30.06.2014	**2.954.943**	**8.689.364**	**1.091.320**	**0**	**9.384.171**	**22.119.797**	**0**	**22.119.797**
Total result 2014/2015			775.294		1.874.009	**2.649.303**	**0**	**2.649.303**
Proportional capital "lucky buy"					500.806	**500.806**	**0**	**500.806**
Dividend payments					-1.477.472	**-1.477.472**	**0**	**-1.477.472**
Aquisition of a subsidiary						**0**	**5.379.302**	**5.379.302**
(1st. part)	**0**	**0**	**775.294**	**0**	**897.342**	**1.672.637**	**5.379.302**	**7.051.939**
Balance as per 30.06.2015	**2.954.943**	**8.689.364**	**1.866.614**	**0**	**10.281.514**	**23.792.435**	**5.379.302**	**29.171.737**
Total result 2015/2016			-472.470		3.558.320	**3.085.850**		**3.085.850**
Dividend payments					-1.477.472	**-1.477.472**		**-1.477.472**
Aquisition of a subsidiary					-2.010.015	**-2.010.015**	**-5.379.302**	**-7.389.317**
(2nd part without status change)								
	0	**0**	**-472.470**	**0**	**70.833**	**-401.637**	**-5.379.302**	**-5.780.939**
Balance as per 30.06.2016	**2.954.943**	**8.689.364**	**1.394.143**	**0**	**10.352.347**	**23.390.798**	**0**	**23.390.798**

Consolidated Cash-flow Statement for 01.07.2015 – 30.06.2016

			2015/2016	2014/2015
I.	**OPERATIVER BEREICH**	**OPERATIVE BUSINESS**		
	1. Jahresüberschuss	1. Consolidated net income	3.558.320	1.874.009
	2. Abschreibungen auf a) Sachanlagen + immat. Anlagengegenstände	2. Depreciation of a) tangible and intangible assets	541.202	280.936
	b) Goodwill /Firmenwerte	b) goodwill /company value	500.000	0
	3. Korrektur andere zahlungsunwirksame Transaktionen	3. Other cash-ineffective transactions	-267.165	267.165
	4. Zunahme (VJ Zunahme) der Vorräte	4. Increase (PY Increase) of inventories	-1.555.873	-1.456.275
	5. Zunahme (VJ Zunahme) der Forderungen aus Lieferungen und Leistungen u. sonstigen Forderungen	5. Increase (PY Increase) of accounts receivable and other debt receivable	-16.822	-1.132.944
	6. Abnahme (VJ Zunahme) der Verbindlichkeiten aus Lieferungen und Leistungen	6. Decrease (PY Increase) of liabilities re: deliveries and services	-529.945	893.881
	7. Zunahme (VJ Zunahme) der kurzfristigen Verbindlichkeiten	7. Increase (PY Increase) in short-term liabilities	595.628	135.720
	8. Abnahme (VJ Abnahme) der langfristigen Forderungen	8. Decrease (PY Decrease) in long-term receivable	400.216	18.271
	9. Zunahme (VJ Abnahme) der langfristigen Verbindlichkeiten	9. Increase (PY Decrease) in long-term liabilities	21.087	-145.463
	Cash flow aus dem operativen Bereich	**Cash flow provided from operating business**	**3.278.530**	**735.300**
II.	**INVESTITIONSBEREICH**	**INVESTMENT ACTIVITIES**		
	1. Investitionen in Sachanlagevermögen und immaterielle Anlagengegenstände	1. Investment in tangible assets and intangible assets	-671.949	-318.209
	2. Erwerb Tochterunternehmen abzgl.liquider Mittel	2. Purchase subsidiary minus liquid funds	-7.572.222	-1.997.051
	3. Investitionen in Finanzanlagen	3. Investment in financial assets	0	-1.491
	4. Erlöse aus den Abgängen von Sachanlagevermögen	4. Proceeds from fixed assets sales	21.554	396
	Cash flow aus dem Investitionsbereich	**Cash flow from investment activities**	**-8.222.617**	**-2.316.355**
III.	**FINANZIERUNGSBEREICH**	**FINANCING ACTIVITIES**		
	1. Bankdarlehen inkl. kurzfrist. Kontokorrentverbindl.	1. Bank credit incl. short-term "……." obligations	5.124.109	0
	2. Gewinnausschüttung	2. Profit payment	-1.477.472	-1.477.472
	Cash flow aus dem Finanzierungsbereich	**Cash flow from financing activities**	**-3.646.637**	**-1.477.472**
IV.	**NETTOABNAHME (VJ Abnahme) Zahlungsmittel und -äquivalente**	**DECREASE (PY Decrease) in cash and cash equivalents**	**-1.297.449**	**-3.058.527**
	Zahlungsmittel/-äquivalente per 30.6.2015 (VJ 30.06.2014)	Cash/ cash equivalents 30.06.2015 (PY 30.06.2014)	5.728.148	8.664.527
	Wechselkursbedingte Änderungen auf Zahlungsmittel	Changes re: currency differences/exchange rates	-94.682	122.148
VI.	**Zahlungmittel/äquivalente per 30.06.2016 (VJ 30.06.2015)**	**Cash / cash equivalents per 30.06.2016 (PY 30.06.2015)**	**4.336.016**	**5.728.148**
	Zusammensetzung des Finanzmittelfonds	**Composition of liquid funds**		
	Kasse	Cash on hand	19.706	14.887
	Bankguthaben	Banking accounts	4.316.310	5.713.261
	Finanzmittel am Ende der Periode	**Liquid funds at period-end**	**4.336.016**	**5.728.148**

FORTEC Elektronik AG
Annex Business Year 2015/16

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.

The following IASB standards are endorsed and therefore apply for this BY:

Change IAS 1: Publication published December 2014, to be applied for BY's beginning 01.01.2016

Improvements IFRS (2012-2014) published September 2014, to be applied in total for BY beginning 01.01.2016

Change IAS 27: Equity method in line with asset, financial and profit situation, published Sept.2014, to be applied for BY beginning 01.01.2016

Change IAS 16 and IAS 38: Clarification of allowable depreciation methods, published May 2014, to be applied for BY beginning 01.01.2016

Change IAS 16 and IAS 41: Agriculture: fruit plants, published June 2014
To be applied for BY beginning 01.01.2016 – no impact as to the Group's Report.

Change IFRS 11: Balancing of purchase of parts of common activities, published May May 2014, to be applied for BY beginning 01.01.2016

The following IFRS and IAS standards still be be applied:

IFRS 9 Financial instruments (classification and evaluation as well as balancing of financial liabilities and book-outs)
to be applied for BY starting 01.01.2018

IFRS 14 regulated deferred charges; published in January 2014;
To be applied for BY starting 01.01.2016 (EU decision)

IFRS 15 sales revenues resulting from customer contracts; published in May 2014;
To be applied for BY starting 01.01.2018

IFRS 16 Leasing, published January 2016, to be applied for BY beginning 01.01.2019

Changes IFRS 10, IFRS 12 and IAS 28 Investment funds and exception from consolidation published in December 2014; to be applied for BY starting 01.01.2016

Changes IFRS 10 and IAS 28: sale and/or transfer of assets between an investor and his associated and/ or common companies; published in September 2014;
to be applied for BY starting 01.01.2016

Changes IAS 12: Approval of latent depreciation re: unrealised taxes, published January 19, 2016, to be applied for BY beginning 01.01.2017.

Changes IAS 7: Substantiality, published January 29, 2016, to be applied for BY Beginning 01.01.2017

2) Balancing and Evaluation Principles.

Separately purchased 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 % (PY 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).

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

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

Regulations in structure 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.

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

The sum of provisions for guarantee 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, Krumbach
- Emtron electronics GmbH, Nauheim
- Rotec technology GmbH, Rastatt
- Autronic Steuer- und Regeltechnik GmbH, Sachsenheim
- Data Display GmbH, Germering
- as well as the Swiss Altrac AG, Würenlos.

  FORTEC Elektronik AG holds the majority of votes of these companies and therefore controls all of them according to IFRS 10.6.

As per 22.10.2015, the group purchased further 50% of shares and voting rights of Data Display, Germering/Germany, legally dated 30.06.2015; i.e. a pure company capital transaction according to IFRS 10.21. The purchase price was directly accounted to company capital.

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.

Data Display GmbH will provide an interim report as per 30.06.2016 properly examined by the auditor; the BY of Data Display GmbH starts 01.01. resp. ends 31.12.

The control of Data Display GmbH provides that the group has access to the TFT controlling and processing units developed by Data Display GmbH as well as to the newest generation of optical bonding techniques. The professional display units for industry and digital signage perfectly fit to the existing product port-folio of the group.

Thus all subsidiaries were consolidated. As FORTEC Elektronik AG holds the entire capital of all subsidiaries also due to the purchase of the 2nd part of the total capital of Data Display GmbH, 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 30.06.2016:

In T€	FORTEC AG	Blum SV GmbH	Emtron GmbH	ROTEC GmbH	AUTRONIC GmbH	ALTRAC AG	Data Display GmbH (Part of Company)
Turnove	20.864	111	16.382	2.252	4.695	5.241	30.495
Previous year	*19.302*	*246*	*14.743*	*1.420*	*5.236*	*6.194*	*19.778*
Net income (EBIT)	869	14	1.486	163	147	-29	2.944
Previous yeae	*459*	*-5*	*1.494*	*-190*	*137*	*6*	*1.319*
Financial/participation result	2.470	4	31	-10	-7	9	-968
Previous year	*1.792*	*4*	*32*	*-6*	*-9*	*5*	*-5*
Taxes	236	2	472	22	39	-97	630
Previous year	*179*	*0*	*436*	*-31*	*36*	*3*	*101*
Year's result (according to IFRS)	3.103	16	1.045	132	100	77	1.346
Previous year	*2.072*	*-6*	*1.089*	*-165*	*93*	*8*	*1.213*

Thus, all subsidiaries were consolidated.

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

	Blum SV GmbH Site: Germany Krumbach	Emtron electronic GmbH Site: Germany Nauheim	ROTEC GmbH Site: Germany Rastatt	AUTRONIC GmbH Site: Germany Sachsenheim	Data Display GmbH (Teilkonzern) Site: Germany Germering	ALTRAC AG Site: Würenlos (CH)
Company value (IFRS) (€)	69.339	167.146	0	0	0	2.444.216
Previous year	*69.339*	*167.146*	*0*	*0*	*0*	*3.072.581*
Normal value of participation (€)	250.000	250.000	250.000	250.000	600.000	160.000
Previous year	*250.000*	*250.000*	*250.000*	*250.000*	*300.000*	*160.000*
Company capital (€)	483.079	7.702.048	458.298	904.659	16.936.311	3.016.313
Previous year	*467.520*	*6.657.398*	*326.445*	*804.826*	*18.343.459*	*3.067.568*
Capital/ Shareholder part	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
Previous year	*100,00%*	*100,00%*	*100,00%*	*100,00%*	*50,00/50,00%**	*100,00%*
<u>Tax group</u>						
Value added tax	yes	yes	yes	yes	no	no
Business tax	no	no	no	no	no	no
Federal income tax	no	no	no	no	no	no
Aquisition	17.12.1992	17.12.1998	02.07.2003	01.01.2004	01.01.2016/ 30.06.2015	30.08.2000

*** Note:** At balance day , the group’s mother company legally only held 50% capital of Data Display GmbH; however as per 30.06.2015 the option was made to acquire another 50%. The legal conversion was done in new business year 2015/16; i.e. at group’s balance day of 30.06.2016, the company now holds 100% of the shares/capital.

Company	Site of business	Capital share 30.06.2016 in %by
Distec GmbH	Germering/Germany	100 % Data Display
Display Technology Ltd.	Great Britain	100 % Data Display
Apollo Display Technologies Corp.	USA	100 % Data Display
Data Display Solution GmbH & Co. KG	Eisenach/ Germany	100 % Data Display
Data Display Solution Verwaltung GmbH	Eisenach/Germany	100 % Data Display

The day of issue of all reports of all group members/subsidiaries equals the date of the group’s report (30.06.2016). For the group’s balance, Data Display GmbH will issue an interim balance as per 30.06.2016.

At balance day, FORTEC holds 36.6% (PY 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.

AUTRONIC Steuer- und Regeltechnik GmbH holds 100% of the Tchech ALLTRONIC elektronické stavebni skupiny a komponenty s.r.o., Dýsina. This company is omitted in the group’s report because of minor importance.

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.

The group balances corporate mergers according to the acquisition method as soon as the group takes over control. The service acquired hand-in-hand with the identified net assets is principally to be evaluated according to actual cash-value. Profit from acquisition below market-value will be listed in statement of comprehensive income. Transactions will be listed as costs/expenditures.

The transferred equivalent includes no amounts whatsoever relevant to the afore-mentioned transactions.

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 (ZGE) and same as last year, the segments “data visualisation” and “power supplies” were identified as individually generating payment units for business year 2015/16.

As per 30.06.2016, ALTRAC’s book value of goodwill for power supplies changed to EUR 2.444.216 (PY EUR 3.072.581) because of exchange-rate differences.

The goodwill difference to previous year amounts to TEUR 500(PY TEUR 0) and is based on an extraordinary depreciation of TEUR 128 (PY TEUR 441) of exchange rate reduction of the Swiss Franc compared to last year and in view of the participation rate of ALTRAC AG. The difference in exchange rate is added to own capital.

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 yearly impairment test is made at end of 4th quarter of BY based on means of payment units.

The achievable figure was calculated based on fair value according to the examined prognosis of the SEFID Treuhand & Revision, 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. According to our expectations, these exchange-rate influences on turnover will be compensated during following years. The brut margin will be reduced by 2 percent-points in line with everlasting pension; the business costs raised by 2%.

For the impairment test, a specific important capital cost rate after tax is necessary using the capital asset pricing model (same as previous year inspite of lower marges for long-term credits as bench mark for risk-free interest rate) . 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 when terminal value reduces by 5% or at a change of discount rate of + 3.0% (PY- 0.5 %). During BY there was a value-impairment test of the business and/or company value amounting to TEUR 500. This reduction-in-value expense is shown successfully in the company's "statement of comprehensive income".

Goodwill is as follows:

in €	Group 2014/2015	Group 2015/2016
Goodwill balance as per 01.07.2015	2.868.502	3.309.067
Accruals	0	0
Losses	0	0
Deprekation	0	500.000
Exchange rate differences	440.565	-128.366
Goodwill balance as per 30.06.2016	**3.309.067**	**2.680.701**

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 (no self-made assets) and tangible 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*. The methods of depreciation, their period of use as well as remaining amounts will be examined and changed accordingly at each balance day.

Each profit and/or loss from assets will be listed in the “Consolidated Statement of Comprehensive Income”.

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 30.06.2016 are as follows:

	Group (in €) 30.06.2016	**Group (in €) 30.06.2015**
Participations	95.780	95.780
TOTAL Financial Assets	**95.780**	**95.780**

The participations are as follows: 36.6 % (PY 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, the 100% for Alltronic spol s.r.o. (via AUTRONIC) amounting to TEUR 49 (PY TEUR 49) as well as the 100% of Data Display Teknoloji Elektronik Sanayive Dis Ticaret A.S., Turkey (via Data Display) amounting to EUR 1(being in “liquidation”).

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.

At balance day and same as last year, the subsidiary AUTRONIC Steuer- und Regeltechnik GmbH acquired a 100 % share of Alltronic elektronické stavebni skupiny a komponenty spol. s.r.o., Dýsina, Czech Republic of TEUR 49 (PY 100% = TEUR 49). Current value at balance day is considered approx. purchase price. There was no partial company's report made as per 30.06.2016 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 01.07.2015	Zugänge Additions 2015/2016	Abgänge Retirements 2015/2016	WK-Diff. Exchange Difference	Zugänge. aus Erst- Konsolid.	Stand am Balace on 30.06.2016	Stand am Balance on 01.07.2015	Zugänge Additions 2015/2016	Abgänge Retirements 2015/2016	WK-Diff. Exchange Difference	Stand am Balace on 30.06.2016	Stand am Balance on 01.07.2015	Stand am Balance on 30.06.2016
Immaterielle Vermögensgegenstände	**Intangible assets**													
- Software	- Software	747.939	64.674	27.284	-3.238	0	782.091	503.616	116.625	27.280	-5.197	587.763	244.323	194.327
Summe Immaterielle VGG	**Total intangible assets**	747.939	64.674	27.284	-3.238	0	782.091	503.616	116.625	27.280	-5.197	587.763	244.323	194.327
Sachanlagen	**Tangible assets**													
- Grundstücke	- Property	306.954	0	0	-7.462	0	299.493	0	0	0	0	0	306.954	299.493
- Gebäude inkl. AZ	- Plant, Buildings	933.403	0	0	-47.059	0	886.344	240.264	53.488	0	-1.918	291.834	693.139	594.510
- Außenanlagen	- outdoor facilit.	55.470	0	0	0	0	55.470	17.794	3.698	0	0	21.492	37.676	33.978
- Fahrzeuge	- Vehicles	534.988	54.262	114.110	-8.565	0	466.574	376.141	63.179	110.733	-7.323	321.265	158.847	145.309
- Werkzeuge	- Small tools	58.969	34.106	0	0	0	93.075	45.413	20.640	0	0	66.053	13.556	27.022
- tech.Anlag/Mach.	- plant, machines	446.238	284.376	0	-323	0	730.957	170.500	72.192	0	-6	242.685	275.738	488.272
- Büroeinricht./EDV	- Office furnish.	871.681	120.878	80.210	-20.315	0	892.034	718.968	73.385	80.185	-20.041	692.126	152.714	199.908
- Betriebs- und Geschäftsausstattung	- Office and plant equipment	683.698	68.741	32.510	-1.840		718.089	253.680	105.452	32.420	-2.823	323.888	430.018	394.201
- GWG	- Low-value item	123.434	44.912	29.910	-5.234	0	133.202	47.440	32.544	29.908	-414	49.661	75.994	83.541
Summe Sachanlagen	**TOT. tang. assets**	4.014.835	607.275	256.741	-90.132	0	4.275.236	1.870.201	424.578	253.246	-32.526	2.009.005	2.144.635	2.266.232
Finanzanlagen	**Financial assets**	141.955	0	0	0	0	141.955	46.175	0	0	0	46.175	95.780	95.780
Summe Anlagevermög.	**TOTAL assets**	4.904.729	671.949	284.025	-93.370	0	4.904.729	2.419.991	280.936	105.221	119.716	2.419.991	2.484.739	2.556.339
nachrichtlich: Entwickl. Vorj.zahl.	**Info: develop.PY**	01.07.2014	2014/2015	2014/2015	2014/2015	2014/2015	30.06.2015	01.07.2014	2014/2015	2014/2015	2014/2015	30.06.2015	01.07.2014	30.06.2015
Immaterielle VGG	Intang. Assets	627.544	22.997	4.522	22.145	79.775	747.939	427.435	62.151	4.518	1.593	503.616	200.109	244.323
Sachanlagen	Tangible Assets	2.865.227	295.212	122.590	108.491	868.495	4.014.835	1.650.948	218.786	100.703	101.168	1.870.201	1.214.278	2.144.635
Finanzanlagen	Fianc. Assets	140.463	1.491	0	0	1	141.955	46.175	0	0	0	46.175	94.288	95.780
Summe Anlag.vermög	TOTAL assets	3.633.233	319.700	127.113	130.637	948.271	4.904.729	2.124.558	280.936	105.221	102.761	2.419.991	1.508.675	2.484.739

9) Long-term Liabilities

These are the unpaid security deposits for the rented offices in Landsberg and Vienna (TEUR 9) as well as those of Data Display offices in the USA (TEUR 25). Also, these are liabilities from assurances of pension-part-time contracts, tax liabilities from reduced value of corporate income tax of TEUR 30 (PY TEUR 60) with a remaining duration of more than 1 year.

10) Stock/Inventories

The stock/inventories as per 30.06.2016 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2015
Goods/raw material/operating supplies	15.608.090	13.620.688
Finished/Unfinished products	2.465.972	2.769.317
Payments made	215.261	343.444
Total stock value	**18.289.323**	**16.733.449**

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 30.06.2016 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2015
Receivables re: deliveries and service	7.433.006	8.168.858
Tax receivables	1.281.857	725.266
other accounts receivables	549.944	353.859
TOTAL accounts receivables	**9.264.807**	**9.247.983**

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 €) 2015/16	Group (in €) 2014/2015
Date of value correction per 01.07.	96.720	25.700
Allocations	22.060	5.050
Usage/ cancellations	96.720	0
plus re: 1st consolidation	0	65.970
Date of value correction as per 30.06.	**215.500**	**96.720**

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

Besides the claim of overpaid taxes during 2014 and 2015, the tax liabilities are among others the credit balance resulting from the corporate tax of TEUR 32 (PY TEUR 32), 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 261 (PY TEUR 239).

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 30.06.2016 are as follows:

	Group (in €) 30.06.2016	Group (in €) 30.06.2015
Cash-on-hand /postage machine	19.706	14.887
Bank credit and post giro	4.316.310	5.713.261
Total	**4.336.016**	**5.728.148**

Bank credits which are in US-$, Japanese Yen or Swiss Francs were evaluated at the middle currency conversion rate valid at balance day. Bank credits 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 (PY 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.

in €	Basic-capital	Capital-reserve	Exchange-Rate differences	Profit reserve Profit accumulated	T O T A L
Balance per 01.07.2015	2.954.943	8.689.364	1.866.614	10.281.514	**23.792.436**
Exchange rate			-472.470		**-472.470**
Purchae 2nd. Part of Data Display GmbH				-2.010.015	**-2.010.015**
Dividend payout				-1.477.472	**-1.477.472**
Year's income				3.558.320	**3.558.320**
Balance per 30.06.2016	**2.954.943**	**8.689.364**	**1.394.143**	**10.352.347**	**23.390.798**

Last year and in addition, own company capital shares of non-leading shares amounting to TEUR 5.379 were noted; these are now per 30.06.2016 EUR 0.00. Because of the purchase of the 2nd part of Data Display GmbH the capital of non-leading shares were transformed to company capital assigned to owners of the mother-company (real capital transaction as per IFRS 10.239. The amount exceeding TEUR 5.379 of the purchase price was directly cleared to company capital.

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 IAS 39, financial obligations are considered as follows:

- Financial obligations evaluated successfully at time value
- Other financial obligations evaluated at purchase costs continued.

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:

in €	**Continously stated Purchase costs 30.06.2016**	**fair value added 30.06.2016**	**T O T A L 30.06.2016**
Financial assets	95.780	0	95.780
Previous year	95.780	*0*	*95.780*
Long-term accounts receivables	63.652	0	63.652
Previous year	*463.867*	*0*	*463.867*
Receivables re deliveries, services	7.433.006	0	7.433.006
Previous year	*8.168.858*	*0*	*8.168.858*
Other assets	289.546	0	289.546
Previous year	*114.917*	*0*	*114.917*
Payments and/or simiklar	4.336.016	0	4.336.016
Previous year	*5.728.148*	*0*	*5.728.148*
T o t a l	12.218.000	0	12.218.000
Previous year	*14.571.570*	*0*	*14.571.570*

As per par. „other assets“ of TEUR 550 (PY TEUR 354) in the balance sheet, the amount of TEUR 260 (PY TEUR 239) is not stated as financial instrument.

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

in €	Evaluation category IAS 39	Book value	Fair value 30.06.2016	T o t a l 30.06.2016
Financial assets	available for sale	95.780	95.780	95.780
Previous year	AfS	*95.780*	*95.780*	*95.780*
Long-term receivables	loan & receivables	63.652	63.652	63.652
Previous year	LaR	*463.867*	*463.867*	*463.867*
Receivables re. deliveries & services	loan & receivables	7.433.006	7.433.006	7.433.006
Previous year	LaR	*8.168.858*	*8.168.858*	*8.168.858*
Other assets	loan & receivables	289.546	289.546	289.546
Previous year	LaR	*114.917*	*114.917*	*114.917*
Cash-on hand and/or equivilents	loan & receivables	4.336.016	4.336.016	4.336.016
Previous year	LaR	*5.728.148*	*5.728.148*	*5.728.148*
T o t a l		12.218.000	12.218.000	12.218.000
Previous year		14.571.570	*14.571.570*	*14.571.570*

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:

in €	Continuously listed purchase costs 30.06.2016	fair value added 30.06.2016	T o t a l 30.06.2015
Receivables re credit institutes/banks	6.124.109	0	6.124.109
Previous year	*1.000.000*	*0*	*1.000.000*
Receivables re deliveries, services	3.099.442	0	3.099.442
Previous year	*3.629.388*	*0*	*3.629.388*
Other receivables	928.121	0	928.121
Previous year	*1.227.138*	*0*	*1.227.138*
T o t a l	10.151.672	0	10.151.672
Previous year	*5.856.526*	*0*	*5.856.526*

In par. „other assets“ of TEUR 1.772 (PY TEUR 2.187) mentioned in balance sheet, an amount of TEUR 843 (PY TEUR 960) “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

in €	Evaluation category IAS 39	Book value 30.06.2016	fair value 30.06.2016	T o t a l 30.06.2016
Liabilities re. credit institutes/banks	FLAC*	6.124.109	6.124.109	6.124.109
Previous year		*1.000.000*	*1.000.000*	*1.000.000*
Liabilities re deliveries/services	FLAC*	3.099.442	3.099.442	3.099.442
Previous year		*3.629.388*	*3.629.388*	*3.629.388*
Other liabilities	FLAC	928.121	928.121	928.121
Previous year		*1.227.138*	*1.227.138*	*1.227.138*
T o t a l		10.151.672	10.151.672	10.151.672
Previous year		*5.856.526*	*5.856.526*	*5.856.526*

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

In €	Addition 2015/2016	Value correction 2015/2016	Depreciation 2015/2016
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		22.060	
Previous year		*5.050*	
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	22.060	0
Previous year	*0*	*5.050*	*0*

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

in €	T o t a l 30.06.2016	Drop-out risk 30.06.2016
Financial assets 100 %	95.780	95.780
Previous year 100 %	95.780	*95.780*
Lang-term receivables 30%	63.652	19.096
Previous year 30%	*463.867*	139.160
Receivables re deliveries, services 20 %	7.433.006	1.486.601
Previous year 20%	*8.168.858*	*1.633.772*
Other assets 50 %	289.546	144.773
Previous year 50 %	*114.917*	*57.458*

Payment means and equivalents	0 %	4.336.016	0
Previous year	*0 %*	*5.728.148*	*0*
T o t a l		12.218.000	1.746.250
Previous year		*14.571.570*	*1.426.171*

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 TEUR 30 (PY EUR 59) 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 30.06.2016 are as follows:

in €	**Balance 01.07.2015**	**Consumtion 2015/2016**	**Dissolution 2015/2016**	**Addition 2015/2016**	**Balance 30.06.2016**
Other accruals					
- lond-term	277.727	48.018	41.330	16.362	204.741
- short-term	140.376	67.633	2.966	215.523	285.300
Re. warranties	*259.100*	*99.124*	*4.200*	*125.115*	*280.891*
	418.103	**115.651**	**44.296**	**231.885**	**490.041**

The balance amount of TEUR 349 consists long-term assets (see list) as well as long-term liabilities from security bonds received amounting to TEUR 145 (PY TEUR 91).

Other accruals were listed according to IAS 37 in consideration of all observable liabilities with their scheduled maturity. Deduction in interest 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 30.06.2016 are as follows:

in €	Group 30.06.2015	Group 30.06.2016
Liabilities re credit institutes/banks	1.000.000	6.124.109
Liabilities re deliveries, services	3.629.388	3.099.442
Tax liabilities	1.216.674	2.123.806
Others	2.186.553	1.771.599
T o t a l	**8.032.615**	**13.118.957**

Evaluation of the liabilities was made at payment amounts.

The tax liabilities of the current BY amount to TEUR 1.853 (PY TEUR 1.173) which break down into tax on earnings TEUR 949 (PY TEUR 606), sales tax TEUR 1.003 (PY TEUR 450) and income tax TEUR 172 (PY TEUR 117); TEUR 271 (PY TEUR 43) apply to profit tax payments due from previous years.

Among other liabilities are so-called limited accruals amounting to TEUR 1.090 (PY TEUR 1.220), which according to HGB are “reserves” but according to IFRS are liabilities. In general, these are liabilities against personnel (TEUR 843; PY TEUR 945) as well as year’s end costs TEUR 182 (PY TEUR 201).

Liabilities of more than 5 years amount to TEUR 833 (PY 0). Liabilities between 1 to 5 years are TEUR 3.850 (PY 0). All other 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 % (PY 29%). Calculating deferred tax on profits of Altrac AG (CH), an income tax rate of 16% (PY 25%) was taken into account.

Tax latency due to evaluation differences are as follows:

in T€	30.06.2015 Aktive deferred Taxes	30.06.2015 Passive deferred Taxes	30.06.2016 Active deferred Taxes	30.06.2016 Passive deferredd Taxes
Tangible assets (incl. GWG)	26	111	170	83
Financial assets	38	0	42	0
Inventories	195	198	91	173
Receivables	0	41	0	22
Other assets	24	0	24	0
Reserves	0	185	0	95
Liabilities	0	0	0	0
	282	**535**	**327**	**374**

As per 30.06.2016, there are non-active losses as concerns trade tax.

19) Other Financial Liabilities

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

-	Up to 1 year	TEUR	1.367	(TEUR	957)
-	1 to 5 years	TEUR	2.362	(TEUR	2.818)
-	more than 5 years	TEUR	726	(TEUR	1.019)
	T O T A L	TEUR	4.455	(TEUR	4.794)

Data Display's share of the total liabilities is EUR 3.807 (PY TEUR 4.262) and that of Autronic GmbH TEUR 133 (PY TEUR 293) as well of FORTEC's of TEUR 145 (PY TEUR 145).

Explanatory Information as to "*Consolidated Income Statement*"

For the first time, the group's comprehensive income statement includes expenses and revenues of Data Display GmbH. The previous years' figures however do not indicate neither expenses nor revenues of Data Display, as the first consolidation last year would have shown only few days. Therefore and in order to simplify matters, a listing was omitted.

Thus, comparison with previous year is restricted; for better understanding these figures of last year of Data Display GmbH are mentioned separately.

All information is based on current business transactions; there are no changes in business either in current BY or in previous year.

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 78.176 (PY TEUR 45.403) and breaks down to geographical segments as follows:

Group's sales revenue in T€	**Data-visualisation**	**Power supplies**	**T o t a l**
Germany	**28.466**	**22.593**	**51.059**
Previous year	13.787	21.890	35.677
International	**20.719**	**6.398**	**27.117**
Previous year	2.985	7.248	10.233
T o t a l	**49.185**	**28.991**	**78.176**
Previous year	*16.772*	*29.138*	*45.910*

In PY turnover of Data Display amounted to EUR 19.7 million, i.e. national EUR 8.6 million and international EUR 11.1 million and is exclusively due to the data visualisation segment.

21) Changes in Stock of Unfinished/Finished Goods

These are decreases in stock of unfinished/finished goods of Data Display GmbH of TEUR -60 and of Blum Stromversorgungen GmbH of TEUR – 41 (PY TEUR – 68) and the increase as concerns ROTEC technology GmH of TEUR 148 (PY TEUR – 207) as well as of AUTRONIC Steuer- und Regeltechnik GmbH of TEUR 148 (PY TEUR -207).

22) Other Company Revenues

Other company revenues are as follows:

in €	**G r o u p 2014/2015**	**G r o u p 2015/2016**
Revenues	396	18.180
Reduction value corrections	9.100	58.960
Release accruals	10.945	56.664
Revenue of Bargain purchase (Data Display)	180.108	0
Benefits in kind	64.035	83.273
Revenues from exchange rate differences	589.802	1.041.278
Other revenues in line with ordinary business activities	268.781	410.803
T o t a l other business revenues	**1.123.167**	**1.669.159**

In general, other regular revenues especially are revenues re: damage claims of TEUR 141 (PY TEUR 34), contribution to a supplier's advertising campaign of TEUR 54 (PY TEUR 82) as well as costs of an innovation program of TEUR 52.

Other company revenues in BY of Data Display GmbH amount to TEUR 517, i.e. as concerns exchange rate differences TEUR 373, value corrections TEUR 47 as well as provisions TEUR 35.

23) Material Purchases

The amount for material/goods purchase in BY was TEUR 54.975 (PY 34.970); that of Data Display EUR 11.7 million.

Material purchases of TEUR 1.709 (PY TEUR 1.424) within the group were eliminated.

24) Personnel

Expenses for personnel (in €) are as follows:

	2015/16	2014 /2015
Salaries and wages	10.324.292	4.764.484
Social costs and contributions to retirement	1.804.325	823.527
TOTAL Costs Personnel	**12.128.617**	**5.588.011**

In previous year, total costs of Data Display amount to 4.5 million EUR.

25) Depreciation

Depreciation in business year is as follows:

in €	Group 2014/2015	Group 2015/2016
Intangible assets	62.151	116.625
Tangible assets and GWG	218.785	424.578
Goodwill/company value	0	500.000
Depreciation	**280.936**	**1.041.202**

In previous year, depreciation of Data Display amount to TEUR 147; i.a. intangible assets of TEUR 27 and tangible TEUR 120.

26) Other Company Costs and Expenses

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

in €	Group 2014/2015	Group 2015/2016
Office rentals	641.883	1.434.363
Insurances, contributions	152.660	353.348
Repairs, maintenance	91.716	114.338
Vehicles	82.910	179.187
Advertising/ travel expenses	993.435	1.204.791
Expenses re deliveries	278.794	523.785
Misc. Company costs/expenses	951.992	2.261.531
Loss re assert retirments	23	123
Loss UV and value corrections	36.899	65.020
Other expenses in line with ordinary business	745.746	862.647
Other company costs/expenses	**3.976.059**	**6.999.136**

The costs of "goods sold" include warranty reserves/provisions of TEUR 125 (PY TEUR 23).

As concerns "other expenses in line with ordinary business activities" there are differences in currency exchange rates amounting to TEUR 862 (PY TEUR 745) which are calculated based on payments made during relevant business year.

In previous year, other company expenses of Data Display GmbH amount to TEUR 2.485.

27) Interest

Interest is recorded from interest returns of TEUR 44 (PY TEUR 18) as well as interest expenses of TEUR 45 (PY TEUR 9).

28) Taxes on Income and Revenue

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

Tax on profit in the group is 26.83 % (PY 24.9%) and comprises incorporate and business/trade tax.

The tax figures are as follows (in TEUR):

In T€	Group 2014/2015	Group 2015/2016
Taxes paid and/or owed		
Germany	601	1.596
Switzerland	3	-97
	604	1.499
Deferred taxes		
re. time differences	18	-195
Re. loss revenues	0	0
	18	-195
Income tax	**622**	**1.305**

FORTEC group's actual tax expense of TEUR 1.304 (PY TEUR 622) is TEUR 106 (PY TEUR 122), i.e. below 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):

In T€	Group 2014/2015	Group 2015/2016
Tax result before profit	2.496	4.863
Nominal tax incl. business tax	29,0%	29,0%
Expected income tax expense at equal tax burden.	744	1.410
Raise/Reduction of income tax expense by::		
Low tax foreign countries	-1	-19
Tax change (Switzerland)	0	-89
Use of non-bilanced losses	0	-69
Non deductable company expenses	5	4
Tax-free income (Dividends)	-88	-9
Depreciation Goodwill Altrac	0	145
Tax payments for previous years	-32	-15
Aktivation losses	0	0
Adds/Losses bussiness tax/Abrechnungen	1	5
Elimination temporary profit	-9	-39
Others discrepancies	2	-19
National profit tax expenses	622	1.305
Effective Income tax rate	**24,90%**	**26,83%**

(National profit tax rate is 29 % re: exclusive German subsidiaries).

The national profit tax of the subsidiary Altrac/CH reduces from 25% to 16% due to change of company site.

29) Segmential Report

The company's range covers data visualisation and power supplies which are mainly independant within the company and are listed separately. Therefore, figures according to IFRS 8 are as follows.

in T€	Data-visualisation	Power supplies	T o t a l
Turnover	49.184	28.991	78.176
Previous year	*16.722*	*29.138*	*45.910*
Depreciation*	282	759	1.041
Previous year	*64*	*217*	*281*
Company result	3.446	1.388	4.834
Previous year	*-100*	*2.279*	*2.179*
Financial / participation results	-18	48	30
Previous year	*284*	*33*	*317*
Tax on profit*	791	513	1.304
Previous year	*-26*	*647*	*622*
Year's result	2.636	922	3.558
Previous year	*209*	*1.665*	*1.874*
Assets*	28.072	11.456	39.528
Previous year	*12.199*	*26.051*	*38.250*
National	21.570	9.259	30.828
Previous year	*4.678*	*23.298*	*27.976*
international	6.503	2.197	8.700
Previous year	*7.521*	*2.753*	*10.274*
Debts*	10.033	4.094	14.127
Previous year	*2.895*	*6.183*	*9.078*
Investments	477	195	672
Previous year	*204*	*218*	*422*

The turnover of power supplies includes revenues from production services amounting to EUR 1.3 million (PY EUR 1.3 million).

The figures as concerns profit resp. loss contain no values of Data Display GmbH, as the first consolidation per 30.06.2015 does not influence the items of the profit resp. loss invoicing, whereas the figures of balancing include the values of Data Display GmbH.

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 44 (PY TEUR 18) and financial expenses of TEUR 45 (PY TEUR 9). The issue of a segment report of financial assets and expenses was omitted because of reasons of essence.

The participation result is listed in the “statement of comprehensive income”.

30) Currency Exchange Rates

A total of TEUR -472 (PY TEUR 775) of differences in exchange/conversion rate within the company capital is included in the company’s capital and listed as follows:

Balance per 01.07.2014	1.091.320
Addition 2014/2015	775.294
Balance per 01.07.2015	1.866.614
Addition 2015/2016	-472.470
Balance per 30.06.2016	**1.394.144**

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

Income statement shows TEUR 179 (PY TEUR 155) 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 3.279 (PY TEUR 735) and includes interest receipts of TEUR 44 (PY TEUR 18) and interest payments of TEUR 45 (PY TEUR 92).

Cash flow operative business also lists payments of income tax of TEUR 1.089 (PY TEUR 689).

The cash-flow of investment activities include the purchase price of 2nd part of Data Display (50%) amounting to 7.6 million EUR paid in full in cash in line with a bank credit.

The figures as to assets and debts are as follows:

Stock/inventory assets	TEUR	6.039
Receivables	TEUR	4.954
Long-term Liabilities	TEUR	261
Short-term Liabilities	TEUR	3.063

The acquisition costs in BY 2015/16 were TEUR 17 (PY TEUR 78) which are listed under “other payments” in the “statement of comprehensive income”.

32) Supervisory Board

Members of the supervisory board in BY are.

Michael Höfer (board director), Steingarden, Portfolio Manager
Winfried Tillmann (representative since 05.03.2015), Schwerte
Anja Ellermann (representative employees until 31.03.2016), Waal

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

The board director Höfer is also member of the following committee:

Value-Holdings AG, Augsburg

The representative Tillmann is also member of the following committees:

VBH Holding AG, Korntal-Münchingen (CEO)

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 2015/16 TEUR 3 (PY TEUR 2) 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:

	2015/2016	2014/2015
	in TEUR	**in TEUR**
Short-term payments to employees	1.714	888
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
	1.714	**888**

Total benefits for board members of FORTEC AG amount to TEUR 336 (PY TEUR 322) excluded TEUR 130 (PY TEUR 44) 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 2015/2016 were made:

	2015/2016 in TEUR	2014/2015 in TEUR
Audits of annual financial statement	52	52
General expenses tax consultant	0	0
other expenses	0	0
	52	**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 the group employed an average of 207 persons (PY 104) including 6 temporary helps (PY 5). In previous year, the employees of Data Display were 98 including 2 temporary helps.

In BY 2015/16 the following persons were listed in the board of managers:

Dieter Fischer, CEO
Jörg Traum, board director

There were no changes between balance day of June 30, 2016 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 1,772.965,80 (PY EUR 1,477.471,50). Distribution right is given to a total of 2.954.943 shares of 0.60 EUR each.

The result per share is EUR 1.20 (prev.year EUR 0.63).

In BY 2015/16 there were no announcements published as per §15 a WpHG (reportable purchase of bonds).

In BY the group published no ad-hoc announcements.

37) Release for Publication

The annual business statement was issued September 22, 2016 and released by the board of directors.

Landsberg, September 22, 2015
FORTEC Elektronik AG

Dieter Fischer	Jörg Traum
CEO	Board member

Assurance Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the FORTEC Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Landsberg/Germany, September 22. 2016

FORTEC Elektronik AG

Dieter Fischer	Jörg Traum
CEO	Vorstand

Auditors’ Opinion/Statement

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

We have audited the consolidated financial statements prepared by FORTEC Elektronik AG, Landsberg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 01. July 2014 to 30. June 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [„Handelsgesetzbuch“: „German Commercial Code“] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. In addition, it is our obligation to evaluate whether the consolidated financial statement is in accordance with IFRS.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures.

The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report.

We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations. In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.“

Mannheim, September 20, 2016
METROPOL Audit GmbH
Wirtschaftsprüfungsgesellschaft
gez. Walter Okon
Auditor